(A SECTION 529 QUALIFIED TUITION PROGRAM)

GUARANTEED SAVINGS PLAN

DISCLOSURE STATEMENT

APRIL 2022

SUPPLEMENT DATED JANUARY 2026 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

PA 529 GSP Account Owner,

The following information describes important changes and is supplemental to the PA 529 GSP Disclosure Statement dated April 2022. Please keep this supplement with your plan documents.

The following replaces the second paragraph of Part 2.B.4. on page 10:

Accounts that have reached the Maximum Contribution Limit may continue to grow and accrue earnings, but any additional contribution that would cause the Account balance to exceed the Maximum Contribution Limit will not be accepted or, if accepted, will be returned to the contributor without any earnings. The Commonwealth, the Department, the PA 529, or any of its contractors will not be responsible for any loss, damage, or expense in connection with a rejected or returned contribution.

The following is added as Part 2.B.7.g. on page 12 and all subsequent sections are renumbered accordingly:

g. *Contributions through Gift of College*

Friends and family may contribute to your PA 529 GSP Account by using a Gift of College gift card. Digital gift cards may be purchased at PA529.com/gift in denominations ranging from $25 to $200. A distribution and processing charge ranging from $3.95, for a $25 gift card, to $5.95, for a $100-$200 gift card, is assessed at the time of purchase.

To redeem a gift card, Account Owners may simply visit PA529.com/gift to get started.

The following is added as the last paragraph in Part 2.D.1. on page 19:

Once a request for a withdrawal has been received and entered into the processing system, the withdrawal or any portion of the withdrawal may not be rescinded or voided unless the request for or amount of the withdrawal was a result of a mistake on the part of the Pennsylvania Treasury Department or any of its vendors or was due to circumstances beyond the control of the Account Owner or Beneficiary including, but not limited to, incorrect tuition bills, class cancellation, or overcharges issued by third-party payees. The Pennsylvania Treasury Department, in its sole discretion, will determine if an entered withdrawal request or amount of the withdrawal is due to a mistake by Treasury or its vendors or to circumstances beyond the control of the Account Owner or Beneficiary and may require documentation from the Account

Owner in support of a request to rescind or void a withdrawal or portion of a withdrawal. An Account Owner may re-contribute a withdrawal or portion of a withdrawal that cannot be rescinded or voided; however, it will be treated as a new contribution as of the date the request to recontribute is received. For tax purposes, any withdrawal that is recontributed, including a withdrawal that was rescinded or voided, might be considered a non-qualified withdrawal subject to income tax and an additional federal tax of 10% (see Parts 2.D.7. and 2.D.8.) unless the re-contribution qualifies as an Account Transfer (see Part 2.D.3), Plan Transfer (see Part 2.D.4) or rollover from the PA 529 GSP Account (see Parts 2.D.5).

The following replaces Part 2.D.7.a. on page 23:

7. Rollovers from a PA 529 GSP Account to a Roth Individual Retirement Account (IRA)

a. How to Request

You may withdraw assets from your PA 529 GSP Account and place them in a previously established Roth IRA. The following restrictions apply:

- Your PA 529 GSP Account must be open for 15 or more years.
- Contributions and associated earnings that you transfer to the Roth IRA must be in your PA 529 GSP Account for more than 5 years.
- IRS regulations permit a lifetime maximum amount of $35,000 per designated beneficiary to be rolled over from all 529 accounts to Roth IRAs.
- The Beneficiary of your PA 529 GSP Account from which funds are being rolled over must be the beneficiary of the Roth IRA into which the rollover is occurring.
- PA 529 GSP Account assets must be sent directly to the Roth IRA.
- The Roth IRA contribution is subject to the Roth IRA contribution limit for the taxable year applicable to the designated beneficiary for all individual retirement plans maintained for the benefit of the designated beneficiary.
- Rollover amounts cannot exceed the Roth IRA beneficiary's annual earned income in the tax year in which the rollover is made.

First, you should contact your Beneficiary's Roth IRA provider to determine if you are eligible to make the rollover. You may then complete the "Direct 529 to Roth IRA Rollover Form", which may be found at PA529.com. You may not make a withdrawal to yourself or another person and then deposit the funds into a Roth IRA (indirect rollover). If you need assistance in determining how long your Account has been open or the age of contribution(s) and associated earnings, please contact the PA 529 GSP at 800-440-4000. If you have any Roth IRA-specific questions, you may wish to consult your financial or tax advisor and your Roth IRA provider. You may wish to consult your financial, tax, or legal advisor and your Roth IRA provider for more guidance.

The following replaces Part 2.D.7.c. on page 24:

c. Tax Consequences

For Specific Non-qualified Withdrawals, the earnings portion of the withdrawal will be subject to federal income taxes at the ordinary income tax rate of the Account Owner or, in the case of the Beneficiary's death, the Beneficiary or the Beneficiary's estate. The additional federal 10% tax described in Section 4.A.2. does not apply to Specific Nonqualified Withdrawals. For withdrawals due to the Beneficiary's death, the additional federal 10% tax does not apply only if the withdrawal is made to the Beneficiary's estate. The PA 529 GSP will issue to you or the Beneficiary an IRS Form 1099-Q for the withdrawal that will specify the principal and earnings portions of the total withdrawal. If you or the Beneficiary is a Pennsylvania taxpayer, the entire withdrawal, including both principal and earnings, might be subject to Pennsylvania income tax. The rules governing this are explained in the Pennsylvania Department of Revenue's Personal Income Tax Bulletin 2006-04, which is available at www.revenue.pa.gov by clicking on "I'm Looking For", "Law, Policies, and Bulletins", "Tax Bulletins", and then searching for "Personal Income Tax Bulletin 2006-04 – Qualified Tuition Programs". You may wish to consult a tax advisor on this matter.

You should keep appropriate records to substantiate to the Internal Revenue Service that the withdrawal was because of the Beneficiary's death, disability, or receipt of a scholarship, tuition waiver, or appointment to a U.S. military academy.

The following replaces Part 4.A.2. on page 29:

2. Taxation of Earnings

During the time contributions are held in an Account, their earnings are not subject to federal taxes; that is, they are tax deferred. Whether and how the earnings are taxed when a withdrawal is made depends on the type of withdrawal being made (see Part 2.D.). With limited exceptions, the earnings portion of a Qualified Withdrawal is not subject to federal taxes; that is, Qualified Withdrawals are tax exempt. If applicable requirements are met, the earnings portion of the following withdrawals is exempt from federal taxation: Account Transfers, Plan Transfers, and Rollovers. The earnings portion of Specific Non-qualified Withdrawals and General Non-qualified Withdrawals is subject to federal income tax as ordinary income (not capital gains). However, the earnings portion of General Non-qualified Withdrawals is subject to an additional 10% federal tax. Withdrawals because of the Beneficiary's death are exempt from the additional 10% tax only if they are paid in the name of the Beneficiary.

The Internal Revenue Service currently requires the PA 529 GSP to issue a Form 1099-Q for all withdrawals (excluding Account Transfers and Plan Transfers), regardless of whether the earnings are taxable. The Form 1099-Q will be issued: (1) to the Beneficiary if a Withdrawal has been paid to the Eligible Educational Institution, to the Beneficiary, or the Beneficiary's estate; and (2) to the Account Owner for all other withdrawals.

Federal taxation of the earnings on Qualified Withdrawals may be impacted if other federal tax benefits for education (such as Coverdell Education Savings Accounts or the American Opportunity Credits) are used for the same Qualified Expenses. Consult IRS Publication 970 (available at www.irs.gov/pub/irs-pdf/p970.pdf) or a tax advisor to determine how the various programs interact and how best to use them. For tax-advantaged withdrawals (Qualified Withdrawals, Account Transfers, Plan Transfers, Rollovers, Specific Non-qualified Withdrawals), you should keep appropriate records to substantiate to the Internal Revenue Service that the requirements for benefiting from the tax advantage were met. If you use other federal tax benefits in the same tax year that you use your Account, you should keep appropriate records to substantiate the expenses for which each were used.

The following replaces Part 4.D. on page 31:

D. Tax Reports

The PA 529 GSP will report withdrawals and other matters to the Internal Revenue Service, the Account Owner or Beneficiary, and other persons, if any, to the extent required pursuant to federal, state, or local law, regulation, or ruling. Under federal law, IRS Form 1099-Q will be filed by the PA 529 Program with the Internal Revenue Service reporting withdrawals, whether taxable or tax-exempt (excluding Account Transfers and Plan Transfers). The form will also be sent to the Account Owner or Beneficiary, as appropriate, reflecting, among other information, the earnings portion withdrawn during the calendar year. The Internal Revenue Service currently requires the PA 529 GSP to issue IRS Form 1099-Q to: (1) the Beneficiary if distributions are from a UGMA or UTMA account or a withdrawal has been paid to the Eligible Educational Institution, the Beneficiary, or the Beneficiary's estate; and (2) the Account Owner for all other withdrawals.

SUPPLEMENT DATED JULY 2025 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

PA 529 GSP Account Owner,

The following information describes important changes and is supplemental to the PA 529 GSP Disclosure Statement dated April 2022. Please keep this supplement with your plan documents.

GENERAL CHANGES

All references to "Qualified Expenses" are changed to "Qualified Education Expenses".

Credential Programs

Effective for withdrawals made after July 4, 2025, tuition, fees, books, supplies and equipment required for a post-secondary credential program are considered qualified 529 expenses.

Credential programs authorized under the Workforce Innovation and Opportunity Act (WIOA), credentials approved by a state or the federal government, military credentials, and credentials authorized by certain recognized providers are included in this expansion. Some examples of qualifying credentialing programs may be HVAC and cosmetology certifications as well as attorney's licenses.

Also included as qualified expenses are costs associated with testing related to credentialing programs and associated preparation courses as well as costs related to maintaining the credential, e.g. continuing education.

Elementary and Secondary School Expenses

Effective for withdrawals made after July 4, 2025, the list of qualified K-12 expenses is expanded to include curriculum and curriculum materials, books or other instructional materials, costs associated with tutoring or other classes outside the home, fees for certain exams, dual enrollment, and educational therapies for students with disabilities.

Effective January 1, 2026, the annual limit for K-12 expenses is increased from $10,000 to $20,000 per beneficiary per year.

SPECIFIC CHANGES

The first, second, and third paragraphs under the heading What schools and what expenses can an Account be used for in Part 1.A. on page 4 are replaced with the following:

What schools and what expenses can an Account be used for? An Account can be used to pay for "Qualified Education Expenses" including "Elementary and Secondary Qualified Expenses" and "Post-Secondary Qualified Education Expenses". The definition of Qualified Education Expenses differs depending on if the expenses are for elementary and secondary education or post-secondary education. "Elementary and Secondary Qualified Education Expenses" include expenses related to enrollment or attendance at an elementary or secondary public, private, or religious school and are limited to $20,000 per Beneficiary per year **effective January 1, 2026**. It is the responsibility of the Account Owner to ensure that no more than $20,000 per year per Beneficiary is withdrawn for Elementary and Secondary Qualified Education Expenses.

Please note that the $20,000 Elementary and Secondary Qualified Education Expense Qualified Withdrawal limit is effective January 1, 2026. Until then the Elementary and Secondary Qualified Education Expense limit remains $10,000 per beneficiary per year.

Account Owners who are taxpayers in states other than Pennsylvania should note that those states may not consider elementary and secondary education expenses to be qualified. Please consult with the individual state to learn more.

Elementary and Secondary Qualified Education Expenses include:

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

"Post-Secondary Qualified Education Expenses" generally include: tuition, mandatory fees, required books, supplies and equipment, computers and peripheral equipment, computer software, Internet access and related services (as long as such equipment, software, and services are used primarily by the Beneficiary while enrolled at an Eligible Educational Institution), certain room and board, and special needs services for special needs students. Post-Secondary Qualified Education Expenses also include expenses that require special attention:

- Tuition, fees, books, supplies and equipment, or any other expense that would be required for enrollment or attendance in a "Recognized Post-Secondary Credential Program" as well as fees associated with testing and continuing education that are required to obtain and maintain a "Recognized Post-Secondary Credential".

Recognized Post-Secondary Credential Programs include:

  - Programs included on a list created by a State under Section 122(d) of the Workforce Innovation and Opportunity Act,
  - Programs listed in the public directory of Web Enabled Approval Management System of the Veterans Benefits Administration,
  - An examination (developed or administered by an organization widely recognized as providing reputable credentials in the occupation) is required to obtain or maintain such credential and such organization recognizes such program as providing training or education which prepares individuals to take such examination, or
  - Programs recognized by the United States Secretary of the Treasury in consultation with the United States Secretary of Labor as being a reputable program for obtaining a recognized post-secondary credential.

Recognized Post-Secondary Credentials include:

  - Any occupational or professional license issued or recognized by a State or the Federal Government,
  - Any post-secondary employment credential that is industry recognized and is:
    - Issued by a program accredited by the Institute for Credentialing Excellence, the National Commission on Certifying Agencies, or the American National Standards Institute,
    - Included in the Credentialing Opportunities On-Line (COOL) directory maintained by the United States Department of Defense or any branch of the United States Armed Forces,
    - Identified by the United States Secretary of the Treasury in consultation with the United States Secretary of Labor as being a Recognized Post-Secondary Credential.

- Tuition, fees, books, supplies, and equipment required for the participation of a Beneficiary in an apprenticeship program registered and certified with the United States Secretary of Labor under the National Apprenticeship Act (29 U.S.C. § 50) as well as fees associated with testing and continuing education required for obtaining a certificate of completion for such an apprenticeship program. For more information about certified apprenticeship programs, please visit www.apprenticeship.gov/apprenticeship-finder.

SUPPLEMENT DATED SEPTEMBER 2024 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

PA 529 GSP Account Owner,

The following information describes important changes and is supplemental to the PA 529 GSP Disclosure Statement dated April 2022. Please keep this supplement with your plan documents.

GENERAL CHANGES

529 to Roth IRA Rollovers

Due to a change in Pennsylvania state law, properly executed rollovers from a PA 529 GSP account to a Roth IRA made after July 10, 2024 are not subject to Pennsylvania state income tax.

Employer Tax Credit

On July 11, 2024 Governor Josh Shapiro signed legislation providing for a Pennsylvania state tax credit for employers who make matching contributions to employees' 529 accounts. The amount of the tax credit is equal to 25% of the employers total matching contributions made in a tax year up to $500 per employee. Employers may take advantage of this tax credit for matching contributions made after December 31, 2024.

SPECIFIC CHANGES

All references to the expiration date of the Pennsylvania Treasury Department's contract with Ascensus College Savings Recordkeeping Services, LLC is changed to June 30, 2028.

The following is added as Part 2.A.4. on page 9:

4. Plan Communications

In addition to quarterly statements, PA 529 GSP Disclosure Statement supplements, and transaction and profile confirmations, Account Owners may receive other PA 529 GSP communications including, but not limited to, notifications of special promotions, offers of additional services, and reminders of important contribution timeframes.

The following is added as Part 2.B.7.n. on page 14:

n. Employer Matching Contributions

Employers may be eligible to claim a tax credit against their Pennsylvania state tax liability for making matching contributions to employees' 529 accounts. The following conditions apply:

- An employer may claim the tax credit for matching contributions to its employees' 529 accounts made after December 31, 2024.
- An employer may claim a tax credit equal to 25% of its aggregate matching contribution made in a tax year up to a maximum of $500 per employee.
- To receive the tax credit, an employer must provide the Pennsylvania Department of Revenue (Revenue) with proof of qualifying matching contributions at time of filing its Pennsylvania state tax return. Revenue has not yet issued regulations regarding the type of evidence that employers will be required to provide. Employers should consult with Revenue for more information.
- Employees are required to provide to their employers evidence of the total amount deposited into their 529 accounts during the previous tax year. Employers may prescribe the manner in which employees provide this information.
- If the amount of an employer's approved tax credit exceeds its tax liability in a tax year, the tax credit may be carried forward for up to three years to reduce the employer's tax liability during those tax years.
- Employer matching contributions may be considered taxable on both the federal and state level. Employees should consult with a tax advisor.
- The ability to receive this tax credit is scheduled to expire on December 31, 2029.

Employers may wish to consider consulting with a financial, tax, legal, or employee benefits advisor for more guidance.

The following replaces Part 2.D.7.c. on page 24:

c. Tax Consequences

If a rollover meets the requirements stated in Part 2.D.7.a., it is not a taxable event for federal or Pennsylvania state income tax purposes. Nevertheless, the PA 529 GSP is required by federal law to issue you an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. You should keep appropriate records to substantiate to the Internal Revenue Service that the requirements stated in Part 2.D.7.a. were met.

Before making such a transfer, you may wish to consult with a tax advisor and your Beneficiary's Roth IRA provider.

SUPPLEMENT DATED FEBRUARY 2024 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

PA 529 GSP Account Owner,

The following information describes important changes and is supplemental to the PA 529 GSP Disclosure Statement dated April 2022. Please keep this supplement with your plan documents.

GENERAL CHANGES

The Pennsylvania Department of Revenue has determined that rollovers from a PA 529 GSP Account to a Roth IRA are subject to Pennsylvania state income tax. If Account Owners have questions regarding Pennsylvania tax treatment of rollovers from a PA 529 GSP Account to a Roth IRA, please contact the Pennsylvania Department of Revenue at 717-787-8201.

SPECIFIC CHANGES

The following replaces Part 2.D.7.c. on page 24:

c. Tax Consequences

If a rollover meets the requirements stated in Part 2.D.7.a., it is not a taxable event for federal income tax purposes. Nevertheless, the PA 529 GSP is required by federal law to issue you an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. You should keep appropriate records to substantiate to the Internal Revenue Service that the requirements stated in Part 2.D.7.a. were met.

If you are a Pennsylvania taxpayer, the entire withdrawal, including both principal and earnings, may be subject to Pennsylvania state income tax. The rules governing this are explained in the Pennsylvania Department of Revenue's Personal Income Tax Bulletin 2006-04, which is available at www.revenue.pa.gov by clicking on "I'm Looking For", "Law, Policies, and Bulletins", "Tax Bulletins", "Personal Income Tax Bulletins", then "Personal Income Tax Bulletin 2006-04 – Qualified Tuition Programs". You may wish to consult a tax advisor on this matter. If you have any questions regarding Pennsylvania tax treatment of rollovers from a PA 529 GSP Account to a Roth IRA, please contact the Pennsylvania Department of Revenue at 717-787-8201.

SUPPLEMENT DATED DECEMBER 2023 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

THE FOLLOWING INFORMATION DESCRIBES IMPORTANT CHANGES AND IS SUPPLEMENTAL TO THE PA 529 GSP DISCLOSURE STATEMENT DATED APRIL 2022. PLEASE KEEP THIS SUPPLEMENT WITH YOUR PLAN DOCUMENTS.

GENERAL CHANGES

Roth IRA Rollovers

Effective January 1, 2024, Account Owners are permitted to transfer funds from their PA 529 GSP Account into a Roth Individual Retirement Account (Roth IRA) without incurring federal income tax or penalties subject to the following conditions:

- Your PA 529 GSP Account must be open for 15 or more years.
- Contributions and associated earnings that you transfer to the Roth IRA must be in your PA 529 GSP Account for more than 5 years.
- IRS regulations permit a lifetime maximum amount of $35,000 per designated beneficiary to be rolled over from all 529 accounts to Roth IRAs.
- The Beneficiary of your PA 529 GSP Account from which funds are being rolled over must be the beneficiary of the Roth IRA into which the rollover is occurring.
- PA 529 GSP Account assets must be sent directly to the Roth IRA.
- The Roth IRA contribution is subject to the Roth IRA contribution limit for the taxable year applicable to the designated beneficiary for all individual retirement plans maintained for the benefit of the designated beneficiary.

The Pennsylvania Department of Revenue has not determined whether a rollover from the PA 529 GSP to a Roth IRA is subject to Pennsylvania state income tax. PA 529 will inform Account Owners when that determination is made. If Account Owners have questions regarding Pennsylvania tax treatment of rollovers from a PA 529 GSP Account to a Roth IRA, please contact the Pennsylvania Department of Revenue at 717-787-8201.

A number of questions exist regarding the requirements that your PA 529 GSP be open for 15 or more years (15 year requirement) and that the contributions and associated earnings must be in the PA 529 Account for more than 5 years (5 year requirement).

PA 529, as part of the College Savings Plan Network (CSPN), a network of the National Association of State Treasurers, submitted a letter to the United States Department of the Treasury (U.S. Treasury) seeking clarification on these points. This letter also stated CSPN's interpretation of these requirements.

Regarding the 15 year requirement, CSPN explained to U.S. Treasury that it believes that account changes including, but not limited to, beneficiary changes, account owner changes, and rollovers between 529 plans should not "reset" the 15 year requirement.

Likewise, CSPN, in its letter, opined that a change in beneficiary or account owner would not "reset" the 5 year requirement.

THESE INTERPRETATIONS MUST NOT BE TAKEN AS LEGAL OR TAX ADVICE AND U.S. TREASURY MAY ULTIMATELY DISAGREE WITH THEM. THE ACCOUNT OWNER IS SOLELY RESPONSIBLE FOR ENSURING COMPLIANCE WITH THE REQUIREMENTS DETAILED IN THIS SUPPLEMENT.

Pennsylvania State Tax Deduction
Effective January 1, 2024, all references to the Pennsylvania state tax deduction for Pennsylvania 529 Guaranteed Savings Plan contributions are changed from $17,000 for single filers ($34,000 if married and filing jointly) to $18,000 for single filers ($36,000 if married and filing jointly).

Gift Tax Exclusion
Effective January 1, 2024, the federal annual gift tax exclusion will increase to $18,000 for a single individual ($36,000 for married couples filing jointly). For 529 plans, contributions of up to $90,000 for a single contributor (or $180,000 for married couples filing jointly) can be made in a single year and applied against the annual gift tax exclusion equally over a five-year period. Accordingly, all references to the exclusion of contributions from federal gift tax are updated to reflect these increased amounts.

SPECIFIC CHANGES

The following replaces the third paragraph of Part 2.D.2.a. on page 20:

Your Qualified Withdrawal may be paid directly to the school, to you, to the Beneficiary, or to a third party you designate, such as a landlord. If the withdrawal is for elementary or secondary education, the withdrawal cannot be paid to the Beneficiary. If the withdrawal is paid directly to the school, it will be mailed to the address on file in a school address list maintained by the PA 529 GSP. By signing the paper form or completing the online withdrawal process, you certify that the requested withdrawal will be used for the Qualified Expenses of the Beneficiary. **The request must be accompanied by a tuition bill that is sufficient for the PA 529 GSP to determine the proper Tuition Level.** For online withdrawals, the tuition bill must be in an electronic format. A request for a Qualified Withdrawal cannot be processed without the certification and the tuition bill. The PA 529 GSP reserves the right to require documentation showing that claimed expenses meet the criteria for Qualified Expenses.

