

# State of Tennessee Achieving a Better Life Experience Program ("ABLE TN")



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

## **DISCLOSURE BROCHURE**

Dated: February 23, 2018

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

MANAGED BY: STATE OF TENNESSEE DEPARTMENT OF TREASURY

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

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This page sets forth certain legal matters relating to the State of Tennessee Achieving a Better Life Experience Plan (“ABLE TN” or “Program”). Terms not otherwise defined below are defined in the Glossary of Common Terms on page 9. The securities offered under the Program have not been, and will not be, registered under the Securities Act of 1933, any state or other securities laws pursuant to exemptions from registration available for obligations issued by a public instrumentality of a state. This Disclosure Brochure does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in any state or other jurisdiction where, such offer or solicitation is unlawful or unauthorized.

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

The Program closed to non-Tennessee residents on February 23, 2018. **Qualified ABLE Programs offered by other states may offer tax or other state benefits to taxpayers or residents of those states that are not available with regard to ABLE TN. Taxpayers or residents of other states should consider such state tax treatment and other state benefits, if any, before making an investment decision.**

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

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

The Account Owner will own Units of Interest in investment portfolios established by the State of Tennessee Department of Treasury for the Program, not direct shares of the underlying Mutual Funds or interest in the Interest Bearing Account related to, as applicable, the Investment Option(s) selected. Such Units of Interest are offered subject to the right of the Trustees or the Tennessee Department of Treasury to reject any purchase in whole or in part. **Before investing, carefully consider the Program’s investment objectives, risks, fees and expenses. This information and more about the Program may be found in this Disclosure Brochure, which should be read fully and carefully before investing.** It is your responsibility, as the Account Owner or, if applicable, the Authorized Individual, to select one or more of the predefined Investment Options within the Program that suits the needs of the Account Owner. Before selecting an Investment Option, you should carefully consider the Account Owner’s risk tolerance, investment horizon, savings goals and overall investment objectives. You should also carefully consider the investment risks associated with each Investment Option.

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

**ABLE TN, the Trustees and the Department of Treasury and its employees are not authorized to provide legal, financial or tax advice. Prospective and existing Account Owners should consult their personal legal, tax or other advisors for inquiries specific to their circumstances.** For more information about the Program, contact: ABLE TN, P.O. Box 55599, Boston, MA 02205–5599; (855) 922–5386; [www.AbleTN.gov](http://www.AbleTN.gov); email: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)

## KEY FEATURES OF THE PROGRAM

Charts, graphs and examples are provided for illustrative purposes only. Before investing, please review the full Disclosure Brochure, which contains more information about ABLE TN and its risks. For more information, contact: ABLE TN, P.O. Box 55599, Boston, MA 02205-5599; (855) 922-5386; [www.AbleTN.gov](http://www.AbleTN.gov); email: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)

Feature	Description	Additional Disclosure
Program Administrator and Manager	State of Tennessee Department of Treasury.	Page 13
Account Owner	<p>An individual who either:</p> <ul style="list-style-type: none"> <li>(i) is entitled to benefits based on blindness or disability under title II or XVI of the Social Security Act (42 U.S.C. §§ 401-425 and 42 U.S.C. § 1381 et seq.), provided such blindness or disability occurred before the individual attained age twenty-six (26), or</li> <li>(ii) has filed a Disability Certification as described in this Disclosure Brochure.</li> </ul> <p>Such individual must be a U.S. citizen or resident alien with a valid Social Security Number and a Tennessee resident having a Tennessee mailing and legal address. To the extent that the Account Owner has an Authorized Individual, the Authorized Individual may need to provide this information as well as any other information requested by Program staff. To the extent the Account Owner is a minor, the Account Owner must have an Authorized Individual.</p> <p><b>A Account Owner can maintain only one (1) Qualified ABLE Program Account at a time, regardless of residency or where the Account is maintained.</b></p>	Page 16
Authorized Individual	<p>An individual who or entity that may neither have nor acquire any beneficial interest in an ABLE Account during the lifetime of the Eligible Individual, but can act on behalf of and for the benefit of a Account Owner for the purpose of establishing, maintaining, directing transactions in, and terminating an ABLE TN Account.</p> <p>A Authorized Individual shall include (i) an individual who is at least eighteen (18) years of age at the time an Account is opened, or an entity, with a power of attorney, (ii) if there is no such individual or entity, a parent or legal guardian and (iii) any other individual or entity that the Program determines may act as a legal representative of the Account Owner under applicable law and regulations.</p>	Page 17
Minimum Initial Contribution	The minimum initial Contribution amount is twenty-five dollars (\$25) for each Investment Option selected by an Account Owner, or, if applicable, Authorized Individual.	Page 19

