

Virginia Prepaid Education ProgramSM

Program Description, Master Agreement, Pricing Charts & Application



December 1, 2011 — March 31, 2012
Enrollment Period



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Virginia Prepaid Education ProgramSM

PROGRAM DESCRIPTION

As of December 1, 2011



This Program Description and the other documents included in this Program Guide contain important information you should review before participating in the Virginia Prepaid Education ProgramSM (VPEPSM). Please read it carefully and save it for future reference. Prospective Account Owners should rely only on the information contained in this Program Description, the Master Agreement and other documents contained in the Program Guide. No one is authorized to provide information that is different from information contained in these documents. If you speak with an interpreter provided by the Virginia College Savings PlanSM (VCSPSM), please be advised that the VCSP is not responsible for any miscommunication of facts concerning VPEP during such conversations. Information in this Program Description is believed to be accurate as of the date of its printing and is subject to change without notice. Please see the Master Agreement located in this Program Description for the definitions of capitalized terms. VPEP has been designed to comply with all requirements for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code (26 U.S.C. Section 529). As of the date of this printing, the Internal Revenue Service has not yet issued final regulations concerning the application of Section 529 to qualified tuition programs (QTP). Final regulations, changes to the Internal Revenue Code or to the Code of Virginia or court decisions could affect the tax consequences of participation in a QTP like VPEP. The Board may modify VPEP as necessary in the future to comply with any such changes in order to preserve, if possible, favorable tax treatment.

On January 18, 2008, the IRS and the Treasury Department issued an Advance Notice of Proposed Rulemaking, which described what re-proposed regulations may contain. When issued, such regulations or any published ruling may alter the tax consequences summarized in this Program Description, may require that changes be made to VPEP to achieve the tax benefits described or may have a significant

effect on VPEP and your Contract. Possible legislative action could diminish or even terminate VPEP's tax advantages. VCSP is not obligated to continue to offer VPEP in the event that a change in the tax or other federal or state law makes continued operation not in the best interests of Account Owners or Beneficiaries. There can be no assurance that a change will not adversely affect VPEP and/or the value of your investment in a Contract.

Virginia Prepaid Education Program Summary of Key Features

Program Administrator: The VCSP is the Administrator and sponsor of VPEP. VCSP is governed by an 11-member Board, consisting of 4 members who sit on the Board by virtue of the state offices they hold, 4 citizen members appointed by the Governor of Virginia, 2 citizen members appointed by the Virginia House of Delegates and 1 citizen member appointed by the Senate of Virginia. In addition to VPEP, VCSP administers the Virginia Education Savings TrustSM (VESTSM), a college savings option offered directly through VCSP, CollegeAmerica,[®] a college savings option offered exclusively through authorized brokers and financial advisers, and CollegeWealth,[®] a college savings option in partnership with participating banks to provide FDIC-insured deposit accounts.

Investment Managers: Upon consultation with its investment consulting firm and its Investment Advisory Committee, VCSP's Board selects the team of firms and mutual funds that professionally manage the stock and fixed-income securities within VPEP. The investment managers are listed in this document.

Federal Tax Treatment: Earnings grow tax deferred while invested in a VPEP Account. Earnings on withdrawals used to pay Qualified Higher Education Expenses (QHEE) may

be excluded from income for federal tax purposes. Consult your tax adviser for more information.

State Tax Treatment: Virginia taxpayers who are VPEP Account Owners may take a state income tax deduction for VPEP payments. There is also a state tax exemption, and all earnings are state tax deferred while invested in a VPEP account and are exempt from state income tax when used for QHEE. Other states may offer residents and taxpayers additional tax or other benefits if they invest in their own state plan. Consult your tax adviser for more information.

Limitations on Participation or Benefits: Either the Account Owner or the Beneficiary must be a Virginia resident in order to participate in VPEP. Account Owners and Beneficiaries must be U.S. citizens or legal U.S. residents. Beneficiaries must have been born at the time the account is opened, and may not have completed the ninth grade. There are no income restrictions on participation in VPEP. There can be only one Account Owner per account, but more than one person may contribute to an account. Payments from non-Account Owners will be deemed to have been made by the Account Owner for VPEP record-keeping purposes and for the Virginia state tax deduction.

Limitations on Contributions, Distributions and Transfers: The total value of all accounts for a single Beneficiary in all Section 529 programs administered by the VCSP (VPEP, VEST, CollegeAmerica and CollegeWealth) is limited to \$350,000. Multiple accounts for the same Beneficiary will be combined to determine if the maximum account value has been reached. Once the aggregate balance in all accounts for the same Beneficiary reaches \$350,000 (including any earnings), VCSP will not accept additional deposits or rollovers. Earnings on distributions not used for QHEE will be subject to federal and state income tax and a federal penalty tax of 10% of the earnings. Transfers to other QTPs may be made once every 12 months for the same Beneficiary, and at any time if the Beneficiary is changed.

Risk Factors: Your VPEP Benefits are funded by Payments to VPEP and earnings on those Payments. Virginia law provides that a sum sufficient appropriation must be included by the Governor in each year's state budget to cover VPEP's contractual obligations in the event of a funding shortfall. This provision can only be changed through the annual appropriations process, which would require action by the Virginia General Assembly, subject to the Governor's veto, and the General Assembly's ability to override a veto. It is possible that Congress, the Treasury Department, the IRS, the Commonwealth of Virginia and other taxing authorities or the courts may take actions that will adversely affect VPEP and that such adverse effects may be retroactive. A VPEP Contract may affect a Beneficiary's ability to qualify for federal need-based financial aid as it is included as an asset of the Account Owner. For federal financial aid purposes, the definition of assets states

that a qualified education benefit, including a prepaid tuition contract, is an asset of the parent if the student is a dependent student (regardless of whether the owner of the account is the student or the parent) or of the student if the student is independent. VPEP Contracts should not affect a Beneficiary's eligibility for either a merit-based scholarship or for a Virginia Tuition Assistance Grant for Virginia students who attend eligible private, nonprofit institutions of higher education in Virginia.

General Information

This Program Description provides details concerning the purchase of prepaid college tuition Contracts from VCSP, an independent agency of the Commonwealth of Virginia, authorized by Chapter 4.9 of Title 23 of the Code of Virginia (1950), as amended (Sections 23-38.75 through 23-38.87:1). In order to purchase a VPEP Contract you must enroll during an open enrollment period. Please check Virginia529.com for information on upcoming enrollment periods. The Board may, in its sole discretion, accept Applications at other times or during special promotions. Applications for the purchase of a Contract are available by enrolling online at Virginia529.com, by calling toll free, 1-888-567-0540, or at VCSP's office, 9001 Arboretum Parkway, Richmond, Virginia, 23236. The application for, purchase, and ownership of a Contract are governed by the terms of the Contract, the VCSP's enabling legislation, Section 529 of the Internal Revenue Code, and any applicable rules and regulations.

The purchase of a prepaid tuition Contract should be viewed as a long-term financial commitment because generally no qualified distributions are made until a Beneficiary enrolls in an institution of higher education. Contracts are for the specific purpose of prepaying in-state rates of undergraduate tuition and mandatory fees for the normal, full-time course load at two- and four-year public institutions of higher education in Virginia (Virginia Public Institutions), and for application toward payment of tuition and fees at other public or accredited, nonprofit, independent institutions of higher education and certain private career schools (Eligible Educational Institutions, as defined in Section 529 of the Internal Revenue Code), and should not be regarded as an investment to be used for any other purpose. The amount of VPEP Benefits for Virginia Private Institutions is likely to be less than the highest or even the average Virginia Public Institution tuition and mandatory fees. The amount of VPEP Benefits for Out-of-State Institutions is likely to be less than the average Virginia Public Institution tuition and mandatory fees.

The terms and features of VPEP in subsequent enrollment periods may differ from the terms and features described in this Program Description. No representation is made or assurance given that there will be additional enrollment periods, or that enrollment periods will take place annually.

The Board may limit the number of Contracts that may be purchased in any given enrollment period, although there are currently no plans for any such limits.

VPEP provides no assistance to a Beneficiary with respect to admission to, continuation at, or graduation from a college or university other than the payment of tuition and mandatory fees as described in the Contract. The purchase of a Contract does not guarantee that a student will qualify for acceptance or in-state tuition rates at a particular Virginia Public Institution or any other institution of higher education. For need-based financial aid, the receipt of VPEP Benefits may preclude a Beneficiary from qualifying for some amount of need-based federal financial aid as the refund value of the Contract is included as an asset of the Account Owner. For federal financial aid purposes, the definition of assets states that a qualified education benefit, including a prepaid tuition contract, is an asset of the parent if the student is a dependent student (regardless of whether the owner of the account is the student or the parent) or of the student if the student is independent. The receipt of Benefits should not affect the Beneficiary's receipt of merit-based financial aid (academic or athletic scholarships, for example). If a student receives a full or partial athletic scholarship that is governed by NCAA regulations, a payment from VPEP may affect that scholarship. Ownership of a VPEP Contract will not be taken into account when determining a student's eligibility for Virginia financial aid. VPEP Benefits do not affect a student's eligibility for a Virginia Tuition Assistance Grant for Virginia residents who attend an eligible, independent, nonprofit institution of higher education in Virginia. The best resource for more detailed information is the financial aid office of your local community college or university. VPEP Contracts may also affect the Beneficiary's or Account Owner's qualification for certain federal or state need-based benefit programs, such as Medicaid. Federal legislation excludes tax-qualified education savings, including Section 529 college savings accounts such as VPEP, from allowable financial resources for purposes of qualifying for the federal Supplemental Nutrition Assistance Program (formerly the Food Stamp Program).

The Virginia College Savings Plan

The Virginia General Assembly created the VCSP at its 1994 session and its enabling legislation is codified at Sections 23-38.75 through 23-38.87:1 of the Code of Virginia. The General Assembly may amend the legislation during any regular or special session of the legislature, subject to the Governor's approval and the General Assembly's ability to override a veto. The Contracts create an obligation to pay a Contract Beneficiary's in-state, undergraduate tuition for the normal full-time course load for students enrolled in a general course of study at any Virginia Public Institution and all mandatory fees required as a condition of enrollment of all students for the specified number of academic terms purchased under either the

university plan or the community college plan. Benefits may also be applied toward the cost of tuition and fees at other public or independent, nonprofit, accredited institutions of higher education and at certain accredited private career schools, as well as toward the cost of graduate-level tuition, but does not guarantee payment in full of tuition and mandatory fees at any institution of higher education other than a Virginia Public Institution, as described above.

VPEP Contract Benefits are funded by Payments to VPEP and earnings on those Payments. In addition, state legislation provides that a sum sufficient appropriation must be included by the Governor in each year's state budget to cover VPEP's contractual obligations in the event of a funding shortfall. This provision can only be changed through the annual appropriations process, which would require action by the Virginia General Assembly, subject to the Governor's veto, and the General Assembly's ability to override a veto.

