

# State of Tennessee

## Achieving a Better Life Experience Program

### (“ABLE TN”)



A program of the  
Tennessee Treasury Department  
David H. Lillard, Jr., State Treasurer

### **DISCLOSURE BROCHURE**

Dated: March 15, 2017

OFFERED BY: STATE OF TENNESSEE DEPARTMENT OF TREASURY ON BEHALF  
OF ABLE TN

MANAGED BY: STATE OF TENNESSEE DEPARTMENT OF TREASURY

**The information and opinions in this Disclosure Brochure are subject to change without notice, and neither delivery of this Disclosure Brochure nor any sale made hereunder shall create, under any circumstances, any implication that no change has occurred in the affairs of the State of Tennessee Achieving a Better Life Experience Program since the date of this Disclosure Brochure.**

## TABLE OF CONTENTS

|  |    |
|--|----|
| KEY FEATURES OF THE PROGRAM .....                              | 5  |
| GLOSSARY OF COMMON TERMS .....                                 | 10 |
| OVERVIEW .....   | 14 |
| PROGRAM ADMINISTRATION .....                                   | 14 |
| PROGRAM AND INVESTMENT RISKS .....                             | 15 |
| Risk of Investment Loss .....                                  | 15 |
| Tax Risk .....   | 15 |
| Risk of Impact on Means-Tested Federal Benefits .....          | 15 |
| Risk of Medicaid Claims .....                                  | 16 |
| Risk of Program Changes .....                                  | 16 |
| Investment Option Risks .....                                  | 17 |
| OPENING AN ACCOUNT .....                                       | 17 |
| Designated Beneficiary .....                                   | 18 |
| Legal Representative .....                                     | 18 |
| Disability Certification .....                                 | 19 |
| CONTRIBUTING TO AN ACCOUNT .....                               | 19 |
| Contribution Minimum .....                                     | 19 |
| Contribution Restrictions .....                                | 20 |
| Contribution Methods .....                                     | 20 |
| INDIVIDUALIZED EDUCATION ACCOUNT .....                         | 23 |
| INVESTMENT STRATEGIES AND OVERVIEW OF INVESTMENT OPTIONS ..... | 23 |
| Right to Change Investment Options .....                       | 24 |
| Investment Options .....                                       | 24 |
| TRANSACTION PROCESSING AND ACCOUNT VALUATION .....             | 26 |
| EXPENSES AND FEES .....  | 27 |
| Estimated Investment Option Expenses .....                     | 27 |
| Program Management Fee .....                                   | 27 |
| Subsidy .....  | 28 |
| EXPENSES AND FEES TABLE .....                                  | 29 |
| INVESTMENT PERFORMANCE .....                                   | 30 |
| ACCOUNT MAINTENANCE .....                                      | 32 |
| Updating General Account Information .....                     | 32 |
| Updating Bank Account Information .....                        | 32 |
| Changing a Beneficiary .....                                   | 32 |
| Changing a Legal Representative .....                          | 33 |
| Change in Eligibility Status of a Designated Beneficiary ..... | 33 |

|   |           |
|---|-----------|
| Third-Party Access and Authorization.....                                     | 33        |
| Transfers to a Member of the Family.....                                      | 33        |
| <b>TYPES OF WITHDRAWALS.....</b>  | <b>34</b> |
| Qualified Withdrawal.....   | 34        |
| Non-Qualified Withdrawal.....   | 34        |
| Special Circumstances Non-Qualified Withdrawals.....                          | 34        |
| Program-to-Program Transfer.....  | 35        |
| Qualified Rollover Withdrawal.....  | 35        |
| <b>REQUESTING A WITHDRAWAL.....</b>   | <b>36</b> |
| <b>IRS FORM 1099-QA and Form 5498-QA.....</b>                                 | <b>37</b> |
| <b>COMMUNICATIONS, CONFIRMATIONS AND STATEMENTS.....</b>                      | <b>37</b> |
| <b>TAX CONSIDERATIONS.....</b>  | <b>37</b> |
| Federal Tax Considerations.....   | 38        |
| Gift, Estate and Generation-Skipping Transfer Tax Considerations.....         | 38        |
| State Tax Considerations.....   | 38        |
| <b>ACCOUNT CLOSURE.....</b>   | <b>39</b> |
| Voluntary Closure.....  | 39        |
| Inactive or Zero Balance Accounts.....  | 39        |
| Account or Program Termination.....   | 39        |
| <b>ADDITIONAL MATTERS.....</b>  | <b>40</b> |
| Prohibited Transactions.....  | 40        |
| Certain Protection from Creditors.....  | 40        |
| Financial Statements and Periodic Audits.....                                 | 40        |
| <b>APPENDIX A – UNDERLYING MUTUAL FUNDS AND INTEREST BEARING ACCOUNT.....</b> | <b>41</b> |
| Primary Investment Option Risks.....  | 47        |
| Summary Table of Primary Investment Option Risks.....                         | 49        |

This page sets forth certain legal matters relating to the State of Tennessee Achieving a Better Life Experience Plan (“ABLE TN” or “Program”). Terms not otherwise defined below are defined in the Glossary of Common Terms on page 10. The securities offered under the Program have not been, and will not be, registered under the Securities Act of 1933, any state or other securities laws pursuant to exemptions from registration available for obligations issued by a public instrumentality of a state. This Disclosure Brochure does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in any state or other jurisdiction where, such offer or solicitation is unlawful or unauthorized.

No individual or entity has been authorized to give any information or to make any representation concerning the Program other than the information contained in this Disclosure Brochure and, if given or made, such information or representation must not be relied upon as having been authorized by the Program or the Trustees.

**Qualified ABLE Programs offered by other states may offer tax or other benefits to taxpayers or residents of those states that are not available with regard to ABLE TN. Taxpayers or residents of other states should consider such state tax treatment and other benefits, if any, before making an investment decision.**

Qualified ABLE Programs, such as ABLE TN, are intended to be used only to save for Qualified Disability Expenses. This Program is not intended to be used, nor should it be used, for evading federal or state taxes or tax penalties. Taxpayers should seek tax advice from an independent tax professional based on their own particular circumstances.

**Notice: Accounts and their earnings, if any, established under ABLE TN are neither insured nor guaranteed (full faith and credit or otherwise) by, and do not have recourse to, the state of Tennessee, the Tennessee State Treasurer, the Program, other state agencies, federal government agencies or any employees or directors of any such entities, unless otherwise expressly stated herein.**

The Designated Beneficiary will own Units of Interest in investment portfolios established by the State of Tennessee Department of Treasury for the Program, not direct shares of the underlying Mutual Funds or interest in the Interest Bearing Account related to, as applicable, the Investment Option(s) selected. Such Units of Interest are offered subject to the right of the Trustees or the Tennessee Department of Treasury to reject any purchase in whole or in part. **Before investing, carefully consider the Program’s investment objectives, risks, fees and expenses. This information and more about the Program may be found in this Disclosure Brochure, which should be read fully and carefully before investing.**

It is your responsibility, as the Designated Beneficiary or, if applicable, the Legal Representative, to select one or more of the predefined Investment Options within the Program that suits the needs of the Designated Beneficiary. Before selecting an Investment Option, you should carefully consider the Designated Beneficiary’s risk tolerance, investment horizon, savings goals and overall investment objectives. You should also carefully consider the investment risks associated with each Investment Option.

Protecting the privacy of your personal information is important to ABLE TN and ABLE TN recognizes its obligation to keep the personal information about any person obtained in connection with an ABLE TN Account secure and confidential. ABLE TN’s concern for privacy extends to those Designated Beneficiaries who use ABLE TN’s website, [www.AbleTN.gov](http://www.AbleTN.gov). Personal information that ABLE TN may collect from the Designated Beneficiary or a Designated Beneficiary’s Legal Representative may include, among other things, the Designated Beneficiary’s or the Legal Representative’s U.S. Social Security Number, Taxpayer Identification Number, or date of birth. Pursuant to Tennessee Code Annotated §71-4-812, ABLE TN cannot disclose personal information about the Designated Beneficiary, the Legal Representative or any other person obtained in connection with an ABLE TN Account to anyone, except as permitted by the provisions thereunder. ABLE TN, through the State of Tennessee, maintains physical, electronic and procedural safeguards that comply with applicable regulations to secure personal information. Because the State is required by the Code to submit electronic statements on a monthly basis to the Social Security Administration on relevant distributions and account balances from all ABLE TN Accounts, information, including, but not limited to, the Designated Beneficiary’s social security number and date of birth will be transmitted to the Social Security Administration.

**ABLE TN, the Trustees and the Department of Treasury and its employees are not authorized to provide legal, financial or tax advice. Prospective and existing Designated Beneficiaries should consult their personal legal, tax or other advisors for inquiries specific to their circumstances.** For more information about the Program, contact: ABLE TN, P.O. Box 190637, Nashville, TN 37219; (855) 922-5386; [www.AbleTN.gov](http://www.AbleTN.gov); [email: ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)

## KEY FEATURES OF THE PROGRAM

Charts, graphs and examples are provided for illustrative purposes only. Before investing, please review the full Disclosure Brochure, which contains more information about ABLE TN and its risks. For more information, contact: ABLE TN, P.O. Box 190637, Nashville, TN 37219; (855) 922-5386; [www.AbleTN.gov](http://www.AbleTN.gov); email: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)

| Feature                           | Description  | Additional Disclosure |
|-----------------------------------|--|-----------------------|
| Program Administrator and Manager | State of Tennessee Department of Treasury.   | Page 14               |
| Designated Beneficiary            | <p>An individual who either:</p> <ul style="list-style-type: none"> <li>(i) is entitled to benefits based on blindness or disability under title II or XVI of the Social Security Act (42 U.S.C. §§ 401-425 and 42 U.S.C. § 1381 et seq.), provided such blindness or disability occurred before the individual attained age twenty-six (26), or</li> <li>(ii) has filed a Disability Certification as described in this Disclosure Brochure.</li> </ul> <p>Such individual must have a valid Social Security Number and a U.S. mailing and legal address. To the extent that the Designated Beneficiary has a Legal Representative, the Legal Representative may need to provide this information as well as any other information requested by Program staff. To the extent the Designated Beneficiary is a minor, the Designated Beneficiary must have a Legal Representative.</p> <p><b>A Designated Beneficiary can maintain only one (1) Qualified ABLE Program Account at a time, regardless of residency or where the Account is maintained.</b></p> | Page 18               |
| Legal Representative              | <p>An individual who or entity that may neither have nor acquire any beneficial interest in an ABLE Account during the lifetime of the Eligible Individual, but can act on behalf of and for the benefit of a Designated Beneficiary for the purpose of establishing, maintaining, directing transactions in, and terminating an ABLE TN Account.</p> <p>A Legal Representative shall include (i) an individual who is at least eighteen (18) years of age at the time an Account is opened, or an entity, with a power of attorney, (ii) if there is no such individual or entity, a parent or legal guardian and (iii) any other individual or entity that the Program determines may act as a legal representative of the Designated Beneficiary under applicable law and regulations.</p> <p>Unless otherwise determined by the Program in compliance with applicable law and regulations, an Account can have only one (1) Legal Representative.</p>  | Page 18               |
| Minimum Initial Contribution      | The minimum initial Contribution amount is twenty-five dollars (\$25.00) for each Investment Option selected by a Designated Beneficiary, or, if applicable, Legal Representative.   | Page 19               |

| Feature (cont.)           | Description   | Additional Disclosure |
|---------------------------|---|-----------------------|
| Contribution Restrictions | For the 2016 taxable year, the total annual Contributions to an Account, excluding amounts received in a Qualified Rollover Withdrawal or Program-to-Program Transfer, must not exceed fourteen thousand dollars (\$14,000.00); and the lifetime Contribution limitation for ABLE TN is set at three hundred fifty thousand dollars (\$350,000.00).   | Page 20               |
| Withdrawals               | <p>Each Contribution will be subject to a ten (10) calendar day hold before the monies are eligible for Withdrawal, with the distribution amount being paid within a maximum of sixty (60) days after receipt of the Withdrawal request. Because the sixty (60)-day timeframe for Withdrawals is the maximum amount of time that ABLE TN could utilize to make a distribution, ABLE TN may, and in the ordinary course of business, expects to make a distribution within a shorter period of time.</p> <p>Only a Designated Beneficiary, or, if applicable, Legal Representative, or a duly authorized Agent of the Designated Beneficiary or Legal Representative, may withdraw monies from an Account and it is a Designated Beneficiary's, or, as applicable, Legal Representative's responsibility to substantiate the application and tax treatment of a Withdrawal.</p>  | Page 34               |
| Tax Considerations        | <p>Any earnings grow on a tax-deferred basis for federal income tax purposes. The earnings portion, if any, of Withdrawals used to pay for Qualified Disability Expenses is tax-free at the federal level. The earnings portion, if any, of a Non-Qualified Withdrawal is subject to federal taxes and, except in the case of a Special Circumstances Non-Qualified Withdrawal, a ten percent (10%) federal tax penalty. The earnings portion of a Designated Beneficiary's Withdrawals, if any, that exceed the Designated Beneficiary's Qualified Disability Expenses for the applicable tax reporting period will be included in the Designated Beneficiary's gross income and subject to federal income tax. Designated Beneficiaries should seek tax advice from an independent tax professional based on their own particular circumstances.</p> <p><b><i>For additional information about IRS treatment of Qualified ABLE Programs, visit: <a href="https://www.irs.gov/uac/About-Publication-970">https://www.irs.gov/uac/About-Publication-970</a></i></b></p> | Page 37               |

| Feature (cont.)                         | Description   | Additional Disclosure                           |
|---|---|---|
| Impact on Means-Tested Federal Benefits | <p>For the purpose of determining the Designated Beneficiary’s eligibility to receive, or the amount of, any assistance or benefit that is subject to means-testing under federal law, any amount (including earnings) in an ABLE TN Account, any Contributions to the ABLE TN Account, and any Withdrawal for Qualified Disability Expenses is disregarded, with the following exceptions applicable to benefits under the federal Supplemental Security Income (SSI) program:</p> <p>(1) a Withdrawal for housing expenses (as defined under the Code) is not disregarded even though it is a Qualified Disability Expense, and</p> <p>(2) any amount in excess of one hundred thousand dollars (\$100,000.00) in an ABLE TN Account is considered a resource of the Designated Beneficiary.</p> <p>However, if a Designated Beneficiary’s SSI benefits are suspended solely because of excess resources of the individual attributable to an amount in the Designated Beneficiary’s ABLE TN Account, such suspension of SSI benefits shall not affect the Designated Beneficiary’s Medicaid eligibility.</p> <p><u>Risk of Reduced, Suspended or Canceled Aid or Assistance:</u> Account balances exceeding one hundred thousand dollars (\$100,000), and Non-Qualified Withdrawals or Withdrawals for housing expenses as defined under the Code that have not been expended by the Designated Beneficiary by the end of the month in which the Withdrawal occurs, will be considered a resource of the Designated Beneficiary for purposes of the Supplemental Security Income program under title XVI of the Social Security Act.</p> | Pages 15-16                                     |
| Program and Investment Risks            | <p><b><u>Risk of Investment Loss:</u> As with any investment, it is possible to lose money by investing in this Program. The value of an Account will fluctuate and it is possible for the value to be less than what was contributed.</b></p> <p><u>Reallocation Restrictions:</u> A Designated Beneficiary or, as applicable, Legal Representative, may select one or more of the predefined Investment Options. Changes to the current allocation of Account assets may be made twice (2) per calendar year and upon any change in a Designated Beneficiary.</p> <p><u>Risk of Program Changes:</u> The Trustees, Department of Treasury or the Program, in their sole discretion, reserve the right to change the program management fee and reserve the right to place restrictions on the Subsidy, including, but not limited to, the right to restrict the Subsidy to Tennessee residents, or otherwise eliminate, reduce or reallocate the Subsidy, at any time. There is no guarantee of future appropriations for such purpose or that the Program will continue to subsidize the expenses and fees, in whole or in part, through an appropriation, or otherwise, in the future.</p>  | <p>Pages 15</p> <p>Pages 24</p> <p>Pages 16</p> |