The following replaces Part 2.D.6.c. on page 23:

c. Tax Consequences
If an ABLE Rollover, when added to all other contributions made to an ABLE account, does not exceed the annual contribution limit for ABLE accounts ($18,000 as of January 1, 2024), it is not a taxable event for federal and Pennsylvania income tax purposes. Nevertheless, the PA 529 GSP is required by federal law to issue you an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. You should keep

appropriate records to substantiate to the Internal Revenue Service and/or the Pennsylvania Department of Revenue that the above requirements were met. Additionally, if the Beneficiary of the ABLE account is different than the Beneficiary of the PA 529 GSP Account, it might be considered a gift from one Beneficiary to the other for federal gift and generation-skipping transfer tax purposes. Before making such a transfer, you may wish to consult with a tax advisor.

The following is added as Part 2.D.7. on page 23. All subsequent sections are renumbered accordingly:

7. Rollovers from a PA 529 GSP Account to a Roth Individual Retirement Account (IRA)

a. How to Request

You may withdraw assets from your PA 529 GSP Account and place them in a previously established Roth IRA. The following restrictions apply:

- Your PA 529 GSP Account must be open for 15 or more years.
- Contributions and associated earnings that you transfer to the Roth IRA must be in your PA 529 GSP Account for more than 5 years.
- IRS regulations permit a lifetime maximum amount of $35,000 per designated beneficiary to be rolled over from all 529 accounts to Roth IRAs.
- The Beneficiary of your PA 529 GSP Account from which funds are being rolled over must be the beneficiary of the Roth IRA into which the rollover is occurring.
- PA 529 GSP Account assets must be sent directly to the Roth IRA.
- The Roth IRA contribution is subject to the Roth IRA contribution limit for the taxable year applicable to the designated beneficiary for all individual retirement plans maintained for the benefit of the designated beneficiary.

First, you should contact your Beneficiary's Roth IRA provider to determine if you are eligible to make the rollover and if the Roth IRA provider has a process to initiate the rollover. If the Roth IRA provider does have such a process, PA 529 will accept the provider's form as long it includes the PA 529 Account Owner's signature or is submitted to the PA 529 with a letter signed by the PA 529 Account Owner.

If the Roth IRA provider does not have a process in place, you may complete the Direct 529 to Roth IRA Rollover Form, which may be found at PA529.com. You may not make a withdrawal to yourself or another person and then deposit the funds into a Roth IRA (indirect rollover).

If you need assistance in determining how long your Account has been open or the age of contribution(s) and associated earnings, please contact the PA 529 GSP at 800-440-4000.

If you have any Roth IRA-specific questions, you may wish to consult your financial or tax advisor and your Roth IRA provider.

You may wish to consult your financial, tax, or legal advisor and your Roth IRA provider for more guidance.

IT IS THE RESPONSIBILITY OF THE ACCOUNT OWNER TO ENSURE THAT THE REQUIREMENTS SURROUNDING A ROLLOVER FROM A PA 529 GSP ACCOUNT TO A ROTH IRA ARE MET.

b. Valuation

For purposes of a Rollover from a PA 529 GSP Account to a Roth IRA, the value is the lesser of (1) the Tuition Inflation Value of the mature contributions plus the Sum of Contributions for non-mature contributions or (2) the Investment Performance Value. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be paid. The Investment Performance Value will be calculated as of the day that the request is processed, generally within three business days of the request being received in good order.

c. Tax Consequences

If a rollover meets the requirements stated in Part 2.D.7.a., it is not a taxable event for federal income tax purposes. Nevertheless, the PA 529 GSP is required by federal law to issue you an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. You should keep appropriate records to substantiate to the Internal Revenue Service that the requirements stated in Part 2.D.7.a. were met.

As of the date of this Disclosure Statement Supplement, the Pennsylvania Department of Revenue has not determined whether a rollover from the PA 529 GSP to a Roth IRA is subject to Pennsylvania state income tax. If Account Owners have questions regarding Pennsylvania tax treatment of rollovers from a PA 529 GSP Account to a Roth IRA, please contact the Pennsylvania Department of Revenue at 717-787-8201.

Before making such a transfer, you may wish to consult with a tax advisor and your Beneficiary's Roth IRA provider.

SUPPLEMENT DATED JANUARY 2023 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

THE FOLLOWING INFORMATION DESCRIBES IMPORTANT CHANGES AND IS SUPPLEMENTAL TO THE PA 529 GSP DISCLOSURE STATEMENT DATED APRIL 2022. PLEASE KEEP THIS SUPPLEMENT WITH YOUR PLAN DOCUMENTS.

GENERAL CHANGES

All references to the Pennsylvania state tax deduction for Pennsylvania 529 Guaranteed Savings Plan contributions are changed from $16,000 for single filers ($32,000 if married and filing jointly) to $17,000 for single filers ($34,000 if married and filing jointly).

All references to the gift tax exclusion for contributions are changed from $80,000 for single filers ($160,000 if married and filing jointly) to $85,000 for single filers ($170,000 if married and filing jointly).

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION TO BE CONSIDERED BEFORE MAKING A DECISION TO CONTRIBUTE TO THE PENNSYLVANIA 529 GUARANTEED SAVINGS PLAN ("PA 529 GSP") UNDER THE PENNSYLVANIA 529 COLLEGE AND CAREER SAVINGS PROGRAM ("PA 529"), INCLUDING INFORMATION ABOUT RISKS, FEES, AND EXPENSES. IT SHOULD BE READ THOROUGHLY AND RETAINED FOR FUTURE REFERENCE. NO ONE IS AUTHORIZED TO PROVIDE INFORMATION THAT IS DIFFERENT FROM THE INFORMATION IN THIS DISCLOSURE STATEMENT.

ACCOUNTS GUARANTEED ONLY BY GSP FUND AND NOT INSURED

ACCOUNTS ESTABLISHED UNDER THE PA 529 GSP, INCLUDING BOTH CONTRIBUTIONS AND GROWTH ON THOSE CONTRIBUTIONS, IF ANY, ARE NOT INSURED OR GUARANTEED BY THE COMMONWEALTH OF PENNSYLVANIA, THE PENNSYLVANIA TREASURY DEPARTMENT, PA 529, OR ANY CONSULTANT, CONTRACTOR, OR ADVISOR RETAINED BY THE COMMONWEALTH, THE TREASURY DEPARTMENT, OR PA 529. THE PAYMENT OF PA 529 GSP OBLIGATIONS WILL BE MADE ONLY FROM THE GUARANTEED SAVINGS PROGRAM FUND (THE "GSP FUND"). ANY CLAIM AGAINST THE PA 529 GSP, THE COMMONWEALTH, OR THE DEPARTMENT PURSUANT TO A PA 529 GSP CONTRACT WILL BE MADE SOLELY AGAINST THE ASSETS OF THE GSP FUND AND NOT AGAINST ANY OTHER FUNDS OR SOURCES OF THE COMMONWEALTH, THE TREASURY DEPARTMENT, CONSULTANT, CONTRACTOR, OR ANY OTHER PERSON OR ENTITY. IN THE EVENT THAT THE GSP FUND WOULD NOT GENERATE AN ADEQUATE RETURN, THE PA 529 GSP MIGHT NOT BE ABLE TO MEET ALL OF ITS FUTURE LIABILITIES.

ACCOUNT OWNERS IN THE PA 529 GSP ASSUME INVESTMENT RISK, INCLUDING THE POTENTIAL LOSS OF CONTRIBUTIONS AND LIABILITY FOR ADDITIONAL INCOME TAXES OR PENALTIES SUCH AS THOSE LEVIED FOR NON-QUALIFIED WITHDRAWALS.

INVESTMENT PRODUCT NOT REGISTERED

THESE INVESTMENT PRODUCTS HAVE NOT BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION OR WITH ANY STATE SECURITIES COMMISSION. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED INTERESTS IN THE PA 529 GSP OR PASSED ON THE ADEQUACY OF THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TAX AND OTHER ADVANTAGES OF HOME STATE PROGRAMS

FOR RESIDENTS OF STATES OTHER THAN PENNSYLVANIA, IF YOUR STATE OR THE BENEFICIARY'S STATE OF RESIDENCY (IF DIFFERENT) SPONSORS A 529 PLAN, THAT PLAN MAY OFFER STATE INCOME TAX AND OTHER BENEFITS NOT AVAILABLE TO YOU THROUGH THE PA 529 GSP. IF YOU ARE NOT A PENNSYLVANIA TAXPAYER OR RESIDENT, PLEASE CONSULT YOUR FINANCIAL ADVISOR, TAX ADVISOR, OTHER ADVISOR, OR YOUR HOME STATE'S 529 PROGRAM TO LEARN MORE ABOUT HOW STATE-BASED BENEFITS (OR ANY LIMITATIONS) WOULD APPLY TO YOUR SPECIFIC CIRCUMSTANCES.

OTHER PLANS AVAILABLE FROM THE COMMONWEALTH OF PENNSYLVANIA

THIS DISCLOSURE STATEMENT PERTAINS TO THE PA 529 GSP. THE COMMONWEALTH OF PENNSYLVANIA ALSO OFFERS THE PA 529 INVESTMENT PLAN (THE "PA 529 IP"). THE PA 529 IP AND THE PA 529 GSP OFFER SIMILAR BENEFITS AND TAX ADVANTAGES. THEIR PRIMARY DIFFERENCE IS THEIR METHOD OF GROWTH. GROWTH ON A PA 529 GSP ACCOUNT, WHEN USED FOR QUALIFIED EDUCATION EXPENSES, IS BASED ON POSTSECONDARY TUITION INFLATION, WHEREAS THE RETURN ON A PA 529 IP ACCOUNT IS BASED ON INVESTMENT PERFORMANCE. THE TWO PLANS ASSESS DIFFERENT FEES. FOR DETAILS ABOUT THE PA 529 IP, PLEASE OBTAIN AND CAREFULLY READ THE SEPARATE DISCLOSURE STATEMENT FOR THE PA 529 IP, WHICH MAY BE OBTAINED BY CALLING CUSTOMER SERVICE AT 800-440-4000 OR ONLINE AT PA529.COM.

INFORMATION IN THIS DISCLOSURE STATEMENT IS BELIEVED TO BE ACCURATE AS OF THE DATE OF THIS DISCLOSURE STATEMENT AND IS SUBJECT TO CHANGE WITHOUT PRIOR NOTICE.

PENNSYLVANIA 529 GUARANTEED SAVINGS PLAN ("PA 529 GSP")

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PA 529 GSP – AT A GLANCE

Nature of the PA 529 GSP	The PA 529 GSP is one of two Section 529 college savings plans offered by the Commonwealth of Pennsylvania to assist individuals and families in saving for education in a tax-advantaged way. Account growth, when used for qualified education expenses, is based on postsecondary tuition inflation rather than performance of investments. See Part 1.A.
Role of PA Treasury	The PA 529 is administered by the Pennsylvania Treasury Department. The Department oversees all investments and provides marketing and customer service for the Plan. Pursuant to a contract expiring in May 2023, the Pennsylvania Treasury Department serves as Program Manager, and Ascensus College Savings Recordkeeping Services, LLC ("Ascensus") serves as the Recordkeeping and Servicing Agent. See Part 1.B.
Account Owner	The PA 529 is open to all U.S. citizens and resident aliens, 18 years or older, who have a Social Security Number or other taxpayer identification number and have a U.S. permanent address that is not a P.O. Box. Corporations and certain other types of entities may participate in the Plan. See Part 2.A.2.
Beneficiary	The Beneficiary may be a U.S. citizen or resident alien, with a Social Security Number or individual taxpayer identification number, of any age, from newborn to adult. You can only change the Beneficiary or transfer a portion of the Account to a different Beneficiary if the two Beneficiaries are specified members of the same family. There are no adverse tax consequences as a result of such a change. See Part 2.A.3.
Residency	At the time the Account is opened, either the Account Owner or Beneficiary must be a resident of Pennsylvania. A subsequent change of residency does not affect the Account.
Contributions	Anyone may make contributions, regardless of the contributor's income. Initial Contribution: An initial contribution is not required to open an account. Additional Contributions: $1 minimum. You may also receive a minimum contribution of $25 through Ugift®. Maximum Contribution Limit: $511,758 – Accounts for the same Beneficiary that have reached the Maximum Contribution Limit may continue to accrue earnings, but additional contributions are prohibited. See Part 2.B.1., 2., and 4.
The "Guarantee"	If the Account is used for qualified higher education expenses, the PA 529 GSP guarantees that growth will keep pace with postsecondary tuition inflation (subject to fees and Premiums). For withdrawals used for other purposes, the PA 529 GSP guarantees that, at a minimum, the amount of unused contributions will be refunded. **These guarantees are the obligation of the GSP Fund only and not the Commonwealth of Pennsylvania or any other entity.** See Part 2.G.
Risk Factors of the PA 529 GSP	Saving in the PA 529 GSP involves certain risks, including (1) the possibility that the GSP Fund may not be able to meet all of its obligations, in which case you may not receive all the funds to which you are entitled, (2) the risk of federal and/or state tax law changes, (3) the risk of any PA 529 GSP changes, including changes in fees, and (4) the risk that contributions to an Account may adversely affect the eligibility of the Beneficiary or the Account Owner for federal financial aid or other benefits. See Part 5.
Fees and Charges	Asset-based management fee: 0.40% with a maximum annual fee of $500; 0.30% for Account Owners who establish electronic delivery with a maximum annual fee of $250. Accounts are subject to a minimum annual fee of $5.00. See Part 3.

Tax Advantages	• Earnings accrue free from federal income tax, and there is no federal income tax on Qualified Withdrawals. (The earnings portion of Non-qualified Withdrawals is subject to federal income tax and may be subject to a 10% federal tax penalty.) • For Pennsylvania taxpayers, earnings on Qualified Withdrawals are not subject to Pennsylvania income tax. (Non-qualified Withdrawals are likely to be subject to Pennsylvania state income tax.) Depending upon the state where you live or pay state income tax, your earnings may or may not be subject to state income tax. • Up to a $16,000 per year deduction from Pennsylvania state taxable income for single filers ($32,000 if married filing jointly provided that each spouse has taxable income of at least $16,000) per Beneficiary. • No gift tax on contributions up to $80,000 (single) and $160,000 (married filing jointly) — prorated over five years. Note: Contributions to any 529 college savings plan are not deductible for federal income tax purposes. See Part 4.
Exclusive PA Home State Advantages	If you are a Pennsylvania resident, there are several advantages to saving in the PA 529 GSP that are not available to you if you use an out-of-state 529 plan. These include having the assets in your Account: • Excluded when your student's state financial aid is determined. • Excluded from Pennsylvania Inheritance Tax. • Protected from creditors of you or the Beneficiary. • Be the basis for earning guaranteed tuition discounts for your student at over 400 private schools that participate in SAGE Scholars. See Part 1.A.
Qualified Withdrawals	Your Account can be used to pay for the following expenses if required for the enrollment or attendance at any eligible postsecondary school in the United States or abroad: tuition, books, supplies, computers and related equipment and services, fees, and expenses for special-needs services for a special-needs Beneficiary; and room and board expenses (with limitations). It can also be used to pay for fees, books, supplies, and equipment required for participation in certain apprenticeship programs. Additionally, it can be used to pay a Beneficiary's (or a Beneficiary's sibling's) principal or interest on qualified educational loans up to a lifetime limit of $10,000 per Beneficiary or sibling. Finally, it can be used for elementary and secondary school tuition up to $10,000 per Beneficiary per year. See Part 1.A. and Part 2.D.2.
Account Control	As Account Owner you: • Always retain control of how and when the money is used even though the assets are not part of your estate for federal estate tax purposes. • Can change the Beneficiary without paying federal income tax or a penalty, if the new Beneficiary is a qualifying Family Member of the former Beneficiary. • Can take the money back, at any time for any reason, subject to applicable federal taxes on earnings and a 10% federal penalty tax on earnings. State income tax may also apply. The value you receive might be less than if used for Qualified Withdrawals. See Part 2.A.2.
Online Applications and Account Information	• Account Owners may enroll online or obtain an Enrollment Form at PA529.com or by mail. • Account Owners may choose to receive some or all Account correspondence online, rather than in paper format. • Most Account activities can be completed online, including Account maintenance. See Part 2.A.1. and 2.E.
Privacy Policy	All information you provide to PA 529 GSP is treated confidentially. Ascensus is obligated to treat the information you provide to PA 529 GSP confidentially. Our Privacy Policy may be found at PA529.com or by calling 800-440-4000.
Contact Information	Pennsylvania 529 Guaranteed Savings Plan Office: 613 North Drive-G-06 Harrisburg, PA 17120-0600 Processing Center: P.O. Box 55463 Boston, MA 02205-8114 **Website:** PA529.com **E-mail:** PAGSP@patreasury.gov **Phone:** 800-440-4000

Part 1. General Description of the Pennsylvania 529 Guaranteed Savings Plan

A. Program Summary

This Program Summary provides a general overview of the Pennsylvania 529 Guaranteed Savings Plan (the "PA 529 GSP"). The topics discussed in this Program Summary are discussed in more detail later in this Disclosure Statement. Before investing, please read the entire Disclosure Statement carefully to ensure that you fully understand the PA 529 GSP.

What is the PA 529 GSP? The PA 529 GSP is one of two Plans in the Pennsylvania 529 College and Career Savings Program (the "PA 529"), which is a tax-advantaged college savings program created under the authority of the laws of the Commonwealth of Pennsylvania ("Enabling Law") that is designed to help people save for the costs of education after high school – including college, trade schools, career schools, and graduate and professional schools nationwide and even some abroad. Pursuant to the Enabling Law, the Pennsylvania Treasury Department (the "Department") administers the PA 529. The other Plan offered by the PA 529 is the Pennsylvania 529 Investment Plan (the "PA 529 IP"). Both Plans are designed to be qualified tuition programs under Section 529 ("Section 529") of the Internal Revenue Code of 1986, as amended (the "Tax Code"). Both offer similar benefits and tax advantages. Their primary difference is their method of growth. Contributions to a PA 529 GSP Account ("Account"), when used for Qualified Education Expenses, grow based on postsecondary tuition inflation. In contrast, contributions to a PA 529 IP Account have returns (which may include losses) based on investment performance. This Disclosure Statement covers only the PA 529 GSP. For a Disclosure Statement for the PA 529 IP, call Customer Service at 800-440-4000 or go online at PA529.com.

The fundamental concept of the PA 529 GSP is that if you save enough for postsecondary tuition today (whether it is a credit, a semester, or four years, for example) at the school or type of school for which you choose to save (your "Tuition Level" (see Part 2.C.4.b.)), you will have enough to cover that amount of tuition at that Tuition Level in the future – no matter when or how much postsecondary tuition has gone up in the meantime. Your contributions to an Account are placed in the Guaranteed Savings Program Fund (the "GSP Fund"), a separate state fund held by the Treasury Department that is dedicated to the PA 529 GSP. The assets in the GSP Fund are invested by professional investment managers in stocks, bonds, and other appropriate vehicles included in the GSP Fund Investment Guidelines with the goal of ensuring that the growth of the GSP Fund meets or exceeds postsecondary tuition increases. The Investment Guidelines are available at PATreasury.gov or by calling Customer Service at 800-440-4000. When your Account is used to pay for Qualified Education Expenses, however, the growth you receive is not determined by the investment performance that the GSP Fund achieved on your contributions. Rather, your contributions grow based on the rate of postsecondary tuition increases at your chosen Tuition Level from the time the contribution was made until the academic semester for which the Account is used.

What is the "guarantee" of the PA 529 GSP? The "guarantee" of the PA 529 GSP depends on whether or not the Account is used for Qualified Education Expenses. If used for eligible expenses, as stated above, the growth on your contributions is based on postsecondary tuition increases, and not on the investment performance that the GSP Fund achieved on those contributions. So, if during the time your money has been in the PA 529 GSP, postsecondary tuition increases have been greater than investment performance – even if the investment value of your contributions has actually gone down – the GSP Fund is still obligated to pay for your college expenses at the tuition-inflation value. If your Account is not used for eligible postsecondary expenses, you are entitled, at a minimum, to a refund of your remaining contributions. So, if you make a withdrawal for any reason other than paying for eligible expenses, the GSP Fund is obligated to pay you, at a minimum, what was put into your Account (minus any fees or previous withdrawals).

It is important to note, however, that these guarantees are NOT a promise by the Commonwealth or any state agency that it will stand behind the GSP Fund if the Fund were to run out of money to meet the guarantees. The guarantee is NOT backed by the full faith and credit of the Commonwealth and is not the obligation of the Commonwealth, the Treasury Department, or any consultant, contractor, or entity other than the GSP Fund. In the event that the GSP Fund would not generate an adequate return, the PA 529 GSP might not be able to meet all of its future obligations and the GSP Fund might not be able to pay Account Owners the amounts to which they would be entitled. That is, Account Owners might not receive the full value to which they would be entitled.

What are the tax advantages? There are numerous federal and state tax advantages, which are described in more detail later in this Disclosure Statement. Briefly, the federal tax advantages are that the growth, if any, on

contributions is tax-deferred and, if used for Qualified Education Expenses, is tax exempt. There are also specific federal gift and estate tax provisions and generation-skipping transfer tax advantages and consequences. For Pennsylvania taxpayers, the growth is tax-deferred for state income tax purposes and, if used for Qualified Education Expenses, tax exempt. Additionally, within limits, contributions made into an Account may be deducted from your Pennsylvania taxable income.

What benefits are exclusive to the PA 529? Several benefits are available to you only if the Section 529 college savings plan you use is a Pennsylvania plan – either the PA 529 GSP or PA 529 IP. These exclusive benefits include:

- **Pennsylvania state financial aid protection**. Assets held in a PA 529 Account – no matter how large – are not counted in determining Pennsylvania state financial aid. Assets of a parent or student held in any other 529 plan are counted.
- **Pennsylvania inheritance tax exclusion**. Assets held in a PA 529 Account are not included in a deceased's assets for Pennsylvania inheritance tax purposes. Assets held in any other 529 plan are fully counted – regardless of the size of the deceased's assets. The inheritance tax rate varies depending on the relationship between the deceased and the heir; for children or grandchildren, it is currently 4.5% of the entire value of the asset – not just the growth.
- **Protection from creditors**. In Pennsylvania state proceedings, assets held in a PA 529 Account are protected from creditors of the Account Owner or Beneficiary. Assets in an out-of-state 529 plan have no such protection.
- **SAGE Tuition Rewards**. Savings in a PA 529 Account can earn SAGE Tuition Rewards, which provide student tuition discounts at over 400 private colleges nationwide, with over 50 in Pennsylvania. Discounts are earned at the rate of 2.50% of the value of the Account quarterly (about 10% annually) with a minimum quarterly earning worth $250 in discounts. Each participating college sets the maximum discount that it will honor – typically one year of tuition spread over four years. As of December 2021 this ranges from $7,188 to $60,280.

Who can open an Account and for whose benefit? Any adult (18 or older) who is a U.S. citizen or resident alien and who has a Social Security Number or taxpayer identification number and a permanent U.S. address can open a PA 529 GSP Account to save for the future education expenses of any person, including himself or herself. At the time the Account is opened, however, either the Account Owner or the Beneficiary of the Account (the "Beneficiary") must be a Pennsylvania resident. A subsequent change of state residency, however, does not affect the Account. The Account Owner can change the Beneficiary at any time, as long as the new Beneficiary is a Family Member (see definition at Part 2.A.3.c.) of the previous Beneficiary.