The VCSP is administered by an 11-member Board, consisting of the Director of the State Council of Higher Education for Virginia or his designee; the Chancellor of the Virginia Community College System or his designee; the State Treasurer or his designee; the State Comptroller or his designee; and 7 non-legislative citizens, 4 to be appointed by the Governor, 1 to be appointed by the Senate Committee on Rules and 2 to be appointed by the Speaker of the House of Delegates. State law mandates that the 7 citizen members have significant experience in finance, accounting, law, or investment management. Members of the Board receive no compensation, but are reimbursed for actual expenses incurred in the performance of their duties. The VCSP's Chief Executive Officer is Mary G. Morris. Ms. Morris, a former tax, securities and bond attorney, as well as a former Treasurer of Virginia and Senior Assistant Attorney General for Virginia, oversees the daily administration and operations of the VCSP.

The price for a Contract in a particular enrollment period is determined actuarially. The Board has retained Milliman, Inc. to provide actuarial services. Based upon the annual actuarial valuation and changes in tuition and mandatory fees at Virginia Public Institutions, the Board may adjust the price of Contracts for subsequent enrollment periods. No Account Owner or Beneficiary may direct the investment of any contributions to a VPEP Contract or any earnings thereon either directly or indirectly. Mercer Investment Consulting, Inc., a registered investment adviser, serves as the Board's investment consultant. The Board has selected the following investment managers to assist with the investment of assets: Prudential Investment Management, Inc., Wellington Management Company, Stone Harbor Investment Partners LP and Lord Abbett (fixed-income); State Street Global Advisors and Vanguard Total Bond Market Index Fund (indexed fixed-income); BlackRock, Inc. (cash), Westfield Capital Management, Donald Smith & Co. and Thompson, Siegel & Walmsley, Inc. (small- and mid-cap equity); Vanguard 500 Index Fund (indexed

equity); Aurora Offshore, LTD II (market neutral hedge equity); Private Advisors and Adams Street Partners (private equity); UBS Trumbull Fund (private real estate); Franklin Templeton, American Funds EuroPacific Growth Fund and Aberdeen Asset Management, Inc. (non-U.S. equity); Vanguard REIT Index Fund (indexed real estate investment trust); and INVESCO (stable value).

The Board is required to submit an annual statement of VPEP's receipts, disbursements, and current investments for the preceding year to the Governor, the Senate Committee on Finance, and the House Committees on Appropriations and Finance. The report includes a complete operating and financial statement covering the operation of the VCSP during the year, including a statement of projected receipts, disbursements, investments, and costs for the further operation of the VCSP. The Auditor of Public Accounts, or his legally authorized representatives, audits the VCSP's accounts annually.

Buying a Contract

To purchase a Contract, you must submit an Application or apply online during an enrollment period. The Application must be submitted with a non-refundable application processing fee of \$25. The Board may waive fees on a case-by-case basis and offer special marketing incentives from time to time. Account Owners must be at least 18 years old. Either the Account Owner or the Beneficiary must be a Resident of Virginia at the time the Contract is purchased, and the Beneficiary must not have completed the ninth grade. Account Owners and Beneficiaries must also be U.S. citizens or legal U.S. residents. Military personnel stationed in Virginia or who claim Virginia as their domicile may also purchase Contracts. An Account Owner does not have to be related to the Beneficiary. There may only be one Account Owner, who is the owner of the Contract, and only the Account Owner may make changes to or cancel the Contract. The Account Owner may designate on the Application (or at any time in the future by written authorization) other individuals who may have access to Account information. Trusts, corporations, partnerships and other persons described in Section 7701(a)(1) of the Internal Revenue Code of 1986, as amended (26 U.S.C. Section 7701(a)(1)), may purchase Contracts for designated Beneficiaries, or for undesignated Beneficiaries as scholarships either directly (if the entity has 501(c)(3) status) or through the VCSP.

Depending on the applicable state legislation, you may also be able to open a VPEP Contract with existing Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minors Act (UTMA) funds, although these types of accounts involve additional restrictions that do not apply to regular VPEP accounts, **such as the inability to transfer the VPEP Contract to another Beneficiary.** If you are using UGMA or UTMA funds from an existing custodial account to estab-

lish a VPEP Contract, you must indicate that the account is custodial by checking the appropriate box on your Application. The VCSP is not liable for any consequences related to a custodian's improper use, transfer or characterization of custodial funds. UGMA or UTMA custodians must establish VPEP Contracts in their custodial capacity separate from any Contracts they may hold in their individual capacity in order to contribute UGMA/UTMA assets. If UGMA or UTMA assets are currently invested in securities, these investments must first be liquidated before cash can be used to purchase a VPEP Contract, and any tax liability related to the liquidation will have to be paid. UGMA/UTMA custodians may not change the Beneficiary for custodial Contracts except as may be permitted by applicable law, and must notify the VCSP when the custodianship terminates, at which time the Beneficiary will become the owner of the Contract. Custodians will need to complete an Account Owner Transfer Form to document the termination of the custodianship. Please contact a legal or tax professional to determine how to create an UGMA or UTMA account if you wish to open one or how to use an existing UGMA or UTMA account to fund a VPEP Contract, and what the tax implications of such a transfer may be for your specific situation.

Trusts

Trusts are allowed to own VPEP Contracts. Trustees and other fiduciaries are responsible for determining whether the terms of a trust are consistent with the requirements of Section 529 and thus allow ownership of a VPEP Contract. If, after investing in a VPEP Contract, the trustee determines that the trust cannot be administered in a manner consistent with the requirements of Section 529, the trustee may be liable for any tax penalties or other charges imposed in connection with a cancellation. The VCSP will not interpret trust documents, and the trustee or other fiduciary bears all liability for a determination that a VPEP Contract is an appropriate investment.

Contract Benefits

Please see Articles IV (Prepaid Tuition Benefits) and VI (Use of Prepaid Tuition Benefits) of the Master Agreement for a complete description of VPEP Benefits. The Contract covers undergraduate Tuition at the in-state rate and mandatory fees at any Virginia Public Institution for the number of years purchased under the plan selected (either the university plan or the community college plan, or a combination of years from each plan). Tuition at Virginia Public Institutions is covered for the normal full-time course load for students enrolled in a general course of study. If there are additional charges for a specific course of study, such as nursing or engineering, or for more than a full-time course load, these additional costs are not covered by VPEP. The number of credit hours that constitutes a full-time course load varies by higher education institution. For additional information about the full-time course load for a specific school, please

contact us toll free at 1-888-567-0540 or by email at vcspinfo@Virginia529.com. Mandatory fees are those fees required as a condition of enrollment for all students. VPEP does not cover any other fees or costs that a Beneficiary is obligated to pay, including, but not limited to, individual fees related to participation in a particular sport or activity, individual course fees such as lab fees, textbooks, room and board, computers or any fees not listed on the school's invoice. If a student attends summer school or an inter-session, VPEP benefits may be used, but this will result in early depletion of the account. Benefits may also be applied at any Eligible Educational Institution as defined in Section 529 of the Internal Revenue Code. Generally, these are accredited institutions of higher education that are eligible to participate in federal student financial aid programs. Eligible Educational Institutions include independent, nonprofit, accredited institutions of higher education in Virginia, and certain accredited for-profit vocational, private career or technical schools or colleges in Virginia (Virginia Private Institutions), and accredited out-of-state or foreign public or independent, nonprofit institutions of higher education and certain out-of-state accredited for-profit vocational, private career or technical schools or colleges (Out-of-State Institutions), that are eligible to participate in federal student financial aid programs.

If a Beneficiary attends a Virginia Private Institution, VPEP will pay to the Virginia Private Institution the lesser of 1) the payments made on the Contract plus the actual rate of return earned by VPEP on the invested funds, compounded annually, or 2) the highest in-state undergraduate Tuition at a Virginia Public Institution in the same academic year the benefits are used. The actual VPEP rate of return may be negative. The amount of VPEP Benefits for Virginia Private Institutions is likely to be less than the highest or even the average Virginia Public Institution tuition and mandatory fees.

If a Beneficiary attends an Out-of-State Institution, VPEP will pay to the institution the lesser of 1) the payments made on the Contract plus interest at the composite reasonable rate of return, compounded annually, or 2) the average in-state undergraduate Tuition at Virginia Public Institutions for the same academic year the Benefits are used. The amount of the VPEP Benefit for Out-of-State Institutions is likely to be less than the average Virginia Public Institution tuition and mandatory fees.

Unused Benefits may be applied toward graduate or professional school tuition in the same amount the Beneficiary would have received if enrolled as an undergraduate at the same institution in the same academic year. A Beneficiary is responsible for any costs in excess of the amount payable under the Contract. A Beneficiary who attends a Virginia Public Institution but who does not qualify for the in-state tuition rate is responsible for paying the amount by which the tuition and mandatory fees of that institution exceeds the amount payable under the Contract for that Beneficiary.

All payments are generally made directly to the institution each academic term.

Substitution, Assignment, Transfer and Rollover

An Account Owner may designate a substitute Beneficiary who is a Member of the Family, as defined in Article II of the Master Agreement, convert a Contract from one plan to another, transfer ownership of the Contract to another Account Owner, and roll over an account to another QTP upon written request. Please see Articles VI (Use of Prepaid Tuition Benefits) and VIII (Substitution, Assignment, Transfer and Rollover) of the Master Agreement for more detailed information.

Funding and Actuarial Assumptions

VPEP's funding is derived from Payments received from Contracts and the investment income earned thereon. State legislation requires that each year the Governor must include in his budget proposal a sum sufficient appropriation to cover VPEP's contractual obligations in the event of a funding shortfall. This provision can only be changed through the annual appropriations process, which would require action by the Virginia General Assembly, subject to the Governor's veto, and the General Assembly's ability to override a veto. The Board is authorized to obtain actuarial assistance in order to perform an actuarial valuation of its assets each year, as well as to establish Contract prices. Based on information and data provided by its actuarial consultant, the Board determines the purchase price of Contracts offered during an enrollment period. Investment return and the projected rate of increase in college tuition and fees are significant factors in the pricing of the Contracts. A Beneficiary's age or grade is also a material factor in determining pricing for Contracts. Under state legislation, any moneys remaining in VPEP at the end of each two-year budget cycle shall not revert to the general fund. State legislation provides that interest and income earned from investments shall remain in VPEP's account. State legislation further provides that VPEP's assets are to be preserved, invested, and expended solely pursuant to and for the purposes of the program and may not be loaned or otherwise transferred or used by the Commonwealth for any other purpose. Based on the advice of its actuarial consultants, the Board has adopted what it considers to be conservative actuarial assumptions so that it will be better positioned to satisfy its future obligations.