| Feature (cont.)                             | Description  | Additional Disclosure                             |
|---|--|---|
| <p>Program and Investment Risks (cont.)</p> | <p><u>Tax Risk:</u> The favorable tax treatment of investments under the Program depends on qualification of the Program as a “qualified ABL program” under the Code. The IRS has not issued final regulations regarding the requirements for such qualification, and the Program has not obtained a ruling from the IRS as to its status as a Qualified ABL Program. Furthermore, from time to time, there may be changes to federal and state tax laws, the Code, the Statute or the Rules that may require changes in the terms and conditions of this Program in order to maintain its status as a Qualified ABL Program, or that may reduce tax benefits associated with an ABL TN Account.</p> <p><u>Risk of Medicaid Claims:</u> Upon the death of a Designated Beneficiary, and upon the payment of all outstanding claims, all amounts remaining in an ABL Account, up to an amount equal to the total medical assistance paid for the Designated Beneficiary after the establishment of an ABL Account, net of any premiums paid by or on behalf of the Designated Beneficiary to a Medicaid Buy-In program under any state Medicaid plan, may be claimed by the applicable state and, if so claimed, must be distributed by the Program to the claiming state.</p> <p>No consent by the Designated Beneficiary or the Designated Beneficiary’s Legal Representative is required in connection with any changes to the Program.</p> <p><u>Investment and Performance Risk:</u> The investment performance of each Investment Option will vary from the investment performance of any other Investment Option and from prior investment performance of the applicable Investment Option due to, among other factors, different fees, expenses, Subsidies, and the investment performance of the Mutual Fund or Interest Bearing Account (“IBA”) in which the applicable Investment Option is invested. Furthermore, the overall performance of an Account will vary based on the allocations to Investment Options chosen by a Designated Beneficiary, or, as applicable, Legal Representative.</p> <p>Money contributed to an Account is subject to various investment risks associated with the underlying Mutual Funds or IBA in which the Investment Option(s) is/are selected by a Designated Beneficiary, or Legal Representative, invest(s). <b>Designated Beneficiaries or, if applicable, Legal Representative, should review <a href="#">Appendix A</a> for additional information related to the investment risks of the underlying Mutual Fund(s) or IBA. A Designated Beneficiary or, as applicable, Legal Representative, should request and read the prospectus and additional information provided by the underlying Mutual Fund(s) associated with any Investment Option(s) to which a Designated Beneficiary or, as applicable, Legal Representative, is considering allocating Contributions.</b> During any particular period, the risks and earnings, if any, under any particular Investment Option may vary from the risks and earnings, if any, under any other Investment Option(s).</p> | <p>Page 15</p> <p>Page 16</p> <p>Pages 23, 27</p> |



| <b>Feature (cont.)</b>               | <b>Description</b>  | <b>Additional Disclosure</b> |
|--------------------------------------|---|------------------------------|
| Program and Investment Risks (cont.) | The Program may change the underlying investment of an Investment Option, discontinue an Investment Option, or consolidate Investment Options without the consent of a Designated Beneficiary or the Designated Beneficiary's Legal Representative. When feasible and appropriate, the Department of Treasury intends to provide reasonable notice to Designated Beneficiaries, or, if applicable, Legal Representatives, regarding any material Program changes. |                              |

## GLOSSARY OF COMMON TERMS

As used in this Disclosure Brochure, the capitalized terms shall have the meaning set forth below:

**ABLE TN** – a program designed to constitute a Qualified ABLE Program, developed as a way for individuals to save and invest private funds for Qualified Disability Expenses of a Designated Beneficiary. *See also Program.*

**Account** – an account established for, and owned by an Eligible Individual who is the Designated Beneficiary of the Account, and maintained under ABLE TN for payment of the Designated Beneficiary’s Qualified Disability Expenses.

**Agent** – an individual authorized to enter into agreements or take other actions for or on behalf of an individual, institution or minor. A Legal Representative is a type of Agent who/that may act on behalf of a Designated Beneficiary. While a Designated Beneficiary can have only one (1) Legal Representative with full and complete authority over his/her ABLE TN Account, a Designated Beneficiary may have one or more Agent(s) with lesser authority over his/her ABLE TN Account.

**Business Day** – generally, any day on which (i) the New York Stock Exchange (“NYSE”) and (ii) the Department of Treasury are open for regular business activity.

**Code** - Section 529A of the Internal Revenue Code of 1986, codified in 26 U.S.C. §529A, as amended from time to time, and all rules, regulations, notices, interpretations and guidance released by the United States Treasury, including the Internal Revenue Service. *For additional information about the Code, visit [http://uscode.house.gov/view.xhtml?req=\(title:26%20section:529A%20edition:prelim\)](http://uscode.house.gov/view.xhtml?req=(title:26%20section:529A%20edition:prelim))*

**Contribution** – contributed monies directly allocated to an Account that have been processed and deemed complete and in good order by the Program. Contributions are affected through a purchase of Units of Interest under the applicable Investment Option.

**Department of Treasury** – collectively, the Tennessee State Treasurer and the State of Tennessee Department of Treasury. *For additional information about the Department of Treasury, visit <http://treasury.tn.gov/index.html>.*

**Designated Beneficiary** – an Eligible Individual, who has established, owns and benefits from an Account. *See also Eligible Individual.*

**Disability Certification** – a “disability certification” as defined in the Code and further qualified by the Social Security Administration and Internal Revenue Service. *See also Code, Internal Revenue Service, and Social Security Administration.*

**Eligible Individual** – an individual (i) who is entitled to benefits based on blindness or disability under title II or XVI of the Social Security Act (42 U.S.C. §§ 401-425 and 42 U.S.C. § 1381 et seq.), provided such blindness or disability occurred before the individual attained age twenty-six (26), or (ii) with respect to whom a Disability Certification has been filed with the United States Department of the Treasury. Under proposed regulations issued by the IRS, the filing of a Disability Certification with the Program satisfies the requirement that the Disability Certification be filed with the United States Department of the Treasury. *See also Designated Beneficiary.*

**Federal Deposit Insurance Corporation (“FDIC”) Insurance Coverage** – the insurance that covers deposit accounts, up to applicable limits, held at FDIC insured banks and savings associations. *For additional information, including insurance amounts and limitations, visit the FDIC’s website, [www.fdic.gov](http://www.fdic.gov), or contact the FDIC at 1-877-ASK-FDIC.*

**IEA Contribution** – Money from a Designated Beneficiary’s IEA account deposited into a Designated Beneficiary’s ABLE TN Account that have been processed and deemed complete and in good order by ABLE TN. IEA Contributions

are restricted in that they may only be used for the Designated Beneficiary's educational expenses that are also Qualified Disability Expenses. *See also Individualized Education Account.*

**IEA Withdrawal** – funds distributed from an ABLE TN Account to pay for a Designated Beneficiary's educational expenses that are also Qualified Disability Expenses. IEA Withdrawals are restricted in that the withdrawn funds may only be used for the Designated Beneficiary's educational expenses that are also Qualified Disability Expenses. *See also Individualized Education Account.*

**Individualized Education Account (“IEA”)** – An account established pursuant to the State of Tennessee Individualized Education Act, Title 49, Chapter 10, Part 14 of the Tennessee Code Annotated, and administered by the State of Tennessee Department of Education. *For additional information about the IEA program or IEA funds, visit <https://www.tn.gov/education/section/iea> or contact the State of Tennessee Department of Education IEA Team at 615-253-3781.*

**Interest Bearing Account (“IBA”)** – an underlying deposit account established by the Department of Treasury at a financial institution for assets of the TN First Tennessee Interest Bearing Account Investment Option, which deposit account accrues interest at a rate established by the financial institution.

**Internal Revenue Service (“IRS”)** – a bureau of the U.S. Department of Treasury organized to carry out the responsibilities of the U.S. Secretary of the Treasury, including the administration and enforcement of the internal revenue laws of the United States. *For additional information about the IRS, visit <https://www.irs.gov/>*

**Investment Option** – a specific portfolio established by the Department of Treasury for Program assets invested by the Department of Treasury in a particular Mutual Fund or IBA. A Designated Beneficiary or, as applicable, Legal Representative, selects and determines the allocation of a Contribution, and/or subject to certain limitations the reallocation from time to time of ABLE TN Account assets, to one or more of the predefined Investment Options available under the Program. Collectively, the Investment Options represent the investment portfolios of the Program as established by the Department of Treasury under the direction of the Trustees.

**Legal Representative** – an individual who or entity that may neither have nor acquire any beneficial interest in an ABLE TN Account during the lifetime of the Eligible Individual, but can act on behalf of and for the benefit of a Designated Beneficiary for the purpose of establishing, maintaining, directing transactions in, and terminating an ABLE TN Account. A Legal Representative shall include (i) an individual who is at least eighteen (18) years of age at the time an Account is opened, or an entity, with a power of attorney, (ii) if there is no such individual or entity, a parent or legal guardian and (iii) any other individual or entity that the Program determines may act as a Legal Representative of the Designated Beneficiary under applicable law and regulations. Unless otherwise determined by the Program in compliance with applicable law and regulations, an Account can have only one (1) Legal Representative. A Designated Beneficiary can have only one (1) Legal Representative with full and complete authority over his/her ABLE TN Account; however, , a Designated Beneficiary may have one or more Agent(s) with lesser authority over his/her ABLE TN Account.

**Member of the Family** – for purposes of Section (e)(4) of the Code and the Program, a “Member of the Family” is defined as an individual who bears one or more of the following relationships to the original Designated Beneficiary: a brother, sister, stepbrother, stepsister, half-brother or half-sister.

**Mutual Fund** - an investment company registered under the investment Company Act of 1940 that pools money from many investors and invests the money in stocks, bonds, money-market instruments, other securities or cash. Mutual Funds are a common type of investment used in Qualified ABLE Programs. *For additional information about Mutual Funds, visit <http://www.sec.gov/answers/mutfund.htm>.*

**Non-Qualified Withdrawal** - monies distributed from a Qualified ABLE Program Account that are not used for Qualified Disability Expenses. The earnings portion of this type of Withdrawal will be treated as income to the Designated Beneficiary and taxed at the Designated Beneficiary's tax rate. In addition, a ten percent (10%) federal tax penalty applies to the earnings portion, if any, of a Non-Qualified Withdrawal. A Non-Qualified Withdrawal does not include a Special Circumstances Non-Qualified Withdrawal, Qualified Rollover Withdrawal, Program-to-Program Transfer or IEA Withdrawal from an ABLE TN Account.

**Participation Agreement** – a portion so designated in the enrollment application as received and accepted by the Program, which incorporates the Program’s terms and requirements described in this Disclosure Brochure, as revised or replaced from time to time, and the terms and requirements of the Statute, the Program Rules, the Program’s operating procedures and all other applicable laws and regulations.

**Program** – *see ABLE TN.*

**Program-to-Program Transfer** – a direct transfer of (i) the entire balance of a Qualified ABLE Program Account into an Account of the same Designated Beneficiary in a different Qualified ABLE Program (following which the Account from which the transfer is made is closed), or (ii) part or all of the balance of a Qualified ABLE Program Account to a Qualified ABLE Program Account of another Eligible Individual who is a Member of the Family of the former Designated Beneficiary, without an intervening Qualified Rollover Withdrawal.

**Qualified ABLE Program** – also referred to as a Qualified Achieving a Better Life Experience Program, a tax-advantaged, disability expense program authorized under the Code. *For additional information about IRS treatment of a Qualified ABLE Program, visit: <https://www.irs.gov/government-entities/federal-state-local-governments/tax-benefit-for-disability-irc-section-529a>*

**Qualified Disability Expenses** – as defined in the Code and proposed regulations issued by the IRS, expenses related to a Designated Beneficiary’s blindness and disability and generally include education; housing; transportation; employment training and support; assistive technology and personal support services; health; prevention and wellness; financial management and administrative services; legal fees; expenses for oversight and monitoring; funeral and burial expenses; and other expenses approved by federal rules and regulations. Qualified Disability Expenses include basic living expenses and are not limited to items for which there is a medical necessity or which solely benefit an individual with a disability. *For additional information about Qualified Disability Expenses, visit <https://www.irs.gov/government-entities/federal-state-local-governments/tax-benefit-for-disability-irc-section-529a>, <https://secure.ssa.gov/apps10/poms.nsf/lrx/0501130740> and [www.AbleTN.gov](http://www.AbleTN.gov).*

**Qualified Rollover Withdrawal**– monies distributed from a Qualified ABLE Program Account that are paid into another Qualified ABLE Program Account for the benefit of the same Designated Beneficiary or for an Eligible Individual who is a Member of the Family of the Designated Beneficiary, not later than the sixtieth (60<sup>th</sup>) day after the date of such distribution, provided that if the Designated Beneficiary of the new Account is the same as the Designated Beneficiary of the transferor account, such transfer occurs more than twelve (12) months after the date of a previous transfer to any Qualified ABLE program for the benefit of the Designated Beneficiary.

**Qualified Withdrawal** – monies distributed from a Qualified ABLE Program account to pay for a Designated Beneficiary’s Qualified Disability Expenses. Contributions and earnings, if any, of a Qualified Withdrawal are not subject to federal income tax.

**Redemption Value** – the cash value of a Withdrawal from an Account, consisting of the Net Asset Value of the Units of Interest in the applicable Investment Option redeemed to fund such Withdrawal, determined as of the close of the New York Stock Exchange on the Business Day on which the Withdrawal request is received by the Program, if such request is received prior to such close, and otherwise as of the close of the New York Stock Exchange on the following Business Day.

**Rules** – the Rules of the Department of Treasury for the Achieving a Better Life Experience Program codified as Chapter 1700-08 of the Official Compilation of the Rules and Regulations of the State of Tennessee, as amended from time to time. *For additional information about the Rules, visit <http://www.tennessee.gov/sos/rules/1700/1700.htm>*

**Social Security Administration (“SSA”)** – a federal agency of the United States responsible for distributing federal retirement and disability benefits to U.S. citizens. *For additional information, visit the SSA’s website, <https://www.ssa.gov/>, or contact the SSA at 800-772-1213.*

**Special Circumstances Non-Qualified Withdrawal** – pursuant to the Code, Statute and Rules, monies distributed from an Account to the Designated Beneficiary’s Legal Representative (or to the estate of a Designated Beneficiary) on or after the death of a Designated Beneficiary.

**Statute** – Title 71, Chapter 4, Part 8 of the Tennessee Code Annotated, as amended from time to time. *For additional information about the Statute, see: <http://share.tn.gov/sos/acts/109/pub/pc0470.pdf>*

**Subsidy** – the amount authorized by the State Treasurer by which the Program may monetarily offset, using such State appropriation as may be available at the time, a portion of the costs, fees and expenses incurred during the administration and management of an Investment Option of the Program (i.e. program management fee subsidy). There is no guarantee of future appropriations for such purpose or that the Program will continue to subsidize costs, fees and expenses, in whole or in part, through an appropriation or otherwise in the future, or that the methodology of allocation of any Subsidy to one or more Investment Options will not change in the future.

**Third-Party Contributor** – an individual or entity, other than a Designated Beneficiary, or Legal Representative, who/that contributes money or makes a payment to an Account. An Account can have more than one (1) Third-Party Contributor.

**Trustees** – the following officials of the State of Tennessee who serve, ex officio, as trustees of the Program: Commissioner of Finance and Administration; the Chair of the Finance, Ways and Means Committee of the Senate; the Chair of the Finance, Ways and Means Committee of the House of Representatives; and the State Treasurer.