Feature (cont.)	Description	Additional Disclosure
Contribution Restrictions	<p>For the 2018 taxable year, the total annual Contributions to an Account, excluding amounts received in a Qualified Rollover Withdrawal or Program-to-Program Transfer, must not exceed fifteen thousand dollars (\$15,000); and the lifetime Contribution limitation for ABLE TN is set at three hundred fifty thousand dollars (\$350,000).</p> <p>Contributions can be made by check, Electronic Funds Transfer (“EFT”), rollovers and transfers, Recurring Contributions, Payroll Direct Deposit, and Ugift®.</p> <p>Other terms, restrictions and fees apply depending upon the selected Contribution method. <i>See the Contributions section on page 24 for further information and restrictions.</i></p>	Page 19
Withdrawals	<p>Generally, Withdrawals are processed within three (3) Business Days of receipt of a Withdrawal request by the Program. During periods of market volatility or high request volumes, some Withdrawals may take up to sixty (60) calendar days of receipt of a Withdrawal request by the Program.</p> <p>Each Contribution will be subject to a ten (10) calendar day hold before the monies are eligible for Withdrawal. Additionally, there will be a hold of eight (8) Business Days on Withdrawal requests when there is a change to the Account Owner’s address and a hold of ten (10) calendar days on Withdrawal requests following a change to the Account’s banking information.</p> <p>Only an Account Owner, or, if applicable, Authorized Individual or a duly Authorized Agent may withdraw monies from an Account and is responsible for substantiating the application and tax treatment of any such Withdrawal.</p>	Pages 35 and 37
Tax Considerations	<p>Any earnings grow on a tax-deferred basis for federal income tax purposes. The earnings portion, if any, of Withdrawals used to pay for Qualified Disability Expenses is tax-free at the federal level. The earnings portion, if any, of a Non-Qualified Withdrawal is subject to federal taxes and, except in the case of a Special Circumstances Non-Qualified Withdrawal, a ten percent (10%) federal tax penalty. The earnings portion of an Account Owner’s Withdrawals, if any, that exceed the Account Owner’s Qualified Disability</p> <p>Expenses for the applicable tax reporting period will be included in the Account Owner’s gross income and subject to federal income tax. Account Owners should seek tax advice from an independent tax professional based on their own particular circumstances, and Account</p> <p>Owners residing outside Tennessee should consider their particular state’s tax laws.</p> <p><b><i>For additional information about IRS treatment of Qualified ABLE Programs, visit: <a href="https://www.irs.gov/publications/p907">https://www.irs.gov/publications/p907</a></i></b></p>	Page 39

Feature (cont.)	Description	Additional Disclosure
Impact on Means-Tested Federal Benefits	<p>For the purpose of determining the Account Owner's eligibility to receive, or the amount of, any assistance or benefit that is subject to means-testing under federal law, any amount (including earnings) in an ABL TN Account, any Contributions to the ABL TN Account, and any Withdrawal for Qualified Disability Expenses is disregarded, with the following exceptions applicable to benefits under the federal Supplemental Security Income (SSI) program:</p> <p>(1) a Withdrawal for housing expenses (as defined under the Code) is not disregarded even though it is a Qualified Disability Expense, and</p> <p>(2) any amount in excess of one hundred thousand dollars (\$100,000) in an ABL TN Account is considered a resource of the Account Owner.</p> <p>However, if an Account Owner's SSI benefits are suspended solely because of excess resources of the individual attributable to an amount in the Account Owner's ABL TN Account, such suspension of SSI benefits shall not affect the Account Owner's Medicaid eligibility.</p> <p><u>Risk of Reduced, Suspended or Canceled Aid or Assistance:</u> Account balances exceeding one hundred thousand dollars (\$100,000), and Non-Qualified Withdrawals or Withdrawals for housing expenses as defined under the Code that have not been expended by the Account Owner by the end of the month in which the Withdrawal occurs, will be considered a resource of the Account Owner for purposes of the Supplemental Security Income program under title XVI of the Social Security Act.</p> <p><b><u>Risk of Investment Loss:</u> As with any investment, it is possible to lose money by investing in this Program. The value of an Account will fluctuate and it is possible for the value to be less than what was contributed.</b></p> <p><u>Reallocation Restrictions:</u> An Account Owner or, as applicable, Authorized Individual, may select one or more of the predefined Investment Options. Changes to the current allocation of Account assets may be made twice (2) per calendar year and upon any change in an Account Owner.</p>	Page 14

Feature (cont.)	Description	Additional Disclosure
<p>Program and Investment Risks (cont.)</p>	<p><u>Risk of Program Changes:</u> The Trustees, Department of Treasury or the Program, in their sole discretion, reserve the right to change the program management fee and reserve the right to place restrictions on the Subsidy, including, but not limited to, the right to restrict the Subsidy to Tennessee residents, or otherwise eliminate, reduce or reallocate the Subsidy, at any time. There is no guarantee of future appropriations for such purpose or that the Program will continue to subsidize the expenses and fees, in whole or in part, through an appropriation, or otherwise, in the future.</p> <p>The Program may change the underlying investment of an Investment Option, discontinue an Investment Option, or consolidate Investment Options without the consent of an Account Owner or the Authorized Individual. When feasible and appropriate, the Department of Treasury intends to provide reasonable notice to Account Owners, or, if applicable, Authorized Individuals, regarding any material Program changes.</p>	<p>Page 15</p>

## GLOSSARY OF COMMON TERMS

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

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

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

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

**Authorized Agent** – an individual authorized to enter into agreements or take other actions for or on behalf of an individual, institution or minor.

**Authorized Individual** – an individual who or entity that may neither have nor acquire any beneficial interest in an ABLE TN Account during the lifetime of the Eligible Individual, but can act on behalf of and for the benefit of an Account Owner for the purpose of establishing, maintaining, directing transactions in, and terminating an ABLE TN Account. An Authorized Individual may be either (i) an individual who is at least eighteen (18) years of age at the time an Account is opened, or an entity, with a power of attorney, (ii) if there is no such individual or entity, a parent or legal guardian or (iii) any other individual or entity that the Program determines may act as an Authorized Individual of the Account Owner under applicable law and regulations.

**Business Day** – generally, any day on which the New York Stock Exchange (“NYSE”) is open for regular business activity.

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

**Contribution** – contributed monies directly allocated to an Account that have been deemed In Good Order by the Program. Contributions are affected through a purchase of Units of Interest under the applicable Investment Option.