What schools and what expenses can an Account be used for? An Account can be used to pay for "Qualified Education Expenses" required for enrollment or attendance at "Eligible Educational Institutions". For ease of reference, these combined requirements are referred to throughout this Disclosure Statement as "Qualified Expenses". These terms are defined by the Tax Code. The definition of "Qualified Education Expenses" differs depending on if the expenses are for elementary and secondary education or post-secondary education. Elementary and Secondary Qualified Education Expenses include only tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school and are limited to $10,000 per Beneficiary per year. It is the responsibility of the Account Owner to ensure that not more than $10,000 per year per Beneficiary is withdrawn for Elementary and Secondary Qualified Education Expenses. Account Owners who are taxpayers in states other than Pennsylvania should note that those states may not consider elementary and secondary education expenses to be qualified. Please consult with the individual state to learn more.

Post-Secondary Qualified Education Expenses generally include: tuition, mandatory fees, required books, supplies and equipment, computers and peripheral equipment, computer software, Internet access and related services (as long as such equipment, software, and services are used primarily by the Beneficiary while enrolled at an Eligible Educational Institution), certain room and board, and special needs services for special needs students. Post-Secondary Qualified Education Expenses also include two expenses that require special attention:

• Fees, books, supplies, and equipment required for the participation of a Beneficiary in an apprenticeship program registered and certified with the United States Secretary of Labor under the National Apprenticeship Act (29 U.S.C. § 50). For more information about certified apprenticeship programs, please visit www.apprenticeship.gov/apprenticeship-finder.

• Repayment of qualified educational loans (as defined in 26 U.S.C. § 221(d)(1)) for a Beneficiary or sibling (brother, sister, stepbrother, stepsister, half-brother, or half-sister) of a Beneficiary, not to exceed a lifetime limit of $10,000 per Beneficiary or sibling. In order to be considered qualified, an educational loan must be incurred for the payment of Qualified Education Expenses, on behalf of a student who is enrolled in a degree or certificate program

at an eligible institution of higher education. For more information on the requirements that constitute a qualified educational loan, please review 26 U.S.C. § 221 (d)(1). The valuation of this type of withdrawal will be calculated as explained in Part 2.D.2.e.

Please note that repaying student loans with assets from a 529 account may reduce the amount of educational loan interest that can be deducted on your federal tax return. Please consult with a tax advisor for more information.

There are limitations and conditions in order for room and board to be a Qualified Expense. The Beneficiary must be at least a half-time student (generally taking six or more academic credits). If living on campus, the full amount charged by the school is a Qualified Expense. If living off campus, the amount is limited to the room and board cost used by the school being attended in its cost of attendance calculation.

"Eligible Educational Institutions" include any elementary or secondary public, private, or religious school and most American and many foreign colleges and universities, for undergraduate and graduate programs, and many career and trade schools. The determining criterion for Post-Secondary Schools is that the school must be eligible to participate in the U.S. Department of Education's student financial aid programs. A search for such schools is available at www.studentaid.gov. Withdrawals made to pay for Qualified Expenses are called "Qualified Withdrawals."

Can an Account be used for other purposes? Yes. You can access your Account at any time for any reason. Withdrawals used to move your funds to another 529 plan are "Transfers" or "Rollovers." Withdrawals used for any other purpose are called "Non-qualified Withdrawals." Before taking a Rollover, Transfer, or Non-qualified Withdrawal, you should consider several consequences. First, the growth on contributions used for these types of withdrawals is calculated differently and may be less than the growth on contributions used for Qualified Withdrawals. Second, there may be federal and state income tax consequences for Transfers or Rollovers that are not consistent with federal requirements and for Non-qualified Withdrawals. Additionally, the number of Rollovers, Transfers, and Non-qualified Withdrawals that may be taken in a given period of time may be limited. (See Part 2.D.)

529 plans are intended to be used only to save for Qualified Education Expenses. 529 plans are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

What are the fees? There is an annual asset-based Account maintenance fee. As of the date of this Disclosure Statement, the fee is 40 basis points annually ($4.00 on $1,000) with a minimum fee of $5.00 and a maximum annual fee of $500. The fee is discounted to 30 basis points ($3.00 on $1,000) for those Account Owners who establish email delivery of quarterly statements, PA 529 GSP Disclosure Statement updates, and transaction and profile confirmations with a minimum fee of $5.00 and a maximum annual fee of $250. The asset-based fee is subject to change. Additionally, the PA 529 GSP reserves the right to charge you (or deduct from your Account) any expenses it incurs as a result of any check, automatic investment, or Electronic Bank Transfer being returned unpaid by the financial institution upon which it is drawn. (See Part 3.B. for more details.)

B. Role of Department

The Department is responsible for all aspects of the PA 529 GSP. Among the Department's major responsibilities are: establishing investment guidelines for the GSP Fund, investing or overseeing the investments of the GSP Fund, annually setting PA 529 GSP Credit Rates, accepting and crediting contributions, processing requests for withdrawals, providing customer service, and marketing the Plan. Pursuant to its authority to contract with other entities to perform services for the PA 529 GSP, the Department has contracted with Ascensus to perform recordkeeping and processing services.

Part 2. How the PA 529 GSP Works

A. Opening and Maintaining your PA 529 GSP Account

1. The Enrollment Process

To open a PA 529 GSP Account, you must complete and submit an Enrollment Form. An initial contribution is not required if you establish an Automatic Investment Plan (AIP), initiate payroll deduction, or indicate you will be making a Rollover from another 529 account and initiate the Rollover process. (See Part 2.B.7.c., d., g., h., and i.) The

quickest and easiest way to open an account is to complete the enrollment process online at PA529.com, including making an initial contribution, if desired. Otherwise, you may mail your Enrollment Form and initial payment, if desired. A paper Enrollment Form to complete and mail can be downloaded from PA529.com or obtained by calling Customer Service at 800-440-4000. By signing and submitting the Enrollment Form, you agree that your Account is subject to the terms and conditions of the PA 529 GSP Contract, of which this Disclosure Statement and the PA 529 GSP Participation Agreement (Appendix A) are a part. On the Enrollment Form, you must provide information and make several required designations. You must designate a "Beneficiary," who is the future student, and the "Tuition Level," which is the school or type of school for which you are saving. These designations can be changed, at any time, subject to some limitations. (See Part 2.A.3.b. and Part 2.C.4.b.) You also specify the date that you anticipate your Beneficiary will start college – the "Projected College Enrollment Date." This date is used by the PA 529 GSP to determine when you should be contacted with information about how to use your Account and in determining the actuarial soundness of the Plan. You may change this date at any time by calling Customer Service at 800-440-4000 or through "My Account" at PA529.com. To access your Account online, you simply register your Account by setting up a user name and password. Once you have web registered, you can obtain Account information at any time and make some changes to your Account. Web registering helps you get the most out of your Account.

Your initial contribution, if any, will be credited to your Account when the Enrollment Form is received and all required information has been completed in good order. If you overlook completing certain items, the PA 529 GSP will do so on your behalf: (1) if you do not specify a Tuition Level, the GSP will deem you to have selected the State System of Higher Education Average Tuition Level; (2) if you do not specify a residency level, the GSP will deem you to have selected an in-state or in-district residency level, as applicable; and (3) if you do not specify the Beneficiary's Projected College Enrollment Date, the PA 529 GSP will deem such projected enrollment date to be the August immediately after the date the Beneficiary reaches 18 years of age.

You must provide a permanent U.S. address, which may not be a Post Office Box. You must also provide a mailing address, which may be different than your permanent address. Any subsequent permanent or mailing address changes can be made by accessing "My Account" at PA529.com, by calling Customer Service at 800-440-4000, or by submitting a signed written request. Additionally, on a periodic basis, the PA 529 GSP may utilize the National Change of Address (NCOA) database maintained by the U.S. Postal Service to verify the accuracy of Account addresses. The PA 529 GSP may contact the Account Owner in order to verify the correct address and reserves the right to conform the Account record to the NCOA database information.

Whenever a mailing address is changed, a confirmation of the change will be mailed to both the old and new addresses unless the change has been made utilizing NCOA. When NCOA is used, notification of the change will be included with the next quarterly statement. Whenever a permanent address is changed, a confirmation of the change will be mailed to the mailing address of record.

If you own more than one PA 529 Account and you change your permanent or mailing address on some but not all of your Accounts, the PA 529 GSP reserves the right to change the address on all your Accounts to conform to the address most recently given.

If the PA 529 GSP sends a mailing (including, but not limited to, quarterly statements and confirmations) to the Account Owner's mailing address of record and that mailing is returned because the mailing address is incorrect, the PA 529 GSP will place a "stop mail hold" on the Account. An Account on stop mail hold will receive no mailings from the PA 529 GSP until the mailing address of record is corrected.

In the event that the Account Owner's mailing address of record becomes invalid, the PA 529 GSP reserves the right to use reasonable methods to find the correct mailing address including, but not limited to, utilizing internet-based informational databases and contacting other individuals whose information has been provided to the PA 529 GSP including Beneficiary, Successor Owner, and Authorized Agent. If the current mailing address is found through any of these means, the PA 529 GSP reserves the right to change the Account Owner's mailing address of record to the current mailing address.

On the Enrollment Form, you may also make other optional designations, including naming a Successor Owner and/or Authorized Agents, and enrolling in SAGE Scholars Tuition Rewards. See below for more details about these optional designations.

2. The Account Owner and Related Designations

a. The Initial Account Owner

To open an Account, an individual must (1) be a U.S. citizen or resident alien, (2) be 18 years of age or older, (3) have a Social Security Number or other taxpayer identification number, and (4) have a U.S. permanent address that is not a Post Office Box. A corporation, association, partnership, trust, or other legal entity also may establish an Account. At the time an Account is established, either the Account Owner or Beneficiary must be a resident of Pennsylvania. A subsequent change in residency does not affect the Account. If an Account Owner is not a natural person and the Beneficiary is not a Pennsylvania resident at the time the Account is opened, the Account Owner must have an office or place of business in Pennsylvania. Persons opening an Account on behalf of an entity must provide documentation of the person's authority to act for the entity. Trustees opening an Account on behalf of a trust must be a resident of Pennsylvania. State or local government organizations and tax-exempt organizations described in Section 501(c)(3) of the Tax Code may also open PA 529 GSP Accounts as part of a scholarship program.

The PA 529 GSP obtains from each person who opens an Account certain personal information – including name, street address, Social Security Number or other taxpayer identification number, and date of birth, among other information – that will be used to verify identity. If you do not provide this information, an Account will not be opened for you. If the PA 529 GSP is unable to verify your identity, the PA 529 GSP reserves the right to close your Account or take other steps it deems reasonable.

The Account Owner controls the Account, making any required designations, permitted changes, and withdrawal requests. Contributions made to the Account by any others, while considered gifts to the Beneficiary under federal law, come under the control of the Account Owner.

b. Granting Others ("Authorized Agents") Access to the Account

Only one person can be the Account Owner and that person has control of the Account. While joint owners are not permitted, the Account Owner can grant other individuals the ability to access information about the Account and/or to take specified actions on the Account. If you wish, you may allow an individual(s) to have any one of four levels of access to or control of the Account:

- Level 1: Access information and Account statements only.
- Level 2: Level 1 permissions plus permission to make electronic contributions and change Tuition Levels.
- Level 3: Level 2 permissions plus permission to authorize withdrawals (both Qualified and Non-qualified).
- Level 4: Have full control.

You may call Customer Service at 800-440-4000 to designate an Authorized Agent at Level 1. For all other Levels, you must complete the Limited Power of Attorney/Agent Authorization form (for Levels 2 or 3) or the Power of Attorney form (for Level 4). These forms are available at PA529.com or by calling Customer Service at 800-440-4000. Please note that for Levels 2-4, the form must be notarized. Your designations may be changed or revoked at any time over the phone for Level 1 and in writing for Levels 2-4.

Please note that if the power of attorney that was executed more than 180 days before being presented to the PA 529 GSP, it must be accompanied by an affidavit attesting that the power of attorney is in full force and effect. A template affidavit may be obtained by calling 800-440-4000.

c. Successor Owner and Change of Ownership Upon Death or Incapacity of Account Owner

You may designate a Successor Owner who will become the owner of your Account upon your death or incapacity, to the extent permitted by applicable law or court order to the contrary, upon submission of documentation of your death or disability and completion of an Enrollment Application. The Successor Owner will take ownership of the Account once this paperwork has been received in good order and processed. Since laws vary from state to state, you may wish to consult a lawyer to determine the precise effect of such a designation. You may designate a Successor Owner by completing the appropriate section of the Enrollment Form. Additionally, you can add, change, or revoke a Successor Owner at any time by submitting a Services for Your Account Form or through "My Account" access on PA529.com.

If you do not designate a Successor Owner and you die, ownership of the Account will be determined by your will. If you die without a will, pursuant to the terms of your PA 529 GSP Contract, if permitted by applicable law:
(1) ownership will pass to your surviving spouse; (2) if there is no surviving spouse, ownership will pass to the Beneficiary if he or she has reached the age of majority (the age of majority in Pennsylvania for these purposes is 18 years of age as of the date of this Disclosure Statement); and (3) if there is no surviving spouse and the Beneficiary is a minor, ownership will pass pursuant to the laws governing property of a person who dies without a will.

In the event of your death or incapacity, the Successor Owner or, if you do not designate one, the person to whom ownership of your Account is transferred as specified above, will be entitled to exercise all of the rights of an Account Owner, including the right to make Non-qualified Withdrawals and change the Beneficiary. If you wish to ensure that, in the event of your death or incapacity, the Account will be applied to pay the Qualified Education Expenses of the Beneficiary you have designated, you should consult a legal advisor.

d. Change of Ownership by Agreement

The Account Owner may select a replacement Account Owner if the proposed replacement Account Owner meets the criteria for opening an account (see Part 2.A.2.a.) and the following four requirements are met: (1) The Account Owner to be named, if a natural person, has attained the age of 18; (2) a written statement signed by the Account Owner to be named is submitted stating that he or she agrees to be bound by the terms of the PA 529 GSP Plan Contract; (3) the existing and replacement Account Owner each certify that the change is made without consideration (that is, nothing is given in exchange for the Account ownership being changed); and (4) if the Beneficiary is not a resident of Pennsylvania at the time of the requested change and was not a resident of Pennsylvania at the time he or she first became the Beneficiary, the Account Owner to be named is a resident of Pennsylvania. The Department, in its sole discretion, may waive the fourth requirement if it determines that the change is not being requested to circumvent the intent of the Enabling Law regarding residency. Such a change may only be requested in writing, signed by the original Account Owner, with a signature guarantee, and the proposed new Account Owner. The written request must include representations that each of the four conditions described above have been met. The Services for Your Account Form, available at PA529.com, may be used for this purpose.

e. Ownership of an Account Established under UTMA or UGMA

If a PA 529 GSP Account is established for a minor under the Uniform Transfer to Minors Act (UTMA) or the Uniform Gifts to Minors Act (UGMA), the minor is both the Account Owner (through the custodian) and the Beneficiary. The minor must remain the Beneficiary of the Account at all times; unlike other PA 529 Accounts, the Account Owner may not change the Beneficiary. In addition, when the minor attains the age of majority specified by applicable state law, the custodian will cease to have any control over the Account and the former minor will control the Account. Also, the minor will be treated as the owner of the Account at all times, so that any taxable distribution from the Account will be treated as income of the minor (except to the extent, if any, that applicable law requires that such distribution be treated as income of the custodian).

If the custodian fails to direct the PA 529 GSP to transfer ownership of the Account when the designated beneficiary is legally entitled to take control of the Account assets, the PA 529 GSP may freeze the Account and/or refuse to allow the custodian to transact on the Account. Some UGMA/UTMA laws allow for more than one age at which the custodianship terminates ("Age of Termination"). The PA 529 GSP may freeze the account based on the youngest allowable Age of Termination of the custodianship according to the UGMA/UTMA laws where the custodianship account was established, based on the PA 529 GSP's records. The custodian may be required to provide documentation to the PA 529 GSP if the Age of Termination of the custodianship account is other than the youngest allowable age under the applicable UMGA/UTMA law or if the applicable UGMA/UTMA law differs from PA 529 GSP records.

3. The Beneficiary

a. The Initial Beneficiary

You designate the Beneficiary when you open the Account. Your Beneficiary must be a natural person of any age and need not be related to you. Anyone, including you, the Account Owner, can be a Beneficiary. At the time a PA 529 GSP Account is established, the Beneficiary does not have to be a Pennsylvania resident, provided the Account Owner is a Pennsylvania resident. A subsequent change in residency does not affect the Account. Each Account may have only one named Beneficiary.

If the Account is being opened as a Scholarship Account, a Beneficiary does not need to be designated.

Except for Accounts established under UTMA or UGMA, the Account belongs to the Account Owner and not to the Beneficiary; the Beneficiary has no vested rights in the Account.

b. Change of Beneficiary

The Account Owner can change the Beneficiary (unless the Account was established under UTMA or UGMA) at any time. However, the new Beneficiary must be a Family Member of the prior Beneficiary, as that term is defined below. Also, a change of Beneficiary cannot be made if other PA 529 Accounts for the new Beneficiary already exist and the change would cause the total value of all Accounts (if used for Qualified Expenses) for the new Beneficiary to exceed the Maximum Contribution Limit (currently $511,758). State residency might also be a factor. If the Account Owner was not a Pennsylvania resident at the time the Account was opened, the new Beneficiary must be a Pennsylvania

resident; however, the PA 529 GSP, in its sole discretion, may waive this requirement if it determines that the change is not being requested to circumvent the intent of the Act regarding residency.

A change in Beneficiary might be treated as a gift from the previous Beneficiary to the new Beneficiary in certain circumstances, and therefore may have federal gift or generation-skipping transfer tax implications. (See Part 4.A.1.b.)

The Account Owner may request to change the Beneficiary by submitting a Services for Your Account Form, which may be found at PA529.com.

c. Member of the Family

The term "member of the family" ("Family Member") is defined by Section 529 of the Tax Code as follows:

- Father, mother, or ancestor of either;
- Son, daughter, or a descendant of either;
- Stepfather or stepmother;
- Stepson or stepdaughter;
- Brother, sister, stepbrother, stepsister, half-brother, or half-sister;
- Brother or sister of the father or mother;
- Brother-in-law, sister-in-law, son-in-law, daughter-in-law, father-in-law, or mother-in-law;
- Son or daughter of a brother or sister;
- Spouse of the Beneficiary or of any of the individuals listed above; or
- First cousin.

For the purpose of this definition, a legally adopted child or foster child of an individual is treated as the child of that individual by blood.

B. Making Contributions

1. Initial Contribution

No initial contribution is required to open an Account. Account Owners may submit an initial contribution by check or money order with your paper Enrollment Form or you may establish an automatic bank withdrawal referred to as an Automatic Investment Plan (AIP), initiate payroll deduction, whereby your employer directs an amount you specify from your pay directly to the PA 529 GSP, or initiate a Rollover at the time of enrollment.

The Department, at its discretion, may change the initial contribution requirement at any time.

2. Additional and Minimum Contributions

You may make additional contributions to your Account at any time. The minimum additional contribution is $1. However, many people find that the most convenient way to save is through automatic contributions through payroll deduction or AIP.

Contributions made through the Ugift® platform ("Ugift") (see Part 2.B.7.f.) must be a minimum of $25.

Others may make contributions to your Account if they provide your PA 529 GSP Account number along with the contribution. Others contributing to your Account should understand that in doing so, they relinquish control of the contribution and its growth, if any, to you. If they choose, others may make contributions to your Account through various contribution methods listed below, including Ugift. (See Part 2.B.7.)

The Department, at its discretion, may change minimum contribution requirements at any time.

3. Significance of August 31 for Making Contributions

Contributing before August 31 of each year may be a significant benefit. Because postsecondary tuition inflation is ordinarily applied on September 1, contributions made by August 31 receive the postsecondary tuition inflation on September 1. While contributions must be held approximately one year before they and their growth can be used (see Part 2.C.4.e.(ii)), a contribution made by August 31 of one year can be used as early as for the Summer semester of the next calendar year and receive the benefit of either one or two years of postsecondary tuition inflation (depending on the tuition rates charged by the postsecondary school being attended) or for the Fall semester of the next calendar year and receive the benefit of two years of postsecondary tuition inflation.

4. Maximum Contribution Limit

Contributions to an Account may be made until the Maximum Contribution Limit is reached. Currently, the Limit is $511,758, but is subject to change by the PA 529. To determine whether the Maximum Contribution Limit has been

reached, the value of all PA 529 (both PA 529 GSP and PA 529 IP) Accounts for a Beneficiary, regardless of whether they have different Account Owners, are added together. For purposes of this addition, the value if used for Qualified Expenses is used for PA 529 GSP Accounts and the market value is used for PA 529 IP Accounts.

Accounts that have reached the Maximum Contribution Limit may continue to grow and accrue earnings, but the excess portion of any additional contribution that would cause the Account balance to exceed the Maximum Contribution Limit will not be accepted or, if accepted, will be returned to the contributor without any earnings. The Commonwealth, the Department, the PA 529, or any of its contractors will not be responsible for any loss, damage, or expense in connection with a rejected or returned contribution.

No assurances can be given that the amount held in all PA 529 Accounts for a Beneficiary, even if they are at the Maximum Contribution Level, will be sufficient to pay the Qualified Education Expenses of the Beneficiary.

5. Pennsylvania Tax Deductibility of Contributions

Contributions made to a PA 529 GSP are deductible from the contributor's Pennsylvania taxable income, within limits. Currently, each taxpayer may deduct up to $16,000 for each Beneficiary each year. The deductible amount will increase with any changes in the amount excludable for federal gift tax purposes under the Tax Code. There is no limit on the number of Beneficiaries for which one taxpayer may contribute. However, the total deductions taken by one taxpayer cannot reduce the contributor's taxable income to less than zero. Married taxpayers filing jointly may each take the $16,000 per Beneficiary deduction, as long as each has taxable income of at least the amount being deducted.

The deduction may be taken by the contributor regardless of who owns the Account. Deductions can be taken for contributions made by any method listed below (see Part 2.B.7.), except Rollovers from out-of-state 529 plan accounts, Transfers between PA 529 GSP Accounts ("Account Transfers"), reallocations from a PA 529 IP account ("Plan Transfers"), the earnings portion of the proceeds of certain U.S. Savings Bonds, or the government match of a Family Savings Account contribution.

The contribution must be made within the tax year or by check dated by December 31 of the tax year in which the deduction is taken. The deduction is claimed on the contributor's Pennsylvania income tax return (PA-40).

If you are not a Pennsylvania resident, you may want to investigate whether your state offers a 529 plan with tax advantages and other benefits to its residents.