**Units of Interest** – municipal fund securities, as defined by the Municipal Securities Rulemaking Board (“MSRB”), in the portfolio established by the Department of Treasury for the applicable Investment Option under the Program. The value of the Units of Interest as of any date of calculation is determined by reference to (i) the value of the assets of the applicable Investment Option, less the accrued and unpaid costs, fees and expenses after application of the applicable Subsidy, if any, relating to such Investment Option, divided by (ii) the number of Units of Interest in the applicable Investment Option. *For additional information on municipal fund securities, visit the MSRB’s website at [www.msrb.org](http://www.msrb.org).*

**Withdrawal** – any cash distribution from an Account, other than a Program-to-Program Transfer. A Withdrawal may be a full or partial disbursement and may be categorized as a Qualified Withdrawal, an IEA Withdrawal from an ABLE TN Account, a Qualified Rollover Withdrawal, a Special Circumstances Non-Qualified Withdrawal, or a Non-Qualified Withdrawal. Withdrawals are affected through a redemption or sale of Units of Interest.

## OVERVIEW

The information presented in this Disclosure Brochure is believed to be accurate as of the date printed on the cover page, but is subject to change without notice.

The Program is designed to constitute a Qualified ABLE Program and is offered by the State of Tennessee, acting through the Department of Treasury. The Program, ABLE TN, is established pursuant to the Code and authorized by Title 71, Chapter 4, Part 8 of the Tennessee Code Annotated. The Program is administered and managed by the State Treasurer and the Department of Treasury pursuant to the Statute.

Units of Interest offered and sold in connection with the Program are considered municipal fund securities for federal securities law purposes. **The Designated Beneficiary will own Units of Interest in portfolios established by the Department of Treasurer, and not direct shares of the underlying Mutual Fund(s) or interest in the IBA associated, as applicable, with any Investment Options(s) selected.** The Units of Interest have not been and will not be registered under the Securities Act of 1933, any state, or other securities laws pursuant to exemptions from registration available for obligations issued by a public instrumentality of a state.

This Disclosure Brochure, which constitutes the full and complete offering materials of the Program, includes [Appendix A](#), which provides information about the underlying Mutual Funds and IBA associated with the Investment Options available to Designated Beneficiaries in the Program. The Participation Agreement, which is included in the Program's enrollment application and executed by the Designated Beneficiary or the Legal Representative, incorporates the Program's terms and requirements described in this Disclosure Brochure, as revised or replaced from time to time, and the terms and requirements of the Code, Statute, Rules, Program's operating procedures and all other applicable laws and regulations. **Any future changes to this Disclosure Brochure or Participation Agreement or amendments to the Code, Statute, Rules or Program operating procedures are automatically incorporated into and deemed to amend the Participation Agreement.**

You may contact the Program to receive additional copies of this Disclosure Brochure and to ask any questions that you may have about the Program:

- Online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Email: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Phone: (855) 922-5386
- Fax: 615-401-6816
- Write: ABLE TN, P.O. Box 190637, Nashville, TN 37219
- Visit: ABLE TN, Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

## PROGRAM ADMINISTRATION

The Program is established by the State and is maintained and administered by the Department of Treasury pursuant to the Statute, Rules and the Code. The primary purpose of the Program is to establish a way for individuals to save and invest private funds for Qualified Disability Expenses of a Designated Beneficiary.

The Trustees are empowered under the Statute to develop a plan to carry out the purposes and objectives of the Program. The State Treasurer has the authority to establish and develop ABLE TN, including the implementation, administration, operation, marketing, investment options, customer service, and investment management services of the Program, in the form of a plan, as approved by the Trustees. The Statute provides for the powers and authorities of the State Treasurer that are necessary and convenient to carry out the purposes and objectives of ABLE TN.

The Department of Treasury operates all programs and activities free from discrimination on the basis of race, sex or any other classification protected by federal or Tennessee state law. Individuals who may require an alternative communication format should contact the Tennessee Department of Treasury Human Resources Title VI Coordinator at the Department of Treasury, Andrew Jackson Building, 13<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243; 615-741-4915.

## PROGRAM AND INVESTMENT RISKS

This Disclosure Brochure cannot and does not list every conceivable factor that may affect the results of investing in ABLE TN. Additional risks may arise and a Designated Beneficiary or, as applicable, Legal Representative, must be willing and able to accept those risks.

Furthermore, the Trustees make no representation concerning the appropriateness of any of the Investment Options as an investment for any Designated Beneficiary. Other types of investments may be more appropriate depending upon the Designated Beneficiary's residence, financial status, tax situation, risk tolerance, age or dependence on federal or state means-tested benefits. Other Qualified ABLE Programs are available, as are other investment alternatives. The investments, fees, expenses, eligibility requirements, tax and other consequences and features of these alternatives may differ from those available in the Program. Anyone considering investing in ABLE TN should consider these alternatives prior to opening an Account and should consult an independent tax professional or investment advisor.

### Risk of Investment Loss

**As with any investment, it is possible to lose money by investing in ABLE TN. The value of an Account is subject to fluctuation and it is possible for the value to be less than the amount contributed.**

It would be prudent for a Designated Beneficiary or, as applicable, Legal Representative, to review the available Investment Options, taking into consideration risk tolerance, investment horizon, savings goals, and overall investment objectives, as well as potential impact on eligibility for or the amount of federal or state means-tested benefits. If deemed appropriate by a Designated Beneficiary or, as applicable, Legal Representative, changes to the investment allocations may need to be made; however, restrictions may apply to reallocating investments. Prospective Designated Beneficiaries, and Legal Representatives, should carefully consider these and other matters discussed in this Disclosure Brochure.

### Tax Risk

The favorable tax treatment of investments in ABLE TN depends on qualification of the Program as a "qualified ABLE program" under the Code. The IRS has not issued final regulations regarding the requirements for such qualification. Furthermore, from time to time, there may be changes to the Code or other federal and state tax laws that may change the terms, conditions or benefits of the Program.

The timing or nature of any changes to or interpretations of existing laws and regulations governing the tax treatment of Accounts may affect the absolute and relative benefits of investment in ABLE TN.

When feasible and appropriate, the Department of Treasury intends to provide reasonable notice to Designated Beneficiaries, and Legal Representatives, regarding any material Program changes.

### Risk of Impact on Means-Tested Federal Benefits

In certain circumstances, an investment in a Qualified ABLE Program may be taken into consideration for purposes of determining the Designated Beneficiary's eligibility under various federal, state and other aid or assistance programs.

Amounts contributed to or held in, and Qualified Withdrawals from, an ABLE TN Account are treated favorably for purposes of a Designated Beneficiary's eligibility for benefits under federal means-tested programs. See <https://secure.ssa.gov/apps10/poms.nsf/lnx/0501130740>. However, in certain circumstances, an investment in a Qualified ABLE Program may be taken into consideration for purposes of determining the Designated Beneficiary's eligibility under various federal, state and other aid or assistance programs. Prospective Designated Beneficiaries or, as applicable, Legal Representatives, should consult an advisor or contact the federal or state agency or entity that administers a particular assistance program to determine how an Account will be treated and may impact eligibility and/or future benefits, aid or assistance.

For example, to the extent the balance of an Account exceeds, at any time, one hundred thousand dollars (\$100,000.00), such excess balance in the ABLE TN Account will be considered a resource of the Designated Beneficiary for purposes of

the Supplemental Security Income program under title XVI of the Social Security Act. As a result, the Designated Beneficiary's supplemental security income benefits may be suspended until such time that the ABLE TN Account falls under the one hundred thousand dollars (\$100,000.00) threshold. In addition, Non-Qualified Withdrawals, and Qualified Withdrawals for housing expenses (as defined under the Code) that are not expended by the end of the month in which the Withdrawal occurs, will be considered a resource of the Designated Beneficiary for purposes of the Supplemental Security Income program under title XVI of the Social Security Act. Prospective or actual Designated Beneficiaries, or, if applicable, their Legal Representatives, should consult an advisor or contact the Social Security Administration.

Amounts contributed to or held in, and Qualified Withdrawals from, an ABLE Account are disregarded for purposes of (i) eligibility requirements for receipt of Medicaid benefits imposed by federal law, and (ii) federal law provisions governing the amount of a Designated Beneficiary's Medicaid benefits. However, Non-Qualified Withdrawals are not disregarded. The Centers for Medicare and Medicaid have not yet provided guidance regarding the impact of Non-Qualified Withdrawals, including whether Non-Qualified Withdrawals expended by the end of the month in which the Withdrawal occurs may affect Medicaid eligibility.

### Risk of Medicaid Claims

Upon the death of a Designated Beneficiary, and after all outstanding payments due for Qualified Disability Expenses, all amounts remaining in an ABLE Account, up to an amount equal to the total medical assistance paid for the Designated Beneficiary after the establishment of an ABLE Account, net of any premiums paid by or on behalf of the Designated Beneficiary to a Medicaid Buy-In program under any state Medicaid plan, may be claimed by the applicable state and, if so claimed, must be distributed by the Program to the claiming state.

### Risk of Program Changes

The Trustees reserve the right to suspend or terminate the Program if the Trustees determine the Program is financially infeasible or is not beneficial to the citizens of the State or the State, itself. The State Treasurer reserves the right to change any aspect of the Program, including, but not limited to, the Program's fee structure; Investment Options, the types of securities, bank products or other investments used under any particular Investment Option; the amount of Program fees; fee subsidies; and to the extent applicable, program managers. The Trustees and the State Treasurer reserve the right to make such changes without prior notice to Designated Beneficiaries or Legal Representatives to meet the Program's objectives, to adjust for changes in appropriations to the Program, to comply with state and/or federal regulations or as otherwise necessary in the Trustees' or the State Treasurer's judgment. Furthermore, the Tennessee State Legislature may modify the Statute, which could result in changes to the Program or the elimination of the Program. No consent by Designated Beneficiaries or Legal Representatives is required for any such changes.

For fiscal year 2016 – 2017 (July 1, 2016 – June 30, 2017), the Tennessee State Legislature has authorized a Subsidy in order to offset the Program's expenses and the program management fee for each Account. **There is no guarantee of future State appropriations for such purpose or that the Program will continue to subsidize the costs, fees and expenses, in whole or in part, through an appropriation or otherwise in the future.** See page 27 for further information about Expenses and Fees, including a detailed explanation of the Subsidy.

When feasible and appropriate, the State Treasurer intends to provide reasonable notice to Designated Beneficiaries and Legal Representatives regarding any material Program changes.



## Investment Option Risks

Money contributed to an Account is subject to various investment risks associated with each Investment Option chosen by a Designated Beneficiary or, as applicable, Legal Representative. The risks associated with investing are numerous and include, but are not limited to:

- call and prepayment risk,
- country/regional and foreign risk,
- credit risk,
- currency and currency hedging risk,
- income risk,
- interest rate risk,
- investment style risk,
- manager risk,
- small- and mid-cap stock risk, and
- stock market risk.

**A Designated Beneficiary or, as applicable, Legal Representative should review [Appendix A](#) for additional information related to the investment risks of the underlying Mutual Fund(s) or IBA associated with the related Investment Option(s). A Designated Beneficiary or, as applicable, Legal Representative should request and read the prospectus and additional information provided by the underlying Mutual Fund(s) associated with any Investment Option(s) to which a Designated Beneficiary or, as applicable, Legal Representative is considering allocating Contributions.**

## **OPENING AN ACCOUNT**

**A Designated Beneficiary can have only one (1) Qualified ABLE Program Account at a time, regardless of residency or where the Account is maintained, with the exception that a Qualified ABLE Program Account may be established to receive a 1) Qualified Rollover Withdrawal if the Qualified ABLE Program account from which the Qualified Rollover Withdrawal is made is closed within sixty (60) days of such Withdrawal or 2) Program-to-Program transfer of the entire balance of an Qualified ABLE Program account in which the transferor account is closed when the transfer is completed.**

**Prior to opening an ABLE TN Account, Prospective Designated Beneficiaries or, as applicable, Legal Representatives, should consult their legal, financial, tax and other advisors.**

To open an ABLE TN Account, an enrollment application must be completed, signed by a Designated Beneficiary or, as applicable, Legal Representative, and submitted to ABLE TN with the minimum initial Contribution. The enrollment application may be obtained by

- Going online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Emailing: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Calling: (855) 922-5386
- Faxing: 615-401-6816
- Writing: ABLE TN , P.O. Box 190637, Nashville, TN 37219
- Visiting: ABLE TN , Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

A Designated Beneficiary or, as applicable, Legal Representative making IEA Contributions should use the designated IEA enrollment application and IEA forms; *see the Individualized Education Account section on page 23 for further information and restrictions.*

Submission of the completed enrollment application may be completed online, or via email, fax, or mail using the instructions provided above. Participation in the Program will be effective when the completed and fully executed enrollment application, along with the minimum initial Contribution, are received and accepted by the Program. The completed and signed enrollment application received and accepted by the Program is the contract between the Program and the Designated Beneficiary or Legal Representative for participation in ABLE TN. The enrollment application incorporates the Program's Participation Agreement, the Program's terms and requirements described in this Disclosure

Brochure, as revised or replaced from time to time, and the terms and requirements of the Code, Statute, Rules, the Program's operating procedures and all other applicable laws and regulations.

By completing and signing the enrollment application, a Designated Beneficiary or, as applicable, Legal Representative, agrees to and is bound by the terms and requirements described in this Disclosure Brochure, as revised or replaced from time to time, and by the terms and requirements of the Statute, Rules, Program's operating procedures, the Code and all other applicable laws and regulations.

The Participation Agreement shall survive the death of a Designated Beneficiary and shall be binding upon the Legal Representative.

### Designated Beneficiary

A Designated Beneficiary is an Eligible Individual, who has established, owns and benefits from an Account. A Designated Beneficiary must:

- be entitled to benefits based on blindness or disability under title II or XVI of the Social Security Act (42 U.S.C. §§ 401-425 and 42 U.S.C. § 1381 et seq.), and such blindness or disability occurred before the individual attained age twenty-six (26), or a disability certification for the individual was filed with the United States department of the treasury;
- have a valid Social Security Number; and
- have a U.S. mailing and legal address.

If the Designated Beneficiary is a minor, a Legal Representative is required for the purpose of establishing, maintaining, transacting, and terminating an ABLE TN Account.

### Legal Representative

An Account can have only one (1) Legal Representative. A Legal Representative may neither have nor acquire any beneficial interest in an ABLE Account during the lifetime of the Designated Beneficiary.

A Legal Representative must be an individual who or entity that can act on behalf of and for the benefit of a Designated Beneficiary for the purpose of establishing, maintaining, transacting, and terminating an ABLE TN Account. A Legal Representative may open an Account, but will be required to sign forms in the Legal Representative's capacity and may be required to execute or provide such other forms or documentation as the Program, the State Treasurer or the Department of Treasury may reasonably require.

A Legal Representative may be a parent or legal guardian or an individual or entity with a power of attorney. A Legal Representative that is an:

- Individual – must be a U.S. resident or resident-alien with a U.S. mailing and legal address, a valid Social Security Number and who is at least eighteen (18) years of age at the time an Account is opened;
- Entity – a trust, corporation, association or other organized entity, maintaining a U.S. mailing and legal address, with a valid Taxpayer Identification Number. An entity must provide the following documents to open an Account:
  - Trust: the Agent must provide a copy of the title page, signature pages and any pages showing the names of the trustees and successor trustees of the trust document;
  - Corporation, Association or Other Entity: the Agent must provide a copy of the appropriate documents that demonstrate the individual signing the enrollment application is i) an authorized officer of the entity and ii) authorized to make investments on behalf of the entity.

Additional limitations may apply and Legal Representatives should consult their advisors prior to investing in ABLE TN.

## Disability Certification

During the enrollment process, a Designated Beneficiary or, if applicable, Legal Representative must certify, in part, that the Designated Beneficiary has a written diagnosis, signed by a qualified physician, of the applicable physical or mental impairment that results in marked and severe functional limitations that is expected to last not less than twelve (12) months, or blindness, and such impairment or blindness was present before the individual's twenty-sixth (26th) birthday.

*For additional information on eligible physical or mental impairments, visit the SSA's websites:*

- SSA's List of Compassionate Allowances:  
<https://www.ssa.gov/compassionateallowances/conditions.htm>;
- SSA's List of Medical Impairments for Adults:  
<https://www.ssa.gov/disability/professionals/bluebook/AdultListings.htm>
- SSA's List of Medical Impairments for Children:  
<https://www.ssa.gov/disability/professionals/bluebook/ChildhoodListings.htm>

The Designated Beneficiary or, if applicable, Legal Representative must have possession of and is responsible for retaining the written diagnosis, including other information as required by the Code, and providing it to the Program or the IRS upon request.