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

**Designated Beneficiary** – *See Account Owner.*

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

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

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

**IEA Contribution** – Money from an Account Owner’s IEA account deposited into an Account Owner’s ABLE TN

Account that have been deemed In Good Order by ABLE TN. IEA Contributions are restricted in that they may only be used for the Account Owner's educational expenses that are also Qualified Disability Expenses. *See also Individualized Education Account.*

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

**In Good Order** – all information and/or documentation, necessary and required for the Program to facilitate any request or transaction, is complete, accurate and legible and properly and timely submitted to the Program for processing.

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

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

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

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

**Legal Representative** – *See Authorized Individual.*

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

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

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

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

**Program** – see *ABLE TN*.

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

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

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

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

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

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

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

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

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

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

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

**Third-Party Contributor** – an individual or entity, other than an Account Owner, or Authorized Individual, who/that contributes money or makes a payment to an Account. A Third-Party Contributor has no authority over an Account (unless appropriately authorized, and acting in such capacity, as an Authorized Agent or Authorized Individual). An Account can have more than one (1) Third-Party Contributor.

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

**Units of Interest** – municipal fund securities, as defined by the Municipal Securities Rulemaking Board (“MSRB”), in the portfolio established by the Department of Treasury for the applicable Investment Option under the Program. *For additional information on municipal fund securities, visit [www.msrb.org](http://www.msrb.org).*

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

## OVERVIEW

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

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

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

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

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

- Online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Email: ABLE.TN@tn.gov
- Phone: (855) 922-5386
- Fax: 617-559-2478
- Write: ABLE TN, P.O. Box 55599, Boston, MA 02205-5599
- Visit: ABLE TN, Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

## PROGRAM ADMINISTRATION

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

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

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

## PROGRAM AND INVESTMENT RISKS

This Disclosure Brochure cannot and does not list every conceivable factor that may affect the results of investing in ABLE TN. Additional risks may arise and an Account Owner or, as applicable, Authorized Individual, must be willing and able to accept those risks.

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

### Risk of Investment Loss

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

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

### Tax Risk

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

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

When feasible and appropriate, the Department of Treasury intends to provide reasonable notice to Account Owners, and Authorized Individuals, regarding any material Program changes.

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

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

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

For example, to the extent the balance of an Account exceeds, at any time, one hundred thousand dollars (\$100,000), such excess balance in the ABLE TN Account will be considered a resource of the Account Owner for purposes of the Supplemental Security Income program under title XVI of the Social Security Act. As a result, the Account Owner's supplemental security income benefits may be suspended until such time that the ABLE TN Account falls under the one

hundred thousand dollars (\$100,000) threshold. In addition, Non-Qualified Withdrawals, and Qualified Withdrawals for housing expenses (as defined under the Code) that are not expended by the end of the month in which the Withdrawal occurs, will be considered a resource of the Account Owner for purposes of the Supplemental Security Income program under title XVI of the Social Security Act. Prospective or actual Account Owners, or, if applicable, their Authorized Individuals, should consult an advisor or contact the Social Security Administration.

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

### Risk of Medicaid Claims

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

### Risk of Program Changes

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

For fiscal year 2017 – 2018 (July 1, 2017 – June 30, 2018), the Tennessee State Legislature has authorized a Subsidy in order to offset the Program's expenses and the program management fee for each Account. **There is no guarantee of future State appropriations for such purpose or that the Program will continue to subsidize the costs, fees and expenses, in whole or in part, through an appropriation or otherwise in the future.** See page 27 for further information about Expenses and Fees, including a detailed explanation of the Subsidy.

When feasible and appropriate, the State Treasurer intends to provide reasonable notice to Account Owners and Authorized Individuals regarding any material Program changes.

### Investment Option Risks

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

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

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

## OPENING AN ACCOUNT

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

Prior to opening an ABLE TN Account, prospective Account Owners or, as applicable, Authorized Individuals, should consult their legal, financial, tax and other advisors.

To open an ABLE TN Account, an enrollment application must be completed In Good Order by an Account Owner or, as applicable, Authorized Individual, and submitted to ABLE TN with the minimum initial Contribution. The enrollment application may be obtained by

- Going online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Emailing: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Calling: (855) 922-5386
- Faxing: 617-559-2478
- Writing: ABLE TN , P.O. Box 55599, Boston, MA 02205-5599
- Visiting: ABLE TN , Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

An Account Owner or, as applicable, Authorized Individual making IEA Contributions should use the designated IEA enrollment application and IEA forms; *see the Individualized Education Account section on page 23 for further information and restrictions.*

The enrollment application may be completed online, or via email, fax, or mail using the instructions provided above. Participation in the Program will be effective when the completed and fully executed enrollment application, along with the minimum initial Contribution, are received In Good Order and accepted by the Program. The completed and signed enrollment application received and accepted by the Program is the contract between the Program and the Account Owner or Authorized Individual for participation in ABLE TN. The enrollment application incorporates the Program's Participation Agreement, the Program's terms and requirements described in this Disclosure Brochure, as revised or replaced from time to time, and the terms and requirements of the Code, Statute, Rules, the Program's operating procedures and all other applicable laws and regulations.

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

The Participation Agreement shall survive the death of an Account Owner and shall be binding upon the Authorized Individual.