6. Special Federal Gift Tax Provision for Contributions

Special federal gift tax provisions allow larger contributions to an Account to be made in a single year without adverse federal gift tax consequence. For federal tax purposes, contributions to a PA 529 GSP Account generally are considered completed gifts to the Beneficiary. This means that, as with other gifts, a contribution to the Account is eligible for the applicable annual exclusion from federal gift and generation-skipping transfer taxes (as of 2021, $16,000 for an individual or $32,000 for a married couple). However, a special federal tax provision, applicable only to contributions to 529 plans, allows the contributor to choose to give up to five times the annual exclusion ($80,000 for an individual and $160,000 for a married couple) in one year and apply the contribution against the annual exclusion equally over a five-year period. For a fuller discussion of this tax advantage, see Part 4.A.1.b. below.

7. Methods of Contributing

Contributions can be made to your Account through any of the methods listed below. They may not be made with cash, stocks, securities, or other nonbank account assets.

a. ***Checks and Money Orders***

Personal checks, cashier's checks, certified checks, and money orders may be used. Third-party checks up to $10,000 will be accepted. Checks should be payable to "PA 529 GSP" and include the PA 529 GSP Account number. PA 529 GSP will not accept the following: starter checks, bank courtesy checks, instant loan checks, credit card checks, traveler's checks, foreign checks not in U.S. dollars, checks dated more than 180 days before receipt, postdated checks, checks with unclear instructions, or any other check the PA 529 GSP deems unacceptable.

If your check or money order is received at the physical location of our Processing Center (not just at its Post Office Box) in good order on a business day prior to the close of the New York Stock Exchange (NYSE), your contribution will be processed as of that day; if it is received after the close of the NYSE or on a non-business day, it will be processed on the next business day.

b. *Electronic Bank Transfer (EBT)*

You may contribute to your Account by making a one-time EBT from your bank checking or savings account when you enroll online or any time after that by accessing "My Account" at PA529.com or, if the bank account information has already been established on your PA 529 account, by calling Customer Service at 800-440-4000. Before making an initial EBT, you must provide certain information about the bank account from which money will be withdrawn.

If you, the PA 529 Account Owner, are not the owner or a joint-owner of the bank account, you must first provide a signature of the individual who is the bank account owner with a signature guarantee from the bank before the EBT is made. The signature guarantee box is provided on the appropriate PA 529 GSP form. Once the signature guarantee is on file in your PA 529 account records, you will be able to make an EBT from the account as if you were the bank account owner.

PLEASE NOTE: If you are not the owner or joint-owner of the bank account from which a EBT contribution has been made, the PA 529 GSP reserves the right to provide to the bank account owner(s), information related to contributions from that bank account and/or to remove the bank account information from the PA 529 account records upon receiving a request accompanied by a signature guarantee from any owner of the bank account.

PA 529 GSP places a limit on the total dollar amount per day that you may contribute to your Account by EBT, which as of December 31, 2021 was $160,000 but is subject to change without further notice. Contributions in excess of the limit will be rejected. If you plan to contribute more than $160,000 to your Account by EBT, please contact Customer Service at 800-440-4000 to inquire about the current limit prior to making your contribution.

EBT contributions that are initiated and in good order before 10 p.m., Eastern Time, on a business day will be credited to your PA 529 GSP Account effective the following business day but will be debited from your bank account on the second following business day. EBT contributions that are initiated and in good order after 10 p.m., Eastern Time, or on a non-business day will be credited to your PA 529 GSP Account effective the second following business day but will be debited from your bank account on the third following business day.

If the EBT contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information, the PA 529 GSP reserves the right to suspend processing future EBT contributions.

c. *Automatic Investment Plan (AIP)*

You may contribute to your Account through periodic automated debits from a bank checking or savings account, if the bank is a member of the Automated Clearing House. You can initiate an AIP during enrollment by completing the appropriate section of the online or paper enrollment. Or, you may set up an AIP after enrolling by accessing "My Account" at PA529.com or by submitting the appropriate form.

If you are not the owner or a joint-owner of the bank account, you must first provide a signature of an individual who is the bank account owner with a signature guarantee from the bank before the AIP can be established. The signature guarantee box is provided on the appropriate PA 529 GSP form.

PLEASE NOTE: If you are not the owner or joint-owner of the bank account from which an AIP contribution has been made, the PA 529 GSP reserves the right to provide to the bank account owner(s), information related to contributions from that bank account and/or to remove the bank account information from the PA 529 account records and discontinue the AIP upon receiving a request accompanied by a signature guarantee from any owner of the bank account.

The bank account will be debited on the date you designate unless it falls on a weekend or a holiday; in which case it will be on the next business day. The AIP contribution will be credited to your PA 529 GSP Account on the same business day as the day the bank debit is scheduled to occur. There must be at least three business days between when your AIP form or online information is received and the first AIP debit. Quarterly AIP investments will be made on the date you designate every three months, not on a calendar quarter basis. If no date is designated, your bank account will be debited on the 20th of the month. (If the 20th is not a business day, the debit will be made on the next business day.) Authorization for the AIP contribution will remain in effect until the PA 529 GSP has received notification that it has been revoked. Changes to, or revocation of, an AIP must occur at least five business days before an AIP debit is scheduled to be deducted from the bank account and are not effective until received and processed by the PA 529 GSP.

If the AIP contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information or for any other reason, the PA 529 GSP reserves the right to suspend processing future AIP contributions.

The PA 529 GSP reserves the right to refuse to allow an Account Owner to establish an AIP.

d. *Payroll Deduction*

Depending on your employer, you may be able to have contributions made automatically from your paycheck. To do so, your employer must agree and be able to meet PA 529 GSP operational and administrative requirements. Most employers agree to process automatic paycheck contributions in the same manner that direct deposit of paychecks to employees' bank accounts are made. If your employer permits this, forms for setting up your payroll deduction are available at PA529.com or by calling Customer Service at 800-440-4000. If your employer does not permit direct deposits from your paycheck to the PA 529 GSP, there may be alternative methods for making payroll deductions; please call Customer Service at 800-440-4000 for assistance. Payroll deductions are generally credited to your Account as of your pay date.

Please note that even when contributions are made by payroll deduction, they are made from your after-tax earnings.

e. *Contributions of Upromise® Earnings*

You may make a contribution to your PA 529 GSP Account with the savings you earn through the Upromise rewards ("Upromise"). (For details on the Upromise, see Part 7.B.) If you link your Upromise account to your PA 529 Account, your Upromise earnings will automatically be contributed to your PA 529 GSP Account on a periodic basis as long as the Upromise earnings not yet contributed reach a minimum amount required for transfer. Go to www.upromise.com for more information on transfer minimums. Upromise contributions made to your Account may be deducted from your Pennsylvania taxable income (see Part 2.B.5.).

f. *Contributions through Ugift®*

You may invite family and friends to contribute to your PA 529 GSP Account through Ugift to provide a gift to the Account Owner's Beneficiary. You provide a unique contribution code to selected family and friends and gift givers can either contribute online through a one-time or recurring electronic bank transfer or by mailing in a gift contribution coupon with a check made payable to "Ugift-PA 529 GSP". The Minimum Ugift contribution is $25 and Maximum Contribution Limits apply. The gift giver may deduct the amount of the Ugift from his or her Pennsylvania taxable income (see Part 2.B.5.).

Gift contributions received in good order will be held for approximately five (5) business days before being transferred into your PA 529 GSP Account. Gift contributions will be invested according to the allocation on file for your PA 529 GSP Account at the time the gift contribution is transferred. There may be potential tax consequences of gift contributions invested in your PA 529 GSP Account. You and the gift giver should consult a tax advisor for more information. Ugift is an optional service, is separate from PA 529 GSP, and is not affiliated with the Treasury or the Commonwealth. For more information, please see our website at PA529.com or by calling Customer Service at 800-440-4000. See Part 4.A.1.b. for information on the federal gift tax exclusion.

g. *Rollover from an Out-of-State 529 Plan Account*

You can contribute to your PA 529 GSP Account by moving funds you have in a 529 plan other than the PA 529 (a "Rollover"). The Rollover is not subject to federal or Pennsylvania tax consequences when made if the following requirements are met: (1) if the Beneficiary of the out-of-state 529 plan is the same as the Beneficiary of your PA 529 GSP Account and it has been more than 12 months since any previous Rollover for that Beneficiary; and (2) your Rollover contribution to the PA 529 GSP is made within 60 days of your withdrawal from the out-of-state 529 plan. If, when you make the Rollover, you are also changing the Beneficiary, there is no restriction on the number of times within a 12-month period that you can make the Rollover. Remember, however, that the new Beneficiary must be a Family Member of the old Beneficiary. Under federal law, a 529 plan Rollover that does not meet these criteria will be considered a Non-qualified Withdrawal and will be subject to adverse federal and Pennsylvania income tax consequences.

You can withdraw your funds from the out-of-state plan yourself and then contribute them to your PA 529 GSP within 60 days (an "Indirect Rollover"). Or, you can request that your out-of-state plan transmit your funds directly to the PA 529 GSP plan (a "Direct Rollover"). Not all states permit Direct Rollovers. In addition, some states may impose state income tax consequences and/or penalties on Rollovers of either type from their 529 plans.

Whether your Rollover is Direct or Indirect, the PA 529 GSP must be provided with acceptable documentation from the distributing, out-of-state 529 plan indicating the distribution of the Rollover money between earnings and principal. Until the PA 529 GSP receives this documentation, the entire amount of your Rollover contribution will be treated as earnings, which would be subject to taxation if you were to take a Non-qualified Withdrawal before the earnings and principal documentation were received.

Forms for requesting a Rollover from an out-of-state 529 plan account are included with the PA 529 GSP enrollment materials and are available at PA529.com. If you need assistance in making a rollover, please contact Customer Service at 800-440-4000.

Contributions made by Rollovers may not be deducted from your Pennsylvania taxable income.

h. *Reallocation of Assets from a PA 529 IP Account – Plan Transfer*

You can contribute to your PA 529 GSP Account by transferring funds you have in a PA 529 IP Account (a "Plan Transfer"). This is considered a "reallocation" of assets within the PA 529 not subject to federal or Pennsylvania taxation when made, if the Beneficiary of the PA 529 IP is the same as the Beneficiary of your PA 529 GSP Account and there has been no more than one previous reallocation (including reallocation among investment options within the PA 529 IP) within the same calendar year. If, when you make the reallocation, you are also changing the Beneficiary, there is no restriction on the number of times within the calendar year that you can make the reallocation. Remember, however, that the new Beneficiary must be a Family Member of the old Beneficiary. You may not reallocate assets to a new Beneficiary if doing so would cause the Maximum Contribution Limit for the receiving Beneficiary to be exceeded.

Reallocation contributions may not be deducted from Pennsylvania taxable income.

i. *Transfer of Contributions between PA 529 GSP Accounts – Account Transfer*

You can contribute to your PA 529 GSP Account by transferring some or all previous contributions made to a different PA 529 GSP Account for a different Beneficiary (an "Account Transfer") (unless you are a custodian of an Account established under UTMA or UGMA). The growth attributable to the contribution is transferred with the contribution. As is the case with changing Beneficiaries, the Beneficiary of the PA 529 GSP Account receiving the transferred contributions must be a Family Member of the Beneficiary of the Account from which the contributions are transferred. Contributions are transferred on a "first in first out" basis. A Transfer does not affect the Maturity Period (see below) related to the transferred contribution. You may not transfer the contributions if doing so would cause the Maximum Contribution Limit for the receiving Beneficiary to be exceeded.

A transfer of contributions between PA 529 Accounts must be requested in writing and signed by the Account Owner. In making the request, the Account Owner must specify the relationship between the Beneficiaries of the Accounts. If there is no existing PA 529 GSP Account for the new Beneficiary, a new Enrollment Form must be completed to establish the Account and transfer the funds.

Transfer contributions may not be deducted from Pennsylvania taxable income.

j. *Contribution of the Proceeds from a Coverdell Education Savings Account*

You may make a contribution to your PA 529 GSP Account with the proceeds obtained by selling a "Coverdell Education Savings Account" (formerly an "Education IRA") established under Section 530 of the Tax Code. The Coverdell Education Savings Account proceeds are not subject to federal taxation when sold if your sale and contribution meet the following requirements: (1) the Beneficiary of the PA 529 GSP Account to which the proceeds are moved is the same as the Beneficiary of the Coverdell Education Savings Account and (2) the sale of the Coverdell Education Savings Account and the contribution to the PA 529 GSP Account occur in the same tax year. After the contribution to the PA 529 GSP Account has been made, all the rules governing the PA 529 GSP Account apply, including those on changing the Beneficiary. Contributions from the proceeds of a Coverdell Education Savings Account are deductible from Pennsylvania taxable income.

You must provide the PA 529 GSP with acceptable documentation from the custodian for the Coverdell Education Savings Account indicating how the proceeds are distributed between earnings and principal. Until the PA 529 GSP receives this documentation, the entire amount of your contribution will be treated as earnings, which would be subject to taxation if you took a Non-qualified Withdrawal before the earnings and principal documentation were received.

Even though contributing proceeds from a Coverdell Education Savings Account to a PA 529 GSP Account may be federally non-taxable when made, it may be treated as a taxable distribution for purposes of Pennsylvania income taxes or other applicable state income taxes. Contact your tax advisor for more information about state tax treatment. Call Customer Service at 800-440-4000 for more information about how to make a sale and contribute proceeds from a Coverdell Education Savings Account.

As with the growth on any contribution, if not used for Qualified Expenses, the growth on the proceeds and any subsequent growth once contributed to the PA 529 GSP would be subject to federal taxation.

k. *Contribution of the Proceeds from Certain U.S. Savings Bonds*

You may make a contribution to your PA 529 GSP Account with the proceeds obtained by cashing in certain U.S. Savings Bonds. The Savings Bonds proceeds are not subject to federal taxation when redeemed if your sale and contribution meet the following requirements: (1) the bonds are series EE bonds issued after 1989 or series I bonds; (2) the bond owner was at least 24 years old on the date the bonds were issued; (3) the Beneficiary of the PA 529 GSP Account is the Savings Bonds owner, or the Savings Bonds owner's spouse or dependent, and (4) the Savings Bonds owner meets certain income restrictions. You should consult a financial or tax advisor to determine whether you qualify.

To take advantage of this opportunity, you cash in the bonds and send a contribution to your PA 529 GSP Account for the amount of the proceeds. You need to provide the PA 529 GSP with acceptable documentation indicating the contribution's distribution between earnings and principal, such as Form 1099-INT from the financial institution that redeemed the bonds. Until the PA 529 GSP receives this documentation, the entire amount of your contribution will be treated as earnings, which would be subject to taxation if you took a Non-qualified Withdrawal before the earnings and principal documentation were received.

Additionally, the bond owner needs to record certain information from the bonds (Internal Revenue Form 8818 is available for this purpose) that must be reported to the Internal Revenue Service later. The taxpayer must file an Internal Revenue Service Form 8815 in the tax year in which the bonds are cashed in and placed in the PA 529 GSP Account.

Only the principal portions of contributions from the proceeds of qualified Savings Bonds are deductible from Pennsylvania taxable income. The interest portion of the contribution is not deductible.

As with the growth on any contribution, if not used for Qualified Expenses, the growth on the proceeds and any subsequent growth once contributed to the PA 529 GSP would be subject to federal taxation.

l. Contributions from UGMA/UTMA Custodial Accounts

The custodian for a minor under the UGMA or UTMA may liquidate the assets in the UGMA/UTMA account and contribute them to a PA 529 GSP Account. However, there is no special Tax Code or Pennsylvania tax laws for doing so. Accordingly, the minor and/or the minor's parent may incur capital gains (or losses) from the sale of noncash assets held by a UGMA/UTMA account. Additionally, even when placed in the PA 529 GSP, the assets are still governed by the UGMA/UTMA provision. Please contact a tax professional to determine how to transfer UGMA/UTMA custodial assets, and what the implications of such a transfer may be.

Contributions from the liquidation of a UGMA/UTMA account may be deducted from Pennsylvania taxable income.

UGMA/UTMA custodians should consider the following before contributing UGMA/UTMA assets to a PA 529 GSP:

- The custodian may make withdrawals only as permitted under UGMA/UTMA regulations and the PA 529 GSP;
- The custodian may not change the Beneficiary of the Account except as permitted under the UGMA/UTMA;
- The custodian should not change the Account Owner to anyone other than a successor custodian during the term of the custodial account under the UGMA/UTMA;
- When the custodianship terminates because the Beneficiary has reached the age of majority, the Beneficiary takes control of the Account and becomes the Account Owner subject to the provisions of the PA 529 GSP that are applicable to Accounts established or funded with non-UGMA/UTMA assets, if applicable; and
- Additional contributions of money not previously gifted to the Beneficiary under the UGMA/UTMA that are made to the PA 529 GSP Account to which the UGMA/UTMA assets were contributed will be subject to the UGMA/UTMA restrictions listed above. To avoid this, these new non-UGMA/UTMA contributions can be made to a separate and noncustodial 529 plan account. A noncustodial 529 plan account will allow the Account Owner to retain control of the assets and make Beneficiary changes.

None of the Commonwealth, the Treasury Department, the PA 529 GSP, or any other entity will be liable for any consequences related to a custodian's improper use, transfer, or characterization of custodial funds.

m. Contributions from a Pennsylvania Personal Income Tax Refund

Pennsylvania state taxpayers may contribute all or a portion of their Pennsylvania Personal Income Tax Refunds directly to a PA 529 GSP Account. To do so, enter the appropriate code and amount which you wish to contribute on either Line 32, 33, 34, 35, or 36 of Form PA-40, Pennsylvania Income Tax Return. You must also complete PA Schedule P and submit it with your Form PA-40. For more information, please visit the Pennsylvania Department of Revenue at www.revenue.pa.gov and click "FORMS AND PUBLICATIONS", "FORMS FOR INDIVIDUALS", "PERSONAL INCOME TAX FORMS".

C. How Contributions Grow

1. General Description

The growth earned on contributions in your Account depends on whether the funds withdrawn are used for a Qualified Withdrawal – a withdrawal used for Qualified Education Expenses at an Eligible Educational Institution. If so, the growth is based on postsecondary tuition inflation, and the value of the contributions along with their growth is the "Tuition Inflation Value." If not used for a Qualified Withdrawal, the value received may be based on the investment performance attributable to the contributions in your Account (the "Investment Performance Value"), the amount of the contributions remaining in your Account (the "Sum of Contributions"), or the Tuition Inflation Value. For a detailed discussion of the circumstances determining which of these values will be applicable, see Part 2.D. For each PA 529 GSP Account, all three values are calculated and maintained. The method of calculating each of these three values is described below.

2. "Sum of Contributions"

An Account's Sum of Contributions is the sum of the dollar value of each contribution at the time it was made (including any Premiums; see Part 2.C.4.c.) that remains in the Account when the valuation is made. It does not include growth of any kind. The Sum of Contributions of an Account changes each time a contribution is made to, or a withdrawal or fee is taken from, the Account.

3. "Investment Performance Value"

An Account's Investment Performance Value (referred to as the "Value of the Account" in the Enabling Law) is based on the investment performance of the GSP Fund. To calculate an Account's Investment Performance Value, the actual Net Earnings Rate of the GSP Fund is applied on a daily compounded basis to each separate contribution (including any Premium) that remains in the Account at the time of the valuation from the date of the contribution through the date of the calculation. However, growth reflected in an Account's Investment Performance Value will only be available on a Non-qualified Withdrawal if the contribution generating the growth has been held in the Account for at least one year; that is, the contribution is "mature."

An Account's Investment Performance Value might fluctuate daily based on the investment performance of the GSP Fund. An Account's Investment Performance Value could be more or less than its Sum of Contributions or its Tuition Inflation Value.

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

In the event of Force Majeure, we may experience processing delays, which may affect your Investment Performance Value. In those instances, Non-Qualified Withdrawal amounts that are calculated using Investment Performance Value may be processed later than it would have otherwise, which may negatively affect the value of your Account. (See Part 2.D. for more information).

4. "Tuition Inflation Value"

a. ***Overview***

An Account's "Tuition Inflation Value" (referred to as the "Value of the Credits" in the Enabling Law) is based on postsecondary tuition increases. In general, it is the value of the contributions that remain in the Account at the time of the valuation increased by the percentage that actual postsecondary tuition increases at the postsecondary school or type of school for which you are saving or at which your Beneficiary attends (Tuition Level) between the time the contribution is made and when the valuation is made (adjusted for Premiums (see below) and fees). For example, if you contribute enough for some amount of postsecondary tuition (e.g., a credit, semester, year, or four years) today at the University of Pittsburgh or West Chester University, your Tuition Inflation Value in the future will be the value that school charges for that same amount of tuition (assuming you separately pay any fees). Three interrelated

concepts are used in calculating the Tuition Inflation Value: the "Tuition Level," the "GSP Credit Rates," and the "GSP Credits". Each of these concepts and how they are used in calculating the Tuition Inflation Value is described below.

b. *Tuition Levels*

(i) **Designating and Changing a Tuition Level**. A "Tuition Level" is the school or type of school for which you are saving. When you open a PA 529 GSP Account, you will be asked to designate a Tuition Level. However, you may change your choice at any time and the change is made retroactively to the time each contribution is made. The change can be made by calling Customer Service at 800-440-4000, by submitting a written form signed by the Account Owner, or through "My Account" access on PA529.com. Additionally, if an Account is used for a Beneficiary attending a specific Pennsylvania Public Institution (see Part 2.C.4.b.(ii)), the PA 529 GSP is required by law to change the Tuition Level to the school being attended (including campus, residency, major, and class year, if applicable). See Part 2.C.4.e.(v) for the impact changing a Tuition Level has on the calculation of the Tuition Inflation Value.

(ii) **Currently Available Tuition Levels.** The current Tuition Levels from which you may choose include five average levels as well as a number of specific publicly-funded postsecondary schools.

The five average Tuition Levels are:

State-Related University Average, which is based on the average tuition at the four State-Related universities: The University of Pittsburgh, Pennsylvania State University (including its affiliate, the Pennsylvania College of Technology), Temple University, and Lincoln University;

State System of Higher Education Average, which is based on the average tuition at 10 of the universities that comprise Pennsylvania's State System of Higher Education: Bloomsburg, California, Cheyney, Clarion, Edinboro, Kutztown, Lock Haven, Mansfield, Slippery Rock, and West Chester (excludes East Stroudsburg, Indiana, Millersville, and Shippensburg Universities for the 2021-2022 academic year but may change in subsequent years);

Community College Average, which is based on the average tuition at Pennsylvania's 14 Community Colleges: Allegheny County, Beaver County, Bucks County, Butler County, Delaware County, Harrisburg Area, Lehigh-Carbon County, Luzerne County, Montgomery County, Northampton County, Pennsylvania Highlands, Philadelphia, Reading Area, and Westmoreland Area;

Ivy League School Average, which is based on tuition at the eight Ivy League schools: Brown, Columbia, Cornell, Dartmouth, Harvard, Princeton, University of Pennsylvania, and Yale; and

Private Four-Year College Average, which is based on average tuition at four-year private colleges located in Pennsylvania (excluding nursing schools). Although the Private Four-Year College Average is calculated by reference to Pennsylvania colleges, as with any Tuition Level, contributions and growth designated for this Tuition Level may be used at any Eligible Educational Institution, whether or not it is located in Pennsylvania.