## **CONTRIBUTING TO AN ACCOUNT**

ABLE TN has several convenient ways to contribute to an Account, as further described below. The enrollment application, account maintenance form, transfer form, gifting contribution form and other forms and information may be obtained by

- Going online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Emailing: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Calling: (855) 922-5386
- Faxing: 615-401-6816
- Writing: ABLE TN, P.O. Box 190637, Nashville, TN 37219
- Visiting: ABLE TN, Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

If a Contribution cannot be completed because of inaccurate bank information, insufficient funds, returned check, bank account closure or any other reason, ABLE TN will void the Contribution amount credited to an Account and cancel or reverse the applicable Investment Option allocation(s). Additionally, a Designated Beneficiary or, as applicable, Legal Representative, or a Third-Party Contributor may be responsible for any costs or losses incurred by ABLE TN. **Any of the Account features and privileges described herein may be modified, suspended or cancelled by Trustees or the Program at any time without notice.**

IEA Contributions are further restricted; *see the Individualized Education Account section on page 23 for further information and restrictions.*

## Contribution Minimum

The minimum initial Contribution is twenty-five dollars (\$25) for each Investment Option selected by a Designated Beneficiary, or, as applicable, Legal Representative. Once the minimum initial Contribution has been deposited to open an Account, there are no required minimums for subsequent Contributions. Additionally, individuals and entities other than a Designated Beneficiary or, as applicable, Legal Representative, may contribute to an Account. *See page 21 for further information on Gifts by Third-Party Contributors.*

Contributions will be credited to an Account upon being accepted and processed by the Program. *See page 26 for further information on Transaction Processing and Account Valuation.*

Account balances exceeding one hundred thousand dollars (\$100,000.00) will be considered a resource of the Designated Beneficiary for purposes of the Supplemental Security Income program under title XVI of the Social Security Act. *See page 15 for further information on Risk of Impact on Means-Tested Federal Benefits.*

### Contribution Restrictions

Each Contribution will be subject to a ten (10) calendar day hold before the monies are eligible for Withdrawal. *See page 34 for further information on Withdrawals.*

Within a taxable year, the total Contributions to an Account, excluding amounts received in a Qualified Rollover Withdrawal or Program-to-Program Transfer, must not exceed the amount of the annual per-donee gift tax exclusion under Section 2503(b) of the Internal Revenue Code for the calendar year in which the taxable year begins. For 2016, the annual per-donee gift tax exclusion is fourteen thousand dollars (\$14,000.00); this gift tax exclusion amount may change in subsequent years. Accordingly, the total annual Contributions to an Account in 2016, excluding amounts received from a Qualified Rollover Withdrawal or Program-to-Program Transfer, cannot exceed fourteen thousand dollars (\$14,000.00).

The lifetime Contribution limitation for ABLE TN will be three hundred fifty thousand dollars (\$350,000.00), meaning that no Contribution (including the proceeds from a preexisting ABLE Account) will be accepted if such Contribution would cause the balance (including Contributions and earnings) in a Designated Beneficiary's ABLE TN Account to exceed three hundred fifty thousand dollars (\$350,000.00). A Designated Beneficiary, Legal Representative or Third-Party Contributor will not be able to make Contributions to the Designated Beneficiary's Account that cause the Account balance to exceed three hundred fifty thousand dollars (\$350,000.00). Should the balance of the Account fall below three hundred fifty thousand dollars (\$350,000.00) because of a market loss or Withdrawal, then the Designated Beneficiary, Legal Representative or Third-Party Contributor shall be able to resume making Contributions to the Designated Beneficiary's Account that do not cause the balance to exceed three hundred fifty thousand dollars (\$350,000.00). Such lifetime Contribution limitation may be adjusted by the Program from time to time.

IEA Contributions are further restricted; *see the Individualized Education Account section on page 23 for further information and restrictions.*

### Contribution Methods

All Contributions to an ABLE TN Account shall be made only through the means described below and not in other forms of currency (coin or paper), securities or property (except for Program-to-Program Transfers).

#### ***Check***

Contributions to an Account may be made by check drawn on a banking institution located in the United States in U.S. dollars. Checks should be made payable to ABLE TN. Checks may take longer to be processed by the Program than other methods of contributing.

Third-party checks and a check made payable to a Designated Beneficiary or, as applicable, Legal Representative, and endorsed by a Designated Beneficiary or, as applicable, Legal Representative, to the Program, are subject to review and prior approval by the Program.

Traveler's checks, cashier's checks, teller's checks, starter checks and credit card convenience checks are not accepted by the Program, unless required by a Court order.

#### ***Electronic Funds Transfer ("EFT")***

A Contribution through an Electronic Funds Transfer ("EFT") will occur only upon initiation by a Designated Beneficiary or, as applicable, Legal Representative, or Third-Party Contributor, either by submitting an account maintenance form to the Program or via the Program's on-line account access portal, available at [www.AbleTN.gov](http://www.AbleTN.gov). An EFT debits a savings or checking bank account via an Automated Clearing House ("ACH") transfer. A voided check or preprinted savings slip from the bank

account to be debited will need to be provided to the Program. *See the enrollment application for further information about EFT.*

### ***Automatic Investment Plan (“AIP”)***

For ease and convenience, scheduled, recurring Contributions to an Account may be made by establishing an Automatic Investment Plan (“AIP”). An AIP debits a savings or checking bank account via ACH transfer on a pre-selected date and/or period (e.g. 10<sup>th</sup> of each month; beginning of the quarter; etc.). The minimum AIP amount is twenty-five dollars (\$25.00).

A voided check or preprinted savings slip from the bank account to be debited will need to be provided with the enrollment application. *See the enrollment application for further information about AIP.*

It is, as applicable, a Designated Beneficiary’s, Legal Representative’s or Third-Party Contributor’s responsibility to notify ABLE TN, in writing promptly, or within fifteen (15) Business Days of the next Contribution, of a bank or bank account change. *See page 32 for further information on Updating Bank Account Information.*

### ***Payroll Deduction***

Contributions may be made to an Account via a payroll deduction. A portion, as applicable, of a Designated Beneficiary’s, Legal Representative’s or Third-Party Contributor’s paycheck is automatically deducted and deposited into an Account via ACH transfer. The minimum payroll deduction amount is twenty-five dollars (\$25.00). A Designated Beneficiary or, as applicable, Legal Representative or Third-Party Contributor, who is a Tennessee state employee must complete an Employee Payroll Deduction Form. *All other individuals or entities interested in payroll deductions should contact the Program for payroll direct deposit instructions.*

### ***Gifts by Third-Party Contributors***

You, as a Designated Beneficiary, or, if applicable, Legal Representative, can invite any individual or entity to contribute to an Account. It is your responsibility to notify a Third-Party Contributor that:

- There may be gift or other tax consequences and a Third-Party Contributor should consult the appropriate legal, tax or other advisors prior to making a gift Contribution;
- Once a gift Contribution is made, a Third-Party Contributor will not retain any rights with respect to a gift Contribution;
- A Third-Party Contributor will not have any authority over the use or investment of Contributions or any authority over an Account other than as authorized in writing by the Designated Beneficiary or, if applicable, Legal Representative. *See page 33 for further information on Third-Party Access and Authorization;* and
- If a Contribution cannot be completed because of inaccurate bank information, insufficient funds, returned check, bank account closure or for any other reason, ABLE TN will void the gift Contribution amount credited to an Account; cancel or reverse the applicable Investment Option allocation(s); and you (Designated Beneficiary, or Legal Representative,) or Third-Party Contributor may be responsible for any costs or losses incurred by ABLE TN;

To contribute to an Account, a Third-Party Contributor must submit a gifting Contribution to the Program or access the Program’s on-line gifting portal, available at [www.AbleTN.gov](http://www.AbleTN.gov).

Gift Contributions are subject to the general Contribution criteria discussed within this Disclosure Brochure. A gift Contribution will be invested according to the allocation on file for an Account at the time the gift Contribution has been accepted and processed by the Program. **A Third-Party Contributor cannot, among other actions, choose an Investment Option, direct a Designated Beneficiary change or request a Withdrawal. A Designated Beneficiary or, if applicable, Legal Representative, retains complete control over an Account, regardless of the source of Contributions.**

Should a corporation, partnership, trust, estate or other entity make a Contribution to an ABLÉ Account, the Contribution shall be treated as a gift in proportion to the shareholder's, partner's and other beneficial owner's respective interests.

### ***Program-to-Program Transfers***

A Designated Beneficiary, or, if applicable, Legal Representative, may make a Program-to-Program Transfer into a new or existing ABLÉ TN Account of all or a portion of the funds paid or distributed from an account established for the Designated Beneficiary under another Qualified ABLÉ Program or an account established for Member of the Family of the Designated Beneficiary under another Qualified ABLÉ Program.

To make a Program-to-Program Transfer into an ABLÉ Account, a Designated Beneficiary, or, if applicable, Legal Representative, will need to complete, sign and submit to the Program a transfer request form.

It is a Designated Beneficiary's, or, if applicable, Legal Representative's, responsibility to substantiate that such distribution or transfer of funds qualifies as a Program-to-Program Transfer for federal income tax purposes. As such, a Designated Beneficiary, or, if applicable, Legal Representative, should retain documents and information adequate to substantiate that a particular transfer of funds constitutes a Program-to-Program Transfer.

Any transfer shall be administered by the Program in accordance with all applicable laws and regulations.

### ***Contribution of a Qualified Rollover Withdrawal***

A Designated Beneficiary, or, if applicable, Legal Representative, may make a Qualified Rollover Withdrawal from another Qualified ABLÉ Program and contribute the applicable amount into a new or existing ABLÉ TN Account.

To make a Contribution of a Qualified Rollover Withdrawal into an ABLÉ TN Account, a Designated Beneficiary, or, if applicable, Legal Representative, will need to open an ABLÉ TN Account and provide a rollover check accompanied with a letter from the transferring Qualified ABLÉ Program detailing the basis and earnings of the rollover. If the rollover check is not accompanied by such letter, the Program will treat such Contribution entirely as earnings, which may have tax and other consequences.

It is a Designated Beneficiary's, or, if applicable, Legal Representative's, responsibility to substantiate that such distribution or transfer of funds qualifies as a Qualified Rollover Withdrawal for federal income tax purposes. As such, a Designated Beneficiary, or, if applicable, Legal Representative, should retain documents and information adequate to substantiate that a particular transfer of funds constitutes a Qualified Rollover Withdrawal.

Any Contribution from a Qualified Rollover Withdrawal and Program-to-Program Transfer shall be administered by the Program in accordance with all applicable laws and regulations.

## INDIVIDUALIZED EDUCATION ACCOUNT

**IEA funds are further restricted as described below. Prior to making IEA Contributions to or IEA Withdrawals from an ABLÉ TN Account, Prospective Designated Beneficiaries or, as applicable, Legal Representatives, should consult their legal, financial, tax and other advisors.**

The Individualized Education Act, adopted by the General Assembly in 2015, creates the Individualized Education Account program and related accounts (IEAs) for eligible students with disabilities to use for educational purposes. The program provides options for parents and students to choose the education opportunities that best meet their own unique needs through access to public education funds. IEA Contributions to an ABLÉ TN account are deemed to be “allowable expenses” pursuant to applicable law. However, ABLÉ TN, the Trustees and the Department of Treasury and its employees do not administer the IEA program and are not responsible for awarding IEA funds. Questions related to the IEA program or the awarding or use of IEA funds should be directed to the State of Tennessee Department of Education IEA Team:

- Going online: <https://www.tn.gov/education/section/iea>
- Emailing: IEA.Questions@tn.gov
- Calling: (615) 253-3781
- Visiting: 710 James Robertson Parkway Nashville, TN 37243

A Designated Beneficiary or, as applicable, Legal Representative making IEA Contributions or IEA Withdrawals from an ABLÉ TN Account should use the designated IEA enrollment application and IEA forms. IEA Contributions and IEA Withdrawals from an ABLÉ TN Account cannot be made online.

IEA Contributions may only be invested in a select subset of Investment Options as designated by ABLÉ TN.

IEA Withdrawals from an ABLÉ TN Account may only be used for the Designated Beneficiary’s education expenses that are Qualified Disability Expenses. IEA Withdrawals from an ABLÉ TN Account are Qualified Withdrawals for federal income tax purpose and IEA Contributions and earnings, if any, are not subject to federal income tax. A Designated Beneficiary, or, if applicable, Legal Representative, should retain documents and information adequate to substantiate that a particular distribution or transfer of funds constitutes an IEA Withdrawal from an ABLÉ TN Account.

In addition to the responsibilities outlined within this Disclosure Brochure, it is a Designated Beneficiary’s or, as applicable, Legal Representative’s sole responsibility to adhere to the State of Tennessee Department of Education’s rules, policies, procedures and/or guidelines relative to the use of IEA funds.

**The Program reserves the right to change these restrictions at any time and the Program may accept or reject, in whole or in part, IEA funds. Such changes, acceptance or rejections do not require Designated Beneficiary or, as applicable, Legal Representative, consent.**

## INVESTMENT STRATEGIES AND OVERVIEW OF INVESTMENT OPTIONS

It is your responsibility, as a Designated Beneficiary, or, if applicable, Legal Representative, to select one or more of the predefined Investment Options that suits the Designated Beneficiary’s needs. Before selecting any Investment Option, you should carefully consider the Designated Beneficiary’s risk tolerance, investment horizon, savings goals and overall investment objectives, as well as potential impact on eligibility for or the amount of federal or state means-tested benefits. You should also carefully consider the investment risks of each Investment Option.

**You, as a Designated Beneficiary, or, if applicable, Legal Representative, should understand that the Designated Beneficiary will own Units of Interest issued by the Program and not direct shares of the underlying Mutual Fund(s) or interest in the IBA related to, as applicable, the Investment Option(s) you select.** Designated Beneficiaries or, if applicable, Legal Representatives, cannot withdraw funds from, liquidate or otherwise deal directly with the mutual fund companies or, in the case of the IBA, the financial institution.

The value of an Account will depend upon the overall performance of the underlying Mutual Fund(s) used by the selected Investment Option(s) and, in the case of the IBA, upon the interest rate paid by the financial institution. **Past performance is not a guarantee of future results.** See page 26 for further information on Account Valuation.

**The Program reserves the right to change the underlying Mutual Fund(s) relating to any Investment Option(s) or the financial institution at which the IBA is held, to change the investment strategy for any Investment Option and to consolidate or eliminate Investment Option(s). Such changes do not require Designated Beneficiary or, as applicable, Legal Representative, consent.**

### Right to Change Investment Options

A Designated Beneficiary or, as applicable, Legal Representative, may change the allocation of existing assets in an Account not more than twice (2) per calendar year (“Annual Exchanges”) and upon any change in an Account’s Designated Beneficiary. A change in the Account’s Designated Beneficiary also requires a change in the ownership of the Account to the new Designated Beneficiary. At the conclusion of the reallocation, an Account must have at least twenty-five dollars (\$25) invested under each surviving Investment Option.

An exchange of existing assets among Investment Option(s) does not affect the investment allocation of future Contributions; a Designated Beneficiary or, as applicable, Legal Representative, may select a different Investment Option with respect to any future Contributions to an Account.

**Designated Beneficiaries, and, as applicable, Legal Representatives, should periodically assess and, if appropriate, adjust the allocation to the Investment Option(s) to align with their risk tolerance, investment horizon, savings goals and overall investment objectives.**

In order to facilitate an exchange of assets, a Designated Beneficiary or, as applicable, Legal Representative, must complete, sign and submit an account maintenance form to the Program. An account maintenance form may be obtained by

- Going online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Emailing: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Calling: (855) 922-5386
- Faxing: 615-401-6816
- Writing: ABLE TN , P.O. Box 190637, Nashville, TN 37219
- Visiting: ABLE TN , Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

### Investment Options

The Program requires a Designated Beneficiary or, as applicable, Legal Representative, to choose one or more of the Investment Options and to allocate all or a specific percentage of an Account’s assets for investment to one or more of the selected Investment Option(s).