## Account Types

There are three (3) types of ABLE TN Accounts:

- Eligible Individual – this type of Account is generally opened by an Eligible Individual who is at least eighteen (18) years of age at the time of opening the Account;
- Parent/Guardian – this type of Account is generally opened by an parent, guardian or other Authorized Individual on behalf of an Eligible Individual who is under eighteen (18) years of age (a minor) at the time of opening the Account; or
- Authorized Individual – this type of Account is generally opened by an Authorized Individual with power of attorney (or other legal authorization) on behalf of an Eligible Individual who is at least eighteen (18) years of age at the time of opening the Account.

**Regardless of the type of Account opened, the Eligible Individual is the Account Owner. Parents, guardians and other Authorized Individuals should consult their personal legal, tax or other advisors for inquiries specific to their circumstances.**

## Eligible Individual

An Eligible Individual is an Account Owner. An Eligible Individual / Account Owner must be:

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

If the Eligible Individual / Account Owner is a minor, a parent, guardian or Authorized Individual is required for the purpose of establishing, maintaining, transacting, and terminating an ABLE TN Account.

## Authorized Individual

An Authorized Individual may neither have nor acquire any beneficial interest in an ABLE Account during the lifetime of the Account Owner.

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

An Authorized Individual that is an:

- Individual – must be a U.S. citizen or resident alien with a U.S. mailing and legal address, a valid Social Security Number and who is at least eighteen (18) years of age at the time an Account is opened;
- Entity – a trust, corporation, association or other organized entity, maintaining a U.S. mailing and legal address, with a valid Taxpayer Identification Number. An entity must provide the following documents to open an Account:
  - Trust: the Authorized Individual must provide a copy of the title page, signature pages and any pages showing the names of the trustees and successor trustees of the trust document;
  - Corporation, Association or Other Entity: the Authorized Individual must provide a copy of the

appropriate documents that demonstrate the individual signing the enrollment application is i) an authorized officer of the entity and ii) authorized to make investments on behalf of the entity.

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

### Disability Certification

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

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

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

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

## **CONTRIBUTING TO AN ACCOUNT**

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

- Going online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Emailing: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Calling: (855) 922-5386
- Faxing: 617-559-2478
- Writing: ABLE TN, P.O. Box 55599, Boston, MA 02205-5599
- Visiting: ABLE TN, Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

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

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

**The Program reserves the right to reject any Contribution for any reason without notice.**

## Initial Contribution

The minimum initial Contribution is twenty-five dollars (\$25) for each Investment Option selected by an Account Owner, or, as applicable, Authorized Individual.

The initial Contribution must only be made by check, Electronic Funds Transfer (“EFT”), and rollovers and transfers, Recurring Contributions and payroll Direct Deposit, as further described below. Any Contribution from a Qualified Rollover and Program-to-Program Transfer shall be administered by the Program in accordance with all applicable laws and regulations. Other methods of contributing, such as Ugift®, may be used for subsequent Contributions to an Account. Contributions will be credited to an Account upon being accepted and processed by the Program. *See page 26 for further information on Transaction Processing and Account Valuation.*

Once the minimum initial Contribution has been deposited to open an Account, there are no required minimums for subsequent Contributions. Additionally, individuals and entities other than an Account Owner or, as applicable, Authorized Individual, may contribute to an Account. *See page 22 for further information on Gifts by Third-Party Contributors.*

## Contribution Restrictions

Each Contribution will be subject to a ten (10) calendar day hold before the monies are eligible for Withdrawal. *See page 35 for further information on Withdrawals.*

Within a taxable year, the total Contributions to an Account, excluding amounts received in a Qualified Rollover Withdrawal or Program-to-Program Transfer, must not exceed the amount of the annual per-donee gift tax exclusion under Section 2503(b) of the Internal Revenue Code for the calendar year in which the taxable year begins. For 2018, the annual per-donee gift tax exclusion is fifteen thousand dollars (\$15,000); this gift tax exclusion amount may change in subsequent years. Accordingly, the total annual Contributions to an Account in 2018, excluding amounts received from a Qualified Rollover Withdrawal or Program-to-Program Transfer, cannot exceed fifteen thousand dollars (\$15,000).

*NOTE: Federal law was recently changed to permit additional contributions to a Qualified ABLE Program account from an Account Owner’s earned income, subject to certain limitations and restrictions in the Code – commonly referred to as ABLE-To-Work contributions.*

*The Program will provide more information about this change as the effects of the new federal law become clear. At present, the Program’s annual contribution limit remains fifteen thousand dollars (\$15,000).*

Account balances exceeding one hundred thousand dollars (\$100,000) will be considered a resource of the Account Owner for purposes of the Supplemental Security Income program under title XVI of the Social Security Act. *See page 14 for further information on Risk of Impact on Means-Tested Federal Benefits.*

The lifetime Contribution limitation for ABLE TN will be three hundred fifty thousand dollars (\$350,000), meaning that no Contribution (including the proceeds from a preexisting ABLE Account) will be accepted if such Contribution would cause the balance (including Contributions and earnings) in an Account Owner’s ABLE TN Account to exceed three hundred fifty thousand dollars (\$350,000). An Account Owner, Authorized Individual or Third-Party Contributor will not be able to make Contributions to the Account Owner’s Account that cause the Account balance to exceed three hundred fifty thousand dollars (\$350,000). Should the balance of the Account fall below three hundred fifty thousand dollars (\$350,000) because of a market loss or Withdrawal, then the Account Owner, Authorized Individual or Third-Party Contributor shall be able to resume making Contributions to the Account Owner’s Account that do not cause the balance to exceed three hundred fifty thousand dollars (\$350,000). Such lifetime Contribution limitation may be adjusted by the Program from time to time.