The specific publicly-funded schools you may choose among are any one of the State-Related Schools, State System of Higher Education Schools, Community Colleges listed above or the Thaddeus Stevens College of Technology (collectively, the "Pennsylvania Public Institutions"). For several of these schools, you may also choose Tuition Levels for specific branch campuses, programs of study, and/or the student's class year (i.e., Freshman, Sophomore, Junior, or Senior). A list of Tuition Levels is provided in the PA 529 GSP Credit Rate Schedule, which is updated annually effective September 1. The most current GSP Credit Rate Schedule is incorporated in this Disclosure Statement by reference. It is included with the PA 529 GSP enrollment materials and is available by calling 800-440-4000 or at PA529.com.

(iii) **Future Tuition Levels.** The PA 529 GSP may add a new Tuition Level for any reason including, but not limited to, a Pennsylvania Public Institution setting a separate tuition rate for a campus or program of study not previously specified or changing its tuition structure, the creation of a new Pennsylvania Public Institution, or the PA 529 GSP's creation of a new Average Private Institution Tuition Level. If a new Tuition Level is added, the PA 529 GSP may limit contributions being made into the new Tuition Level to those contributions made on or after the new Tuition Level was added. If such a limitation is imposed, for a contribution made before the new Tuition Level was created, on a Tuition Level-by-Tuition Level basis, the PA 529 GSP may permit retroactive conversion for Accounts whose Beneficiaries are actually enrolled in the academic program associated with the new Tuition Level. If a retroactive conversion is permitted, the PA

529 GSP will construct an actual tuition history and a PA 529 Credit Rate history for the new Tuition Level based on tuition information that, in the PA 529 GSP's sole discretion, is the most relevant and comparable for the new Tuition Level.

The PA 529 GSP may eliminate a Tuition Level for any reason, such as a Pennsylvania Public Institution no longer setting a separate undergraduate tuition rate for a campus or program of study previously specified, an institution ceasing to be a Pennsylvania Public Institution, or the elimination of a previously created Average Private Institution Tuition Level. In the event a Tuition Level is eliminated, Account Owners who have designated that Tuition Level will be contacted and asked to designate a different Tuition Level. If the Account Owner fails to designate a different Tuition Level, the State System of Higher Education Average Tuition Level will be used for his or her Account. Additionally, the PA 529 GSP reserves the right to close any Tuition Level to new contributions.

c. GSP Credit Rates and Premiums

For each Tuition Level, a "GSP Credit Rate" is set by the PA 529 GSP each academic year. This Rate is used to determine the number of GSP Credits attributable to a contribution (see Part 2.C.4.d.). The GSP Credit Rates for the specific Pennsylvania Public Institutions are based on the actual postsecondary tuition at those schools. However, for schools that have different actual tuition rates depending on the class year of the student (i.e., Freshman, Sophomore, Junior, or Senior) ("Class-Level Tuition Rates"), the GSP Credit Rates are based on the mathematical average (mean) of those different rates. Currently two schools have such Class-Level Tuition Rates for some Tuition Levels: Penn State University and Temple University. The GSP Credit Rates for the Average Tuition Levels are based on the mean of the actual tuition at the schools comprising each Average Tuition Level. But, in order to maintain the fiscal integrity of the GSP Fund, the PA 529 GSP is authorized to set GSP Credit Rates that are more (contain Premiums) than actual postsecondary tuition or actual average postsecondary tuition. The PA 529 GSP is also authorized to set GSP Credit Rates that are less (contain discounts) than actual postsecondary tuition or actual average postsecondary tuition, although it has never been done.

GSP Credit Rates are generally in effect from September 1 of one year to August 31 of the following year. However, the PA 529 GSP may change any GSP Credit Rate during this time period if the school or a school included in the average changes its postsecondary tuition rates in the same time period. Additionally, the PA 529 GSP may alter the GSP Credit Rate based on the time of year in which the contribution is made. While the PA 529 GSP has not exercised this authority, it reserves the right to do so.

The GSP Credit Rates are published annually (effective September 1) in the GSP Credit Rate Schedule. In those Schedules, the dollar amount of the Premium, if any, is included in the GSP Credit Rate. The amount of the Premium is also noted in endnotes on the Schedule as a percentage over the actual or average actual postsecondary tuition.

The GSP Credit Rate Schedule for the most current academic year is incorporated by reference into this Disclosure Statement. It is included in the PA 529 GSP enrollment materials and is available by calling Customer Service at 800-440-4000 or online at PA529.com. For academic year 2021-22, none of the GSP Credit Rates include Premiums.

d. *GSP Credits and the Significance of 96 GSP Credits*

For each contribution made to an Account, the number of "GSP Credits" attributable to that contribution is calculated by dividing the contribution by the GSP Credit Rate in effect for the designated Tuition Level. For example, if a contribution of $1,000 were made at Tuition Level I with a GSP Credit Rate of $500, the contribution would equal 2 GSP Credits at that Tuition Level. ($1,000 contribution divided by $500 GSP Credit Rate = 2 GSP Credits.) Each time a new contribution is received, this calculation is made, and the number of GSP Credits in the Account accumulates.

A GSP Credit is not the same as an academic credit. An academic credit is a measure of a student's progress toward completion of a program of study. For most Tuition Levels comprised of four-year schools, 96 GSP Credits will cover four years of postsecondary tuition. Most of these schools have a semester rate that permits a full-time student to take between 12 and 18 credits in an academic semester and pay the equivalent of 12 credits. For those schools 12 GSP Credits will cover the semester regardless of how many academic credits the Beneficiary takes within this range. This means that, if a Beneficiary takes an average of 15 academic credits per semester, in eight semesters they will have taken the 120 academic credits needed for most four-year degrees but will have used the equivalent of 96 GSP Credits. Currently, Indiana University of Pennsylvania, Millersville University, the Pennsylvania College of Technology, and Shippensburg University are four-year publicly-funded schools that do not offer a semester rate. Those schools charge per academic credit taken and 120 GSP Credits would be needed to pay for 120 academic credits. It is possible that, in the future, other four-year schools could discontinue their semester rates and charge by the credit. In that event one GSP Credit would be needed to pay for each academic credit taken.

Likewise, some Community Colleges charge for each academic credit. For those schools one GSP Credit is needed to pay for each academic credit taken. However, other Community Colleges charge a semester rate that generally allows the student to take between 12 and 18 credits but is the equivalent of 15 credits. For those schools, 15 GSP Credits would be needed to pay for between 12 and 18 academic credits. For details of how many GSP Credits may be needed at specific State System of Higher Education universities, specific Community Colleges, the Pennsylvania College of Technology, and the Thaddeus Stevens School of Technology, please see the GSP Credit Rate Schedule available by calling Customer Service at 800-440-4000 or at PA529.com.

To cover non-tuition Qualified Education Expenses, such as room and board, GSP Credits in addition to those needed to cover tuition would be needed.

e. *The Tuition Inflation Value Calculation*

(i) **In General.** The Tuition Inflation Value is calculated by multiplying the number of GSP Credits, if mature (see Part 2.C.4.e.(ii)), by the actual per-credit postsecondary tuition being charged by the school corresponding to the designated Specific School Tuition Level or average actual per-credit tuition being charged by the schools corresponding to the designated Average Tuition Levels in effect for the academic year for which the valuation is being made. For example, if a contribution of $1,000 were made at Tuition Level I with a GSP Credit Rate of $500, the contribution would equal 2 GSP Credits at that Tuition Level ($1,000 contribution divided by $500 GSP Credit Rate = 2 GSP Credits); if five years later, the actual per-credit postsecondary tuition at Tuition Level I were $625, the Tuition Inflation Value of the Account would be $1,250 (2 GSP Credits x $625 (actual tuition) = $1,250 Tuition Inflation Value).

For schools that have Class-Level Tuition Rates, the Tuition Inflation Value will be calculated by multiplying the number of GSP Credits, if mature (see Part 2.C.4.e.(ii)), by the average actual per-credit postsecondary tuition of the Class-Level Tuition Rates being charged by the school corresponding to the designated Tuition Level.

The Tuition Inflation Value increases only when postsecondary tuition increases occur at the school or schools comprising the selected Tuition Level. Generally, this occurs only once a year (effective September 1 or for payments made for the Summer or Fall Semesters before September 1) and there is no incremental growth in the Tuition Inflation Value during the period between postsecondary tuition increases.

(ii) **Maturity Period for GSP Credits**

In order for a GSP Credit to be valued at the Tuition Inflation Value, the contribution on which the GSP Credit is based must be held in the Account for the "Maturity Period." If the Tuition Inflation Value is being calculated for Non-qualified Withdrawal purposes, the maturity period is one year. If it is being calculated for Qualified Withdrawal purposes, the period ranges from approximately 9 to 18 months. Specifically, GSP Credits obtained by contributions made to an Account between January 1 and August 31 of one calendar year will be available at their Tuition Inflation Value for use beginning with the Summer semester of the following calendar year, and GSP Credits obtained by contributions made to an Account between September 1 and December 31 of one calendar year will be available at their Tuition Inflation Value for use beginning with the Spring semester two calendar years later. Because of the different Maturity Periods, the Tuition Inflation Value of an Account may be different when calculated for a Qualified Withdrawal than when calculated for a Non-qualified Withdrawal.

(iii) **Difference in Tuition Inflation Value for Qualified Withdrawals and Non-qualified Withdrawals**

In addition to the Maturity Period, there are two other circumstances that may result in the Tuition Inflation Value of an Account being different for Qualified Withdrawals than for Non-qualified Withdrawals. The first

is Accounts in which the designated Tuition Levels are ones for which a school has Class-Level Tuition Rates. For those Accounts, Tuition Inflation Value for Qualified Withdrawals for some Beneficiaries are based on the actual per-credit postsecondary tuition being charged by the school for the class-level of the Beneficiary, while for others it is based on the average of the actual per-credit tuition of the Class-Level Tuition Rates (see Part 2.C.4.e.(i)). However, the Tuition Inflation Value for Non-qualified Withdrawals for all Beneficiaries (regardless of class-level) is the average of the actual per-credit postsecondary tuition of the Class-Level Tuition Rates. The second is Accounts which have contributions resulting from a Treasury-sponsored contest or contribution match program such as Fund my Future. See Part 7.D. These contributions are available for Qualified Withdrawals but not Non-qualified Withdrawals.

(iv) **Impact of Premiums and Fees on Tuition Inflation Value**
Premiums impact the Tuition Inflation Value of an Account by reducing the actual postsecondary tuition inflation rate that is applied to your Account by a percentage somewhat greater than the percentage of the Premium (due to compounding and the mathematical formula for calculating percentage of increases). (Premiums do not impact the Sum of Contribution Value or Investment Performance Value.)

Fees that are taken from the contributions in your Account reduce the number of GSP Credits attributable to those contributions, which, in turn, reduces the Tuition Inflation Value. You can protect the number of GSP Credits in your Account and maintain the Tuition Inflation Value to the amount before the fees were taken by making a contribution(s) before August 31 in the dollar amount of the fees taken between the previous September 1 and August 31.

(v) **Impact of Changing Tuition Levels on Tuition Inflation Value**
When a Tuition Level is changed, the GSP Credits in the Account will be recalculated as if the new Tuition Level had been selected for all remaining contributions in the Account from the day the Account was opened. Changing the Tuition Level will result in a recalculation of the number and value of the GSP Credits attributable to all contributions. For example, if a contribution of $1,000 were made at Tuition Level I with a GSP Credit Rate of $500, the contribution would equal 2 GSP Credits at Tuition Level I; if, five years later, the Account Owner changes to Tuition Level II, which at the time the contribution was originally made had a GSP Credit Rate of $250, the recalculation would result in 4 GSP Credits at Tuition Level II. ($1,000 contribution divided by $250 GSP Credit Rate = 4 GSP Credits.) The 4 Credits at Tuition Level II would likely have a different value (higher or lower) than the 2 Credits at Tuition Level I because of their different actual postsecondary tuition increases from when the contribution was made to five years later as well as the different Premiums, if any, included in the GSP Credit Rate in the year of contribution.

D. Making Withdrawals

1. In General

An Account Owner, Level 3 or 4 Authorized Agent, or UGMA or UTMA custodian may request a withdrawal at any time for any reason. However, there are several different types of withdrawals, which are determined by the purpose and/or reason for the withdrawal. These are as follows:

- “Qualified Withdrawals” – withdrawals taken to pay for Qualified Expenses.
- “Account Transfers” – withdrawals taken to be placed in a different PA 529 GSP Account.
- “Plan Transfers” – withdrawals taken to be placed in a PA 529 IP Account.
- “Rollovers” — withdrawals taken to be placed in a non-Pennsylvania 529 plan.
- “Specific Non-qualified Withdrawals” – withdrawals taken because the Beneficiary has died, become disabled, or received a scholarship, tuition waiver, or appointment to a U.S. military academy.
- “General Non-qualified Withdrawals” – withdrawals taken for any purpose or reason other than those listed above.

The method of requesting the withdrawal, necessary forms, needed documentation, the Account valuation, permissible payees, limitations, and the federal and Pennsylvania state tax consequences depend on which type of withdrawal is being taken.

When a withdrawal is made, the amount of the contribution as well as the GSP Credits (at the applicable Tuition Level) attributable to the contribution needed to generate the dollar amount of the requested withdrawal are deducted from the Account. Requested withdrawals are taken from your Account on a “first in first out” basis. That is, your oldest contributions are the first to be withdrawn. There must be a minimum of seven business days from the time a contribution by check is received until that contribution can be withdrawn. For contributions by AIP or EBT the holding period is five business days. Additionally, a withdrawal to an Account Owner or Beneficiary will not be processed within nine business days after a change of the Account Owner’s or Beneficiary’s (whoever is the payee) address of record on the Account.

Please allow at least ten business days to receive your distribution. During periods of high withdrawal activity, withdrawal requests may take longer to process.

2. Qualified Withdrawals

a. ***How to Request***

There are two ways to request a Qualified Withdrawal: online and by written request.

To make your Qualified Withdrawal request online go to PA529.com, log onto your PA 529 GSP Account through "My Account," then click "Account Management" and "Make a Withdrawal." You may not make a Qualified Withdrawal in excess of the total amount of your Qualified Expenses. You may only make one online Qualified Withdrawal per academic semester and may not make an online Qualified Withdrawal for a semester for which you have already made a Qualified Withdrawal by written request. Subsequent withdrawals for a semester for which an online withdrawal has been previously processed may only be made by written request.

To make a Qualified Withdrawal by written request, submit a Payment Authorization Form, which is available at PA529.com by clicking on "My Account," then "Account Overview" and "Payment Authorization Form," or by calling Customer Service at 800-440-4000. A copy may also be mailed to you. On the form, you will specify the Qualified Expenses you request to be paid and to whom.

Your Qualified Withdrawal may be paid directly to the school, to you, to the Beneficiary, or to a third party you designate, such as a landlord. If the withdrawal is paid directly to the school, it will be mailed to the address on file in a school address list maintained by the PA 529 GSP. By signing the paper form or completing the online withdrawal process, you certify that the requested withdrawal will be used for the Qualified Expenses of the Beneficiary. **The request must be accompanied by a tuition bill that is sufficient for the PA 529 GSP to determine the proper Tuition Level.** For online withdrawals, the tuition bill must be in an electronic format. A request for a Qualified Withdrawal cannot be processed without the certification and the tuition bill. The PA 529 GSP reserves the right to require documentation showing that claimed expenses meet the criteria for Qualified Expenses.

b. Valuation

If your Beneficiary is attending a Pennsylvania Public Institution, the Account valuation will be the Tuition Inflation Value of mature credits at the specific Tuition Level corresponding to your Beneficiary's enrollment (including campus, major, residency, year of study, etc.) plus the sum of contributions of non-mature credits. If your beneficiary's enrollment has changed, the Tuition Level will be automatically changed (see Part 2.C.4.e.(v)). If your Beneficiary is not attending a Pennsylvania Public Institution, the Account valuation will be the Tuition Inflation Value of mature credits at the Tuition Level you designate plus the sum of contributions of all non-mature credits. Unlike payment for Pennsylvania Public Institutions, the PA 529 GSP does NOT provide that the Account's growth will keep pace with tuition inflation (adjusted for Premiums and fees) at the specific school your Beneficiary attends.

In rare situations, the Tuition Inflation Value of mature PA 529 GSP Credits plus the Sum of Contributions for non-mature Credits might be less than the Sum of Contributions. This could occur, for example, if actual tuition at a Tuition Level decreased or if the amount of the Premium for a Tuition Level exceeded actual tuition increases. When the overall Account's Tuition Inflation Value plus the Sum of Contributions for non-mature Credits is less than its overall Sum of Contributions, the value of the withdrawal will be based on the Sum of Contributions.

c. Tax Consequences

When withdrawn and used for Qualified Expenses, the earnings on contributions to your PA 529 GSP are exempt from both federal and Pennsylvania state income tax. Nevertheless, the PA 529 GSP is required by federal law to issue an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. If the withdrawal was paid to the school or to the Beneficiary, or was from an Account that is designated as an UGMA or UTMA account, the 1099-Q will be issued to the Beneficiary; otherwise, it will be issued to the Account Owner. You and/or your Beneficiary should keep appropriate records to substantiate to the Internal Revenue Service and/or the Pennsylvania Department of Revenue that the withdrawal was used for Qualified Expenses.

In the event that a school sends to the Beneficiary a refund of funds previously withdrawn from a PA 529 GSP Account, that refund will not be subject to federal or state income tax provided that it is recontributed to a 529 account within 60 days of the date of the refund but only to the extent such re-contribution does not exceed the refunded amount. This refund will be treated as a new contribution.

The PA 529 GSP reserves the right to require, at the end of the year in which a Qualified Withdrawal, which is subsequently refunded, is made and at the end of the following year, the Beneficiary or the Account Owner to provide the PA 529 GSP with a signed statement identifying the amount of any refund received from the school if the source of the original payment to the school was a PA 529 GSP Account.

3. Transfers between PA 529 GSP Accounts – Account Transfer

a. How to Request

You may withdraw contributions from your PA 529 GSP Account and transfer them to another PA 529 GSP Account for a different Beneficiary ("Account Transfer"). However, the Beneficiary of the Account to which the contributions are being transferred must be a Family Member of the Beneficiary of the Account from which they are being withdrawn. If you are the owner of the receiving Account, your request must be in writing signed by you. If someone else is the owner of the receiving Account, the procedures for changing Account ownership must be followed and the request must specify the relationship between the Beneficiaries of both Accounts.

b. Valuation

When an Account Transfer is made, the contributions are credited to the receiving Account just as they were in the Account from which they were transferred. They are credited as of the original effective date.

c. Tax Consequences

An Account Transfer is not a taxable event for federal or Pennsylvania income tax purposes, and the PA 529 GSP does not issue an IRS Form 1099-Q for this type of withdrawal. However, for federal gift and generation-skipping transfer tax purposes, the transfer might be considered a gift from one Beneficiary to the other. Before making such a transfer, you may wish to consult with a tax advisor.

4. Transfers from a PA 529 GSP Account to a PA 529 IP Account – Plan Transfer

a. How to Request

You may withdraw contributions from your PA 529 GSP Account and transfer them to your previously established PA 529 IP Account ("Plan Transfer"). If the Beneficiary of the PA 529 GSP and the PA 529 IP are the same, you may make a Plan Transfer only twice in a calendar year (and any other PA 529 IP asset changes for the same Beneficiary must be made at the same time). If the Beneficiaries are different, there is no limit on how many transfers may be made. However, the Beneficiary of the PA 529 IP must be a Family Member of the Beneficiary of the PA 529 GSP. Your request must be in writing signed by you and, if the Beneficiaries are different, must include their relationship.

b. Valuation

For purposes of a Transfer from a PA 529 GSP Account to a PA 529 IP Account, the value transferred is the lesser of (1) the Tuition Inflation Value of mature contributions plus the Sum of Contributions for non-mature contributions or (2) the Investment Performance Value. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be transferred. The Investment Performance Value will be calculated as of the day that the request is processed, generally within three business days of the request being received in good order.

If the Account Owner has changed the Tuition Level one or more times within 12 months of an Account Owner's request for a Plan Transfer being received, the Tuition Level used in determining the Tuition Inflation Value will be the most recent Account owner-designated Tuition Level or the Tuition Level that was in effect 12 months before the date the Plan Transfer request was received, whichever results in a lesser Tuition Inflation Value. As an exception to this rule, if the Tuition Level at the time the request for a Plan Transfer is made is one at which a Qualified Withdrawal was taken in the 12-month period, the Plan Transfer will be processed at the Tuition Level at the time the request is made.

c. Tax Consequences

If a Plan Transfer is made no more than twice per calendar year or when the Beneficiary is changed, it is not a taxable event for federal or Pennsylvania income tax purposes and an IRS Form 1099-Q is not issued. However, if the Beneficiary is different, it might be considered a gift from one Beneficiary to the other for federal gift and generation-skipping transfer tax purposes. Before making such a transfer, you may wish to consult with a tax advisor.

5. Rollovers from a PA 529 GSP Account

a. How to Request

You may withdraw contributions from your PA 529 GSP Account in order to place them in a non-Pennsylvania 529 account ("Rollover"). If the Beneficiary of the PA 529 GSP and the non-Pennsylvania plan are the same, you may make a Rollover only once in a 12-month period. If the Beneficiaries are different, there is no limit on how many Rollovers may be made. However, the Beneficiary of the non-Pennsylvania plan must be a Family Member of the Beneficiary of the PA 529 GSP.

There are two ways to make a Rollover. One is to obtain a form from the 529 plan that will receive the funds, on which that plan indicates that you have an account there and wish the PA 529 GSP to forward your funds to them. Your non-Pennsylvania 529 plan will send that form to the PA 529 GSP and, once the form is received, the PA 529 GSP will send the funds directly to the non-Pennsylvania plan (called a "Direct Rollover"). When the PA 529 GSP sends your funds to the receiving plan, it will include notification of the principal and earnings portions of the total amount. The payee will be the receiving plan "for the benefit of" you or your Beneficiary. The second method of making a Rollover is simply to request a General Non-qualified Withdrawal and, once you receive the funds, contribute them to the non-Pennsylvania plan within 60 days of the withdrawal (called an "Indirect Rollover"). If you use this method, you will be the payee. Unless you provide the receiving plan with documentation of the principal and earnings breakdown, that plan will treat the entire Rollover amount as earnings, which would be subject to taxation if you took a Non-qualified Withdrawal from that plan.

b. Valuation

For purposes of a Rollover from a PA 529 GSP Account to a non-Pennsylvania 529 account, the value is the lesser of (1) the Tuition Inflation Value of the mature contributions plus the Sum of Contributions for non-mature contributions or (2) the Investment Performance Value. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be paid. The Investment Performance Value will be calculated as of the day that the request is processed, generally within three business days of the request being received in good order.