Currently, the Program offers fourteen (14) Investment Options. Risk tolerance, investment horizon, savings goals and overall investment objectives, as well as potential impact on eligibility for or the amount of federal or state means-tested benefits, should be carefully considered by a Designated Beneficiary or, as applicable, Legal Representative, during the allocation of an Account’s assets.



| <b>Investment Option Name</b>                            | <b>Underlying Mutual Fund or IBA</b>                                   | <b>Underlying Mutual Fund Ticker Symbol</b> |
|--|--|---|
| TN DFA US Large Cap Value Fund                           | DFA US Large Cap Value Portfolio (I) (Institutional Class)             | DFLVX                                       |
| TN DFA Large Cap International Portfolio                 | DFA Large Cap International Portfolio (I) (Institutional Class)        | DFALX                                       |
| TN DFA Inflation-Protected Securities Portfolio          | DFA Inflation-Protected Securities Portfolio (I) (Institutional Class) | DIPSX                                       |
| TN Vanguard Index Fund <sup>♦</sup>                      | Vanguard Institutional Index Fund (Institutional Shares)               | VINIX                                       |
| TN Vanguard Mid-Cap Growth Fund                          | Vanguard Mid-Cap Growth Fund (Investor Shares)                         | VMGRX                                       |
| TN Vanguard Total Bond Market Index Fund <sup>♦</sup>    | Vanguard Total Bond Market Index Fund (Institutional Shares)           | VBPIX                                       |
| TN Vanguard Intermediate-Term Investment-Grade Fund      | Vanguard Intermediate-Term Investment-Grade Fund (Admiral Shares)      | VFIDX                                       |
| TN Vanguard Intermediate-Term Treasury Fund              | Vanguard Intermediate-Term Treasury Fund (Admiral Shares)              | VFIUX                                       |
| TN Vanguard Wellington Fund <sup>♦</sup>                 | Vanguard Wellington Fund (Admiral Shares)                              | VWENX                                       |
| TN Vanguard LifeStrategy Income Fund                     | Vanguard LifeStrategy Income Fund (Investor Shares)                    | VASIX                                       |
| TN Vanguard LifeStrategy Conservative Growth Fund        | Vanguard LifeStrategy Conservative Growth Fund (Investor Shares)       | VSCGX                                       |
| TN PRIMECAP Odyssey Aggressive Growth Fund               | PRIMECAP Odyssey Aggressive Growth Fund                                | POAGX                                       |
| TN DFA US Small Cap Fund                                 | DFA US Small Cap Portfolio (I) (Institutional Class)                   | DFSTX                                       |
| TN First Tennessee Interest Bearing Account <sup>♦</sup> | First Tennessee Bank Interest Bearing Account                          | None  |

<sup>♦</sup> IEA Contributions may only be invested in these Investment Options; see the *Individualized Education Account* section on page 23 for further information and restrictions.

**For more information, including Investment Option risks and how to obtain a prospectus about each underlying Mutual Fund see [Appendix A](#).**

**The Program reserves the right to change the underlying Mutual Fund(s) relating to any Investment Option(s) or the financial institution at which the IBA is held, to change the investment strategy for any Investment Option and to consolidate or eliminate Investment Option(s). Such changes do not require Designated Beneficiary or, as applicable, Legal Representative, consent.**

## TRANSACTION PROCESSING AND ACCOUNT VALUATION

All Contributions and Withdrawals sent to ABLE TN are aggregated or pooled together for investment purposes, which allows ABLE TN to lower costs to its Designated Beneficiaries. Great-West Life & Annuity Insurance Company, through its wholly owned subsidiary GWFS Equities, Inc., serves as an intermediary service provider effecting trade orders between the Program and the Mutual Fund companies. Although ABLE TN aggregates all Account orders for investment purposes, ABLE TN maintains separate accounting of the Units of Interest held for and transactions in each Account.

In order to ensure that orders are transmitted timely to the Mutual Fund companies, the Program has a cut-off time of 11:59 a.m. Central Time. A Contribution or Withdrawal request received before the cut-off time (11:59am CT) on a Business Day and deemed in good order by the Program will be processed by the Program and transmitted to the intermediary for same-day pricing as of the close of the New York Stock Exchange. A Contribution or Withdrawal request received after the cut-off time on a Business Day and deemed in good order by the Program will be processed by the Program and transmitted to the intermediary for next-day pricing as of the close of the New York Stock Exchange. A Contribution or Withdrawal request received on a day other than a Business Day will be processed by the Program on the next Business Day and, assuming a Contribution or Withdrawal request is in good order, transmitted to the intermediary no later than on the second succeeding Business Day.

All Contribution or Withdrawal requests are subject to acceptance or rejection, in whole or in part, by the Department of Treasury in its sole discretion. *See page 34 for further information on Withdrawals.*

For example, if you contributed online at 10am Monday morning, the contribution would be processed that day and you would receive Monday's closing price on the applicable Units of Interest. If, however, you contributed online at 1pm on Monday afternoon, the contribution would be processed the next day and you would receive Tuesday's closing price on the applicable Units of Interest.

**While a Designated Beneficiary does not own actual shares of the Mutual Funds or a direct interest in the IBA, the value of an Account and the value of each Unit of Interest is directly related to the performance, closing share price (market value), costs, fees and expenses of the Mutual Fund or IBA associated with each Investment Option a Designated Beneficiary or, as applicable, Legal Representative, selects, as well as Program fees and expenses and the Subsidy, if any associated with such Investment Option.**

Any earnings in an ABLE Account may, at the Program's option, be reflected in issuing additional Units of Interest to an Account instead of increasing the value of existing Units of Interest. The closing price (market value) of a Unit of Interest is determined after the close of market trading, typically 4:00pm (ET), on the same Business Day that a Contribution (purchase/buy) or Withdrawal (redemption/sale) is processed by the Program. If the underlying Mutual Fund pays dividends or capital gains, those earnings will be automatically reinvested by the Department of Treasury into that same underlying Mutual Fund. Similarly, if the underlying IBA pays interest income, those earnings will be automatically reinvested by the Department of Treasury in an Account into that same underlying IBA. **The value of an Account and its performance are subject to fluctuation, and the Units of Interest, when redeemed, may be worth more or less than the amount contributed. Past performance is not a guarantee of future results.** *See page 27 for further information about Expenses and Fees, including a detailed explanation of the Subsidy. For more information on Investment Performance, see page 30.*

## EXPENSES AND FEES

The total annual asset-based fee relating to each Investment Option includes three (3) primary elements: the estimated underlying Mutual Fund or IBA expense; the Program management fee; and the Subsidy.

The State Treasurer, in accordance with the plan document for ABLE TN, in his/her sole discretion, reserves the right to change the program management fee and reserve the right to place restrictions on the Subsidy, including, but not limited to, the right to restrict the Subsidy to Tennessee residents, or otherwise eliminate, reduce or reallocate the Subsidy, at any time. There is no guarantee of future appropriations for such purpose or that the Program will continue to subsidize the expenses and fees, in whole or in part, through an appropriation or otherwise in the future.

If the Program discontinues the Subsidy, restricts the Subsidy, reallocates the Subsidy or changes the program management fee charged under the Program, or if the estimated underlying Mutual Fund or IBA expenses change, the expenses and fees associated with any affected Investment Option(s) selected by a Participant may increase. **As a result, the expenses and fees could be greater than the stated total annual asset-based fee, after Subsidy.**

### Estimated Investment Option Expenses

Information related to the underlying Mutual Fund or IBA expenses is derived from the related Mutual Fund's most recent prospectus or, in the case of the IBA, from information provided by the financial institution. Each prospectus provides detailed information, including management fees and other expenses, applicable to the management of the underlying Mutual Fund associated with the related Investment Option. The financial institution providing the IBA factors its expenses into the interest rate it pays on the IBA; as such, no underlying expense is stated for the IBA.

The estimated underlying Mutual Fund or IBA expense on an annualized basis for each Investment Option is set forth in the *Expenses and Fees Table on page 29*. The expenses are generally assessed on a monthly basis.

### Program Management Fee

The Program charges a program management fee for costs, fees and expenses incurred during the creation, administration and management of the Program. Such costs, fees and expenses include, but are not limited to, those incurred for investment management, account administration, communication and recordkeeping services. As of June 10, 2016, the estimated cost to operate and administer ABLE TN is projected to be two hundred fifty thousand four hundred dollars (\$250,400.00). Based on the projected 2016 fiscal year operating budget, the projected cost for administrating each ABLE TN Account would be approximately 12.79% (1279 basis points) on an annualized basis.

The current program management fee for each Investment Option is set forth in the *Expenses and Fees Table on page 29*. The Program management fee is annualized and generally assessed on a monthly basis.

The amount of the program management fee will differ among Investment Options due, in large part, to a Subsidy (see the "Subsidy" section immediately below). In addition, Program may receive payments known as administrative fee reimbursements or offsets from certain Mutual Fund companies. Any offsets received reduce the overall expenses of the Program. The Program currently receives a quarterly offset, based on the value of assets under management at the annual rate of 0.10% (10 basis points), from PRIMECAP Management Company. The three (3) mutual fund Investment Options for which no program management fee is charged consist of those Investment Options invested in mutual funds with estimated underlying mutual fund expenses of more than thirty-five basis points (0.35%). Thus, the total annual asset-based fee for those three (3) Investment Options consists solely of the estimated mutual fund expense.

The Program, at its sole discretion, may establish and adjust the program management fee for each Investment Option from time to time, as it deems appropriate.

## Subsidy

To offset these operating and administration costs, fees and expenses, a portion of a State appropriation of two hundred fifty thousand four hundred dollars (\$250,400.00) for fiscal year 2016 (July 1, 2016- June 30, 2017) will be applied, in part, to the Program's expenses, thereby reducing the program management fee. As such, the program management fee for all Accounts is expected to be adjusted and assessed for fiscal year 2016 (July 1, 2016- June 30, 2017) as set forth in the Expenses and Fees Table on page 29.

The following example investment compares the approximate cost of investing in the Program over different periods. Your actual cost may be higher or lower. The table is based on the following assumptions:

- A ten thousand dollar (\$10,000) investment invested for the time periods shown;
- A five percent (5%) annually compounded rate of return on the amount invested throughout the period; and
- All Withdrawals are considered Qualified Withdrawals at the end of the period (the table does not consider the impact of any potential state or federal taxes on Withdrawals from an Account).

| Investment Option | Total Annual Asset-Based Fee, After Subsidy | Expenses and Fees for Period Indicated |            |           |          |
|-------------------|---|--|------------|-----------|----------|
|                   |   | Year One                               | Year Three | Year Five | Year Ten |
| Example A         | 0.35%                                       | \$36                                   | \$113      | \$197     | \$444    |
| Example B         | 0.37%                                       | \$38                                   | \$119      | \$208     | \$469    |
| Example C         | 0.43%                                       | \$44                                   | \$139      | \$242     | \$544    |
| Example D         | 0.62%                                       | \$64                                   | \$199      | \$348     | \$778    |

**Should the Program, at its discretion, eliminate, reduce or reallocate the Subsidy, the cost for the affected periods could change for any particular Investment Option and would differ among Investment Options, potentially increasing the costs to a Designated Beneficiary from those outlined in this example investment.**

## EXPENSES AND FEES TABLE

The following Expenses and Fees Table provides the estimated, annualized expenses and fees for each of the Investment Options. The total expenses and fees incurred may be higher or lower depending on several factors, including the actual expenses of the underlying Mutual Fund or IBA.

The Program began operations as of June 10, 2016. For purposes of this Expenses and Fees Table, however, underlying Mutual Fund expenses are calculated using the expense ratio of each underlying Mutual Fund, as reported on the Mutual Fund's most recent prospectus as of December 31, 2016. The actual underlying Mutual Fund's expenses may vary from those shown in this table. Currently, the TN First Tennessee Interest Bearing Account's ("IBA's") underlying expenses have been factored into the interest rate paid by First Tennessee Bank National Association ("Bank"); therefore, no underlying expense is stated for the IBA, but this is subject to change at any time.

For fiscal year 2016 – 2017 (July 1, 2016 – June 30, 2017), the Tennessee State Legislature has authorized a Subsidy in order to offset the Program management fee for each Account. As such, the Program management fee for all Designated Beneficiaries is expected to be adjusted and assessed for fiscal year 2016 (July 1, 2016- June 30, 2017) as outlined in the Expenses and Fees Table. **There is no guarantee of future State appropriations for such purpose or that the Program will continue to subsidize the costs, fees and expenses, in whole or in part, through an appropriation or otherwise in the future.** See page 27 for further information about Expenses and Fees, including a detailed explanation of the Subsidy.

| Investment Options                                       | Expenses and Fees (Annualized)<br>as of December 31, 2016   |  |   |
|--|---|--|---|
|  | Underlying<br>Mutual Fund or<br>IBA Expenses<br>(Estimated) | Program<br>Management<br>Fee, After<br>Subsidy | Total Annual<br>Asset-Based Fee,<br>After Subsidy |
| TN DFA US Large Cap Value Fund                           | 0.27%   | 0.08%  | 0.35%   |
| TN DFA Large Cap International Portfolio                 | 0.29%   | 0.06%  | 0.35%   |
| TN DFA Inflation-Protected Securities Portfolio          | 0.12%   | 0.23%  | 0.35%   |
| TN Vanguard Index Fund <sup>♦</sup>                      | 0.04%   | 0.31%  | 0.35%   |
| TN Vanguard Mid-Cap Growth Fund                          | 0.43%   | 0.00%  | 0.62%   |
| TN Vanguard Total Bond Market Index Fund <sup>♦</sup>    | 0.05%   | 0.29%  | 0.35%   |
| TN Vanguard Intermediate-Term Investment-Grade Fund      | 0.10%   | 0.25%  | 0.35%   |
| TN Vanguard Intermediate-Term Treasury Fund              | 0.10%   | 0.25%  | 0.35%   |
| TN Vanguard Wellington Fund <sup>♦</sup>                 | 0.18%   | 0.17%  | 0.35%   |
| TN Vanguard LifeStrategy Income Fund                     | 0.12%   | 0.23%  | 0.35%   |
| TN Vanguard LifeStrategy Conservative Growth Fund        | 0.13%   | 0.22%  | 0.35%   |
| TN PRIMECAP Odyssey Aggressive Growth Fund               | 0.62%   | 0.00%  | 0.62%   |
| TN DFA US Small Cap Fund                                 | 0.37%   | 0.00%  | 0.37%   |
| TN First Tennessee Interest Bearing Account <sup>♦</sup> | 0.00%   | 0.00%  | 0.00%   |

<sup>♦</sup> IEA Contributions may only be invested in these Investment Options; see the *Individualized Education Account* section on page 23 for further information and restrictions.

## INVESTMENT PERFORMANCE

Before investing, carefully consider the Program's investment objectives, risks, fees and expenses. The performance data represents past performance and, as such, current performance may be lower or higher. **Past performance is not a guarantee of future results. The value of your Account and its performance will fluctuate, and the Units of Interest, when redeemed, may be worth more or less than the amount contributed.**

Performance of each Investment Option will vary from the performance of other Investment Options, in part, because of different fees, expenses, Subsidies, and the investment performance of each Investment Option. Furthermore, the overall performance of an Account will vary based on the allocations to Investment Options chosen by a Designated Beneficiary, or, as applicable, Legal Representative.

The performance data for Investment Options that received a Subsidy credit during the applicable period is higher than it would have been without the related Subsidy.