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

## Contribution Methods

### ***Check***

Contributions to an Account made by check must be drawn on a United States bank, savings and loan association, or credit union in U.S. dollars. Checks must be made payable to ABLE TN. Checks may take longer to be processed by the Program than other methods of contributing.

The Program will **reject and deem unacceptable** Contributions made by currency (coin or paper), securities or other property, money order, credit card, traveler's check, starter check, check drawn on a non-U.S. bank, savings and loan association, or credit union, third-party personal check made payable to an Account Owner and endorsed by an Account Owner, Authorized Individual or Authorized Agent to the Program in an amount greater than ten thousand U.S. dollars (\$10,000), a check dated earlier than one hundred eighty (180) calendar days before the date of receipt by the Program, or a check with unclear instructions.

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

A Contribution through an Electronic Funds Transfer ("EFT") will occur only upon initiation by an Account Owner, or, if applicable, Authorized Individual or Authorized Agent. An EFT debits a banking or savings account via an Automated Clearing House ("ACH") transfer. A voided account check or preprinted deposit slip from the U.S. bank, savings and loan association, or credit union at which the account is held may need to be provided to the Program. *See the enrollment application for further information about EFT.*

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

An Account Owner, or, if applicable, Authorized Individual, may make a Qualified Rollover Withdrawal from another Qualified ABLE Program and contribute the applicable amount into a new or existing ABLE TN Account.

To make a Contribution of a Qualified Rollover Withdrawal into an ABLE TN Account, an Account Owner, or, if applicable, Authorized Individual, will need to open an ABLE TN Account and provide a rollover check accompanied with a letter from the transferring Qualified ABLE Program detailing the basis and earnings of the rollover as well as the total Contributions in the then-current year. If the rollover check is not accompanied by such letter, the Program will treat such Contribution entirely as earnings, which may have tax and other consequences.

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

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

An Account Owner, or, if applicable, Authorized Individual, may make a Program-to-Program Transfer into a new or existing ABLE TN Account of all or a portion of the funds paid or distributed from an account established for the Account Owner under another Qualified ABLE Program or an account established for Member of the Family of the Account Owner under another Qualified ABLE Program.

To make a Program-to-Program Transfer into an ABLE Account, an Account Owner, or, if applicable, Authorized Individual, will need to complete, sign and submit to the Program a transfer request form.

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

## ***Rollovers from a 529 Account***

**Taxpayers or residents of other states should consider such state's tax treatment, if any, before making a 529 Account rollover to ABLE TN.**

A qualified rollover or transfer from a 529 Account to an ABLE TN Account will be considered a qualified rollover for federal income tax purposes, provided that the ABLE account is owned by the designated beneficiary of that 529 account, or a member of such designated beneficiary's family, as defined under Section 529 of the Internal Revenue Code of 1986. The rollover amount counts towards the overall limitation on amounts that can be contributed to the ABLE Account within a taxable year. Any rollover amount that causes an Account to exceed this limitation may be includible in the gross income of the distributee and/or may be returned or rejected by the Program.

An Account Owner or, if applicable, Authorization Individual should contact the Program prior to requesting a 529 Account rollover to an ABLE TN Account.

For additional information about IRS treatment of Qualified ABLE Programs, visit:  
<https://www.irs.gov/forms-pubs/about-publication-907>.

## ***Recurring Contributions***

For ease and convenience, scheduled, periodic Contributions to an Account may be made by establishing an automatic transfer from an account held at a U.S. bank, savings and loan association, or credit union. A recurring contribution debits an account via an Automated Clearing House ("ACH") transfer. Contributions will be electronically transferred in the amount and based on the frequency selected by the Account Owner, or, if applicable, Authorized Individual.

Recurring Contributions will occur on the day indicate by the Account Owner, or, if applicable, Authorized Individual, provided the day is a regular Business Day. If the day indicated falls on a weekend or a holiday, the Recurring Contribution debit will occur on the next Business Day. If a date is not designated, the Recurring Contribution will occur on the tenth (10<sup>th</sup>) day of the applicable month. Quarterly Recurring Contribution debits will be made on the day indicate (or the next business day, if applicable) every three (3) months, not on a calendar quarter basis.

A voided account check or preprinted deposit slip from the U.S. bank, savings and loan association, or credit union at which the account is held may need to be provided to the Program. Alternatively, the savings or checking bank account information may be entered online. *See the enrollment application for further information about recurring contributions.*

It is the Account Owner's, or, if applicable, Authorized Individual's responsibility to notify the ABLETN, in writing, at least three (3) Business Days prior to the next Contribution, of a bank or bank account change. *See page **Error! Bookmark not defined.** for further information on Updating Bank Account Information.*

A Recurring Contribution authorization will remain in effect until the Program has received notification of its change or termination and has had a reasonable amount of time to act on it. Recurring Contribution changes are not effective until received and processed by the ABLE TN. Furthermore, in the event a Recurring Contribution is rejected, denied or returned by the U.S. bank, savings and loan association or credit union on three (3) consecutive attempts, the Program will cancel the Recurring Contribution service for that Account.

## ***Payroll Direct Deposit***

Contributions may be made to an Account via a Payroll Direct Deposit. A portion of an Account Owner's, or, if applicable, Authorized Individual's or Third-Party Contributor's paycheck is automatically deducted and deposited into an Account via an In Good Order ACH transfer. An Account Owner, or, if applicable, Authorized Individual or Third-Party Contributor who is a Tennessee state employee must complete and submit In Good Order a Payroll Direct Deposit Form.