Securities Law Considerations

The Contracts will not be registered under the Securities Act of 1933, based in part on assurances received from the staff of the U.S. Securities and Exchange Commission in a no-action letter to the effect that it would not recommend enforcement action if the Contracts are not registered

based on the representations in the letter. The Virginia State Corporation Commission has issued an order stating that the Contracts are exempt from Virginia state registration. VPEP Contracts have not been registered with the securities regulatory authorities of any state. The Contracts have not been registered as investment companies under the Investment Company Act of 1940 (the “1940 Act”) pursuant to Section 2(b) thereof, which provides that no provision of the 1940 Act applies to any instrumentality of a state.

Virginia and Federal Tax Considerations

Tax provisions related to Section 529 plans are complex and each taxpayer’s situation is unique. Please contact a tax professional or the Internal Revenue Service at 1-800-829-1040 or irs.gov, and/or the Virginia Department of Taxation at 804-367-8031 or tax.virginia.gov for specific information on these provisions and how they may affect you.

Federal Tax Treatment in General. Section 529 of the Internal Revenue Code (26 U.S.C. Section 529) governs the federal tax treatment of QTPs such as VPEP and the tax consequences for Account Owners and Beneficiaries of such plans. As of the date of this Program Description, the Internal Revenue Service had not issued final regulations governing the application of Section 529 to college savings plans. In January 2008, the Internal Revenue Service issued an Advance Notice of Proposed Rulemaking on proposed regulations for Section 529 plans. There is no specific timetable for the release of new or re-proposed Section 529 regulations. Any changes will likely be applicable to existing accounts. The IRS highlighted its intention to impose a broad anti-abuse rule that would apply to the use of Section 529 accounts for tax avoidance or other improper uses. VPEP has been structured to meet all current federal requirements, and, therefore, the VCSP itself does not pay federal income tax. **Please check with a tax professional for specific information on these provisions and how they may affect you. Final regulations, changes to the Internal Revenue Code or to the Code of Virginia, or court decisions could affect the tax consequences of participation in a QTP, including, but not limited to, additional restrictions or loss of tax advantages. The Board may modify VPEP as necessary in the future without prior notice to comply with any such changes and to preserve, if possible, favorable tax treatment.**

The increase in the value of a VPEP Account (the earnings) is tax deferred, and is not taxable at the federal level if the distribution is used for QHEE. If you cancel your VPEP Contract, the earning portion will be taxed as ordinary income in the year of the refund, reported on the taxpayer’s federal tax return. Cancellation refunds made for a reason other than the Beneficiary’s death, disability or receipt of a scholarship will be subject to an additional federal penalty

tax of 10% of the earnings, reported on the taxpayer’s federal tax return. Non-qualified Distributions may also require the recapture in Virginia taxable income of some or all amounts, if any, that the Account Owner deducted from his or her Virginia taxable income due to Contributions to a VPEP Account. There is no Virginia state income tax liability for the federally taxable portion of a refund made in the event of the Beneficiary’s death, disability, or receipt of a scholarship, nor are such distributions subject to the 10% of earnings federal penalty tax.

The VCSP will apply a formula to determine the taxable (earnings) and non-taxable (Contributions) portions of each distribution made from an Account. The taxable portion is ordinary income, not capital gains. The taxable portion of a cancellation or other Non-qualified Distribution will be taxed as ordinary income in the year of the refund. The taxable (earnings) portion of Non-qualified Distributions is subject to a 10% federal penalty tax. If you deplete or cancel a VPEP Account that has lost principal, those losses may be taken as a miscellaneous itemized deduction if they meet the threshold requirement of 2% of adjusted gross income, and if all VPEP, CollegeAmerica or CollegeWealth accounts you own for the same Beneficiary have also been depleted.

VPEP Contributions are NOT deductible from federal taxable income at the time of contribution. Please see the discussion below of the limited ability for some participants to deduct a portion of their tuition payments from their federal taxable income at the time those payments are made. The increase in the Account’s value is tax deferred at the federal level, and distributions used for QHEE are not taxed at the federal level. See IRS Publication 970, “Tax Benefits for Education” and Publication 950, “Introduction to Estate and Gift Taxes,” available at IRS.gov.

Federal Gift Tax. Section 529 provides that VPEP Contributions are a completed gift of a present interest for federal gift tax purposes. Contributions to QTPs like VPEP are not excluded from taxable gifts as tuition payments under IRC Section 2503(e). Section 529 provides a five-year averaging provision for any Contributions in one taxable year that are greater than the current \$13,000 (\$26,000 for married couples) annual exclusion from federal gift and generation-skipping transfer tax. This means that if total Contributions by any one Account Owner or other individual to a single Beneficiary in 2012 is greater than \$13,000 (\$26,000 for married couples), the Account Owner or other individual contributing the funds may elect to average the total amount of the gift over a five-year period. This would allow maximum Contributions in 2012 of up to \$65,000 (\$130,000 for married couples) in one tax year without federal gift tax consequences. An Account Owner or other individual who makes a maximum Contribution of \$65,000 (\$130,000 for married couples), may not make additional gifts to the same Beneficiary until the end of the five-year averaging period without incurring federal gift tax consequences.

Section 529, as amended, also provides that distributions from a QTP will not be treated as a taxable gift. If a VPEP Account is rolled over to a new Beneficiary who is a Member of the Family of the previous Beneficiary and who is in the same generation as the previous Beneficiary, no federal gift or generation-skipping transfer tax will apply. If, however, the new Beneficiary is in a lower generation than the previous designated Beneficiary, federal gift tax or generation-skipping transfer tax may apply to the amount transferred. The five-year averaging rule may be applied to Rollovers to a new Beneficiary. If an Account Owner later transfers an Account to another individual or entity, that transfer may be deemed a gift and the original Account Owner may have to pay federal gift tax on any amount greater than \$13,000 (\$26,000 for married couples).

Federal Estate Tax. Generally, no amount is includible in the Account Owner's gross estate as a result of Contributions to a QTP. If, however, the Account Owner dies before the end of the five-year averaging period discussed above and has elected five-year averaging, the Account Owner's gross estate will include the portion of the Contributions allocable to periods following the Account Owner's death. Section 529 also provides that the gross estate of a designated Beneficiary of a QTP such as VPEP includes amounts distributed from a QTP on account of the Beneficiary's death. Please contact a tax professional or the Internal Revenue Service to determine the effect of federal gift and estate tax provisions on your individual situation.

Federal Generation-Skipping Transfer Tax. In addition to possible federal gift and estate tax consequences, federal generation-skipping transfer (GST) tax may apply to contributions made to an Account if the Beneficiary is

deemed to be a member of a generation that is more than one generation younger than the generation of the Account Owner or other individual contributing to the Account, or if the new Beneficiary is more than one generation below that of the previous Beneficiary. Contributions that qualify for the annual gift tax exclusion are not subject to GST tax. The federal generation-skipping transfer tax lapsed at the end of 2009. However, the 2010 Tax Relief Act retroactively imposed the GST tax for 2010 and increased the federal GST lifetime exemption amount to \$5 million. The \$5 million lifetime exemption amount applies for 2011 and is indexed for inflation in 2012. Absent a change in law, in 2013 the GST tax rates and exemption amounts revert to the levels applicable in 2001. Consult your tax adviser or the Internal Revenue Service regarding the specific application of these rules to your particular circumstances.

Changes to Federal Estate and Gift Tax Provisions. The 2001 Economic Growth and Tax Relief Reconciliation Act (EGTRRA) and the 2010 Tax Relief Act made significant changes to the federal estate, gift, and GST taxes. Absent a change in law, these taxes will revert to 2001 rates and exemption levels beginning in 2013. Please consult your

tax adviser or the Internal Revenue Service regarding the specific application of these rules to your particular circumstances.

Virginia Tax Exemption. The Virginia General Assembly enacted a tax exemption at its 1999 session for income attributable to certain distributions or refunds from a VPEP Account. The Virginia state income tax exemption applies to income attributable to VPEP distributions used for QHEE of a Beneficiary or refunds in the event of a Beneficiary's death, disability, or receipt of a scholarship. Because earnings on Section 529 account Qualified Distributions are excluded from federal adjusted gross income, these earnings are also automatically excluded from Virginia taxable income. The Virginia state income tax exemption is still applicable to distributions made on account of the Beneficiary's death, disability or receipt of a scholarship. The earnings portion of any amount refunded in one of these cases is subject to federal income tax in the tax year in which the refund is received, but is exempt from Virginia state income tax.

Virginia Tax Deduction. VPEP Account Owners who file a Virginia state individual income tax return can deduct VPEP Contributions from their Virginia taxable income. The deduction is limited to \$4,000 per year per VCSP account (i.e., each separate account held within VPEP, VEST, CollegeAmerica and CollegeWealth), or the amount contributed to each VCSP account during the year, whichever is less, with unlimited carry forward until the full amount of the Contributions has been deducted. The \$4,000 per year limit does not apply to Account Owners who are age 70 or above, who may deduct the entire amount of their Contributions in a single tax year. If an Account is cancelled for a reason other than the student's death, disability, receipt of a scholarship, or Rollover to another VCSP account, any amount of the refund previously deducted from the Account Owner's Virginia taxable income as a result of Contributions to the cancelled VPEP Account must be added back to the Account Owner's Virginia taxable income in the year the refund is received, in addition to any federal tax consequences. Only the Account Owner of record of a VPEP Account as of the end of the calendar year is eligible to take the Virginia state tax deduction for Contributions made to that Account. **Individuals who choose to make Contributions to a VPEP Account owned by another individual or entity are not eligible for the Virginia state tax deduction.** The Virginia state tax deduction for UTMA/UGMA VPEP Accounts belongs to the Beneficiary, and is reported under the Beneficiary's social security number. UTMA/UGMA custodians are not eligible for the Virginia state tax deduction for Contributions made to an UTMA/UGMA VPEP Account.

If an Account Owner or individual contributing to a VPEP Account lives in a state other than Virginia, the state tax consequences may differ from those described here. The Virginia state income tax deduction and exemption are available only to Account Owners in a

VCSP plan who file Virginia personal income tax returns. Contributions to other states' QTPs are not eligible for the Virginia state tax deduction. Before investing in VPEP, potential Account Owners and other individuals contributing to a VPEP Account who do not live or pay taxes in Virginia should determine whether the state in which they live or pay taxes offers a QTP with benefits not available through VPEP.

Tax Reporting. If an Account Owner has more than one Virginia savings trust account (VEST, CollegeAmerica or CollegeWealth) or VPEP account for the same Beneficiary, the Internal Revenue Service requires that we aggregate the earnings on all such accounts for reporting purposes. Each year there is a distribution from one of your VEST, VPEP, CollegeAmerica or CollegeWealth accounts, you will receive an IRS Form 1099-Q that reflects the aggregated earnings. If the distribution is made to an Eligible Educational Institution, as is the case with most VPEP distributions, we are required to send the Form 1099-Q to the Beneficiary. In all other cases, the Form 1099-Q is sent to the Account Owner. If the distribution was for a QHEE, no federal or Virginia income tax related to that distribution will be due. If you live in a state other than Virginia, please check to determine your state's treatment of income from another state's QTP that is tax exempt at the federal level. VCSP will not determine whether an expense is qualified or non-qualified. Account Owners will be required to maintain records adequate to prove qualified expenses, such as invoices and textbook receipts. The 10% of earnings federal penalty tax and federal income tax on the earnings for Non-qualified Distributions are reported on the taxpayer's income tax returns, and will not be withheld by VCSP. Please contact a tax professional or the IRS for assistance. IRS Publication 970, "Tax Benefits for Education," is one publication that provides more information and is available from www.irs.gov, or by calling 1-800-829-1040.