The following table shows the performance, after expenses, fees and Subsidy, of the Investment Options since inception. The investment performance shown is dependent on the performance of the assets in which the underlying Mutual Fund may invest or, in the case of the IBA, the rate set by the financial institution. Performance is as of December 31, 2016

For the most current performance data, visit [www.AbleTN.gov](http://www.AbleTN.gov). Performance information for the underlying Mutual Funds is also available on the mutual fund companies' websites. For purposes of convenience, links to the applicable websites are provided in [Appendix A](#). For current interest rate information on the IBA, please contact the Program.

The State Treasurer, in accordance with the plan document, in his/her sole discretion can offer Investment Options relative to the Program, which discretion includes, but is not limited to changing the underlying Mutual Fund(s) relating to any Investment Option(s) or the financial institution at which the IBA is held; changing the investment strategy for any Investment Option; consolidating or eliminating Investment Option(s); changing the Program management fee; placing restrictions on the Subsidy, including, but not limited to, the right to restrict the Subsidy to particular Units of Interest, or otherwise eliminating, reducing or reallocating the Subsidy, at any time. Such changes do not require Designated Beneficiary or, as applicable, Legal Representative, consent.

| Investment Option  | Annualized Returns<br>as of December 31, 2016 |         |        |        |        |         |                 | Inception Date |
|--|---|---------|--------|--------|--------|---------|-----------------|----------------|
|  | 1 Month                                       | 3 Month | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception |                |
| TN DFA US Large Cap Value Fund                           | 2.48%   | 8.61%   | *      | *      | *      | *       | 14.05%          | 06/10/16       |
| TN DFA Large Cap International Portfolio                 | 2.59%   | - 0.82% | *      | *      | *      | *       | 4.47%           | 06/10/16       |
| TN DFA Inflation-Protected Securities Portfolio          | - 0.12%                                       | - 3.03% | *      | *      | *      | *       | - 1.54%         | 06/10/16       |
| TN Vanguard Index Fund <sup>♦</sup>                      | 1.95%   | 3.74%   | *      | *      | *      | *       | 7.87%           | 06/10/16       |
| TN Vanguard Mid-Cap Growth Fund                          | - 0.18%                                       | 0.71%   | *      | *      | *      | *       | 2.54%           | 06/10/16       |
| TN Vanguard Total Bond Market Index Fund <sup>♦</sup>    | 0.24%   | - 3.23% | *      | *      | *      | *       | - 2.07%         | 06/10/16       |
| TN Vanguard Intermediate-Term Investment-Grade Fund      | 0.14%   | - 3.02% | *      | *      | *      | *       | - 1.43%         | 06/10/16       |
| TN Vanguard Intermediate-Term Treasury Fund              | - 0.06%                                       | - 3.45% | *      | *      | *      | *       | - 2.95%         | 06/10/16       |
| TN Vanguard Wellington Fund <sup>♦</sup>                 | 2.12%   | 3.14%   | *      | *      | *      | *       | 6.18%           | 06/10/16       |
| TN Vanguard LifeStrategy Income Fund                     | 0.62%   | - 1.98% | *      | *      | *      | *       | 0.10%           | 06/10/16       |
| TN Vanguard LifeStrategy Conservative Growth Fund        | 0.90%   | - 1.12% | *      | *      | *      | *       | 1.80%           | 06/10/16       |
| TN PRIMECAP Odyssey Aggressive Growth Fund               | 0.73%   | 1.80%   | *      | *      | *      | *       | 14.64%          | 06/10/16       |
| TN DFA US Small Cap Fund                                 | 2.92%   | 11.47%  | *      | *      | *      | *       | 17.84%          | 06/10/16       |
| TN First Tennessee Interest Bearing Account <sup>♦</sup> | 0.02%   | 0.06%   | *      | *      | *      | *       | 0.14%           | 06/10/16       |

\* Funds invested for less than the period needed for calculation.

<sup>♦</sup> IEA Contributions may only be invested in these Investment Options; see the *Individualized Education Account* section on page 23 for further information and restrictions.

**The investment performance of each Investment Option will vary from the investment performance of any other Investment Option and from prior investment performance of the applicable Investment Option due to, among other factors, different fees, expenses, Subsidies, and the investment performance of the Mutual Fund or IBA in which the applicable Investment Option is invested. Furthermore, the overall performance of an Account will vary based on the allocations to Investment Options chosen by a Designated Beneficiary, or, as applicable, Legal Representative.**

## ACCOUNT MAINTENANCE

Any modifications to an Account must comply with the Statute and Rules governing the Program and the Code. Account modification requests must be made in writing, signed by a Designated Beneficiary or, as applicable, Legal Representative, and submitted to the Program or performed online. In most cases, Account modifications should be made online or using the Program's account maintenance form, which may be obtained by

- Going online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Emailing: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Calling: (855) 922-5386
- Faxing: 615-401-6816
- Writing: ABLE TN , P.O. Box 190637, Nashville, TN 37219
- Visiting: ABLE TN , Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

It is a Designated Beneficiary, or, if applicable, Legal Representative's, responsibility to ensure that the information for an Account is current and accurate at all times.

**Any of the Account features and privileges described herein may be modified, suspended or cancelled by the Trustees or the Program at any time without notice.**

### Updating General Account Information

A Designated Beneficiary or, as applicable, Legal Representative, may change at any time an address, phone numbers, email addresses, bank information or, subject to any restrictions imposed by the Code, Legal Representative. A Designated Beneficiary or, as applicable, Legal Representative, may also update an Account at any time due to a legal name change. Supporting documentation may be required.

### Updating Bank Account Information

It is, as applicable, a Designated Beneficiary, or Legal Representative's or Third-Party Contributor's responsibility to promptly notify ABLE TN in writing of a bank or bank account change.

For Contributions made under an Automatic Investment Plan ("AIP"), as applicable, a Designated Beneficiary, Legal Representative or Third-Party Contributor must provide written notification to the Program at least fifteen (15) Business Days prior to the next Contribution. Furthermore, in the event an AIP debit request is rejected, denied or returned on three (3) consecutive attempts, the Program will cancel the AIP service for that Account.

If a Contribution cannot be completed because of inaccurate bank information, insufficient funds, returned check or bank account closure, or any other reason that the financial institution does not transfer the funds to ABLE TN, ABLE TN will void the Contribution amount credited to an Account and cancel or reverse the applicable Investment Option allocation(s). Additionally, a Designated Beneficiary or, as applicable, Legal Representative or a Third-Party Contributor may be responsible for any costs or losses incurred by ABLE TN or costs or fees charged to an account by a financial institution.

### Changing a Beneficiary

A Designated Beneficiary or, as applicable, Legal Representative, may change a Designated Beneficiary on an Account at any time, provided the new Designated Beneficiary is an Eligible Individual and a Member of the Family of the former Designated Beneficiary. Any change in Designated Beneficiary also requires that ownership of the Account be transferred to the new Designated Beneficiary.



## Changing a Legal Representative

A Designated Beneficiary or, as applicable, Legal Representative, may change a Legal Representative. Prior to taking any action in an Account, a Legal Representative will be required to provide the Program with a power of attorney and such other information or documentation as the Program may require. The new Legal Representative will also be required to acknowledge and accept the Participation Agreement.

Enforceability of a Legal Representative's rights and authority may vary by state and a Designated Beneficiary and Legal Representative should consult their legal advisors prior to designating a Legal Representative and accepting appointment, respectively.

## Change in Eligibility Status of a Designated Beneficiary

The Designated Beneficiary or the Designated Beneficiary's Legal Representative is obligated to report a change in the Designated Beneficiary's condition to the Program if the change in condition would result in the Designated Beneficiary failing to satisfy the definition of an Eligible Individual.

In the event a Designated Beneficiary no longer meets the definition of Eligible Individual, his/her ABLE TN Account will remain open; however, beginning on the first day of the taxable year following the ineligibility status no Contributions can be made to the Account. In addition, Withdrawals made for disability expenses during a time when a Designated Beneficiary is not an Eligible Individual will not be considered qualified and may have other tax consequences. If the Designated Beneficiary subsequently becomes an Eligible Individual (again), Contributions to the Account may resume under the terms and conditions described within this Disclosure Brochure.

**If a change in the Designated Beneficiary's condition occurs, a Designated Beneficiaries or, if applicable, Legal Representative should consult their personal legal, tax or other advisors for inquiries specific to their circumstances.**

## Third-Party Access and Authorization

You, as a Designated Beneficiary, or, if applicable, Legal Representative, may grant permission to an individual, including, but not limited to a spouse, to access the Account information. Such consent shall continue in effect until it is revoked or revised in writing by a Designated Beneficiary, or, as applicable, Legal Representative. **It is your responsibility, as a Designated Beneficiary, or, as applicable, Legal Representative, to provide written notification to the Program if you wish to change or terminate third-party Agent access rights.**

Additionally, a Designated Beneficiary or Legal Representative may authorize a third party Agent, including, but not limited to, a registered investment advisor, registered representative or other investment professional, to act with respect to an Account, to the extent that the Agent's authority does not conflict with the Legal Representative's authority. Based on the level of authorization selected, a third-party Agent may have the right, among others, to make investment decisions without advance notice to or approval by the Designated Beneficiary, or Legal Representative. It is the Agent's responsibility to comply with the terms contained within this Disclosure Brochure. As such, a Designated Beneficiary or, if applicable, Legal Representative, will need to complete, sign and submit to the Program a third-party authorization form. Such authorization shall continue in effect until it is revoked or revised in writing by the Designated Beneficiary, or, if applicable, Legal Representative.

A Designated Beneficiary or, as applicable, Legal Representative and any third-party Agent should consult their legal, financial, tax and other advisors prior to designating a third-party Agent and accepting appointment, respectively.

## Transfers to a Member of the Family

A Designated Beneficiary, or, if applicable, Legal Representative, may transfer a portion of the funds in an Account to a new or existing ABLE TN Account established for a Member of the Family of the Designated Beneficiary who is an Eligible Individual, but at the conclusion of the partial transfer the ABLE TN Account from which such partial transfer is made must have a remaining balance of at least one hundred dollars (\$100.00). To make a transfer request of this type, a

Designated Beneficiary, or, if applicable, Legal Representative, will need to complete, sign and submit to the Program a transfer request form.

It is a Designated Beneficiary's, or, if applicable, Legal Representative's, responsibility to substantiate that such distribution or transfer of funds qualifies as a transfer to a Member of the Family of the Designated Beneficiary who is an Eligible Individual for federal income tax purposes. As such, a Designated Beneficiary, or, if applicable, Legal Representative should retain documents and information adequate to substantiate that a particular transfer of funds is not subject to federal income tax, including the ten percent (10%) federal tax penalty on earnings.

Any such transfer shall be administered by the Program in accordance with all applicable laws and regulations.

## **TYPES OF WITHDRAWALS**

### **Qualified Withdrawal**

A Qualified Withdrawal refers to a distribution from an Account to pay for a Designated Beneficiary's Qualified Disability Expenses, or an IEA Withdrawal from an ABLE TN Account. Contributions and earnings, if any, of a Qualified Withdrawal, or IEA Withdrawal from an ABLE TN Account, are not subject to federal income tax.

Qualified Disability Expenses include, but are not limited to, education; housing; transportation; employment training and support; assistive technology and personal support services; health; prevention and wellness; financial management and administrative services; legal fees; expenses for oversight and monitoring; and funeral and burial expenses. Qualified disability expenses include basic living expenses and are not limited to items for which there is a medical necessity or which solely benefits an individual with a disability. The expenses must meet the Code's and applicable regulations' definition of "Qualified Disability Expenses."

IEA Withdrawals from an ABLE TN Account may only be used for the Designated Beneficiary's education expenses. *see the Individualized Education Account section on page 23 for further information and restrictions.*

A Designated Beneficiary or, as applicable, Legal Representative is responsible for determining if the proceeds of a Withdrawal were used to pay for Qualified Disability Expenses. Documentation for the determination of Qualified Disability Expenses should be retained so it can be provided to the IRS, if so requested. *For additional information, visit <https://www.irs.gov/uac/About-Publication-970>.*

### **Non-Qualified Withdrawal**

A Non-Qualified Withdrawal is money distributed from an Account and not used for Qualified Disability Expenses. Non-Qualified Withdrawals will be treated as income to the Designated Beneficiary and taxed at the Designated Beneficiary's tax rate. In addition, a ten percent (10%) federal tax penalty applies to the earnings portion, if any, of a Non-Qualified Withdrawal.

The Non-Qualified Withdrawal will be sent to the Designated Beneficiary or, as applicable, Legal Representative. At the conclusion of the Non-Qualified Withdrawal, an Account must have a remaining balance of at least one hundred dollars (\$100.00). *See page 39 for further information about Account Closure.*

Prior to making a Non-Qualified Withdrawal a Designated Beneficiary, or, as applicable, Legal Representative, should seek advice from an independent tax professional and, if the Designated Beneficiary is receiving or wishes to receive means-tested benefits under any federal or state program, an expert on such benefits as to the potential impact of such Non-Qualified Withdrawal on eligibility for or amount of such benefits.

### **Special Circumstances Non-Qualified Withdrawals**

Withdrawals paid to the Designated Beneficiary's Legal Representative, or to the estate of a Designated Beneficiary, on or after the death of a Designated Beneficiary are not subject to the additional ten percent (10%) federal tax penalty, but the

earnings portion, if any, may be taken into consideration for purposes of computing the federal income tax liability of the Designated Beneficiary's estate.

It is a Legal Representative's or estate executor's or administrator's responsibility to retain receipts, invoices or other documents and information adequate to substantiate that a particular Withdrawal qualifies as a Special Circumstances Non-Qualified Withdrawal.

In the event of a Designated Beneficiary's death, the Program shall make any outstanding payments requested by the Designated Beneficiary or Legal Representative prior to or at the time of such death for Qualified Disability Expenses (including funeral and burial expenses). All amounts remaining in an ABLE TN Account after such outstanding payments are made, up to an amount equal to the total medical assistance paid for the Designated Beneficiary after the establishment of an ABLE TN Account, net of any premiums paid by or on behalf of the Designated Beneficiary to a Medicaid Buy-In program under any state Medicaid plan, may be claimed by the applicable state and, if so claimed, must be distributed by the Program to the claiming state.

Any funds remaining in the Designated Beneficiary's ABLE TN Account after outstanding payments for Qualified Disability Expenses and the payment of any such Medicaid claims will be remitted to the Designated Beneficiary's Legal Representative, estate administrator, estate executor or next of kin upon receiving a request for a Withdrawal and satisfactory evidence of the authority of the applicable person to request and receive such Withdrawal. If no request for a Withdrawal of remaining monies in an ABLE TN Account has been made within the period after such death specified by applicable law, the Program shall make reasonable efforts to locate to the Designated Beneficiary's Legal Representative, estate administrator, estate executor or next of kin. If the efforts are not successful in contacting any such person with authority to request and receive such Withdrawal, the Program shall report and deliver, as unclaimed property, the remaining monies in the ABLE TN Account to the Tennessee Department of Treasury's Unclaimed Property Division.

### Program-to-Program Transfer

ABLE TN will facilitate a Program-to-Program Transfer of the full Redemption Value of an Account to another Qualified ABLE Program account for the same Designated Beneficiary or a transfer of all or a portion of the Redemption Value of an Account to a Qualified ABLE Program account for a Member of the Family who is an Eligible Individual.

Upon the completion of a Program-to-Program Transfer of the full Redemption Value of an Account, the Program will close the ABLE TN Account. In the event that the Program facilitates a partial transfer of an Account directly to another Qualified ABLE Program account for a Member of the Family, at the conclusion of the partial transfer the ABLE TN Account must have a remaining balance of at least one hundred dollars (\$100.00).

A Program-To-Program Transfer from an Account will not be subject to federal income taxes. A Designated Beneficiary or, as applicable, Legal Representative, should retain documentation and information adequate to substantiate that a particular Withdrawal was a Program-To-Program Transfer and, if applicable, that the transfer was made to an Account for which a Member of the Family who is an Eligible Individual is the Designated Beneficiary.