*All others interested in payroll deductions should contact the Program for payroll direct deposit instructions.*

## ***Ugift® and Gifts by Third-Party Contributors***

*Ugift® is an optional service and is not affiliated with the ABLE TN, the Trustees or Department of Treasury. Ugift® is a registered service mark of Ascensus Broker Dealer Services, LLC, an affiliate of Ascensus College Savings Recordkeeping Services, LLC that is a service provider for the Program. This Disclosure Brochure is not intended to provide detailed information concerning this service.*

An Account Owner, or, if applicable, Authorized Individual, can invite any individual or entity to contribute to an Account through any of the acceptable methods outlined within this Disclosure Brochure. Such gifter, called a Third-Party Contributor, has no authority over an Account (unless appropriately authorized, and acting in such capacity, as an Authorized Agent or Authorized Individual). An Account may have more than one (1) Third-Party Contributor.

Through Ugift® an Account Owner, or, if applicable, Authorized Individual, is provided a unique contribution code, which can then be distributed to selected family, friends, and other Third-Party Contributors. The minimum Ugift® Contribution is twenty-five dollars (\$25). Gift contributions received In Good Order will be held for approximately five (5) Business Days before being transferred to the Account.

It is the Account Owner's, or, if applicable, Authorized Individual's, responsibility to notify family, friends and other Third-Party Contributors that:

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

A gift Contribution will be invested according to the allocation on file for an Account at the time the gift Contribution has been accepted and processed by the Program. A Third-Party Contributor cannot, among other actions, choose an Investment Option, direct an Account change or request a Withdrawal. An Account Owner, or, if applicable, Authorized Individual, assumes complete control over an Account, regardless of the source of Contributions.

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

## INDIVIDUALIZED EDUCATION ACCOUNT

**IEA funds are further restricted as described below. Prior to making IEA Contributions to or IEA Withdrawals from an ABLE TN Account, prospective Account Owners, Account Owners or, as applicable, Authorized Individuals, should consult their legal, financial, tax and other advisors.**

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

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

An Account Owner or, as applicable, Authorized Individual making IEA Contributions or IEA Withdrawals from an ABLE TN Account should use the designated IEA enrollment application and IEA forms. **IEA Contributions and IEA Withdrawals from an ABLE TN Account cannot be made online.**

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

In addition to the responsibilities outlined within this Disclosure Brochure, it is an Account Owner’s or, as applicable, Authorized Individual’s sole responsibility to adhere to the State of Tennessee Department of Education’s rules, policies, procedures and/or guidelines relative to the use of IEA funds.

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

## INVESTMENT STRATEGIES AND OVERVIEW OF INVESTMENT OPTIONS

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

**You, as an Account Owner, or, if applicable, Authorized Individual, should understand that the Account Owner will own Units of Interest issued by the Program and not direct shares of the underlying Mutual Fund(s) or interest in the IBA related to, as applicable, the Investment Option(s) you select.** Account Owners or, if applicable, Authorized Individuals, cannot withdraw funds from, liquidate or otherwise deal directly with the mutual fund companies or, in the case of the IBA, the financial institution.

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

**The Program reserves the right to change the underlying Mutual Fund(s) relating to any Investment Option(s) or**  
*ABLETN Disclosure Brochure*

**the financial institution at which the IBA is held, to change the investment strategy for any Investment Option and to consolidate or eliminate Investment Option(s). Such changes do not require Account Owner or, as applicable, Authorized Individual, consent.**

### Right to Change Investment Options

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

An Annual Exchange does not affect the investment allocation of future Contributions. An Account Owner or, as applicable, Authorized Individual, may select a different Investment Option with respect to any future Contributions to an Account.

**Account Owners, and, as applicable, Authorized Individuals, should periodically assess and, if appropriate, adjust the allocation to the Investment Option(s) to align with their risk tolerance, investment horizon, savings goals and overall investment objectives.**

In order to facilitate an exchange of assets, an Account Owner or, as applicable, Authorized Individual, must complete, sign and submit the applicable form to the Program. Forms and other information may be obtained by

- Going online: [AbleTN.gov](http://AbleTN.gov)
- Emailing: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Calling: (855) 922–5386
- Faxing: 617–559–2478
- Writing: ABLE TN , P.O. Box 55599, Boston, MA 02205–5599
- Visiting: ABLE TN , Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

### Investment Options

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

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

## INVESTMENT OPTIONS

Investment Option Name	Underlying Mutual Fund	Underlying Mutual Fund Ticker Symbol
TN DFA US Large Cap Value Fund	DFA US Large Cap Value Portfolio (I) (Institutional Class)	DFLVX
TN DFA Large Cap International Portfolio	DFA Large Cap International Portfolio (Institutional Class)	DFALX
TN DFA Inflation-Protected Securities Portfolio	DFA Inflation-Protected Securities Portfolio (Institutional Class)	DIPSX
TN Vanguard 500 Index Fund	Vanguard Institutional Index Fund (Institutional Shares)	VINIX
TN Vanguard Mid-Cap Growth Fund	Vanguard Mid-Cap Growth Fund (Investor Shares)	VMGRX
TN Vanguard Total Bond Market Index Fund	Vanguard Total Bond Market Index Fund (Institutional Shares)	VBTIX
TN Vanguard Intermediate-Term Investment-Grade Fund	Vanguard Intermediate-Term Investment-Grade Fund (Admiral Shares)	VFIDX
TN Vanguard Intermediate-Term Treasury Fund	Vanguard Intermediate-Term Treasury Fund (Admiral Shares)	VFIUX
TN Vanguard Wellington Fund	Vanguard Wellington Fund (Admiral Shares)	VWENX
TN Vanguard LifeStrategy Income Fund	Vanguard LifeStrategy Income Fund (Investor Shares)	VASIX
TN Vanguard LifeStrategy Conservative Growth Fund	Vanguard LifeStrategy Conservative Growth Fund (Investor Shares)	VSCGX
TN PRIMECAP Odyssey Aggressive Growth Fund	PRIMECAP Odyssey Aggressive Growth Fund	POAGX
TN DFA US Small Cap Fund	DFA US Small Cap Portfolio (I) (Institutional Class)	DFSTX
TN First Tennessee Interest Bearing Account	First Tennessee Bank Interest Bearing Account	None