If the Account Owner has changed the Tuition Level one or more times within 12 months of an Account Owner's request for a Rollover being received, the Tuition Level used in determining the Tuition Inflation Value will be the most recent Account owner-designated Tuition Level or the Tuition Level that was in effect 12 months before the date the Rollover request was received, whichever results in a lesser Tuition Inflation Value. As an exception to this rule, if the Tuition Level at the time the request for a Rollover is made is one at which a Qualified Withdrawal was taken in the 12-month period, the Rollover will be processed at the Tuition Level at the time the request is made.

c. Tax Consequences

If a Rollover is made once in a 12-month period or when the Beneficiary is changed, it is not a taxable event for federal or Pennsylvania income tax purposes. Nevertheless, the PA 529 GSP is required by federal law to issue you an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. You should keep appropriate records to substantiate to the Internal Revenue Service and/or the Pennsylvania Department of Revenue that the above requirements were met. Additionally, if the Beneficiary is different, it might be considered a gift from one Beneficiary to the other for federal gift and generation-skipping transfer tax purposes. Before making such a Rollover, you may wish to consult with a tax advisor.

6. Rollovers from a PA 529 GSP Account to an ABLE Account

a. How to Request

ABLE is a qualified disability savings program created under Section 529A of the Internal Revenue Code of 1986, as amended. You may withdraw assets from your PA 529 GSP Account and, within 60 days of the withdrawal, place them in a previously established PA ABLE Savings Account or non- Pennsylvania ABLE account for the same Beneficiary as your PA 529 GSP Account or a Family Member of the PA 529 GSP Account Beneficiary ("ABLE Rollover"). Please note that you may not make an ABLE Rollover for an amount which, when added to all other contributions made to the ABLE account, exceeds the annual contribution limit for ABLE accounts ($16,000 as of the date of this Disclosure Statement). Please read the PA ABLE Savings Program Disclosure Statement at www.PAABLE.gov or by calling 855-529-ABLE (2253) for more information. To make an ABLE Rollover, please call the PA 529 GSP at 800-440-4000.

b. Valuation
For purposes of a Rollover from a PA 529 GSP Account to an ABLE account, the value is the lesser of (1) the Tuition Inflation Value of the mature contributions plus the Sum of Contributions for non-mature contributions or (2) the Investment Performance Value. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be paid. The Investment Performance Value will be calculated as of the day that the request is processed, generally within three business days of the request being received in good order.

If the Account Owner has changed the Tuition Level one or more times within 12 months of an Account Owner's request for a Rollover being received, the Tuition Level used in determining the Tuition Inflation Value will be the most recent Account owner-designated Tuition Level or the Tuition Level that was in effect 12 months before the date the Rollover request was received, whichever results in a lesser Tuition Inflation Value. As an exception to this rule, if the Tuition Level at the time the request for a Rollover is made is one at which a Qualified Withdrawal was taken in the 12-month period, the Rollover will be processed at the Tuition Level at the time the request is made.

c. Tax Consequences
If an ABLE Rollover, when added to all other contributions made to an ABLE account, does not exceed the annual contribution limit for ABLE accounts ($16,000 as of the date of this Disclosure Statement), it is not a taxable event for federal and Pennsylvania income tax purposes. However, if the Beneficiary of the ABLE account is different than the Beneficiary of the PA 529 GSP Account, it might be considered a gift from one Beneficiary to the other for federal gift and generation-skipping transfer tax purposes. Before making such a transfer, you may wish to consult with a tax advisor.

7. Specific Non-qualified Withdrawals

a. How to Request
A request for a withdrawal because your Beneficiary has died, become disabled, received a scholarship to an Eligible Educational Institution, or an appointment to a U.S. military academy can be made by submitting a signed letter indicating the reason for the withdrawal. Documentation of the reason must be submitted with the letter as follows:

- Death: a death certificate or similar document;
- Disability: a written document signed by a medical professional that indicates the Beneficiary is unable to engage in any substantial activity because of a medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration;
- Scholarship or tuition waiver: documentation from the awarding entity indicating the amount of the scholarship and the academic period for which it is awarded; or
- An appointment to a U.S. military academy: the letter of appointment and an indication of your Beneficiary's acceptance.

If adequate documentation is not submitted, the withdrawal may be treated as a General Non-qualified Withdrawal.

A withdrawal because of the Beneficiary's death will be issued in the name of the Beneficiary or the estate of the Beneficiary. Other Specific Non-qualified Withdrawals will be payable to you, the Account Owner.

For all Specific Non-qualified Withdrawals except those requested because the Beneficiary has died, you can also make an online request by accessing and completing the Online Withdrawal process at PA 529.com, by logging onto your PA 529 GSP Account through "My Account" then clicking "Account Management" and "Make a Withdrawal." A Specific Non-qualified Withdrawal may be made online only once per semester and may not be made for a semester for which you have already made a Qualified Withdrawal online or by written request.

b. Valuation
For death or disability, the Investment Performance Value is paid. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be paid. The Investment Performance Value generally will be calculated as of two business days before the request is received. For death or disability, the entire value in the Account must be withdrawn. However, you may make a partial rollover or transfer to another beneficiary prior to the withdrawal, subject to the rules and restrictions specified in Sections 2.D.3., 4., and 5.

For a scholarship, tuition waiver, or appointment to a U.S. military academy, the Tuition Inflation Value (plus the Sum of Contributions for non-mature contributions) for the academic period covered by the scholarship will be paid. And, only an amount not exceeding the amount of the scholarship or tuition waiver, or value of the Qualified Education Expenses at the military academy for the academic period, may be withdrawn.

c. Tax Consequences

For Specific Non-qualified Withdrawals, the earnings portion of the withdrawal will be subject to federal income taxes at the ordinary income tax rate of the Account Owner or, in the case of the Beneficiary's death, the Beneficiary or the Beneficiary's estate. The additional federal 10% tax described in Section 2.D.7.a. does not apply to Specific Non-qualified Withdrawals. The PA 529 GSP will issue to you or the Beneficiary's estate an IRS Form 1099-Q for the withdrawal that will specify the principal and earnings portions of the total withdrawal. If you or the estate is a Pennsylvania taxpayer, the entire withdrawal, including both principal and earnings, might be subject to Pennsylvania income tax. The rules governing this are explained in the Pennsylvania Department of Revenue's Personal Income Tax Bulletin 2006-04, which is available at www.revenue.pa.gov by clicking on "I'm Looking For", "Law, Policies, and Bulletins", "Tax Bulletins", "Personal Income Tax", then "Personal Income Tax Bulletin 2006-04 – Qualified Tuition Programs". You may wish to consult a tax advisor on this matter.

You should keep appropriate records to substantiate to the Internal Revenue Service that the withdrawal was because of the Beneficiary's death, disability, or receipt of a scholarship, tuition waiver, or appointment to a U.S. military academy.

8. General Non-qualified Withdrawals

a. How to Request

A request for a withdrawal other than for the purposes or reasons discussed in 1-7 above can be made by submitting a signed letter, by calling Customer Service at 800-440-4000 or online at PA529.com; click on "My Account," then "Account Management" and "Make a Withdrawal." A withdrawal of the full amount in the Account may be taken anytime. A Non-qualified Withdrawal of less than the full amount can be taken only once in a year (a 12-month period). The withdrawal will be payable to you, the Account Owner.

b. Valuation

For purposes of a General Non-qualified Withdrawal, the value is the lesser of (1) the Tuition Inflation Value of the mature contributions plus the Sum of Contributions for non-mature contributions or (2) the Investment Performance Value. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be paid. The Investment Performance Value generally will be calculated as of two business days before the request is received.

If the Account Owner has changed the Tuition Level one or more times within 12 months of an Account Owner's request for a General Non-qualified Withdrawal being received, the Tuition Level used in determining the Tuition Inflation Value will be the most recent Account owner-designated Tuition Level or the Tuition Level that was in effect 12 months before the date the Non-qualified Withdrawal request was received, whichever results in a lesser value. As an exception to this rule, if the Tuition Level at the time the request for a Non-qualified Withdrawal is made is one at which a Qualified Withdrawal was taken in the 12-month period, the Non-qualified Withdrawal will be processed at the Tuition Level at the time the request is made.

c. Tax Consequences

For General Non-qualified Withdrawals, the earnings portion of the withdrawal will be subject to federal income taxes at the ordinary income tax rate of the Account Owner and an additional federal tax of 10%. The PA 529 GSP will issue to you a Form 1099-Q for the withdrawal that will specify the principal and earnings portions of the total withdrawal. If you are a Pennsylvania taxpayer, the entire withdrawal, including both principal and earnings, might be subject to Pennsylvania income tax. The rules governing this are explained in the Pennsylvania Department of Revenue's Personal Income Tax Bulletin 2006-04, which is available at www.revenue.pa.gov by clicking on "I'm Looking For", "Law, Policies, Bulletins & Notices", "Tax Bulletins", "Personal Income Tax", then "Personal Income Tax Bulletin 2006-04 – Qualified Tuition Programs". You may wish to consult a tax advisor on this matter.

9. Withdrawals upon Voluntary Termination

You can terminate your PA 529 GSP Plan Contract and close your Account at any time by written notice to the PA 529 GSP or when making an online withdrawal of all funds in your Account. The resulting withdrawal will constitute a General Non-qualified Withdrawal except to the extent that the withdrawal qualifies as another type of withdrawal as discussed above. If the reason you wish to terminate your Account is that your Beneficiary has graduated from an Eligible Educational Institution or has decided not to attend one, you may want to consider alternatives to terminating your Account. These include changing the Beneficiary to a Family Member of the former Beneficiary — for example, a younger sibling; or keeping the Account open to pay in the event that the Beneficiary later decides to pursue further education, such as a graduate or professional degree. In making your decision, please consider that the value you will get on a Non-qualified Withdrawal may be less than for a Qualified Withdrawal and will be taxable.

10. Withdrawals upon Involuntary Terminations

The PA 529 GSP may terminate any Account if: (1) the PA 529 GSP finds that the Account Owner or the Beneficiary has provided false or misleading information, for example, by misrepresenting that they are a Pennsylvania resident; (2) the Account Owner has violated the terms of the PA 529 GSP Plan Contract — for example, by failing to pay required fees; (3) no contributions to the PA 529 GSP Account were made within six months of the date on which such Account was established; (4) if the Tuition Inflation Value is $0 on the date of termination and the Account has been opened for a minimum of six months; or (5) the PA 529 GSP, in its sole discretion, finds that termination is in the best interest of the PA 529 GSP and its Account Owners.

Additionally, the PA 529 GSP may be required to close an Account deemed by the laws of the state of the Account Owner's residence to be abandoned or unclaimed and relinquish the assets to that state. (See Part 8.E. for more information.)

In the case of a termination because the Account Owner or the Beneficiary has provided false or misleading information or has violated the terms of the PA 529 GSP Contract, the Account will be paid to the Account Owner as a General Non-qualified Withdrawal except that the PA 529 GSP may, in its discretion, withhold, and the Account Owner and the Beneficiary shall forfeit, all earnings on contributions accumulated in the Account, or such lesser amount as the PA 529 GSP deems necessary in the PA 529 GSP's discretion in light of such false or misleading information. In addition to any withholding, any fees paid on the PA 529 GSP Account will not be refunded and will be forfeited by the Account Owner.

11. How Withdrawals are Impacted by other Tax Benefits for Education

Section 529 plans are one of several different tax benefits for education provided in the Tax Code. Taking a Qualified Withdrawal from your PA 529 GSP Account may impact other federal tax benefits available to you and, conversely, taking other benefits might impact on whether the IRS will consider your 529 withdrawal to be non-taxable, taxable with the 10% additional tax, or taxable without the 10% additional tax. The other federal tax benefits for education and the interplay between them and Section 529 plans is discussed in IRS Publication 970, which is available at www.irs.gov/pub/irs-pdf/p970.pdf. Please consult that publication and/or a tax advisor.

E. Risk of Account Transactions and Changes

You will receive quarterly Account statements indicating, for the applicable time period: (1) contributions made to the Account, (2) withdrawals made from the Account, and (3) fees withdrawn. Additionally, shortly after any transaction or changes to your Account, you will be sent confirmations (except for contributions made by automatic deductions from your bank account, by payroll deduction, or from your Upromise account).

You are encouraged to opt to receive your statements, confirmations, and all other PA 529 GSP communications by e-delivery in order to receive the discounted Annual Account Maintenance Fee (see Part 3.B.1). (You may choose paper delivery of tax forms and still receive the discounted fee.) You can choose e-delivery when opening an account online. At any later time, you can elect e-delivery by going to PA529.com, clicking on "My Account" and, after logging on, clicking on "Access Management" and then "Edit Delivery Method" or by contacting the Program at 800-440-4000.

You can securely access and manage your Account information – including quarterly statements, transaction confirmations, and tax forms – through "My Account" access at PA529.com. If you open an Account online, the PA 529 GSP requires you to select a user name and password right away. If you open an Account by submitting a paper application, you may establish a user name and password at any time.

The PA 529 GSP uses reasonable procedures to confirm that transaction requests are genuine. However, you may be responsible for losses resulting from fraudulent or unauthorized instructions received by the PA 529 GSP, provided the Plan reasonably believed the instructions were genuine. To safeguard your Account, please keep your information confidential. Contact Customer Service at 800-440-4000 immediately if you believe there is a discrepancy between a transaction you requested and your confirmation or quarterly statement, or if you believe someone has obtained unauthorized access to your Account. If you receive a confirmation or quarterly statement that you believe does not accurately reflect your instructions, you have 60 days from the date of the confirmation or statement to notify the PA 529 GSP of the error. If you do not notify the PA 529 GSP within 60 days, you will be considered to have approved the information in the confirmation and to have released the PA 529 GSP and its contractors from all responsibility for matters covered by the confirmation or statement.

F. Account Security

1. In General

Please keep your personal information, including your Account number, confidential. This information can be used to access and make changes to your Account via phone or through paper forms. PA 529 GSP will honor instructions from any person who provides correct identifying information, and is not responsible for fraudulent transactions it believes to be genuine according to these procedures. Accordingly, Account Owners bear the risk of loss if unauthorized persons obtain their personal information and conduct any transaction on their behalf. Account Owners can reduce this risk by checking their account information regularly which will give them an opportunity to prevent multiple fraudulent transactions.

2. Online Account Security

If you choose to access your Account online, please keep your username and password confidential. The PA 529 GSP will honor instructions from any person who provides correct identifying information, and is not responsible for fraudulent transactions it believes to be genuine according to these procedures. Accordingly, Account Owners bear the risk of loss if unauthorized persons obtain their username and password and conduct any transaction on their behalf. Account Owners can reduce this risk by checking their account information regularly which will give them an opportunity to prevent multiple fraudulent transactions. Account Owners should avoid using passwords that can be guessed and should consider changing their password frequently. PA 529 GSP employees or representatives will not ask Account Owners for their password. Contact Customer Service at 800-440-4000 immediately if you believe that your online account has been accessed in an unauthorized manner or your username and/or password have been released to an unauthorized individual.

G. The Guarantee of the PA 529 GSP and the GSP Fund

For Qualified Withdrawals, the guarantee of the PA 529 GSP is that your contributions will grow with postsecondary tuition inflation (adjusted for Premiums and fees). This means that even if your Investment Performance Value is lower than your Tuition Inflation Value, when you take a Qualified Withdrawal, it will be at the Tuition Inflation Value. For Non-qualified Withdrawals, the guarantee is that you will get back at least the Sum of Contributions, even if that is more than your Investment Performance Value. However, both of these are obligations of the GSP Fund only and no other entity, including the Commonwealth of Pennsylvania and the Treasury Department.

The GSP Fund was established by state law and is independent from other state funds. PA 529 GSP-generated assets in the GSP Fund cannot be used for any purpose other than the payment of amounts due under GSP Plan Contracts, payment of the expenses of administering the PA 529 GSP, and the funding of Keystone Scholars. Assets of the GSP Fund are not available for the payment of obligations relating to the PA 529 IP, and assets of the PA 529 IP are not available for the payment of obligations under PA 529 GSP Plan Contracts.

The payment of obligations under a PA 529 GSP Plan Contract will be made solely from the GSP Fund. Any claim against the PA 529 GSP or the Department pursuant to a GSP Plan Contract will be made solely against the assets of the GSP Fund and not against any other funds or sources of the Commonwealth, the Department, the Pennsylvania 529 College and Career Savings Program, or any consultant or contractor of the PA 529 GSP. The PA 529 GSP is not backed by the full faith and credit of the Commonwealth.

The payment of obligations under PA 529 GSP Plan Contracts is dependent upon the GSP Fund generating adequate investment earnings to offset postsecondary tuition inflation and the expenses of the Plan as well as upon the annual GSP Credit Rates. In the event that the GSP Fund does not generate an adequate return, the PA 529 GSP might not be able to meet all of its future liabilities. However, the Enabling Law contains several safeguards to protect the viability of the GSP Fund. The actuarial assumptions for the GSP Fund are provided by an independent actuary and are adjusted annually to reflect the actual experience. Each year the actuarial assumptions are reviewed. The PA 529 GSP may adjust fees and adjust GSP Credit Rates. The Treasurer and the TAP Advisory Board are required to submit annual reports to the Governor and General Assembly that specifically address the financial stability of the GSP Fund. The most recent annual report is available at PA529.com or by calling Customer Service at 800-440-4000.

The most recent annual Actuarial Report (June 30, 2021) states that the GSP Fund is 143.46% funded. The actuarial analysis is a snapshot of future liabilities over approximately 25 years compared to the value of future assets over the same period. As such, it assumes that the PA 529 GSP will not accept any additional contributions. This is a limitation that provides a static view of the Plan as of June 30, 2021. A dynamic view of the Plan, which would include a reasonable projection of future contributions, provides a view of the Plan more in line with the Plan's current intention of continuing to accept contributions. Future actual experience could vary from the actuarial assumptions

used in the Actuarial Report. If, for example, postsecondary tuition inflation were to be less than assumed and/or investment returns were to be more than assumed, the funded status could be better. On the other hand, if postsecondary tuition inflation were to be more than assumed and/or investment returns were to be less than assumed, it could be worse. For details about the actuarial status of the GSP Fund, please read the full Actuarial Report, which is available at PA529.com or by calling Customer Service at 800-440-4000.

If, at the end of a fiscal year, the GSP Fund were to have assets greater than necessary to meet all of its future obligations and expenses and to maintain its fiscal soundness and strength, the PA 529 GSP has discretion to distribute the excess or any portion thereof among all eligible PA 529 GSP Accounts. To be eligible, an Account would need to have been opened as of the end of the applicable fiscal year and remained open through the date of the determination to make a distribution. Funds may be distributed to an Account as a contribution at the designated Tuition Level. As of the date of this Disclosure Statement, PA 529 GSP has never considered the GSP Fund to be sufficient to warrant a disbursement. It is unlikely that such a disbursement will be made in the near future.

Part 3. Expenses and Fees

A. Expenses

While the PA 529 GSP is administered by the Treasury Department, pursuant to its Enabling Law, the Plan is intended to be self-sufficient. That is, the expenses of the PA 529 GSP are to be paid from the Plan's assets, including earnings and fees. The expenses include operating expenses, investment management expenses, and marketing expenses. These expenses generally do not directly affect the Tuition Inflation Value or Sum of Contribution Value of an Account. However, these expenses are taken into consideration in evaluating the actuarial soundness of the GSP Fund and, in turn, may affect the Plan's decisions on fees and Premiums. These expenses do affect the Investment Performance Value of an Account.

B. Fees

1. Account Maintenance Fee

An asset-based Account maintenance fee is assessed on all Accounts except for Family Savings Accounts (see Part 7.C.) and Scholarship Accounts (see Part 6). The fee is collected by PA Treasury and is used to pay for the Program's administrative costs. The Account maintenance fee is currently approximately 40 basis points annually ($4.00 on $1,000) with an annual maximum fee of $500 ($125 per quarter) for all Accounts that have not established email delivery of quarterly statements, PA 529 GSP Disclosure Statement updates, transaction confirmations, and profile confirmations.

For Accounts that have established email delivery of quarterly statements, PA 529 GSP Disclosure Statement updates, transaction confirmations, and profile confirmations, the Account maintenance fee is currently approximately 30 basis points annually ($3.00 on $1,000) with an annual maximum fee of $250 ($62.50 per quarter).

The fee is assessed on the Tuition Inflation Value plus the Sum of Contributions for contributions that are not mature ("Asset Value") as of the 20th of the last month of each quarter and taken between the 20th and the last day of the last month of each quarter. If the 20th is a non-business day, the fee will be assessed as of the previous business day. The Account maintenance fee is calculated by multiplying the Asset Value on the 20th of the last month of each quarter (or previous business day if the 20th is a non-business day) by 0.0010 for Accounts that are assessed a 40 basis point Account maintenance fee and by 0.00075 for Accounts that are assessed a 30 basis point Account maintenance fee.

Your fee is subject to a minimum that will be assessed on your Account each quarter, which currently is $1.25.

The Account maintenance fee is subject to change.

The approximate cost of a $10,000 investment, assuming a 5% annual tuition inflation increase, is illustrated in the chart below.

Total Annual Asset-Based Fee	Approximate Cost of a $10,000 Investment Assuming a 5% Return			
	1 Year	3 Year	5 Year	10 Year
40 Basis Points	$40.93	$128.67	$224.85	$507.85
30 Basis Points	$30.71	$96.65	$169.08	$382.94

Your statement for each quarter will show the dollar value of the fee taken, the number of your GSP Credits subtracted in order to deduct the fee, and the GSP Credit Rate used in determining the number of GSP Credits deducted. The PA 529 GSP reserves the right to take a prorated fee on all Qualified and Non-qualified Withdrawals taken during any quarter.

If you wish to restore the number of GSP Credits to the amount in your Account before fees were taken, prior to the following August 31, you would need to make a contribution in the total amount of the fees for all four previous quarters. This process, however, might affect the maturity of your GSP Credits.

2. Insufficient Fund Fees

The PA 529 GSP reserves the right to charge you (or deduct from your Account) any expenses it incurs as a result of any check, automatic investment, or Electronic Bank Transfer being returned unpaid by the financial institution upon which it is drawn. If charged, this charge may be automatically deducted from the most recent contribution that has successfully cleared, at the time a withdrawal is made, or at any other time.

Part 4. Tax Information

The federal tax treatment of a PA 529 GSP Account depends on the PA 529 GSP being a “qualified tuition program” under Section 529 of the Tax Code. The tax rules applicable to Section 529 plans are complex, have not been finalized, and are, in some respects, open to different interpretations. The discussion of the federal tax treatment in this Disclosure Statement is not exhaustive; it is intended to provide general information as understood by the PA 529 based on the Tax Code, proposed regulations, and Internal Revenue Service announcements. The discussion of the Pennsylvania tax treatment is based on the Program’s understanding of Pennsylvania tax law, and Revenue Department bulletins and information.

In addition, Section 529 and federal and Pennsylvania tax laws in general are subject to legislative changes, regulatory changes, and court interpretations. Any of these could eliminate, reduce, or improve the tax advantages of the PA 529 GSP or require changes in the structure of the Plan that may restrict or otherwise affect the use of your Account.