Coordination with Other Education Tax Incentives

Distributions from an Account may affect other education tax incentives available to an Account Owner. The coordination between these tax-advantaged programs is complex. Please consult your tax or financial adviser before investing.

Coverdell Education Savings Accounts. VPEP will accept transfers from a Coverdell Education Savings Account (Coverdell ESA). If you are funding your VPEP Account with funds from a Coverdell ESA, you must provide the breakdown of the amount you contributed and the amount of interest earnings. The transfer is considered a nontaxable withdrawal from the Coverdell ESA. You will need to complete a Coverdell/U.S. Savings Bond Transfer Form and a VPEP Account Application, and provide appropriate documentation from the trustee or custodian of the Coverdell Education Savings Account that shows the earnings portion

of the transfer. **If such documentation is not provided, the entire transfer will be treated as earnings.** Please provide an account statement showing basis and earnings (or losses) in the account. Depending on your income level, Coverdell Education Savings Accounts (Coverdell ESA) may permit tax-free growth and exclusion from gross income for earnings withdrawn to pay qualified education expenses. The 2010 Tax Relief Act extended certain provisions of Coverdell ESAs. Through 2012, the annual limit on contributions to a Coverdell ESA is \$2,000 per account owner per beneficiary. Contributions may be made to both a VPEP Account and a Coverdell ESA in the same calendar year through 2012. If total distributions from a Coverdell ESA and a VPEP Account exceed the Beneficiary's QHEE for any calendar year, the expenses must be allocated between the two distributions. Unless Congress acts, annual contribution limits on Coverdell ESAs will revert to \$500 on January 1, 2013. Absent Congressional action, contributions to both a Coverdell ESA and a Section 529 account for the same Beneficiary will not be allowed as of January 1, 2013. IRS Publication 970, "Tax Benefits for Education" is one publication that provides information on Coverdell ESAs and other tax-advantaged higher education accounts, and is available at IRS.gov.

The American Opportunity Tax and Lifetime Learning Credits. The American Opportunity Tax Credit (AOTC), also called the American Opportunity Credit in IRS Publication 970, replaced the Hope Scholarship Credit in 2009 and 2010 and was extended in the 2010 Tax Relief Act through the end of 2012. Tax law changes made this credit available to a broader range of taxpayers, including higher wage earners and those who do not owe tax. The new credit adds required course materials to the list of qualifying expenses and allows the credit to be claimed for four post-secondary education years, not only two. The maximum annual credit is \$2,500. There are income phase-outs. The AOTC and Lifetime Learning Credit are available for families who pay qualified expenses, which include the cost of tuition and certain fees. In order to take advantage of the American Opportunity and Lifetime Learning federal credits, taxpayers must also continue to allocate higher education expenses amongst the various federal higher education tax incentives. For example, if you qualify for an AOTC for tuition paid in a specific year, you cannot also use a tax-free distribution from your VPEP Account for that same expense. The coordination of the various federal higher education tax incentives can be complex. Please contact a tax professional or the IRS at 1-800-829-1040 for assistance in determining your eligibility for the various tax incentives and in allocating your higher education expenses. IRS Publication 970, "Tax Benefits for Education," is one publication that provides more information and is available from www.irs.gov, or by calling 1-800-829-1040.

Limited Tax Deduction for Higher Education Expenses. The 2010 Tax Relief Act extended the limited federal deduction for tuition and required fees at the time these

expenses are paid. This deduction has a number of qualifications and restrictions, including income phase-outs and varying amounts that can be deducted based on income. This deduction is not available for taxpayers in the same year they elect to take the American Opportunity or Lifetime Learning federal tax credits. Further, you cannot claim the tuition and fees tax deduction if anyone else claims the American Opportunity Tax Credit or Lifetime Learning credit for you. For Section 529 participants, there is a special coordination provision that allows the contribution portion of a distribution (the basis) from a Section 529 account to be used for this deduction if the distribution was used to pay for tuition and required fees. This means that you are not allowed a “double” tax benefit by being allowed to deduct the earnings portion of your distribution, which has already received the benefit of being tax-free, but the contribution portion, on which you have already paid tax, may be used to qualify for this limited deduction. This deduction will expire on December 31, 2011 but may be extended by Congress.

Qualified U.S. Savings Bonds. VPEP will accept transfers from qualified U.S. Savings Bonds. If you are funding your VPEP Account with funds from certain Series EE or I U.S. Savings Bonds you must provide the breakdown of the amount you contributed and the amount of interest earnings. You will need to complete a Coverdell/U.S. Savings Bond Transfer Form and a VPEP Account Application, and provide appropriate documentation that shows the earnings portion of the transfer, such as a statement, a Form 1099-INT issued by the financial institution that redeemed the bonds, or an IRS Form 8815. **If such documentation is not provided, the entire transfer will be treated as earnings.** Please ensure that you redeem the bonds in the same calendar year that you fund the VPEP Account. Redemption proceeds from qualified U.S. Savings Bonds that meet certain eligibility criteria and are either used for qualified tuition and related expenses or contributed to a QTP such as a VPEP Account may be excluded from income. Please contact the Bureau of Public Debt at Treasurydirect.gov for eligibility criteria for the Savings Bond Education Tax Exclusion, or the Internal Revenue Service at 1-800-829-1040. IRS Publication 970, “Tax Benefits for Education” is one publication that provides information on Education Savings Bonds and other tax-advantaged higher education accounts, and is available at IRS.gov.

Account Owners, other individuals contributing to a VPEP Account, and Beneficiaries are encouraged to consult their tax or legal adviser to determine the effect of federal and state tax laws on their specific situation.

Individual tax situations vary greatly. Please consult a tax adviser concerning any legal or tax implications arising from opening a VPEP Account. The VCSP cannot provide legal, financial or tax advice, and the foregoing summary should not be construed as legal, financial or tax advice with respect to the consequences for any particular individual as a result of Contributions to, investment of, or distributions from a VPEP Account.

Claims Against Accounts

Under Virginia law and depending on the specific circumstances, VPEP accounts are protected from creditors of either the Account Owner or the Beneficiary. Additionally, the United States Bankruptcy Code provides certain protections in federal bankruptcy proceedings for Section 529 accounts, including VPEP accounts. Under the Bankruptcy Code, VPEP accounts should be protected in federal bankruptcy proceedings if the designated Beneficiary is the bankruptcy debtor’s child, stepchild, grandchild, or step-grandchild subject to the following limits:

- Contributions made to a VPEP account for the same designated Beneficiary at least 720 days before a federal bankruptcy filing are protected;
- Contributions made to a VPEP account for the same designated Beneficiary more than 365 days but less than 720 before a federal bankruptcy filing are protected up to an amount set, typically every 3 years, by the Judicial Conference of the United States; and
- Contributions made to a VPEP account for the same designated Beneficiary less than 365 days before a federal bankruptcy filing are typically not protected against creditor claims in federal bankruptcy proceedings.

You should consult a legal adviser about the application of these laws to your particular situation.

Other Considerations

An investment in VPEP – or any QTP – may not be the appropriate investment program for everyone. You should evaluate other tax-advantaged education savings programs and consult with your tax or financial adviser.

IRS Circular 230 Disclosure: The information concerning the federal tax consequences of participating in VPEP is general in nature and does not take into account individual circumstances that may affect the tax treatment for a particular individual taxpayer. In addition, the information concerning tax consequences is not a “covered opinion” as that term is defined in IRS Circular 230 and, therefore, it is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code.

Section 529 QTPs are intended to be used only to save for QHEE. These Programs are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax adviser based on their own particular circumstances.

Virginia College Savings Plan Privacy Policy

Protecting the privacy of your nonpublic personal information is important to us at the Virginia College Savings Plan.

We respect your right to privacy and recognize your trust in us to keep information about you secure and confidential.

1. We collect nonpublic personal information about you from the following sources:
 - Information we receive from you on applications, correspondence, forms and through other forms of communication
 - Information about your transactions with respect to your account(s)
2. We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. We may disclose all of the information we collect, as described above, to companies that perform marketing and mailing services on our behalf and to other financial institutions with whom we have joint marketing agreements. These companies are required to adhere to our privacy and security standards and to use the information for the limited purpose for which it was shared.
3. We restrict access to nonpublic personal information about you to those employees and persons who need to know the information in order to provide service to you. We maintain physical, electronic, and procedural safeguards in compliance with federal regulations to safeguard your nonpublic personal information.
4. We reserve the right to modify or supplement this Privacy Policy at any time. If we ever decide to share your nonpublic personal information other than as described above, we will provide you with a notice informing you of the change and, when required by applicable law, we will allow time for you to choose whether you want the information shared.

Virginia College Savings Plan Web Site Privacy Statement and Disclaimer

It is the policy of the Commonwealth of Virginia that personal information about citizens will be collected only to the extent necessary to provide the service or benefit desired; that only appropriate information will be collected; that the citizen shall understand the reason the information is collected and be able to examine their personal record which is maintained by a public body.

Our web site does not collect any personally identifiable information automatically simply by your accessing the web site.

Our web site places a computer file, commonly referred to as a “cookie,” on your computer to enhance your experience and so we can track the number of “hits” on our web site. We do not use the “cookie” to collect information about you. Our web site does not track your movements through the web site.

If you elect to provide us with your email address and/or mailing address, we store this information in an offline database in order to be able to send you the information you requested.

The individual who is the subject of personal information maintained by the Virginia College Savings Plan may have access to that information upon written request. The Virginia Freedom of Information Act contains an exemption that protects all individual personal information in the possession of the Virginia College Savings Plan from mandatory disclosure, except to the individual who is the subject of the information.

The Virginia College Savings Plan, an independent agency of the Commonwealth of Virginia, is established and governed by the provisions of sections 23-38.75 et seq. of the Code of Virginia (1950), as amended. Changes to the law can only be made by the General Assembly. The Virginia College Savings Plan is also designed to meet the requirements of a “qualified state tuition program” under section 529 of the Internal Revenue Code (1986), as amended (26 U.S.C. Section 529) and the proposed regulations promulgated thereunder. These laws and regulations are subject to change at any time.

The Virginia College Savings Plan maintains our site to enhance public access to Virginia College Savings Plan information. We strive to keep all information on our web site updated and accurate. In the event of any conflict between governing authorities and the information on our web site, the governing authorities shall have precedence. Information on our web site does not supersede the actual written contracts and agreements that establish Virginia College Savings Plan accounts. Our system and related software and equipment are intended solely for the communication, transmission, processing, and storage of Virginia College Savings Plan information.