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

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

## Systematic Reallocation

Systematic reallocation is a way to make Contributions on a regular basis from an Investment Option in an Account to one or more other Investment Options in an Account. The goal of Systematic Reallocation is to allocate, over time, Contributions across Investment Options instead of making lump sum Contributions. In sum, a Contribution in a large fixed amount is made to one Portfolio (Source Portfolio) and, reallocated at regular intervals to another Portfolio(s) (Target Portfolio). To participate in Systematic Reallocation, a Contribution of at least five hundred dollars (\$500) must be made to the Source Portfolio. In addition, Contributions to the selected Target Portfolio(s) must be made in increments of no less than fifty dollars (\$50) on a monthly or quarterly basis.

Systematic Reallocation will not count towards the Annual Exchange limit; however, changes made with respect to money already in an Account or changes to the Systematic Reallocation already in place will count towards the Annual Exchange Limit.

Systematic Reallocation does not eliminate the risks of investing in financial markets and this investment strategy may not be appropriate for everyone. It does not ensure a profit or protect against a loss. As applicable, the Account Owner, Authorized Individual or Third-Party Contributor should be prepared to continue Systematic Reallocation at regular intervals, even during economic downturns in order to fully utilize this strategy. **As applicable, an Account Owner, Authorized Individual or Third-Party Contributor should consult their personal legal, tax or other advisors for inquiries specific to their circumstances.**

## **TRANSACTION PROCESSING AND ACCOUNT VALUATION**

**The value of an Account and its performance will fluctuate, and the Units of Interest, when sold, may be worth more or less than the amount contributed. Past performance is not a guarantee of future results. For more information on Investment Performance, see page 31.**

**When Units of Interest are purchased (or sold), the Account Owner pays (or receives) the net asset value (“NAV”) per Unit of Interest on trade date, as further discussed below.**

All information, documentation, forms and transactions received for an Account must be In Good Order before being processed by ABLE TN. Incomplete, inaccurate, or missing information or documentation will delay processing of, for example, purchasing or selling Units of Interest or Contribution or Withdrawal requests. When feasible ABLE TN intends to provide reasonable notice to an Account Owner or, if applicable, Authorized Individual if information, documentation, a form or transaction is deemed **not** In Good Order by the Program. All Contribution or Withdrawal requests are subject to acceptance or rejection, in whole or in part, by the Department of Treasury in its sole discretion. *See page 35 for further information on Withdrawals.*

The NAV is determined after the close of market trading on the New York Stock Exchange (NYSE), typically 4:00 p.m. Eastern time. The NAV per Unit of Interest is calculated by dividing the value for each Investment Option’s net assets (total assets minus liabilities, including the costs, fees, expenses and Subsidy, if any, relating to such Investment Option) by the number of outstanding Units of Interest in each Investment Option.

The trade date is determined by when a Contribution or Withdrawal request is received by the Program In Good Order. If a Contribution or Withdrawal request is received by the Program In Good Order prior to 4:00 p.m. Eastern time (3:00 p.m. Central time) on a Business Day, such request will be 1) priced according to the NAV calculated for that same Business Day and 2) transmitted by the Program to the intermediary that same Business Day. Conversely, if a Contribution or Withdrawal request is received after 4:00 p.m. Eastern time or on a day other than a Business Day, such request will be processed by the Program on the next Business Day and, assuming a Contribution or Withdrawal request is In Good Order, transmitted to the intermediary no later than on the second succeeding Business Day.

All Contributions and Withdrawals sent to ABLE TN are aggregated or pooled together for investment purposes, which allows ABLE TN to lower costs to its Account Owners. Ascensus College Savings Recordkeeping Services, LLC, and its affiliates and subcontractors, provide recordkeeping and intermediary services between the Program and the Mutual Fund companies. Although ABLE TN aggregates all Account orders for investment purposes, ABLE TN maintains separate accounting of the investments held for and transactions in each Account.

While an Account Owner does not own actual shares of the Mutual Funds or a direct interest in the IBA, the value of each Unit of Interest is directly related to the performance, value, costs, fees, expenses and Subsidy, if any, of the Mutual Fund or IBA associated with each Investment Option an Account Owner or, if applicable, Authorized Individual selects. See page *Error! Bookmark not defined.* for further information about Expenses and Fees, including a detailed explanation of the Subsidy.

## EXPENSES AND FEES

The Program reserves the right to change the underlying Mutual Fund(s) relating to any Investment Option(s) or the financial institution at which the IBA is held, to change the investment strategy for any Investment Option and to consolidate or eliminate Investment Option(s). Such changes do not require Account Owner or Authorized Individual consent.

### Total Annual Asset-Based Fee, After Subsidy

The total annual asset-based fee, after Subsidy, accrues daily and is factored into the net asset value of each Unit of Interest. The Program's total annual asset-based fee, after Subsidy, includes three (3) elements: the estimated underlying Mutual Fund or IBA expense; the program management fee; and the Subsidy (i.e. program management fee subsidy and the mutual fund expense subsidy, as applicable). These elements are further described below.