Withdrawals may be comprised of: (1) principal, which is not subject to federal income tax when distributed but may be subject to Pennsylvania state income tax (see Part 3.B.), and (2) earnings, if any, which may be subject to federal and Pennsylvania state income tax. The PA 529 GSP determines the earnings portion based on IRS rules and report to the IRS and the recipient. However, the PA 529 GSP does not report whether the withdrawal is a Qualified Withdrawal or a Non-Qualified Withdrawal. The earnings portion of a withdrawal will generally be calculated on an Account-by-Account basis. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax directly to the IRS.

This Plan Disclosure Statement is not intended to constitute, nor does it constitute, legal or tax advice. You should consult your own legal or tax advisor for more information on the tax implications to you of investing in the PA 529 IP based on your own particular circumstances. The PA 529 strongly encourages Account Owners and Beneficiaries to consult with their tax advisors regarding the tax consequence of contributing money to, or withdrawing money from, a PA 529 GSP Account.

A. Federal Tax Treatment

1. Tax Provisions Related to Contributions

a. In General

For federal tax purposes, contributions to an Account are made on an after-tax basis. That is, in the year the contribution is made, an Account Owner may not deduct the contribution from income for purposes of determining federal income taxes. Contributions to an Account do not result in taxable income to the Beneficiary. However, they may be considered gifts to the Beneficiary subject to the federal gift and generation-skipping transfer taxes discussed below (see Part 4.A.1.b.).

As discussed above (see Part 2.B.7.), contributions from the proceeds of (1) a Coverdell Education Savings account described in Section 530 of the Tax Code; (2) the redemption of certain U.S. Savings Bonds described in Section 135 of the Tax Code; or (3) another Section 529 plan may be made without adverse federal income tax consequences if the applicable requirements are met. However, when contributions from any of these sources are made, the PA 529 GSP must be provided with the breakdown of the principal and earnings portion of the contribution so that when the IRS Form 1099-Q for a subsequent withdrawal is issued, the principal and earnings prior to the contribution can be included. If the PA 529 GSP is not provided with the breakdown, it is required to treat the entire contribution as earnings.

b. Federal Transfer Taxes (Gift, Generation-Skipping Transfer and Estate Taxes)

For federal tax purposes, contributions to a PA 529 GSP Account are generally considered completed gifts to the Beneficiary (even though the Account Owner controls them and can make a Non-qualified Withdrawal and use it for any purpose). This means contributions are potentially subject to federal gift tax. Additionally, if the Beneficiary is two or more generations below the contributor or, in the case of a change of Beneficiaries, the new Beneficiary is two or more generations below the old Beneficiary, federal generation-skipping transfer taxes might also apply. Generally, if a contributor's contributions, together with all other gifts by that contributor to the Beneficiary during a calendar year, are less than the gift tax annual exclusion amount, no federal gift tax or generation-skipping transfer tax will be imposed. The gift tax annual exclusion is currently $16,000 for an individual ($32,000 for a married couple that elects to split gifts) and is periodically adjusted for inflation. If all gifts to the Beneficiary (including the contribution to the Account) are that amount or less, the contributor is not required to file a federal gift tax return, unless an election to split gifts is to be made.

A special federal gift tax provision unique to Section 529 plan contributions, however, allows contributions up to five times the federal gift tax annual exclusion (currently $80,000 for an individual and $160,000 for a married couple) to be given in one year without gift or generation-skipping transfer tax consequences if the contributor elects to treat the contributions as having been made ratably over a five-year period. The five-year period begins in the calendar year the contribution is made. The amount of contributions in excess of the five-year exclusion amount cannot be treated ratably and is considered a gift, subject to federal gift and generation-skipping taxes in the year of the contribution. If the $16,000 gift tax annual exclusion is increased during the five-year period, an additional contribution can be made in the remaining years without gift or generation-skipping tax consequences up to the difference between the new exclusion amount and the yearly prorated amount. The five-year election is made on a Federal Gift Tax Return (Form 709) by a contributor (and his or her spouse if gift-splitting has been elected) for the calendar year in which the contribution is made. If the contributor dies during the five-year ratable period, the portion of the contribution allocable to the remaining years (not including the year of death) would be included in computing the contributor's gross estate for federal estate tax purposes. Except for contributions of a contributor who dies during an elected five-year ratable period, assets in an Account are considered to be assets of the Beneficiary for federal estate tax purposes.

Even if a contribution exceeds the gift tax annual exclusion or, if elected, the five-year ratable gift tax exclusion, gift and generation-skipping taxes might not be owed. The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Authorization Act signed into law on December 17, 2010, provides for a unified gift and estate tax exclusion of $5 million (made permanent by the American Taxpayer Relief Act of 2012). This means that if gifts given during the contributor's lifetime combined with the value of his or her estate upon death are less than $5 million, they are not subject to transfer taxes. Accordingly, while gift tax returns are required for gifts in excess of the $16,000 (subject to adjustment for inflation) gift tax annual exclusion, no actual gift tax will be due until the applicable exemption amounts have been exhausted.

2. Taxation of Earnings

During the time contributions are held in an Account, their earnings are not subject to federal taxes; that is, they are tax deferred. Whether and how the earnings are taxed when a withdrawal is made depends on the type of

withdrawal being made (see Part 2.D.). With limited exceptions, the earnings portion of a Qualified Withdrawal is not subject to federal taxes; that is, Qualified Withdrawals are tax exempt. If applicable requirements are met, the earnings portion of the following withdrawals is exempt from federal taxation: Account Transfers, Plan Transfers, and Rollovers. The earnings portion of Specific Non-qualified Withdrawals and General Non-qualified Withdrawals is subject to federal income tax as ordinary income (not capital gains). However, the earnings portion of General Non-qualified Withdrawals is subject to an additional 10% federal tax. Withdrawals because of the Beneficiary's death are exempt from the additional 10% tax only if they are paid in the name of the Beneficiary or to the Beneficiary's estate.

The Internal Revenue Service currently requires the PA 529 GSP to issue a Form 1099-Q for all withdrawals (excluding Account Transfers and Plan Transfers), regardless of whether the earnings are taxable. The Form 1099-Q will be issued: (1) to the Beneficiary if a Withdrawal has been paid to the Eligible Educational Institution or to the Beneficiary; (2) to the Beneficiary's estate if the withdrawal was paid to the estate; and (3) to the Account Owner for all other withdrawals.

Federal taxation of the earnings on Qualified Withdrawals may be impacted if other federal tax benefits for education (such as Coverdell Education Savings Accounts or the American Opportunity Credits) are used for the same Qualified Expenses. Consult IRS Publication 970 (available at www.irs.gov/pub/irs-pdf/p970.pdf) or a tax advisor to determine how the various programs interact and how best to use them. For tax-advantaged withdrawals (Qualified Withdrawals, Account Transfers, Plan Transfers, Rollovers, Specific Non-qualified Withdrawals), you should keep appropriate records to substantiate to the Internal Revenue Service that the requirements for benefiting from the tax advantage were met. If you use other federal tax benefits in the same tax year that you use your Account, you should keep appropriate records to substantiate the expenses for which each were used.

B. Pennsylvania Tax Treatment

1. Tax Provisions Related to Contributions

Pennsylvania law provides that, for individuals subject to Pennsylvania income tax, contributions made to an Account may be deducted from taxable income on the contributor's annual personal income tax return for the year in which the contribution was made. The maximum annual amount that may be deducted is limited to the amount of the federal gift tax annual exclusion, which is currently $16,000 per Beneficiary per taxpayer. Married couples filing jointly can deduct up to $32,000 provided each spouse has taxable income of at least $16,000. The deductible amount will increase with any changes in the federal gift tax annual exclusion. The deduction cannot result in the taxable income being less than zero. Contributions that are Rollovers to the PA 529 GSP from non-Pennsylvania 529 plans, Plan Transfers (reallocations of assets from the PA 529 IP), Account Transfers (transfers of contributions between PA 529 GSP accounts), the interest portion of redemption of qualified U.S. Savings Bonds, or the government match of a Family Savings Account contribution are not eligible for the deduction.

2. Taxation of Earnings

During the time contributions are held in an Account, their earnings are not subject to Pennsylvania income taxes; that is, they are tax deferred. Additionally, when withdrawn, the earnings are Pennsylvania income tax exempt if they are federally tax exempt. This means that Qualified Withdrawals, Rollovers from the PA 529 GSP to a non-Pennsylvania 529 plan, Account Transfers, and Plan Transfers are not subject to Pennsylvania income tax if the applicable federal restrictions are met.

Non-qualified Withdrawals, both Specific and General, are subject to Pennsylvania income tax. Because contributions are income tax deductible as discussed above, if not used for Qualified Expenses, the entire withdrawal, both principal and earnings, might be subject to Pennsylvania income tax. Rules governing Pennsylvania taxation of Non-qualified Withdrawals are provided in the Pennsylvania Department of Revenue Personal Income Tax Bulletin 2006-04, which is available at www.revenue.pa.gov by clicking on "I'm Looking For", "Law, Policies, and Bulletins", "Tax Bulletins", "Personal Income Tax", then "Personal Income Tax Bulletin 2006-04 – Qualified Tuition Programs". You may wish to consult a tax advisor on this matter.

3. Taxation of Transfers Including Inheritance Tax

The transfer of any legal interest in an Account, whether during life or as a result of death of the Beneficiary or Account Owner, is exempt from all Pennsylvania taxation under certain conditions. This means that the assets in a PA 529 GSP Account are generally not subject to Pennsylvania inheritance tax. Additionally, the designation of a new Beneficiary or the designation of a new Account Owner is not subject to Pennsylvania state or local taxes provided that the requirements for change of Beneficiary or Account Owner are met.

C. Other States' Tax Treatment

This Disclosure Statement summarizes the federal and Pennsylvania tax laws applicable to the PA 529 GSP. Other states' tax treatment may differ based on the state or states in which you pay taxes. You should consult with your tax advisor about any state or local taxes, including income, gift, estate, inheritance, and generation-skipping transfer taxes. If you are not a Pennsylvania taxpayer, consider before investing whether your or the Beneficiary's home state offers a qualified tuition program that provides its taxpayers with favorable state tax or other benefits (including financial aid, scholarship funds, and protection from creditors) that may only be available through investment in the home state's 529 plan. Please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact your home state's qualified tuition program[s], or any other qualified tuition program, to learn more about those plans' features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

D. Tax Reports

The PA 529 GSP will report withdrawals and other matters to the Internal Revenue Service, the Account Owner or Beneficiary, and other persons, if any, to the extent required pursuant to federal, state, or local law, regulation, or ruling. Under federal law, IRS Form 1099-Q will be filed by the PA 529 Program with the Internal Revenue Service reporting withdrawals, whether taxable or tax-exempt (excluding Account Transfers and Plan Transfers). The form will also be sent to the Account Owner or Beneficiary, as appropriate, reflecting, among other information, the earnings portion withdrawn during the calendar year. The Internal Revenue Service currently requires the PA 529 GSP to issue IRS Form 1099-Q to: (1) the Beneficiary if distributions are from a UGMA or UTMA account or a withdrawal has been paid to the Eligible Educational Institution or to the Beneficiary; (2) to the Beneficiary's estate if the withdrawal was paid to the estate; and (3) to the Account Owner for all other withdrawals.

Part 5. Risk Factors

The PA 529 GSP is designed to help families save for future Eligible Expenses in a lower-risk and tax-advantaged way. However, as is the case with most financial products, there are various risks associated with making contributions to a PA 529 GSP Account. This section describes some of the principal risks, but does not constitute an exhaustive list of the factors you should consider before making a contribution. You may wish to consult your financial advisor before making a contribution.

A. Qualifying Tuition Plan

The Department intends to run the PA 529 GSP in accordance with the requirements of Section 529 of the Tax Code. In the event that the PA 529 GSP does not meet the requirements of Section 529, however, the tax advantages described in this Disclosure Statement may not be available to Account Owners or Beneficiaries, and there may be other adverse tax consequences as well. A potential Account Owner may wish to consult with a tax advisor.

B. Investment Risks

The GSP Fund can lose money investing the GSP Fund's assets even when following its Investment Guidelines. The Investment Guidelines are subject to change by the Department in its sole discretion.

The obligations of the PA 529 GSP are not insured by the Commonwealth of Pennsylvania, the Treasury Department, or any entity other than the PA 529 GSP. The PA 529 GSP is not backed by the full faith and credit of the Commonwealth.

There is no guarantee that the GSP Fund's investment results will be adequate to meet the GSP Fund's obligations. In the event the GSP Fund is unable to meet its obligations, the amount that may be realized by the Account Owner may be less than the amount to which the Account Owner is entitled and may be less than the amount contributed to the Account. The GSP Fund was 143.46% funded as of June 30, 2021.

In addition to the PA 529, there are other ways to save for college, including non-Pennsylvania 529 plans, Coverdell Education Savings Accounts, as well as other education savings and investment alternatives. These alternative programs may offer different investment vehicles, and may result in different tax and other consequences. They may have different eligibility requirements and other features, as well as fees and expenses that may be more or less than those charged by the PA 529 GSP. You should consider other investment alternatives before establishing a PA 529 GSP Account.

C. Cybersecurity Risks

The PA 529 GSP is highly dependent upon the computer systems of its service providers and their subcontractors. This makes the PA 529 GSP susceptible to operational and information security risks resulting from cyber threats and cyber-attacks which may adversely affect your PA 529 GSP Account and cause it to lose value. For instance, cyber threats and cyber-attacks may interfere with your ability to access your PA 529 GSP Account, make contributions or exchanges, request and receive distributions; they may also impact the ability to calculate net asset values and/or impede trading.

Cybersecurity risks include security or privacy incidents, such as human error, unauthorized release, theft, misuse, corruption, and destruction of Account data maintained online or digitally by the PA 529 GSP. Cybersecurity risks also include denial of service, viruses, malware, hacking, bugs, security vulnerabilities in software, attacks on technology operations, and other disruptions that could impede the PA 529 GSP's ability to maintain routine operations.

Although the PA 529 GSP undertakes efforts to protect its computer systems from cyber threats and cyber-attacks, including internal processes and technological defenses that are preventative in nature, and other controls designed to provide a multi-layered security posture, there are no guarantees that the PA 529 GSP, the Commonwealth of Pennsylvania, the Treasury Department, Ascensus, or your PA 529 GSP Account will avoid losses due to cyber-attacks or cyber threats.

D. Plan Structure

Federal law restricts the frequency with which you may make an Account Transfer, Plan Transfer, or Rollover. You do not control the investment instruments or asset allocation used. Your savings are considered less liquid than some other types of investments (for example, bank savings accounts) because the circumstances in which you may withdraw funds without a penalty or adverse tax consequences are more limited and because the number of Non-qualified Withdrawals of less than the full amount in your Account that you may make is limited to one per year.

The Tuition Inflation Value of an Account increases only once a year if and when postsecondary tuition increases occur at the institution or institutions comprising the Tuition Level, and there is no incremental growth in the Tuition Inflation during the period between such postsecondary tuition increases. In calculating the Tuition Inflation Value and the Investment Performance Value, contributions are subject to a Maturity Period before the growth thereon may be withdrawn.

If your Beneficiary does not attend a Pennsylvania Public Institution, or if you use your PA 529 Account to pay for elementary or secondary education, the costs associated with an apprenticeship program, or repayment of a student loan, the growth in your designated Tuition Level may not match the increase in postsecondary tuition costs at the particular institution attended by your Beneficiary. Tuition represents only a portion of the cost of higher education; there is no assurance that the growth in the Tuition Levels will equal or exceed the growth in non-tuition costs at the particular institution selected by your Beneficiary, including but not limited to Pennsylvania Public Institutions.

Any Premium included in a GSP Credit Rate for a Tuition Level and any fees taken from your accounts will reduce the effective growth rate of contributions relative to the increase in the cost of postsecondary tuition at the institution or institutions represented in such Tuition Level.

Even if you have reached the Maximum Contribution Limit for a Beneficiary, the balance in your Account may not be enough to cover all of the Beneficiary's Qualified Expenses. Future inflation in Qualified Expenses is uncertain.

If you take a General Non-qualified Withdrawal, for federal tax purposes, the earnings will be taxable as ordinary income plus an additional federal tax of 10%; if you take a Specific Non-qualified Withdrawal, the earnings will be taxable as ordinary income without the additional federal tax of 10%. For Pennsylvania tax purposes, if the contributions were previously deductible (whether or not actually deducted) from Pennsylvania state income tax, the entire value of a General or Specific Non-qualified Withdrawal will be subject to Pennsylvania state income tax. (See Part 2.D.)

The amount of Qualified Expenses incurred by your Beneficiary could be less than the total value of your Account. If so, and if you do not or cannot change your Account to another Beneficiary, you will only be able to access the remaining value of your Account through a General or, if available, Specific Non-qualified Withdrawal, and thus incur the adverse tax consequences noted in the previous paragraph.

The Department has the right to change your PA 529 GSP Participation Agreement unilaterally and, in some instances, without prior notice to you, which could result in terms and conditions less favorable to the Account Owner and/or Beneficiary.

As permitted by the state law creating the PA 529 GSP, the Department may change certain aspects of the PA 529 GSP. For example, the Department may change the PA 529 GSP's fees and charges; add a new Tuition Level; or restrict participation in a Tuition Level. Depending on the nature of the change, Account Owners may be required to participate in, or be prohibited from participating in, the change with respect to Accounts established before the change. Ascensus may not necessarily continue as Recordkeeping and Servicing Agent.

E. Change in Federal and State Law

Federal and state law and regulations governing Section 529 plans could change in the future. In addition, federal and state laws on related matters, such as the treatment for financial aid and bankruptcy, are subject to change. It is unknown what effect any future changes could have on an Account. The PA 529 GSP reserves the right to modify the Plan as it deems necessary in its sole discretion, for such reasons as, but not limited to, ensuring compliance with state or federal laws and regulations, preserving the fiscal integrity of the PA 529 GSP, and preserving the Plan's status as a "qualified tuition program."

F. Impact on Eligibility for Financial Aid

An Account will not affect your Beneficiary's eligibility for Pennsylvania state financial aid – primarily grants provided through the Pennsylvania Higher Education Assistance Agency (PHEAA). However, having an Account may impact the determination of federal financial aid or financial aid determinations made by an Eligible Educational Institution.

For federal financial aid purposes, an Account owned by a parent or dependent student is considered an asset of the parent and is treated as other parental assets, such as savings accounts or mutual fund holdings. On average, about 6% of parental assets are considered in determining the "expected family contribution." If an independent student is the Account Owner, assets in the 529 account are treated as the student's assets and about 20% are considered in determining "expected family contribution." Independent students are defined as "any individual who (1) is 24 years of age or older; (2) is an orphan or ward of the court or was a ward of the court until the individual reached the age of 18; (3) is a veteran of the Armed Forces of the United States or is currently serving on active duty in the Armed Forces for other than training purposes; (4) is a graduate or professional student; (5) is a married individual; (6) has legal dependents other than a spouse; or (7) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances." An Account owned by a third party (someone other than a parent or the student) may impact the student's federal financial aid in the academic year two academic years after the academic year in which the Account has been used. For example, if a Qualified Withdrawal is made from an Account owned by a third party in academic year 2022, the withdrawal may affect the student's federal financial aid in academic year 2024.

An Account Owner should consult a qualified financial aid advisor for further information on the impact of a 529 plan account on federal financial aid and on other forms of financial aid, including financial aid of states other than Pennsylvania and financial aid provided by educational institutions.

Financial aid rules are subject to change. The procedures and rules in effect when a Beneficiary applies for aid may be different than those described above.

G. No Guarantee of Admittance

Having a PA 529 GSP Account does not guarantee that your Beneficiary will be admitted to, be allowed to continue to attend, or receive a degree from any educational institution or will be considered a resident for tuition purposes.

H. No Indemnification

The Commonwealth, Treasury Department, PA 529, or Ascensus or any of its affiliates, will not indemnify any Account Owner or Beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of a Commonwealth employee or arising from the acts, negligent or otherwise, of Ascensus or any service providers authorized by the PA 529 GSP and retained by Ascensus.

I. Impact on Medicaid and other Federal and State Benefits

The effect of an Account on eligibility for Medicaid or other state or federal benefits is uncertain. It is possible that an Account will be viewed as a "countable resource" in determining an individual's financial eligibility for Medicaid. Withdrawals from an Account during certain periods also may have the effect of delaying the disbursement of Medicaid payments. You should consult a qualified advisor to determine how a 529 plan account may affect eligibility for Medicaid or other state and federal benefits.

J. No Security Registration

There has been no registration in connection with the PA 529, the PA 529 GSP, or the PA 529 IP with the U.S. Securities and Exchange Commission or with any state securities commission.

Part 6. Scholarship Accounts

A. Establishment

The Commonwealth of Pennsylvania (including its agencies), any political subdivision thereof, and any organization that is exempt from federal income taxation under Section 501(a) and described in Section 501(c)(3) of the Internal Revenue Code may open a PA 529 GSP Account for the purpose of providing a scholarship. Before a PA 529 GSP Account intended to be such a Scholarship Account is opened, the prospective Account Owner must register its scholarship program with the PA 529 GSP. To register, the Account Owner must provide a description of the scholarship program including, but not limited to, the criteria established by the prospective Account Owner for its future selection of the Beneficiary and any other information that the PA 529 GSP requires.

B. Holding Account

The PA 529 GSP may permit an entity establishing a Scholarship Account to have one "Holding Account" in which contributions for more than one future Beneficiary (to be chosen at a later date) may be held. At the time a scholarship is awarded, the sponsoring entity Account Owner may open a separate Account for the then-identified scholarship recipient and transfer contributions (and attendant growth) from the holding Account to the Account designating the recipient as the Beneficiary.

C. Terms and Conditions

All terms and conditions for a non-scholarship GSP Account shall be the same for a "Scholarship Account" with the following exceptions:

(1) The Beneficiary does not need to be designated when the PA 529 GSP Account is opened but must be designated no later than the time the PA 529 GSP Account is used to pay Qualified Education Expenses. The designation of a Beneficiary for one academic period does not give that Beneficiary any entitlement to use the Scholarship Account for any other academic period. The Account Owner may designate different Beneficiaries for different academic periods.
(2) The Maximum Contribution applicable to a non-scholarship account does not apply.
(3) The account maintenance fee is waived.
(4) Depending on individual circumstances, use of a Scholarship Account for Qualified Education Expenses may constitute receipt of a scholarship that, under Internal Revenue Service rules, may exempt the Beneficiary from paying federal income tax on any part of the PA 529 GSP Account that is used for such purpose, whether or not the amounts so used would be exempt from federal income tax at such time in the case of a non-scholarship PA 529 GSP Account.

Part 7. Programs to Augment Your Savings

A. SAGE Scholars Tuition Rewards

SAGE Scholars Tuition Rewards ("SAGE") is a free scholarship program available to those who use the PA 529 GSP to save for college. Based on the value of your PA 529 GSP Account, you earn Tuition Reward Points that can reduce undergraduate level tuition at SAGE participating private colleges and universities.