Our site includes downloadable documents and forms. Permission to copy or print a personal-use copy of this material is hereby granted; and brief quotations for the purposes of news reporting and education are permitted. Otherwise, no part of this material may be used or reproduced without permission in writing from the Virginia College Savings Plan.

Unauthorized attempts to modify any information stored on this system, to defeat or circumvent security features, or to use our system for other than its intended purposes are prohibited and may result in criminal prosecution.

Virginia Prepaid Education ProgramSM

MASTER AGREEMENT

As of December 1, 2011



Article I – Introduction

This Master Agreement describes the basic terms and conditions of the Virginia Prepaid Education Program (VPEP) as authorized by Title 23, Chapter 4.9 of the Code of Virginia (1950), as amended. Please see Article II- Definitions for the definition of capitalized terms. Once an Application for a prepaid tuition Contract (Application) is completed by the Account Owner and accepted by the Board of the VCSP, a Participation and Payment Schedule will be issued to the Account Owner. The Application, the Participation and Payment Schedule, and this Master Agreement constitute the prepaid tuition Contract between the Account Owner and the Board. Modifications may be made to this Master Agreement by the Board, and will be incorporated into the Contract. The Board will not retroactively modify existing Contracts in a manner adverse to the Account Owner or the Beneficiary of a Contract except to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve the favorable tax treatment of VPEP or the favorable tax treatment of interests of Account Owners or Beneficiaries therein. Nothing in a Contract shall be interpreted as a promise or guarantee that: (1) a Beneficiary will be admitted to any institution of higher education; (2) a Beneficiary will be allowed to continue enrollment at any institution of higher education after admission; (3) a Beneficiary will be graduated from any institution of higher education; (4) a Beneficiary's tuition and mandatory fees at any institution of higher education other than a Beneficiary's Tuition at a Virginia public institution of higher education will be covered in full; or (5) a Beneficiary will be classified as an in-state student by any Virginia public institution of higher education.

Article II – Definitions

The definitions of terms included in the provisions of Title 23, Chapter 4.9 of the Code of Virginia (1950), as amended, will apply to Contracts and are incorporated herein by reference. In addition, the following definitions shall apply to Contracts:

“Account Owner,” defined as “Purchaser” in Section 23-38.75 of the Code of Virginia (1950), as amended, means a person who is at least 18 years of age, and is either a U.S. citizen or legal U.S. resident, or a corporation, partnership, trust, charitable organization, or any other person described in Section 7701(a)(1) of the Internal Revenue Code of 1986, as amended (26 U.S.C. Section 7701(a)(1)), and who is or was obligated to make Payments under a Contract. There may only be one Account Owner per account. Trustees are responsible for determining whether the terms of a trust allow ownership of a Contract. The VCSP will not interpret trust documents and the trustee bears all liability for such determination. The term “Account Owner” also applies to the designee of survivorship rights indicated on the Application upon the death of the original Account Owner or a transferee Account Owner pursuant to the provisions of Article VIII (2). Any person or entity may make Payments on a VPEP Contract, but only the Account Owner may execute Contract changes, conversions, transfers, rollovers, terminations and refund requests. All Payments are deemed to have come from the Account Owner for all state tax reporting and other administrative purposes. Individuals who are not Account Owners have not established a customer relationship with VPEP and have no legal rights with regard to a VPEP Contract. Any requests to change the Account Owner must be signed by both the current Account Owner

(or the current Account Owner’s personal representative) and the substitute Account Owner. In order to purchase a Contract, either the Account Owner or the Beneficiary must be a Resident. Contracts may also be purchased for non-Resident children who have a parent who is a Resident.

“Application” means the application form (whether hard copy or online) signed by the Account Owner and submitted to the Board to solicit enrollment of the Beneficiary in VPEP.

“Beneficiary” means a person who is a U.S. citizen or legal U.S. resident and who is entitled to receive Benefits under a Contract and who, at the time the Account Owner submits an Application, has not completed the ninth grade. A Beneficiary must have been born at the time the Application is submitted. Either the Beneficiary or the Account Owner must be a Resident. Contracts may also be purchased by non-Resident Account Owners for non-Resident children who have a parent who is a Resident.

“Benefits” means the payments to an Eligible Educational Institution provided under a Contract, which are described in Article IV of the Master Agreement.

“Board” means the Board of the Virginia College Savings Plan.

“Contract”, or **“Prepaid Tuition Contract”** as defined in Section 23-38.75 of the Code of Virginia, as amended, or **“Account”**, means the Master Agreement, the Application, and the Participation and Payment Schedule.

“Disabled” means that the Beneficiary is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be disabled unless proof of the existence thereof in such form and manner as may be required by applicable regulations is furnished.

“Eligible Educational Institution” means the definition of that term in Section 529 of the Internal Revenue Code of 1986, as amended. Generally, the term includes accredited post-secondary educational institutions offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree, or another recognized post-secondary credential. Certain proprietary institutions and post-secondary vocational institutions are also Eligible Educational Institutions. The institution must be eligible to participate in a student financial aid program under Title IV of the Higher Education Act of 1965 (20 U.S.C. Section 1088).

“Member of the Family” means the definition of that term in Section 529 of the Internal Revenue Code, as amended. Generally, this definition includes a Beneficiary’s immediate family members. Member of the Family means

an individual who is related to the Beneficiary as follows: a son or daughter, or a descendant of either; a stepson or stepdaughter; a brother, sister, stepbrother, or stepsister; the father or mother, or an ancestor of either; a stepfather or stepmother; a son or daughter of a brother or sister; a brother or sister of the father or mother; a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; the spouse of the designated Beneficiary or the spouse of any individual described above; or a first cousin of the Beneficiary. For purposes of determining who is a Member of the Family, a legally adopted child of an individual shall be treated as the child of such individual by blood. The terms “brother” and “sister” include half-brothers and half-sisters.

“Out-of-State Institution” means certain accredited out-of-state or foreign public or independent, nonprofit institutions of higher education and certain out-of-state accredited for-profit vocational, private career or technical schools or colleges that are eligible to participate in federal student financial aid programs.

“Participation and Payment Schedule” means the document furnished by the Board to the Account Owner that provides the due dates and amount of Payments required of the Account Owner under the selected plan.

“Payment(s)” means sum(s) of money required to be paid under the Contract.

“Resident” means a person who is a resident of the Commonwealth of Virginia at the time an Application is submitted, and who is a U.S. citizen or legal U.S. resident. The term Resident also includes (i) military personnel and their dependents who are stationed in Virginia at the time the Contract is purchased or who claim Virginia as their domicile and who have authorized the withholding of Virginia income tax, and (ii) a corporation, partnership, trust, charitable organization, or any other person described in Section 7701(a)(1) of the Internal Revenue Code (26 U.S.C. Section 7701(a)(1)) and having significant contact with the Commonwealth of Virginia, as determined by the Board.

“Tuition” means the undergraduate in-state quarter, semester or term charges for tuition imposed by any two-year or four-year public institution of higher education in the Commonwealth of Virginia and all mandatory fees required as a condition of enrollment of all students at such institution. Undergraduate tuition at public institutions of higher education in Virginia includes the normal full-time course load for students enrolled in a general course of study. If the Virginia Public Institution imposes additional charges for a specific major or course of study, such as nursing or engineering, or for credits above the normal full-time course load, these additional costs are not covered.

“Virginia Private Institution” means independent, nonprofit, accredited institutions of higher education in Virginia and certain accredited for-profit vocational, private

career or technical schools or colleges in Virginia that are eligible to participate in federal student financial aid programs.

“**Virginia Public Institution**” means any Virginia state-supported public institution of higher education in the Commonwealth of Virginia and recognized as such by the State Council of Higher Education of Virginia (SCHEV) and eligible to participate in federal student aid programs.

Article III - Participation In The Prepaid Education Program

1. In order to participate in VPEP, an Account Owner must designate on the Application the social security number, the age and, if applicable, the grade level of the Beneficiary. For newborns, the social security number should be provided to the Board within 60 days following the date the Application is submitted. The Account Owner must also (i) designate the Account Owner’s SSN or TIN and (ii) indicate the type of college and the number of years that will be purchased under the Contract.
2. An Account Owner may purchase one-year increments (the equivalent of two semesters of full-time Tuition for a normal course load) for up to three years under the community college plan, or for up to five years under the university plan for a total of no more than eight years of undergraduate education. An Account Owner may combine one-year increments of the community college plan and the university plan. An Account Owner may convert from one college plan or level to another, in accordance with the provisions of Article VI section 5 of the Master Agreement.

Article IV - Prepaid Tuition Benefits

1. VPEP is intended to pay Tuition for the normal course load for a full-time student for the number of years of education selected and paid for under a specific Contract. Additional charges for a specific major or course of study, such as nursing or engineering, or charges for credits above the normal full-time course load are not covered. Unused Benefits may be applied toward graduate-level tuition, although full coverage of graduate-level tuition is not guaranteed.
2. VPEP will not pay for more than two semesters (or the equivalent) for each year of the university plan purchased, or 32 credit hours (or the equivalent) for each year of the community college plan purchased.
3. Under no circumstances will the mandatory fees component of a Beneficiary’s Tuition be paid for more than two registrations (or the equivalent) for each year of Benefits purchased under either the university plan or the community college plan.

4. (a) For a university plan Beneficiary, VPEP Benefits may be utilized in fractions of a semester, subject to the restriction on payment of the mandatory fees in Article IV section 3 above, to accommodate part-time attendance or credits in addition to those covered by the tuition charge for a normal full-time course load. The fraction of a semester utilized for any part-time enrollment or additional credits will be determined based on the cost for part-time or additional credits taken as a percentage of the cost for full-time enrollment at the same institution for the same semester. For example, if a Beneficiary’s first utilization of Benefits under a four-year university plan Contract is by enrollment for six hours at a four-year institution that charges the Beneficiary an amount equal to 50% of the cost for full-time enrollment, then the Beneficiary is charged with one registration for mandatory fee purposes and one half of a semester for tuition purposes. The Beneficiary will then be entitled to another seven registrations and seven and one half semesters of tuition.

(b) For participants in a community college plan, the Beneficiary may enroll for any number of semesters to utilize the Benefits purchased subject to the restriction on payment of mandatory fees in Article IV section 3 above and the time limit specified in Article VI section 1.

5. The Board may develop other methods for the calculation of Benefits payable under Contracts as it determines necessary to provide consistent Benefits. This specifically allows the Board to adapt the calculation of Benefits to the methods for calculating credits and tuition that may be adopted by any public institution of higher education in Virginia in the future. This includes varying the benefit payouts to accommodate differential pricing structures implemented by institutions of higher education.