A Designated Beneficiary or, as applicable, Legal Representative, wishing to transfer an ABLE TN Account to another Qualified ABLE Program should contact the other Qualified ABLE Program's administrator to assist in facilitating the Program-To-Program Transfer. Any Program-To-Program Transfer shall be administered by the Program in accordance with all applicable laws and regulations. Any amount distributed shall be in an amount equal to the Redemption Value of an Account, or portion thereof requested, as of the date the transfer is made, less any applicable fee imposed by the Program in connection with such transfer.

It is a Designated Beneficiary's or, as applicable, Legal Representative's, responsibility to substantiate the tax treatment of the transfer.

### Qualified Rollover Withdrawal

ABLE TN will facilitate a Qualified Rollover Withdrawal of the full Redemption Value of an Account to another Qualified ABLE Program Account for the same Designated Beneficiary or a Qualified Rollover Withdrawal of all or a

portion of the Redemption Value of an Account to a Qualified ABLE Program Account for a Member of the Family who is an Eligible Individual.

Upon the completion of a Qualified Rollover Withdrawal of the full Redemption Value of an Account, the Program will close the ABLE TN Account. In the event that the Program facilitates a Qualified Rollover Withdrawal of a portion of the Redemption Value of an Account, at the conclusion of such Qualified Rollover Withdrawal the ABLE TN Account must have a remaining balance of at least one hundred dollars (\$100.00).

A Qualified Rollover Withdrawal from an Account will not be subject to federal income taxes, as long as the funds are deposited to another Qualified ABLE Program account within sixty (60) days of such Withdrawal. Failure to deposit the distribution of a Qualified Rollover Withdrawal within sixty (60) days of such Withdrawal may result in federal tax treatment and a ten percent (10%) federal tax penalty to the earnings portion, if any. A Designated Beneficiary or, as applicable, Legal Representative, should retain documentation and information adequate to substantiate that a particular Withdrawal was a Qualified Rollover Withdrawal and, if applicable, that the Qualified Rollover Withdrawal was made to a Qualified ABLE Program Account for which a Member of the Family who is an Eligible Individual is the Designated Beneficiary.

It is a Designated Beneficiary's or, as applicable, Legal Representative's, responsibility to substantiate the tax treatment of a Qualified Rollover Withdrawal.

## **REQUESTING A WITHDRAWAL**

To make a Withdrawal (of any type) a Designated Beneficiary or Legal Representative, if applicable, will need to complete, sign and submit to the Program a withdrawal request form, which may be obtained by

- Going online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Emailing: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Calling: (855) 922-5386
- Faxing: 615-401-6816
- Writing: ABLE TN , P.O. Box 190637, Nashville, TN 37219
- Visiting: ABLE TN , Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

A Withdrawal may be made payable to a Designated Beneficiary or the Designated Beneficiary's, Legal Representative. Any Withdrawal will be issued in the form of a check sent by regular mail, via the U.S. Postal Service. A Designated Beneficiary or Legal Representative may also request a Withdrawal by submitting an online Withdrawal request.

It is a Designated Beneficiary, or Legal Representative's, responsibility to understand the terms and substantiate the tax treatment of any Withdrawal. A Designated Beneficiary or, as applicable, Legal Representative, should consult with an independent tax professional to determine the tax implications of any Withdrawal before making such Withdrawal. Furthermore if the Designated Beneficiary is receiving or wishes to receive means-tested benefits under any federal or state program, the Designated Beneficiary should consult with an expert on such benefits as to the potential impact of such Withdrawal on eligibility for or amount of such benefits, based on such Designated Beneficiary's own particular circumstances.

Full or partial Withdrawals may be made from an Account. In the instance where a requested Withdrawal exceeds the amount available in an Account, only the Redemption Value of the Account will be distributed. In the event an overpayment is made, a Designated Beneficiary or, as applicable, Legal Representative, will be required to immediately return such overpayment to the Program.

Failing to complete a withdrawal request form in full may result in a delay of processing and disbursement of the funds. Withdrawals are generally processed within seven (7) Business Days of receipt of a withdrawal request form by the Program. While the Program has up to sixty (60) days to process a Withdrawal, it is anticipated that Withdrawals will be processed within five (5) to ten (10) business days after receipt of a withdrawal request form by the Program.

## IRS FORM 1099-QA and Form 5498-QA

The Program will issue and mail IRS Form 1099-QA and Form 5498-QA to a Designated Beneficiary or, as applicable, Legal Representative, by January 31<sup>st</sup> of the following year. A Designated Beneficiary or, as applicable, Legal Representative, is responsible for any filings with the IRS and for maintaining adequate records evidencing, as applicable, that Withdrawals were used for Qualified Disability Expenses, a Program-to-Program Transfer or Qualified Rollover Withdrawal to another Qualified ABLE Program, or a Special Circumstances Non-Qualified Withdrawal. This information may be requested by the IRS or the appropriate state tax authority.

### COMMUNICATIONS, CONFIRMATIONS AND STATEMENTS

**If you suspect fraudulent activity in your Account, you should immediately contact the Department of Treasury, ABLE TN Program (855-922-5386), the Department of Treasury, Director of Internal Audit (615-253-2018), or the Comptroller of the Treasury's Fraud Hotline (800-232-5454).**

Confirmations and quarterly statements for each Account are mailed to a Designated Beneficiary, or, as applicable, Legal Representative, by regular mail, via the U.S. Postal Service.

Alternatively, a Designated Beneficiary or, as applicable, Legal Representative, may elect, via the enrollment application or account maintenance form, to receive electronic delivery of communications, confirmations and quarterly statements. An email notification will be sent to the specified email address when a confirmation or the quarterly statement is available. The email will include directions on how the confirmation or quarterly statement may be viewed and downloaded. To revoke the electronic delivery option, a Designated Beneficiary or, as applicable, Legal Representative, must submit an account maintenance form to the Program, revoking such authority.

Confirmations provide important transactional information, including information about Contributions and Withdrawals. Quarterly statements provide important information, such as the value of an Account as of the last day of the reporting period; currently selected Investment Option(s); and Contribution and Withdrawal activity for the reporting period.

Confirmations and quarterly statements should be promptly and thoroughly reviewed. All quarterly statements will be deemed conclusive and accurate unless a Designated Beneficiary or, as applicable, Legal Representative, advises ABLE TN in writing of any objection or concern within sixty (60) calendar days of receipt.

### TAX CONSIDERATIONS

**The favorable tax treatment of investments in ABLE TN depends on qualification of the Program as a Qualified ABLE Program under the Code. The IRS has not issued final regulations regarding the requirements for such qualification, nor has the Program requested or obtained a private letter ruling from the IRS as to its satisfaction of the requirements for such qualification.**

**ABLE TN is intended to be used only to save for Qualified Disability Expenses. This Program is not intended to be used, nor should it be used, for the purpose of evading federal or state taxes or tax penalties. Taxpayers should seek advice from an independent tax professional based on their own particular circumstances.**

**ABLE TN, the Trustees and the Department of Treasury and its employees are not authorized to provide legal, financial or tax advice. Prospective and existing Designated Beneficiaries or the Designated Beneficiary's Legal Representative, as applicable, should consult their personal advisors for inquiries specific to their circumstances.**

## Federal Tax Considerations

Contributions to an Account are not deductible for federal income tax purposes. Earnings of an Account, if any, are tax-deferred for federal income tax purposes until withdrawn.

The earnings portion, if any, of a Qualified Withdrawal or a Qualified Rollover Withdrawal is not subject to federal income tax.

The earnings portion, if any, of a Non-Qualified Withdrawal is treated as income to the Designated Beneficiary and taxed at the Designated Beneficiary's tax rate for federal income tax purposes. In addition, a ten percent (10%) federal tax penalty applies to the earnings portion, if any, of a Non-Qualified Withdrawal, except in the case of a Special Circumstances Non-Qualified Withdrawal.

In the case of a Special Circumstances Non-Qualified Withdrawal, the additional ten percent (10%) federal tax penalty does not apply, but the earnings portion, if any, is taken into consideration for purposes of computing the federal income tax liability of the Designated Beneficiary's estate.

## Gift, Estate and Generation-Skipping Transfer Tax Considerations

Contributions to an Account are treated as a completed gift to a Designated Beneficiary for federal gift, estate and generation-skipping transfer tax purposes. Designated Beneficiaries, or, if applicable Legal Representatives, and Third-Party Contributors should consult the appropriate legal, tax or other advisors prior to making a gift Contribution or making a change in Designated Beneficiary. *For additional information, visit [http://www.irs.gov/uac/Form-709,-United-States-Gift-\(and-Generation-Skipping-Transfer\)-Tax-Return](http://www.irs.gov/uac/Form-709,-United-States-Gift-(and-Generation-Skipping-Transfer)-Tax-Return).*

Gifts are subject to federal gift tax only to the extent a Designated Beneficiary's or Third-Party Contributor's, as applicable, lifetime gifts exceed a "unified credit" amount applicable for federal gift tax and estate tax purposes that for 2016 equals five million four hundred fifty thousand dollars (\$5,450,000). Such amount is subject to annual adjustment for inflation. Annual gifts below a specified amount to a particular individual do not count against this unified credit. For 2016, the annual exclusion amount is fourteen thousand dollars (\$14,000); this annual exclusion amount may change in subsequent years.

A change in Designated Beneficiary may be treated as a gift from the existing Designated Beneficiary to the new Designated Beneficiary of all or a portion of the value of the Account on the date of the change in Designated Beneficiary. If the new Designated Beneficiary is two (2) or more generations younger than the original Designated Beneficiary, such change in Designated Beneficiary may be treated as a federal generation-skipping transfer.

## State Tax Considerations

**Qualified ABLE Programs offered by other states may offer tax or other benefits to taxpayers or residents of those states that are not available with regard to ABLE TN. Taxpayers or residents of other states should consider such state tax treatment and other benefits, if any, before making a decision to invest in ABLE TN.**

Contributions and earnings in an Account as well as Withdrawals are exempt from any Tennessee state, county or municipal tax.

A Designated Beneficiary or, as applicable, Legal Representative, that resides in or is otherwise subject to state taxes in a state other than Tennessee should consult a tax advisor as to the treatment of earnings on an Account for purposes of such other state's taxes.

## ACCOUNT CLOSURE

### Voluntary Closure

A Designated Beneficiary or, as applicable, Legal Representative may, terminate or close an ABLE TN Account at any time, for any reason upon a written request submitted to the Program. The Redemption Value, if any, of an Account will be distributed to the Designated Beneficiary or, as applicable, Legal Representative.

Closing an ABLE TN Account may have tax and other legal consequences. Prior to closing an ABLE TN Account a Designated Beneficiary, or, as applicable, Legal Representative, should seek advice from an independent legal and tax professional based on their own particular circumstances. Furthermore, if the Designated Beneficiary is receiving or wishes to receive means-tested benefits under any federal or state program, the Designated Beneficiary or the Designated Beneficiary's Legal Representative should consult with an expert on such benefits as to the potential impact of such closing of an ABLE TN Account on eligibility for or amount of such benefits, based on such Designated Beneficiary's own particular circumstances.

### Inactive or Zero Balance Accounts

If an Account has a zero balance for greater than ninety (90) calendar days, it will be promptly closed by the Program.

If a period of ten (10) consecutive years passes with no Contributions having been made to an Account or with no correspondence from a Designated Beneficiary or, as applicable, Legal Representative, the Program shall make reasonable efforts to locate a Designated Beneficiary or, as applicable, Legal Representative. If the efforts are not successful in contacting any of these parties, the Program shall report and deliver, as unclaimed property, to the Tennessee State Treasurer the Redemption Value of an Account.

### Account or Program Termination

The Trustees reserve the right to terminate or suspend the Program at any time should the Trustees determine that the Program is financially infeasible or not beneficial to the citizens of the State of Tennessee or the State itself. In this event, the Trustees will distribute the Redemption Value of an Account (or other amount in accordance with the Statute and Rules) to the Designated Beneficiary.

The State Treasurer may terminate an Account and distribute the Redemption Value of such Account (or other amount in accordance with Statute and Rules), if any, to a Designated Beneficiary, if ABLE TN determines that a Designated Beneficiary or, as applicable, Legal Representative, has knowingly provided false, fraudulent or misleading information or made a material misrepresentation to the Trustees, Program or Department of Treasury.

**Any amounts distributed to a Designated Beneficiary upon Account or Program termination may be treated as a Non-Qualified Withdrawal for federal tax purposes. Such distributed amounts may be less than the amount contributed to the Account.**

## **ADDITIONAL MATTERS**

### **Prohibited Transactions**

Neither a Designated Beneficiary or, as applicable, Legal Representative, can borrow money from an Account and an Account cannot be used as collateral for a loan. No interest in a Qualified ABLE Program Account may be sold or exchanged other than as described in this Disclosure Brochure.

### **Certain Protection from Creditors**

Under Tennessee law, all assets, income and distributions of Qualified ABLE Program Accounts, including ABLE TN Accounts, are exempt from any state, county, or municipal tax and shall not be subject to execution, attachment, garnishment commenced in the State of Tennessee or any other state under the operation of bankruptcy, state insolvency laws or other process whatsoever in a Tennessee state proceeding.

A Designated Beneficiary, or, if applicable Legal Representative, should consult their own advisor regarding any specific protections afforded to them.

### **Financial Statements and Periodic Audits**

The Department of Treasury prepares the financial statements of the Program. A copy of the annual report is available on the Department of Treasury's website, [www.treasury.tn.gov](http://www.treasury.tn.gov).

The Program is subject to audit by the State of Tennessee, Comptroller of the Treasury. A copy of the Department of Treasury's annual audit report is available on the Tennessee Comptroller of the Treasury's website, <http://www.comptroller.tn.gov/AuditsAndReportsSearch/>.



## APPENDIX A – UNDERLYING MUTUAL FUNDS AND INTEREST BEARING ACCOUNT

Although a Designated Beneficiary does not own actual shares of the Mutual Funds or a direct interest in the IBA, the total market value of an Account is related to the Investment Option(s) selected by a Designated Beneficiary or, as applicable, Legal Representative, and the costs, fees, expenses and Subsidy, if any, relating to such Investment Option(s). **Past performance is not a guarantee of future results.**

Some information contained in Appendix A was obtained from the underlying Mutual Fund’s most recent prospectus, as of the date of this Disclosure Brochure. Such information is subject to change without notice and a Designated Beneficiary or, as applicable, Legal Representative, should request and read the most current prospectus and additional information provided by the underlying Mutual Fund(s) associated with any Investment Option(s) to which a Designated Beneficiary or, as applicable, Legal Representative, is considering allocating Contributions.