Points are earned each calendar quarter in an amount equal to 2.5 percent times the value of the Account on the day the calculation is made, which will be between the 20th and last day of the last month of each calendar quarter. An Account will earn a minimum of 250 Points per quarter. SAGE may, from time to time, in its sole discretion, increase the earnings percentage. Points accumulate from quarter to quarter. If the Beneficiary attends one of the SAGE member schools starting with the freshman year, earned Tuition Reward Points entitle the Beneficiary to a discount in tuition of $1.00 per Point. The maximum discount that will be honored varies by school but is generally one year of tuition spread evenly over four years. Currently, there are over 400 SAGE participating schools. As of December 2021, the discounts are between $7,188 to $60,280.

To participate, your Beneficiary must be enrolled in SAGE prior to August 31 of the year that the student begins 12th grade. Tuition Reward Points stop accumulating one year before the Projected College Enrollment Date (generally the Beneficiary's senior year in high school). You may enroll in SAGE on the PA 529 GSP Enrollment Form, by submitting a

written form signed by the Account Owner, or through "My Account" access on PA529.com. When you enroll in SAGE, your SAGE account will be credited with 500 Tuition Reward Points for each of your PA 529 GSP Accounts that you enroll. You may earn another 500 Points (per Account Owner, not per Account) by registering with SAGE at its website. Once registered with SAGE, you will be able to track the accumulation of your Tuition Reward Points at that website.

By enrolling in SAGE through PA 529 GSP, you give the Plan permission to provide SAGE with information from your Account so that your Tuition Reward Points may be calculated and credited to your SAGE account.

To claim your discount, when you apply at a SAGE participating school, you must notify the school of your enrollment in SAGE and submit your student's Reward Points. You must also be registered with SAGE through its website. A SAGE participating college may not take your enrollment in SAGE into consideration – either positively or negatively – when making its admission decision. **However, the school may consider the tuition discounts to which you are entitled in making its financial aid award decisions. The school, at its sole discretion, may add the SAGE tuition discounts on top of the aid you would have received without it or may reduce the aid, if any, you would have received by the amount of your SAGE tuition discounts.**

The SAGE Scholars Tuition Rewards program is offered and administered by SAGE Scholars, Inc., a private for-profit corporation. SAGE Tuition Reward Points are offered to PA 529 GSP Account Owners pursuant to a contract between SAGE and the Pennsylvania Treasury. SAGE is not sponsored by or affiliated with Ascensus.

SAGE Scholars, Inc., has contractual agreements with each SAGE participating school through which the school agrees to provide tuition discounts based on the amount a family has saved in certain approved savings vehicles. The PA 529 GSP is one of the approved savings vehicles. The total tuition discount under SAGE used by one student may not exceed the maximum tuition discount amount honored by the particular SAGE participating school attended by the student regardless of the number of SAGE Scholars, Inc., approved savings vehicles that have been used by the Account Owner.

SAGE Scholars, Inc., provides SAGE participating colleges the names and contact information of the student Beneficiaries enrolled in SAGE so that each participating school may contact them to encourage consideration of attending that school. When you enroll in SAGE through the PA 529 GSP, you are granting the PA 529 GSP permission to provide information on your Beneficiaries to SAGE Scholars, Inc., so that it may provide that information to SAGE participating schools.

SAGE tuition discounts earned through the PA 529 GSP can be transferred from one Beneficiary to another Beneficiary by an Account Owner if the receiving Beneficiary is a Family Member of the Beneficiary from whom the tuition discounts are being transferred and the receiving Beneficiary has not yet entered his or her senior year in high school. SAGE and the PA 529 reserve the right to waive these restrictions on transfers for good cause. If a transfer is made between Beneficiaries, the 500-point SAGE student bonus given at enrollment may not be transferred, but the 500 points given to the Account Owner for registering at the website may be. Once a PA 529 GSP Account is closed, unused SAGE tuition discounts may not be transferred.

Your enrollment in the SAGE Scholars Program through the PA 529 GSP is subject to the terms and conditions of participation in the SAGE Scholars Program, which may be changed from time to time. These terms and conditions as well as other information on the SAGE Scholars Program, including the current list of SAGE participating schools and the maximum tuition discount honored by each participating school, can be obtained online at www.tuitionrewards.com .

B. Upromise®

Upromise is a free cash-back rewards program for college savers designed to help families earn extra money for college. Upromise members get back a percentage of their qualifying purchases with hundreds of America's leading companies. When you sign up for Upromise, you can earn a percentage back by shopping online, eating out, buying groceries, purchasing travel, and more.

You can join Upromise online at the conclusion of completing your online enrollment for the PA 529 GSP or by going directly to the Upromise website, www.upromise.com/PA. Once you enroll in both Upromise and the PA 529 GSP, your accounts can be linked so that the savings in your Upromise account is automatically transferred to your PA 529 GSP Account on a periodic basis (generally monthly) subject to transfer minimums. Please visit www.Upromise.com for more information on transfer minimums. Contributions made from Upromise to your PA 529 GSP may be deducted from your Pennsylvania taxable income subject to the total dollar limitation of the Pennsylvania tax deduction.

Upromise is offered by Upromise, LLC. This Disclosure Statement provides information concerning the PA 529 GSP, and is not intended to provide detailed information concerning Upromise. Upromise is an optional service, is

separate from the PA 529, and is not affiliated with the Commonwealth of Pennsylvania or the Treasury Department. Terms and conditions apply to Upromise. Participating companies, contribution levels, and terms and conditions are subject to change at any time without notice. Go to www.Upromise.com/PA to learn more.

Part 8. Additional Legal and Administrative Information

A. The Investment Guidelines

The Investment Guidelines applicable to the GSP Fund are contained within the general investment policy of the Treasury Department and may be changed by the Department at any time. The current Investment Guidelines are available by calling 800-440-4000 or at PATreasury.gov.

B. PA 529 GSP Procedures and Requirements

Your Account and your PA 529 GSP Contract are subject to all procedures and requirements adopted by the PA 529 GSP from time to time. Additionally, the PA 529 GSP reserves the right to:

- Refuse, change, discontinue, or temporarily suspend Account services, including accepting contributions and processing withdrawal requests, for any reason.
- Delay sending out the proceeds of a withdrawal request.
- Refuse, following receipt of a contribution, withdrawal requests relating to that contribution for up to 13 days.
- Suspend the processing of withdrawal requests or postpone sending out the proceeds of a withdrawal request under any emergency circumstances.

C. Account Restrictions

In addition to rights expressly stated elsewhere in this Disclosure Statement, the PA 529 GSP reserves the right to (i) freeze an Account and/or suspend Account services when the PA 529 IP has received reasonable notice of a dispute regarding the assets in an account, including notice of a dispute in account ownership or when the PA 529 GSP reasonably believes a fraudulent transaction may occur or has occurred; (ii) freeze an Account and/or suspend Account services upon the notification to the PA 529 GSP of the death of an Account Owner until the PA 529 GSP receives required documentation in good order and reasonably believes that it is lawful to transfer Account ownership to the Successor Owner; (iii) close an account, without the Account Owner's permission, in cases of threatening conduct or suspicious, fraudulent or illegal activity; and (iv) reject a contribution for any reason, including contributions for the PA 529 GSP that the PA 529 GSP believe are not in the best interests of the PA 529 GSP, the GSP Fund, or the Account Owners. The risk of market loss, tax implications, penalties, and any other expenses, as a result of such an account freeze or redemption will be solely the Account Owner's responsibility.

D. Availability of Financial Statements and Other Reports

Upon request, Account Owners will be sent the annual audited financial report of the GSP Fund, the annual report to the Governor and General Assembly and/or the annual Actuarial Report of the GSP Fund, and any other official documents and reports issued by the PA 529 GSP, if any. These may also be available at the PA529.com website. Clifton Larson Allen, LLP, an independent registered public accounting firm, prepares the audited financial report of the PA 529 GSP.

E. Federal Bankruptcy Protection for Certain Contributions to Accounts

Federal bankruptcy laws protect from an Account Owner's creditors certain funds contributed to an account under a Section 529 qualified state tuition program. The amount protected is (i) up to $6,425 contributed to the account at least 365 days and within 720 days before the bankruptcy filing and (ii) all contributions and associated earnings (up to the maximum contribution amount which is currently $511,758) made more than 720 days before the bankruptcy filing, providing in both cases that the Beneficiary of the Account during the tax year in which the contribution was made was a child, stepchild, grandchild, or step-grandchild of the Account Owner.

F. Abandoned and Unclaimed Accounts

States' unclaimed property laws may require the PA 529 GSP to turn over certain Accounts deemed to be abandoned or unclaimed to the custody and control of the state of the last known residence of the Account Owner. Unclaimed property laws vary by state including the circumstances under which an Account is deemed to be abandoned or unclaimed and the consequences of such a designation. If the PA 529 GSP is required to turn over an Account as abandoned or unclaimed property, depending on the law of the applicable state, the PA 529 GSP may need to liquidate the Account, the value at such liquidation might be less than the value if the Account were used for qualified

expenses and, once liquidated, there might be no additional growth on the Account. If an Account is turned over, in order to reclaim the Account, the Account Owner would need to follow the receiving state's procedures for claiming abandoned or unclaimed property.

G. Limitation on Pledges, Assignments, and Loans

Your PA 529 GSP Account may not be pledged as security for a loan or debt. You may not borrow amounts in your Account.

H. Information Subject to Change

The information in this Disclosure Statement is believed to be accurate as of the cover date but is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Disclosure Statement and any amendments to this Disclosure Statement.

I. Important Reference Material

Please keep this Disclosure Statement for future reference. This document gives you important information about the PA 529 GSP, including information about the limitation of the guarantee, investment risks, and the terms under which you agree to participate in the PA 529 GSP.

J. Conflicts

In the event of any conflicts, the Pennsylvania Statutes, the U.S. Internal Revenue Code, and any regulations promulgated pursuant to those laws shall prevail over this Disclosure Statement.

Appendix A: PA 529 GSP Participation Agreement

1. I hereby agree that by opening a Pennsylvania 529 Guaranteed Savings Plan Account, I am entering into a contract (the "Contract") with the Commonwealth of Pennsylvania, Treasury Department (the "Department"), the Pennsylvania 529 College and Career Savings Program ("PA 529"), and the Pennsylvania 529 Guaranteed Savings Plan ("PA 529 GSP") as authorized by the Tuition Account Programs and College Savings Bond Act, Act of 1992, April 3, P.L. 28, No. 11, 24 P.S. 6901.101, et seq., as amended (the "Enabling Law "). The Contract includes this Participation Agreement, the PA 529 GSP Disclosure Statement, the enrollment form, and the annual GSP Credit Rate Schedules. By signing and submitting the Enrollment Form, I am agreeing to the terms and conditions set forth in these documents. I acknowledge that each capitalized term used but not defined in this Participation Agreement has the same meaning as it has in the PA 529 GSP Disclosure Statement ("Disclosure Statement") and/or the Enabling Law.

2. I have received and have had an opportunity to read the Disclosure Statement. I have been given the opportunity to obtain answers to all of my questions concerning the PA 529, the PA 529 GSP, My Account, and the Contract. I understand that the Contract shall become effective upon the opening of the Account. In making a decision to open an Account and enter into this Contract, I have not relied upon any representations or other information, whether oral or written, other than as set forth in this Contract.

3. I understand that, subject to all applicable state and federal laws, rules, and regulations, the Contract is the complete and exclusive statement of the agreement between the Department, the PA 529, the PA 529 GSP, and me. I understand that the Contract supersedes any prior agreement, oral or written, and any other communications between the Department (through any means and by any individuals) relating to the subject matter of the PA 529 GSP. The Department and the PA 529 GSP make every effort to ensure that all documentation about the PA 529 GSP is accurate. If, however, there is a conflict between any such documentation and the Contract, the terms described in the Disclosure Statement shall take precedence followed by the PA 529 GSP Participation Agreement.

4. I understand that the qualification of the PA 529 GSP as a "qualified tuition plan" under Section 529 of the Internal Revenue Code and the preservation of the fiscal integrity of the GSP Fund are critical to the PA 529 GSP and its participants, and agree that the Contract may be amended by the Department or the PA 529 GSP at any time without my consent or prior notice if the Department or PA 529 GSP determines that such an amendment is required for the PA 529 GSP to be qualified or to preserve its fiscal integrity.

5. I understand and agree that the Department and the PA 529 GSP reserve the right, upon written notice and without my consent, to modify the Contract, as deemed necessary by the Department in its sole discretion, for such reasons as, but not limited to, ensuring compliance with state or federal laws and regulations and ensuring the proper administration of the PA 529 GSP. To the extent, if any, that the Contract references procedures, the Department and the PA 529 GSP reserve the right to change those procedures.

6. I certify that I am opening and contributing to my Account to provide funds for the Qualified Education Expenses of the Beneficiary. I understand that any contribution, or portion of such contribution, that causes the total Account balance in the aggregate for all Accounts (regardless of who owns the Accounts) for the same Beneficiary both in the PA 529 GSP and the Pennsylvania 529 Investment Plan ("PA 529 IP") to exceed the applicable Maximum Contribution Limit (currently $511,758 but subject to change) will be rejected and returned. I understand that taking a withdrawal for any reason other than the payment of Qualified Expenses may result in my receiving a lesser value as well as being subject to federal and Pennsylvania state taxes and penalties.

7. I recognize that saving in the PA 529 GSP involves certain risks, and I have taken into consideration and understand the risks including, but not limited to, those set forth in the Disclosure Statement.

8. I understand that **THE PA 529 GSP ACCOUNT, INCLUDING BOTH CONTRIBUTIONS AND GROWTH ON CONTRIBUTIONS, IF ANY, IS NOT INSURED OR GUARANTEED BY THE COMMONWEALTH OF PENNSYLVANIA, THE DEPARTMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC), OR BY ANY CONSULTANT, CONTRACTOR, OR ADVISOR RETAINED BY THE COMMONWEALTH.** The only entity obligated under the PA 529 GSP is the GSP Fund. Should the GSP Fund fail to generate an adequate return, the GSP Fund would not be able to meet all of its future

liabilities. The Account Owner assumes all risk of an investment in the PA 529 GSP, including the failure of the GSP Fund and the potential loss of contributions and liability for penalties that are assessable in connection with a distribution of amounts invested under the PA 529 GSP. Any claim against the PA 529 or the Department pursuant to a PA 529 GSP Plan Contract may be made solely against the assets of the GSP Fund and not against any other funds or sources of the Commonwealth. The Account Owner further acknowledges that neither the Department nor the TAP Advisory Board may pledge the credit or taxing power of the Commonwealth. Nothing in the Contract shall be deemed or construed as an express or implied waiver of the sovereign immunity of the Commonwealth of Pennsylvania, the Department, the PA 529, or the PA 529 GSP, or as a pledge of the full faith and credit of the Commonwealth.

9. I understand that none of the Commonwealth, the Department, or any consultant, advisor, or other entity retained by the Commonwealth or the Department has any debt to me, the Beneficiary, a contributor to an Account, or any other person as a result of the establishment of a PA 529 GSP Account, and that none of such parties assumes any risk or liability for funds contributed to the PA 529 GSP.

10. I understand that I have no authority to direct the investment of any contributions made to the PA 529 GSP Account and that, while I may move my contributions and any growth to other 529 plans, including the PA 529 IP, and between PA 529 GSP Accounts, without incurring federal and/or Pennsylvania tax consequences and penalties, there are restrictions and limitations on my doing so.

11. I acknowledge and agree that no PA 529 GSP Account may be used as collateral for any loan. Any attempted use of a PA 529 GSP Account as collateral for a loan shall be void.

12. I acknowledge and agree that I may not assign or transfer any interest in any PA 529 GSP Account except as provided in the Contract or as required by law (including transfers of record ownership from a custodian of an Account established for a minor under UGMA or UTMA when the minor reaches the age of majority). Any other attempted assignment or transfer of such interest shall be void.

13. I acknowledge and agree that the PA 529 GSP is established and maintained by the Commonwealth and the Department pursuant to the Enabling Law and other applicable laws and is intended to qualify for certain federal income tax consequences under Section 529 of the Internal Revenue Code. I further acknowledge that such federal and state laws are subject to change, sometimes with retroactive effect, and that none of the Commonwealth, the Department, the PA 529, the PA 529 GSP, the GSP Fund, contractor, or any advisor, consultant, or other entity retained by any such party makes any representation that such state or federal laws will not be changed or repealed or that the terms and conditions of the PA 529 GSP will remain as currently described in the Contract.

14. I certify that all information provided by me or on my behalf in the enrollment form, any supplement thereto, or to any other portion of the PA 529 GSP Plan Contract, and in any documents, notices, or certifications delivered under the PA 529 GSP Plan Contract, is and will be true and correct. I will promptly notify the PA 529 GSP of any changes to any such information.

15. I understand and acknowledge that there is no guarantee or commitment whatsoever from the Commonwealth of Pennsylvania, the Department, the PA 529, the PA 529 GSP, or any other person or entity that (a) actual education expenses will be equal to projections and estimates provided by the PA 529 GSP, (b) the Beneficiary will be admitted to any institution (including an Eligible Educational Institution), (c) upon admission to an institution, the Beneficiary will be permitted to continue to attend, (d) upon admission to an institution, state residency will be created for tuition, tax, financial aid eligibility, or any other purpose for the Beneficiary, (e) the Beneficiary will graduate or receive a degree from any institution, or (f) contributions and investment returns in this Account will be sufficient to cover the Qualified Education Expenses of the Beneficiary even if they meet or exceed the Maximum Contribution Limit.

16. To the extent, if any, that I am entering into the Contract in a representative or fiduciary capacity, I have full power and authority to enter into and perform the Contract.

17. I understand that I may cancel the Contract at any time by written notice to the PA 529 GSP and that if, in doing so, I take a Qualified Withdrawal or Non-qualified Withdrawal, the provisions governing those will be applicable.

18. I understand that any contractor engaged by the Department or the PA 529 GSP in fulfillment of its powers and duties under the Enabling Law is a third-party beneficiary of my statements, agreements, representations, warranties, and covenants in the Contract.

19. I recognize that the establishment of any PA 529 GSP Account will be based upon my statements, agreements, representations, warranties, and covenants set forth in the Contract, and I agree to indemnify and hold harmless the Commonwealth, the Department, the GSP Fund, the PA 529, the PA 529 GSP, a contractor, and any representatives or contractors of any such party from and against any and all loss, damage, liability, or expense, including costs of reasonable attorney's fees, to which they may be put or which they may incur by reason of, or in connection with, any misstatement or misrepresentation made by me or a Beneficiary, any breach by me of the acknowledgments, representations, or warranties contained in the PA 529 GSP Participation Agreement, any failure to fulfill any covenants or agreements set forth herein, or any action taken by such party in accordance with the terms of the Contract. If the indemnification provided for in this paragraph is unavailable, in whole or in part, or is insufficient to hold an indemnitee harmless, then I agree to contribute to the amount paid or payable by the indemnitee in such proportion as is appropriate to reflect the relative benefits received by the indemnitee and me in connection with my PA 529 GSP Account(s) or, if such allocation is not permitted by applicable law, in such proportion to reflect not only the relative benefits received but also the relative fault of the indemnitee and me. The relative benefits received by a party shall be the total revenue derived by each party from the transaction(s) underlying the claim subject to indemnification or contribution. The relative fault shall be determined by reference to the act or acts committed by each party in the transaction(s) underlying the claim subject to indemnification or contribution and the parties' relative intent, knowledge, access to information, and opportunity to prevent or correct the act or acts committed by each party in the transaction(s) underlying the claim subject to indemnification or contribution. All of my statements, representations, warranties, or covenants, and this paragraph, shall survive the termination of the Contract.

20. I acknowledge and agree that the PA 529 GSP may at any time, and from time to time, be suspended or terminated. But, except as otherwise expressly provided herein, the Account may not be diverted from me or my Beneficiary's exclusive benefit. Nothing contained in the Contract shall constitute an agreement or representation by the Department, the PA 529, the PA 529 GSP, or any other party that the PA 529 GSP will be maintained indefinitely. Any amendments to statutes or regulations governing the PA 529 GSP automatically amend the Contract, and any amendments to operating procedures and policies of the PA 529 GSP will amend the Contract when such amendments become effective. Nothing in the Enabling Law or the PA 529 GSP Plan Contract may be construed to give a Beneficiary any rights or legal interest in a PA 529 GSP Account unless the Beneficiary is also the Account Owner.

21. All factual determinations regarding Resident Status, a Beneficiary's Disability, Family Members, Material Misrepresentations, and any other factual determinations regarding the Contract will be at the sole discretion of the Department or the PA 529 GSP.

22. The Contract will be construed in accordance with the laws of the Commonwealth of Pennsylvania.

23. In the event that any clause or portion of the Contract is found to be invalid or unenforceable by a court of competent jurisdiction, at the option of the Department or the PA 529 GSP, the Contract may be deemed void, or that clause or portion found to be invalid will be severed from the Contract and the remainder of the Contract will continue in full force and effect as if such clause or portion had never been included.

24. Any controversy or claim arising out of or relating to the PA 529 GSP or the Enrollment Application, or the breach, termination, or validity of the Guaranteed Savings Plan or the Enrollment Application, to the extent allowed under the Commonwealth's statutory waiver of Sovereign Immunity, shall be brought via a Petition for Review before a Pennsylvania Treasury Hearing Officer. A Petition for Review may be filed with the Prothonotary of the Pennsylvania Treasury Department via email at prothonotary@patreasury.gov or via mail at:

    Prothonotary
    Office of Chief Counsel
    Pennsylvania Treasury Department
    127 Finance Building
    Harrisburg, PA 17120

    Please be advised email is preferred.

If you file a Petition for Review, an administrative hearing will be scheduled with a Treasury hearing officer. You may present your case pro se (represent yourself) or have an attorney represent you at the hearing. Petitions must contain your GSP account number and the following information:

1. The petitioner's name, address, and telephone number (where you can be reached between 9:00am and 5:00pm).
2. The name, address, and telephone number of the authorized representative, if any.
3. A detailed statement in separately numbered paragraphs of the facts and grounds relied upon. If based upon a written document, a copy of document, or material part of the document shall be attached.
4. A statement specifying the relief to which the petitioner deems itself entitled, which shall cite the legal authority relied upon.
5. A statement that either (A) a hearing is requested or (B) the right to a hearing is waived and the petitioner is resting the case on the petition and record, with or without a brief.
6. A signed statement certifying that the facts contained in the petition are true and correct to the petitioner's knowledge and belief, and that the petition is not made for purposes of delay.

If the matter is not able to be resolved by a Pennsylvania Treasury Hearing Officer, I understand that I may appeal to the Commonwealth Court of Pennsylvania

Pennsylvania 529 Guaranteed Savings Plan
Room G-06
613 North Drive
Harrisburg, PA 17120-0600

Processing Center
P.O. Box 55463
Boston, MA 02205-8114

PA529.com
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1.800.440.4000