Article V – Payments

1. No Payments will be allowed on behalf of a Beneficiary in excess of Payments required to provide the Benefits under a Contract, as set forth in the Participation and Payment Schedule for that Beneficiary. Payments are due in the amounts and on the dates specified for your Contract. There is no prepayment penalty.
2. (a) Following VCSP’s acceptance of the Contract, if all Payments then due are not received within 60 days of the first payment due date, the Contract shall be deemed to be in default, subject to reinstatement upon the payment of all delinquent amounts within 30 days following the date of default.

(b) For subsequent Payments due, failure to make full payment within 30 days of the due date shall result in default by the Account Owner. If within 180 days following the date of default all delinquent amounts are paid, the Contract will be reinstated. If reinstatement is not made

within the time provided in this paragraph 2, subsection b, the Contract will be deemed terminated and a refund or conversion shall be made pursuant to the provisions of Article VI section 5 or Article VII section 6, at the Account Owner's option.

3. An Account Owner may pay for a Contract by: (i) a lump sum payment for the full amount of the Contract as specified in the Participation and Payment Schedule; (ii) an initial down payment of less than the full amount of the Contract and installment Payments of the balance due; or (iii) Payments of the amount of installments required under the option selected, accompanied by account coupons or other invoice devices provided to the Account Owner by the Board. All installment payments include a fixed-rate interest charge. The Board may, at its option, approve other payment schedules, such as annual or quarterly Payments. Payments may be made only by: (i) check; (ii) money order; (iii) electronic funds transfer; or (iv) payroll deduction. The Account Owner may change payment methods at any time upon written request to the Board, subject to any administrative fees as determined by the Board.

Article VI - Use Of Prepaid Tuition Benefits

1. In accordance with Article VII section 2, the Beneficiary must use all Benefits within a ten-year period beginning on the date the Beneficiary is projected to graduate from high school based on information provided in the Application or any transfer-related information with regard to a substitute Beneficiary. Absent an extension from the Board, failure of the Beneficiary to use all Benefits within the specified ten-year period will be deemed a decision by the Beneficiary not to attend an institution of higher education and will result in termination of the Contract pursuant to the provisions of Article VII section 6. Any time spent by a Beneficiary as an active-duty member of the United States Armed Services will be added to the ten-year period specified in this paragraph. Requests for extension will be considered beginning in the tenth year after high school graduation.
2. To begin using a Beneficiary's Benefits, the Board must first be notified in advance of the institution the Beneficiary will attend. The Board shall then request information from the selected institution confirming the Beneficiary's enrollment at such institution. If the selected institution is not covered by the plan specified in the Application, the Board will apply Benefits in accordance with Article VI section 5 on a per-semester basis. For example, if Benefits were purchased for the university plan, and subsequently the Beneficiary attends a community college, the Board will convert the Benefits to the community college rate on a semester-by-semester basis, and the Account Owner may either request a refund, if one is due, or request that any excess amounts be held for application toward future Tuition payments pursuant to Article VI section 5.
3. Upon receipt of all the documentation required by the Board, the Board will pay the following Benefits directly to the specified institution: For a Beneficiary of a university plan or community college plan Contract who enrolls in (i) any public institution of higher education in Virginia, the Tuition of such institution; (ii) an accredited, nonprofit, independent institution of higher education in Virginia or an accredited proprietary technical school or college in Virginia, the Payments made, including actual interest and income earned on such Payments, not to exceed the highest payment made for Tuition at the same type of public institution of higher education in Virginia in the same academic year; (iii) a public or accredited, nonprofit, independent institution of higher education, or an accredited proprietary technical school or college located in another state or abroad, the Payments made, including a reasonable return on such Payments as determined by the Board, not to exceed the average payment made for Tuition at the same type of public institution of higher education in Virginia in the same academic year; provided, however, that all payments made under this subsection 3 shall be actually used to pay for QHEE at an Eligible Educational Institution, both as defined in Section 529 of the Internal Revenue Code, as amended.
4. A Beneficiary who attends either an accredited, nonprofit, independent institution of higher education in Virginia, an accredited proprietary technical school or college in Virginia, or a public or accredited, nonprofit, independent institution of higher education, or an accredited proprietary technical school or college located in another state or abroad is responsible for paying to that institution the amount by which the expenses of that institution exceed the amounts payable under the Contract. A Beneficiary who attends a Virginia public institution but who does not qualify for the in-state tuition rate at that institution is responsible for paying to that institution the amount by which the expenses of that institution exceed the amount payable under the Contract.
5. An Account Owner may convert a Contract from one plan to another, i.e., community college to university and vice versa, upon written request to the Board, and upon payment of any required fees. No conversion to increased Benefits may be made if the Beneficiary has completed the ninth grade at the time the conversion is requested. Conversions to increased Benefits may only be implemented during an enrollment period. Any additional amount due shall be determined based on the Contract pricing for the enrollment period during which the conversion to increased Benefits takes place. Amounts paid before the Contract is converted shall be credited against the amount due under the plan to which the Contract is converted. If the amount paid prior to conversion exceeds the amount due at the time of conversion under the plan to which the Contract is converted, the amount of Payments made in excess of the amount due after conversion shall be refunded to the Account Owner less any applicable fees.

6. Unused Benefits may be applied toward graduate-level courses. VPEP will pay directly to the institution the same amount the Beneficiary would have received under the Contract if enrolled as an undergraduate at the same institution. This provision is not intended to cover the full cost of graduate-level courses.

Article VII - Termination And Refund

1. Except as otherwise specifically provided herein, only the Account Owner may terminate a Contract. Only the Account Owner may receive a refund of Payments made under a Contract. The Board shall determine the amount of any refund pursuant to the terms of the Contract. An Account Owner must designate on the Application a person or entity with a right of survivorship in the event of the Account Owner's death. Such designee shall have all the rights and obligations of the former Account Owner upon the former Account Owner's death. If an Account does not have a valid survivorship designation at the time of the Account Owner's death, the Board may, in its sole discretion, designate the current Beneficiary of the Account as the new Account Owner. If the current Beneficiary is under the age of 18, the Board may designate the deceased Account Owner's executor or administrator as the custodian under the appropriate Uniform Gifts to Minors/Uniform Transfers to Minors statute for the current Beneficiary until the current Beneficiary reaches the age of 18. If no executor or administrator was named or appointed, the Board, in its sole discretion, may designate a parent or other close relative of the current Beneficiary as the custodian. An Account Owner may modify or terminate a Contract or request a refund without the consent or authorization of the designee of survivorship rights or the Beneficiary.

2. A Contract terminates on the 10th anniversary of the date the Beneficiary is projected to graduate from high school, not counting time spent by the Beneficiary as an active duty member of the United States Armed Services if the Board has been notified of such military service. If, after the 10-year period specified above, a Contract has not been terminated and there are unused Benefits, unless the Account Owner has requested and received a waiver from the Board of this requirement, the Board, after making reasonable efforts to locate the Account Owner, the Beneficiary, and any designee as provided for under Article VII (1), shall report the unclaimed amounts to the State Treasurer as unclaimed property pursuant to Section 55-210.12 of the Code of Virginia (1950), as amended. Written requests for extension will be considered beginning in the tenth year after high school graduation. The value of any such amounts reported as unclaimed property shall be the amount of Payments made less (i) any Benefits used; (ii) any refunds paid; and (iii) any administrative fees.

3. If the Beneficiary dies or becomes Disabled prior to receiving all Benefits under a Contract, any unused Benefits under the Contract may be transferred to a Member of the Family pursuant to the provisions of Article VIII. If a change of Beneficiary is not requested, a lump sum refund, reflecting all Payments made, less the amount of any Benefits already used, plus a reasonable return as determined by the Board, shall be made to the Account Owner or other individual or entity designated within 90 days of the date the Board is notified of the death or disability, provided proof of death or disability is submitted in a form acceptable to the Board. The Board will consider all written requests for expedited refunds.

4. If the Beneficiary accepts a full or partial tuition scholarship prior to using all Benefits under a Contract, any unused Benefits under the Contract may be transferred to a Member of the Family pursuant to the provisions of Article VIII. If a change of Beneficiary is not requested, the Account Owner shall receive a refund of Payments made, less the amount of any Benefits already used and less the amount of any tuition and mandatory fees not covered by the scholarship, plus a reasonable return as determined by the Board on an annual basis. In no event shall the amount of such refund exceed the amount of the scholarship. Refund payments shall be issued to the Account Owner each academic term as long as the scholarship is effective. Proof of scholarship must be submitted in a form acceptable to the Board.

5. If the Account Owner dies and Payments cease before a Contract is paid in full, a lump-sum refund equal to Payments made less any applicable fees may be made within 90 days to the person designated in writing by the Account Owner as having a right of survivorship with respect to the Account Owner's rights and obligations under the Contract or, if there is no valid designee of survivorship rights, to the legal representative of the Account Owner's estate upon that individual's written request. If the Contract has been held longer than three years, the provisions of 6(b) below will apply. In the alternative, the designee may request that Benefits be converted to a plan offering reduced Benefits under the provisions of Article VI section 5. The Board will consider all written requests for expedited refunds.

6. If the Account Owner determines at any time to terminate a Contract for a reason other than one specifically provided for in this Article, the Board shall refund to the Account Owner the following amounts:

(a) In the event of a termination request prior to the third anniversary of the original Contract purchase date, an amount equal to all Payments made less the amount of any Benefits already used, less any applicable fees as determined by the Board.

(b) In the event of a termination request following the third anniversary of the original Contract purchase date, an amount equal to all Payments made, plus a reasonable return as determined by the Board on an annual basis, less the amount of any Benefits already used and less any applicable fees as determined by the Board. Any refund under this subsection (b) shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, Section 529 of the Internal Revenue Code, as amended, and any regulations promulgated pursuant thereto. Any such refund shall be issued in a lump sum within ninety days from the date of the termination request. The Board will consider all written requests for expedited refunds in cases constituting hardship, as determined by the Board. Notwithstanding the foregoing, no refund shall be made of Payments for the remainder of any semester (or equivalent academic term) during which the Beneficiary was enrolled at the time of withdrawal or termination.

7. In order to terminate a Contract and receive a refund under this Article VII, the Board must be provided with a written request specifying the Account Owner's name, the Beneficiary's name, the Contract account number, the reason for termination, supporting documentation as may be required by the Board, and payment of any fees specified by the Board.
8. If the Board determines that either the Account Owner or the Beneficiary has made any material misrepresentation related to the Contract, the Contract may be terminated by the Board. If the Contract is so terminated, the Account Owner will be entitled to a refund of Payments made less the amount of any Benefits already used, less any applicable fees, as determined by the Board.

Article VIII - Substitution, Assignment, Transfer And Rollover

1. At any time, the Account Owner may, upon payment of any additional amounts determined by the Board to be due, transfer any unused Benefits to a substitute Beneficiary. The substitute Beneficiary must be a Member of the Family who had not completed the ninth grade at the time the original Contract was purchased. All requests for transfers of Benefits must be in writing and include (i) the Contract account number; (ii) the name, address, SSN or TIN, telephone number, date of birth and the projected year of college enrollment of the substitute Beneficiary, (ii) relationship to the current Beneficiary, and (iii) such other information as the Board may require.
2. The Account Owner may transfer ownership of a Contract to another individual or entity provided no consideration is given for the transfer. All requests for substitution of an Account Owner must include: (i) the Contract account number; (ii) the name, address, social security number,

and telephone number of the substitute Account Owner, (iii) the signature of the Account Owner and of the substitute Account Owner; and (iv) such other information as the Board may require.