**The Program reserves the right to change the underlying Mutual Fund(s) relating to any Investment Option(s) or the financial institution at which the IBA is held, to change the investment strategy for any Investment Option and to consolidate, eliminate or add Investment Option(s) and transfer assets from a consolidated or eliminated Investment Option to another Investment Option. Such changes do not require Designated Beneficiary or, as applicable, Legal Representative, consent.**

| Investment Option                        | Underlying Mutual Fund or IBA                                   |               |   |                                       |                               |   |
|--|---|---------------|---|---------------------------------------|-------------------------------|---|
|  | Name  | Ticker Symbol | Investment Objective  | Issuer                                | Advisor                       | Prospectus Information  |
| TN DFA US Large Cap Value Fund           | DFA US Large Cap Value Portfolio (I) (Institutional Class)      | DFLVX         | The Mutual Fund seeks, as its investment objective, to achieve long-term capital appreciation by investing substantially all of its assets in the U.S. Large Cap Value Series of The DFA Investment Trust Company.  | DFA Investment Dimensions Group, Inc. | Dimensional Fund Advisors, LP | <a href="https://us.dimensions.com/fund-documents">https://us.dimensions.com/fund-documents</a> |
| TN DFA Large Cap International Portfolio | DFA Large Cap International Portfolio (I) (Institutional Class) | DFALX         | The Mutual Fund seeks to achieve long-term capital appreciation. The Mutual Fund purchases securities of large non-U.S. companies using an adjusted market capitalization weighted approach in each country or region designated by its advisor as an approved market for investment. | DFA investment Dimensions Group, Inc. | Dimensional Fund Advisors, LP | <a href="https://us.dimensions.com/fund-documents">https://us.dimensions.com/fund-documents</a> |

| Investment Option                               | Underlying Mutual Fund or IBA  |               |  |  |  |   |
|---|--|---------------|--|--|--|---|
|   | Name   | Ticker Symbol | Investment Objective   | Issuer                                     | Advisor  | Prospectus Information  |
| TN DFA Inflation-Protected Securities Portfolio | DFA Inflation-Protected Securities Portfolio (I) (Institutional Class) | DIPSX         | The Mutual Fund seeks to provide inflation protection and earn current income consistent with inflation-protected securities. The Mutual Fund invests in a universe of inflation-protected securities that are structured to provide returns that at least keep up with the rate of inflation over the long-term.  | DFA investment Dimensions Group, Inc.      | Dimensional Fund Advisors, LP  | <a href="https://us.dimensional.com/fund-documents">https://us.dimensional.com/fund-documents</a> |
| TN Vanguard Index Fund ♦                        | Vanguard Institutional Index Fund (Institutional Shares)               | VINIX         | The Mutual Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The Fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. | Vanguard Institutional Index Funds (trust) | The Vanguard Group, Inc.   | <a href="http://www.vanguard.com/prospectus">http://www.vanguard.com/prospectus</a>               |
| TN Vanguard Mid-Cap Growth Fund                 | Vanguard Mid-Cap Growth Fund (Investor Shares)                         | VMGRX         | The Mutual Fund seeks to provide long-term capital appreciation. Under normal circumstances, the Fund invests at least 80% of its assets in common stocks of mid-size companies.   | Vanguard Whitehall Funds (trust)           | Victory Capital Management Inc. and William Blair Investment Management, LLC | <a href="http://www.vanguard.com/prospectus">http://www.vanguard.com/prospectus</a>               |

| Investment Option                                   | Underlying Mutual Fund or IBA                                     |               |  |  |                          |   |
|---|---|---------------|--|--|--------------------------|---|
|   | Name  | Ticker Symbol | Investment Objective   | Issuer   | Advisor                  | Prospectus Information  |
| TN Vanguard Total Bond Market Index Fund ♦          | Vanguard Total Bond Market Index Fund (Institutional Shares)      | VBTIX         | The Mutual Fund seeks to track the performance of a broad, market-weighted bond index. The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index.   | Vanguard Bond Index Funds (trust)              | The Vanguard Group, Inc. | <a href="http://www.vanguard.com/prospectus">http://www.vanguard.com/prospectus</a> |
| TN Vanguard Intermediate-Term Investment-Grade Fund | Vanguard Intermediate-Term Investment-Grade Fund (Admiral Shares) | VFIDX         | The Mutual Fund seeks to provide a moderate and sustainable level of current income. The Fund invests in a variety of high-quality and, to a lesser extent, medium-quality fixed income securities, at least 80% of which will be short- and intermediate-term investment-grade securities.                            | Vanguard Fixed Income Securities Funds (trust) | The Vanguard Group, Inc. | <a href="http://www.vanguard.com/prospectus">http://www.vanguard.com/prospectus</a> |
| TN Vanguard Intermediate-Term Treasury Fund         | Vanguard Intermediate-Term Treasury Fund (Admiral Shares)         | VFIUX         | The Mutual Fund seeks to provide a moderate and sustainable level of current income. The Fund invests at least 80% of its assets in U.S. Treasury securities, which include bills, bonds, and notes issued by the U.S. Treasury. The Fund is expected to maintain a dollar-weighted average maturity of 5 to 10 years. | Vanguard Fixed Income Securities Funds (trust) | The Vanguard Group, Inc. | <a href="http://www.vanguard.com/prospectus">http://www.vanguard.com/prospectus</a> |

| Investment Option                                 | Underlying Mutual Fund or IBA                                    |               |   |                                  |   |   |
|---|--|---------------|---|----------------------------------|---|---|
|   | Name   | Ticker Symbol | Investment Objective  | Issuer                           | Advisor   | Prospectus Information  |
| TN Vanguard Wellington Fund ♦                     | Vanguard Wellington Fund (Admiral Shares)                        | VWENX         | The Mutual Fund seeks to provide long-term capital appreciation and moderate current income. The Fund invests 60% to 70% of its assets in dividend-paying and, to a lesser extent, non-dividend-paying common stocks of established large companies. The remaining 30% to 40% of the Fund's assets are invested mainly in fixed income securities that the advisor believes will generate a moderate level of current income. | Vanguard Wellington Fund (trust) | Wellington Management Company, LLP  | <a href="http://www.vanguard.com/prospectus">http://www.vanguard.com/prospectus</a> |
| TN Vanguard LifeStrategy Income Fund              | Vanguard LifeStrategy Income Fund (Investor Shares)              | VASIX         | The Mutual Fund seeks to provide current income and some capital appreciation. The Fund invests in other Vanguard mutual funds according to a fixed formula that reflects an allocation of approximately 80% of the Fund's assets to bonds and 20% to common stocks.  | Vanguard STAR Funds (trust)      | None.<br><br>The Vanguard Group, Inc. is the advisor for the underlying mutual funds. | <a href="http://www.vanguard.com/prospectus">http://www.vanguard.com/prospectus</a> |
| TN Vanguard LifeStrategy Conservative Growth Fund | Vanguard LifeStrategy Conservative Growth Fund (Investor Shares) | VSCGX         | The Mutual Fund seeks to provide current income and low to moderate capital appreciation. The Fund invests in other Vanguard mutual funds according to a fixed formula that reflects an allocation of approximately 60% of the Fund's assets to bonds and 40% to common stocks.   | Vanguard STAR Funds (trust)      | None.<br><br>The Vanguard Group, Inc. is the advisor for the underlying mutual funds. | <a href="http://www.vanguard.com/prospectus">http://www.vanguard.com/prospectus</a> |

| Investment Option                           | Underlying Mutual Fund or IBA                        |               |   |                                       |                               |   |
|---|--|---------------|---|---------------------------------------|-------------------------------|---|
|   | Name   | Ticker Symbol | Investment Objective  | Issuer                                | Advisor                       | Prospectus Information  |
| TN PRIMECAP Odyssey Aggressive Growth Fund  | PRIMECAP Odyssey Aggressive Growth Fund              | POAGX         | The Mutual Fund's investment objective is long-term capital appreciation. The Mutual Fund invests mainly in stocks of U.S. companies, emphasizing those companies with prospects for rapid earnings growth.   | PRIMECAP Odyssey Funds                | PRIMECAP Management Company   | <a href="http://primecap.com/index.html">http://primecap.com/index.html</a>   |
| TN DFA US Small Cap Fund                    | DFA US Small Cap Portfolio (I) (Institutional Class) | DFSTX         | The Mutual Fund seeks long-term capital appreciation.   | DFA investment Dimensions Group, Inc. | Dimensional Fund Advisors, LP | <a href="https://us.dimensional.com/fund-documents">https://us.dimensional.com/fund-documents</a>   |
| TN First Tennessee Interest Bearing Account | First Tennessee Bank Interest Bearing Account        | None          | The underlying deposit account for the TN First Tennessee Interest Bearing Account is currently an Interest-Bearing Account ("IBA") established by the Department of Treasury at First Tennessee Bank National Association ("Bank"). The deposit account held at the Bank is held in the name of the Department of Treasury for the exclusive benefit of ABLE TN Designated Beneficiaries Investing in the TN First Tennessee Interest Bearing Account Investment Option in order that the FDIC requirements for pass-through FDIC deposit insurance may be satisfied. The amount of FDIC deposit insurance provided to each Designated Beneficiary is based upon the total of (1) the value of amounts invested on behalf of a Designated Beneficiary in the First TN Interest Bearing Account plus (2) the value of other accounts held by or for the applicable Designated Beneficiary in the same capacity, if any, at the Bank, as determined by the Bank and by FDIC regulations. | None                                  | None                          | <p><i>For questions about this Investment Option, please contact ABLE TN.</i></p> <p><b>It is the responsibility of a Designated Beneficiary or, as applicable, Legal Representative, to determine how the Designated Beneficiary's interest in the TN First Tennessee Interest Bearing Account Investment Option would be aggregated with other accounts, if any, held by or for the applicable Designated Beneficiary in the same capacity at First Tennessee Bank National Association for purposes of FDIC deposit insurance.</b></p> <p>For more information about the amount of FDIC deposit insurance applicable to deposits in a particular capacity, and the various types of capacity in which deposits may be held, see <a href="https://www.fdic.gov/deposit/deposits/brochures/your_insured_deposits-english.html">https://www.fdic.gov/deposit/deposits/brochures/your_insured_deposits-english.html</a>.</p> |

♦ IEA Contributions may only be invested in these Investment Options; *see the Individualized Education Account section on page 23 for further information and restrictions.*

**The Program reserves the right to change the underlying Mutual Fund(s) relating to any Investment Option(s) or the financial institution at which the IBA is held, to change the investment strategy for any Investment Option and to consolidate, eliminate or add Investment Option(s) and transfer assets from a consolidated or eliminated Investment Option to another Investment Option. Such changes do not require Designated Beneficiary or, as applicable, Legal Representative, consent.**

## Primary Investment Option Risks

It is your responsibility as a Designated Beneficiary or, as applicable, Legal Representative, to select one or more of the predefined Investment Options within the Program that suit your, or the Designated Beneficiary's, needs. Before selecting an Investment Option, you should carefully consider the Designated Beneficiary's risk tolerance, investment horizon, savings goals and overall investment objectives. Additionally, you should consider the investment risks associated with the underlying Mutual Fund(s) or Interest Bearing Account ("IBA") used by the selected Investment Option(s). In the case of Mutual Funds, those risks are more fully detailed in the prospectus prepared by the applicable mutual fund company. **A Designated Beneficiary or, as applicable, Legal Representative, should request and read the prospectus and additional information provided by the underlying Mutual Fund(s) associated with any Investment Option(s) to which a Designated Beneficiary or, as applicable, Legal Representative, is considering allocating Contributions.**

**As with any investment, you may lose money by investing in an ABLE TN Account, including loss of Contributions (principal) and earnings (interest), if any.** The risks associated with investing are numerous, will vary based on overall allocation and include, but are not limited to the following risks that may be identified with a particular Mutual Fund or the IBA as highlighted in the *Summary Table of Primary Investment Option Risks on page 49*:

### **Call and Prepayment Risk**

Call risk is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The Mutual Fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Mutual Fund's income. For mortgage-backed securities, this risk is known as prepayment risk.

### **Country/ Regional and Foreign Securities Risks**

Country/regional risk is the chance that world events such as political upheaval, financial troubles or natural disasters will adversely affect the value of securities issued by foreign governments, government agencies or companies. Foreign securities risk is the risk that foreign markets can be more volatile due to adverse issuer, political, regulatory, market, currency valuation, economic developments and the fact that securities of emerging markets often are subject to rapid and large changes in price because such markets may be less liquid than those of more mature economies.

### **Credit Risk**

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

### **Currency and Derivatives Risk**

Currency risk is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency hedging risk is the chance that the currency hedging transactions entered into by a Mutual Fund may not perfectly offset the Mutual Fund's foreign currency exposure. Derivatives instruments', such as futures and forwards, value is connected to other assets, rates or indices. Derivative instruments are subject to a number of risks, including that the changes in value may not perfectly link to changes in value of the underlying asset, rate or index.

### **Income Risk**

Income risk is the chance that a Mutual Fund's income will decline because of various factors.

### **Interest Rate Risk**

Interest rate risk is the risk to earnings, if any, or market value of a security or account due to uncertain future interest rates. Related to bonds, interest rate risk is the chance that bond prices overall will decline because of rising interest rates. For interest bearing accounts, interest rate risk is the risk that the interest rate on an account will reset to a lower rate, often at the discretion of the financial institution in which an account is held.

### **Investment Style Risk**

Investment style risk is the chance that returns from the types of investments in which a Mutual Fund invests will trail returns from the overall stock market. Specific types of stocks tend to go through periods of doing better—or worse—than other segments of the stock market. These periods have, in the past, lasted for as long as several years.

**Manager Risk**

Manager risk is the chance that poor security selection will cause a Mutual Fund to underperform relevant benchmarks or other investments with a similar investment objective.

**Small- and Mid- Cap Stock Risk**

Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. Medium-size companies are more sensitive to changing economic conditions and tend to have greater volatility than large-cap stocks. As a result, small- and mid-cap stocks may fluctuate relatively more in price.

**Stock Market Risk**

Market risk is the chance that specific events will cause the value of securities to rise or fall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.



Summary Table of Primary Investment Option Risks

| Investment Option  | Primary Investment Risks |                   |        |                        |        |               |                  |         |                         |              |
|--|--------------------------|-------------------|--------|------------------------|--------|---------------|------------------|---------|-------------------------|--------------|
|  | Call / Prepayment        | Country / Foreign | Credit | Currency / Derivatives | Income | Interest Rate | Investment Style | Manager | Small- / Mid-Cap Stocks | Stock Market |
| <b>GROWTH: Designed to seek maximum returns, through investment in stock portfolios, for investors with a higher risk tolerance.</b>                       |                          |                   |        |                        |        |               |                  |         |                         |              |
| TN PRIMECAP Odyssey Aggressive Growth Fund   |                          | ●                 |        |                        |        |               | ●                | ●       | ●                       | ●            |
| TN Vanguard Mid-Cap Growth Fund  |                          |                   |        |                        |        |               | ●                | ●       | ●                       | ●            |
| TN DFA US Large Cap Value Fund   |                          |                   |        |                        |        |               | ●                |         |                         | ●            |
| TN Vanguard Index Fund <sup>♦</sup>  |                          |                   |        |                        |        |               | ●                |         |                         | ●            |
| TN DFA US Small Cap Fund   |                          |                   |        |                        |        |               |                  |         |                         | ●            |
| TN DFA Large Cap International Portfolio   |                          | ●                 |        | ●                      |        |               |                  |         |                         | ●            |
| <b>BALANCED: Designed to provide modest capital appreciation, through a blend of stocks and bonds, for investors with a moderate risk tolerance.</b>       |                          |                   |        |                        |        |               |                  |         |                         |              |
| TN Vanguard Wellington Fund <sup>♦</sup>   | ●                        |                   | ●      |                        | ●      | ●             | ●                | ●       |                         | ●            |
| TN Vanguard LifeStrategy Income Fund   | ●                        | ●                 | ●      | ●                      | ●      | ●             |                  |         |                         | ●            |
| TN Vanguard LifeStrategy Conservative Growth Fund  | ●                        | ●                 | ●      | ●                      | ●      | ●             |                  |         |                         | ●            |
| <b>CONSERVATIVE: Designed to provide long-term capital appreciation, through a higher concentration in bonds, for investors with a low risk tolerance.</b> |                          |                   |        |                        |        |               |                  |         |                         |              |
| TN DFA Inflation-Protected Securities Portfolio  |                          |                   | ●      |                        |        | ●             |                  |         |                         | ●            |
| TN Vanguard Total Bond Market Index Fund <sup>♦</sup>  | ●                        |                   | ●      |                        | ●      | ●             |                  |         |                         |              |
| TN Vanguard Intermediate-Term Investment-Grade Fund  | ●                        |                   | ●      | ●                      | ●      | ●             |                  | ●       |                         |              |
| TN Vanguard Intermediate-Term Treasury Fund  | ●                        |                   |        |                        | ●      | ●             |                  | ●       |                         |              |
| TN First Tennessee Interest Bearing Account <sup>♦</sup>   |                          |                   |        |                        |        | ●             |                  |         |                         |              |

<sup>♦</sup> IEA Contributions may only be invested in these Investment Options; see the Individualized Education Account section on page 23 for further information and restrictions.

Charts, graphs and examples are provided for illustrative purposes only.

ABLE TN, the Trustees and the Department of Treasury and its employees are not authorized to provide legal, financial or tax advice. Prospective and existing Designated Beneficiaries should consult their personal legal, tax or other advisors for inquiries specific to their circumstances.

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