3. Section 529 provides that all or a portion of an account with a QTP such as VPEP may be rolled over to an account with another QTP either within the same state or in a different state. In order for the transfer of funds to be a qualified rollover so as not to incur a penalty, the funds from the first account must be deposited into the new account within 60 days from the distribution from the first account. You are allowed one rollover per 12-month-period for the same Beneficiary. Additional rollovers may be made, but there must be a change of Beneficiary to a Member of the Family of the former Beneficiary. In order to roll over a VPEP Contract to another QTP the Account Owner must complete and submit a Rollover & Investment Direction Form. If the funds are not paid directly to a QTP, the Account Owner may incur a federal penalty tax of 10% of any earnings. In the event of a rollover request prior to the third anniversary of the original Contract purchase date, the amount to be rolled over will be all Payments made less the amount of any Benefits already used, less any applicable fees as determined by the Board. In the event of a rollover request following the third anniversary of the original Contract purchase date, the amount to be rolled over will be all Payments made, plus a reasonable return as determined by the Board on an annual basis, less the amount of any Benefits already used and less any applicable fees as determined by the Board. Notwithstanding the foregoing, in the event of a rollover from VPEP to VEST, CollegeAmerica, or CollegeWealth, the amount to be rolled over will be all Payments made, plus a reasonable return as determined by the Board on an annual basis, less the amount of any Benefits already used and less any applicable fees as determined by the Board. Any rollover shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, Section 529 and any regulations promulgated pursuant thereto.
4. Except as specifically provided in this Master Agreement, the Account Owner may not sell, assign, transfer or roll over a Contract, nor any interest, rights or benefits in it. No interest in all or any portion of a Contract may be used as security for any loan.
5. The Board may require that requests for a change of Beneficiary, conversion of a Contract to another plan, termination of a Contract, Rollover & Investment Direction Form and any other actions the Board may designate from time to time, be verified under oath or be supported by certified documents.

Article IX – Fees

1. An Account Owner may be charged fees in amounts to be determined by the Board, including a nonrefundable application fee, fees for late payments, changes, substitutions, cancellations, rollovers and other administrative fees established by the Board. All such fees shall be set out in a Fee Schedule, which is incorporated by reference herein in its entirety. The Fee Schedule below may be amended from time to time. The most current fee schedule is always available on the web at Virginia529.com. The Board reserves the right to waive certain fees in circumstances where it deems a waiver appropriate.

Type of Fee	Amount
Application Fee	\$25
Cancellation Fee¹	\$25
Cancellation for misrepresentation	Lesser of \$500.00 or 100% of payments to date
Late fee on monthly payment received more than 15 days past the due date	Lesser of \$15.00 or 5% of monthly payment
Late fee for lump-sum payment	1% of outstanding balance per month
Non-sufficient funds	\$25
Change in monthly payment amount²	\$25
Change in payment plan option	\$25
Rollover/Transfer to a different plan³	\$25
Change of Account Owner⁴	\$10
Document replacement fee (e.g., duplicate coupon book)	\$5
Start college earlier than projected enrollment date	\$50
Expedited Distribution Request	\$50
Other administrative fees	Set by Board

¹Waived in case of the Beneficiary's death, disability or scholarship. Refunds for reasons other than the Beneficiary's death, disability or receipt of a scholarship are also subject to a federal tax penalty of 10% of any earnings.

²Prepayment minimum is \$1,000 to change payment amount.

³Waived for Rollover to the Virginia Education Savings Trust, CollegeAmerica or CollegeWealth.


⁴Waived in event of Account Owners death or disability.

Article X - General Provisions

1. All notices, changes, options and elections requested by an Account Owner under the Contract must be in writing, signed by the Account Owner, and received by the Board. The Board is not responsible for the accuracy of such documentation. If acceptable to the Board, notices, changes, options and elections relating to the Beneficiary will take effect as of the date the notice is processed by the Board, unless the Board agrees otherwise. The Account Owner understands and acknowledges that VPEP provisions may be amended by the Board from time to time if the Board determines it is in VPEP's best interests to do so. The Board will not retroactively modify existing Contracts in a manner adverse to the Account Owner or the Beneficiary except to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve the favorable tax treatment of VPEP or the favorable tax treatment of interests of Account Owners or Beneficiaries therein. The Board shall promptly notify the Account Owner of such amendments, and the Account Owner agrees to be bound thereby unless the Account Owner promptly notifies the Board of the Account Owner's intent to terminate the Contract.
2. No Account Owner or Beneficiary may direct the investment of any contributions to VPEP or any earnings thereon directly or indirectly. VPEP shall provide a separate accounting for each Beneficiary.
3. All factual determinations regarding an Account Owner's or Beneficiary's residency, disability, the existence of hardship, and any other factual determinations regarding Contracts will be made by the Board based on the facts and circumstances of each case.
4. Contracts shall be construed in accordance with the laws of the Commonwealth of Virginia and applicable federal law, including Section 529 and any regulations promulgated thereunder. Venue for any action arising from or relating to Contracts purchased hereunder shall be in state or federal court located in Richmond, Virginia.
5. In the event any clause or portion of the Contract is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion shall be severed from the Contract and the remainder of the Contract shall continue in full force and effect as if such clause or portion had never been included.
6. The Contract, as defined in Article II, is the complete and exclusive statement of the agreement between the parties hereto, which supersedes any prior agreement, oral or written, and any other communications between the parties hereto relating to the subject matter of the Contract.
7. The Board shall not be liable for any losses or failure to perform its obligations under this Contract caused, directly

or indirectly, by government restrictions, exchange or market rulings, suspension of trading, acts of war, terrorism, strikes, power outages or any other conditions or occurrences beyond its control.

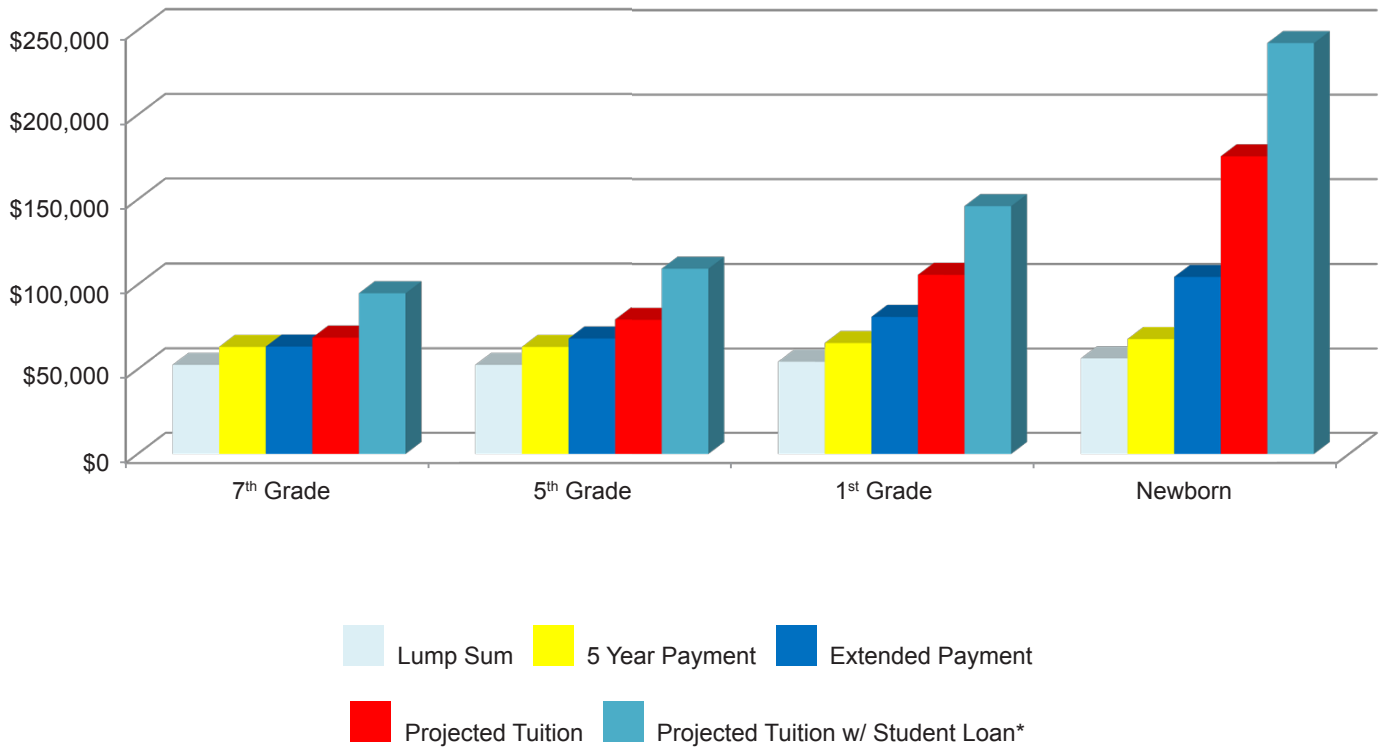
8. The Account Owner understands and acknowledges that VPEP's obligations under each Contract are payable only from moneys received from Account Owners and earnings from investments, and no recourse shall be had by the Account Owner or Beneficiary against the Board's members or VCSP's employees individually, or against the Commonwealth of Virginia in connection with any right or obligation arising out of any Contract. Neither the credit nor the taxing power of the Commonwealth can be pledged to the payment of Benefits hereunder. Section 23-38.78 of the Code of Virginia, as amended, provides for the Governor to include a sum sufficient appropriation in each year's state budget to cover VPEP's contractual obligations in the event of a funding shortfall. This provision can only be changed through the annual appropriations process, which would require action by the Virginia General Assembly, subject to the Governor's veto, and the General Assembly's ability to override a veto.



Chairman, Board of the
Virginia College Savings Plan

Cost of Waiting Comparison Graph

This chart demonstrates how your payments for the Four Year University Plan compare to our projected cost of four years of tuition when your beneficiary reaches college age. For example, if your beneficiary is in the first grade, using the Extended Payment Plan, your total payments to VPEP for four years of university tuition will be \$81,130 (\$610 per month for 133 months). This is approximately 76.5% of our anticipated average four year tuition cost for your first grader, which is \$106,049.



*Calculated as the sum of total monthly student loan payments assuming the entire projected tuition amount was financed through student loans. Payments calculated using current unsubsidized Stafford loan terms of 6.8% interest for a ten year term.

Visit Virginia529.com for college savings calculators.

VPEP Pricing Chart

ONE-YEAR COMMUNITY COLLEGE

October 1, 2011 Grade/Age	Projected Enrollment Year	Lump-sum Payment	Five-Year Monthly Payment	Extended Monthly Payment	Number of Payments
9th Grade	2015-2016	4,700.00	N/A	144.00	37
8th Grade	2016-2017	4,700.00	N/A	113.00	49
7th Grade	2017-2018	4,700.00	96.00	94.00	61
6th Grade	2018-2019	4,700.00	96.00	82.00	73
5th Grade	2019-2020	4,700.00	96.00	73.00	85
4th Grade	2020-2021	4,950.00	101.00	70.00	97
3rd Grade	2021-2022	4,950.00	101.00	64.00	109
2nd Grade	2022-2023	4,950.00	101.00	60.00	121
1st Grade	2023-2024	4,950.00	101.00	57.00	133
Kindergarten	2024-2025	4,950.00	101.00	54.00	145
Age 4/Age 5*	2025-2026	5,200.00	106.00	54.00	157
Age 3	2026-2027	5,200.00	106.00	52.00	169
Age 2	2027-2028	5,200.00	106.00	50.00	181
Age 1	2028-2029	5,200.00	106.00	48.00	193
Infant	2029-2030	5,200.00	106.00	47.00	205
Newborn**	2030-2031	5,200.00	106.00	46.00	217

*Not yet in kindergarten **Born after October 1, 2011

TWO-YEAR COMMUNITY COLLEGE

October 1, 2011 Grade/Age	Projected Enrollment Year	Lump-sum Payment	Five-Year Monthly Payment	Extended Monthly Payment	Number of Payments
9th Grade	2015-2016	9,400.00	N/A	286.00	37
8th Grade	2016-2017	9,400.00	N/A	224.00	49
7th Grade	2017-2018	9,400.00	190.00	187.00	61
6th Grade	2018-2019	9,400.00	190.00	162.00	73
5th Grade	2019-2020	9,400.00	190.00	144.00	85
4th Grade	2020-2021	9,900.00	200.00	138.00	97
3rd Grade	2021-2022	9,900.00	200.00	127.00	109
2nd Grade	2022-2023	9,900.00	200.00	119.00	121
1st Grade	2023-2024	9,900.00	200.00	112.00	133
Kindergarten	2024-2025	9,900.00	200.00	106.00	145
Age 4/Age 5*	2025-2026	10,400.00	210.00	106.00	157
Age 3	2026-2027	10,400.00	210.00	102.00	169
Age 2	2027-2028	10,400.00	210.00	98.00	181
Age 1	2028-2029	10,400.00	210.00	95.00	193
Infant	2029-2030	10,400.00	210.00	92.00	205
Newborn**	2030-2031	10,400.00	210.00	90.00	217

*Not yet in kindergarten **Born after October 1, 2011

ONE-YEAR UNIVERSITY

October 1, 2011 Grade/Age	Projected Enrollment Year	Lump-sum Payment	Five-Year Monthly Payment	Extended Monthly Payment	Number of Payments
9th Grade	2015-2016	13,150.00	N/A	399.00	37
8th Grade	2016-2017	13,150.00	N/A	313.00	49
7th Grade	2017-2018	13,150.00	265.00	261.00	61
6th Grade	2018-2019	13,150.00	265.00	226.00	73
5th Grade	2019-2020	13,150.00	265.00	202.00	85
4th Grade	2020-2021	13,650.00	275.00	190.00	97
3rd Grade	2021-2022	13,650.00	275.00	175.00	109
2nd Grade	2022-2023	13,650.00	275.00	163.00	121
1st Grade	2023-2024	13,650.00	275.00	154.00	133
Kindergarten	2024-2025	13,650.00	275.00	146.00	145
Age 4/Age 5*	2025-2026	14,150.00	285.00	144.00	157
Age 3	2026-2027	14,150.00	285.00	138.00	169
Age 2	2027-2028	14,150.00	285.00	133.00	181
Age 1	2028-2029	14,150.00	285.00	129.00	193
Infant	2029-2030	14,150.00	285.00	125.00	205
Newborn**	2030-2031	14,150.00	285.00	122.00	217

*Not yet in kindergarten **Born after October 1, 2011

TWO-YEAR UNIVERSITY

October 1, 2011 Grade/Age	Projected Enrollment Year	Lump-sum Payment	Five-Year Monthly Payment	Extended Monthly Payment	Number of Payments
9th Grade	2015-2016	26,300.00	N/A	797.00	37
8th Grade	2016-2017	26,300.00	N/A	625.00	49
7th Grade	2017-2018	26,300.00	528.00	521.00	61
6th Grade	2018-2019	26,300.00	528.00	451.00	73
5th Grade	2019-2020	26,300.00	528.00	402.00	85
4th Grade	2020-2021	27,300.00	548.00	378.00	97
3rd Grade	2021-2022	27,300.00	548.00	348.00	109
2nd Grade	2022-2023	27,300.00	548.00	325.00	121
1st Grade	2023-2024	27,300.00	548.00	306.00	133
Kindergarten	2024-2025	27,300.00	548.00	290.00	145
Age 4/Age 5*	2025-2026	28,300.00	568.00	287.00	157
Age 3	2026-2027	28,300.00	568.00	275.00	169
Age 2	2027-2028	28,300.00	568.00	265.00	181
Age 1	2028-2029	28,300.00	568.00	256.00	193
Infant	2029-2030	28,300.00	568.00	249.00	205
Newborn**	2030-2031	28,300.00	568.00	242.00	217

*Not yet in kindergarten **Born after October 1, 2011

THREE-YEAR UNIVERSITY

October 1, 2011 Grade/Age	Projected Enrollment Year	Lump-sum Payment	Five-Year Monthly Payment	Extended Monthly Payment	Number of Payments
9th Grade	2015-2016	39,450.00	N/A	1,195.00	37
8th Grade	2016-2017	39,450.00	N/A	937.00	49
7th Grade	2017-2018	39,450.00	791.00	780.00	61
6th Grade	2018-2019	39,450.00	791.00	676.00	73
5th Grade	2019-2020	39,450.00	791.00	602.00	85
4th Grade	2020-2021	40,950.00	821.00	567.00	97
3rd Grade	2021-2022	40,950.00	821.00	522.00	109
2nd Grade	2022-2023	40,950.00	821.00	486.00	121
1st Grade	2023-2024	40,950.00	821.00	458.00	133
Kindergarten	2024-2025	40,950.00	821.00	434.00	145
Age 4/Age 5*	2025-2026	42,450.00	851.00	429.00	157
Age 3	2026-2027	42,450.00	851.00	412.00	169
Age 2	2027-2028	42,450.00	851.00	397.00	181
Age 1	2028-2029	42,450.00	851.00	384.00	193
Infant	2029-2030	42,450.00	851.00	373.00	205
Newborn**	2030-2031	42,450.00	851.00	363.00	217

*Not yet in kindergarten **Born after October 1, 2011

FOUR-YEAR UNIVERSITY

October 1, 2011 Grade/Age	Projected Enrollment Year	Lump-sum Payment	Five-Year Monthly Payment	Extended Monthly Payment	Number of Payments
9th Grade	2015-2016	52,600.00	N/A	1,593.00	37
8th Grade	2016-2017	52,600.00	N/A	1,248.00	49
7th Grade	2017-2018	52,600.00	1,054.00	1,040.00	61
6th Grade	2018-2019	52,600.00	1,054.00	901.00	73
5th Grade	2019-2020	52,600.00	1,054.00	802.00	85
4th Grade	2020-2021	54,600.00	1,094.00	755.00	97
3rd Grade	2021-2022	54,600.00	1,094.00	695.00	109
2nd Grade	2022-2023	54,600.00	1,094.00	648.00	121
1st Grade	2023-2024	54,600.00	1,094.00	610.00	133
Kindergarten	2024-2025	54,600.00	1,094.00	578.00	145
Age 4/Age 5*	2025-2026	56,600.00	1,134.00	572.00	157
Age 3	2026-2027	56,600.00	1,134.00	548.00	169
Age 2	2027-2028	56,600.00	1,134.00	528.00	181
Age 1	2028-2029	56,600.00	1,134.00	511.00	193
Infant	2029-2030	56,600.00	1,134.00	496.00	205
Newborn**	2030-2031	56,600.00	1,134.00	483.00	217

*Not yet in kindergarten **Born after October 1, 2011

FIVE-YEAR UNIVERSITY

October 1, 2011 Grade/Age	Projected Enrollment Year	Lump-sum Payment	Five-Year Monthly Payment	Extended Monthly Payment	Number of Payments
9th Grade	2015-2016	65,750.00	N/A	1,991.00	37
8th Grade	2016-2017	65,750.00	N/A	1,560.00	49
7th Grade	2017-2018	65,750.00	1,317.00	1,300.00	61
6th Grade	2018-2019	65,750.00	1,317.00	1,126.00	73
5th Grade	2019-2020	65,750.00	1,317.00	1,002.00	85
4th Grade	2020-2021	68,250.00	1,367.00	943.00	97
3rd Grade	2021-2022	68,250.00	1,367.00	869.00	109
2nd Grade	2022-2023	68,250.00	1,367.00	810.00	121
1st Grade	2023-2024	68,250.00	1,367.00	762.00	133
Kindergarten	2024-2025	68,250.00	1,367.00	722.00	145
Age 4/Age 5*	2025-2026	70,750.00	1,417.00	714.00	157
Age 3	2026-2027	70,750.00	1,417.00	685.00	169
Age 2	2027-2028	70,750.00	1,417.00	660.00	181
Age 1	2028-2029	70,750.00	1,417.00	639.00	193
Infant	2029-2030	70,750.00	1,417.00	620.00	205
Newborn**	2030-2031	70,750.00	1,417.00	603.00	217

*Not yet in kindergarten **Born after October 1, 2011

Payment Worksheet

You may purchase one to five years of university or one to three years of community college or any combination of the two types of plans. To determine the price of a combination contract (community college and university) simply fill in the appropriate amounts from the pricing guide and add the columns. Please see the example below.

A. Fill in the name of the child and his or her grade/age in the space provided.

B. Select the number of years of community college and university you would like to purchase and place the numbers in the spaces provided.

C. Review the pricing chart to determine the price for community college and university years for the child's age and place the amount in the space provided.

D. Add the columns under the payment amounts and place total in the blue box.

Combination Contract Worksheet

Child's Name _____ Child's Grade/Age _____

Number of years you would like to purchase	Lump-sum Payment Amount	Five-year Monthly Payment Amount	Extended Monthly Payment Amount
_____ Comm. College	\$ _____	\$ _____	\$ _____
_____ University	\$ _____	\$ _____	\$ _____
Price Comparison	\$ _____ (One-time payment)	or \$ _____ (60 monthly payments)	or \$ _____ (Monthly payments determined by age/grade of student)

First payment due May 1, 2012 | Considering making a down payment to reduce your monthly payment?
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