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

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

### Estimated Investment Option Expenses

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

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

### Program Management Fee

The Program charges a program management fee for costs, fees and expenses incurred during the creation, administration and management of the Program. Such costs, fees and expenses include, but are not limited to, those incurred for investment management, account administration, communication and recordkeeping services. As of December 31, 2017, the cost to operate and administer ABLETN was \$89,232. For fiscal year 2018 (July 1, 2017- June 30, 2018) the operating budget for ABLETN is \$270,000. Based on the 2018 fiscal year operating budget, the projected cost for administrating each ABLETN Account would be approximately 2.11% (211 basis points) on an annualized basis.

The current program management fee for each Investment Option is set forth in the *Expenses and Fees Table on page 29.*

The amount of the program management fee will differ among Investment Options due, in large part, to a Subsidy (see the "Subsidy" section immediately below). In addition, Program may receive payments known as administrative fee reimbursements or offsets from certain Mutual Fund companies. Any offsets received reduce the overall expenses of the

Program. The Program currently receives a quarterly offset, based on the value of assets under management at the annual rate of 0.10% (10 basis points), from PRIMECAP Management Company. The three (3) mutual fund Investment Options for which no program management fee is charged consist of those Investment Options invested in mutual funds with estimated underlying mutual fund expenses of more than thirty-five basis points (0.35%). Thus, the total annual asset-based fee for those three (3) Investment Options consists solely of the estimated mutual fund expense.

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

Subsidy

To offset these operating and administration costs, fees and expenses, a portion of a State appropriation of two hundred seventy thousand dollars (\$270,000) for fiscal year 2018 (July 1, 2017– June 30, 2018) will be applied, in part, to the Program’s expenses, thereby reducing the program management fee. As such, the program management fee for all Accounts is expected to be adjusted and assessed for fiscal year 2018 (July 1, 2017– June 30, 2018) as set forth in the Expenses and Fees Table on page 29.

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

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

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

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

## Optional Services Fees

An Account Owner may request optional services, such as delivery of withdrawal proceeds by priority delivery service or outgoing wire, the Program will deduct the applicable fee(s) listed directly from the Account and will include the total annual amount on the Account Owner's annual IRS Form 1099-QA as part of the gross withdrawals paid to the Account Owner during the year.

<b>Optional Service Requested by Account Owner</b>	<b>Optional Service Fee (per occurrence)</b>
<b>Overnight Mail Delivery Fee</b>	
Monday – Friday	\$15.00
Saturday	\$25.00
Non-U.S.	\$50.00
<b>Wire Fees</b>	
Outgoing	\$25.00
International	\$25.00

**Optional Service Fees will reduce the overall performance of an Account, as a result of reducing Account assets.**

An Account Owner, or, as applicable, Authorized Individual should consult an investment advisor regarding performance implications and an independent tax professional regarding calculating and reporting any tax liability associated with the payment of any of these fees out of an Account.

## **EXPENSES AND FEES TABLE**

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

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

For fiscal year 2017 – 2018 (July 1, 2017 – June 30, 2018), the Tennessee State Legislature has authorized a Subsidy in order to offset the Program management fee for each Account. As such, the Program management fee for all Account Owners is expected to be adjusted and assessed for fiscal year 2018 (July 1, 2017– June 30, 2018) as outlined in the Expenses and Fees Table. **There is no guarantee of future State appropriations for such purpose or that the Program will continue to subsidize the costs, fees and expenses, in whole or in part, through an appropriation or otherwise in the future.** See page 27 for further information about Expenses and Fees, including a detailed explanation of the Subsidy.

Investment Option	Expenses and Fees as of December 31, 2017			
	Estimated Underlying Mutual Fund or IBA Expenses	Program Management Fee, After Subsidy	Mutual Fund Expense Subsidy	Total Annual Asset-Based Fee, After Subsidy
TN DFA US Large Cap Fund	0.27%	0.08%	---	0.35%
TN DFA Large Cap International Portfolio	0.23%	0.12%	---	0.35%
TN DFA Inflation-Protected Securities Portfolio	0.12%	0.23%	---	0.35%
TN Vanguard 500 Index Fund	0.04%	0.31%	---	0.35%
TN Vanguard Mid-Cap Growth Fund	0.36%	0.00%	.00%	0.36%
TN Vanguard Total Bond Market Index Fund	0.04%	0.31%	---	0.35%
TN Vanguard Intermediate-Term Investment-Grade Fund	0.10%	0.25%	---	0.35%
TN Vanguard Intermediate-Term Treasury Fund	0.10%	0.25%	---	0.35%
TN Vanguard Wellington Fund	0.16%	0.19%	---	0.35%
TN Vanguard LifeStrategy Income Fund	0.11%	0.24%	---	0.35%
TN Vanguard LifeStrategy Conservative Growth Fund	0.12%	0.23%	---	0.35%
TN PRIMECAP Odyssey Aggressive Growth Fund	0.64%	0.00%	0.00%	0.64%
TN DFA US Small Cap Fund	0.37%	0.00%	0.00%	0.37%
TN First Tennessee Interest Bearing Account	0.00%	0.00%	---	0.00%

## INVESTMENT PERFORMANCE

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

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

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

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

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

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

Investment Option	Total Returns as of December 31, 2017					
	One-Year Return	Annualized Three-Year Return	Annualized Five-Year Return	Annualized Ten-Year Return	Annualized Since Inception	Inception Date
TN DFA US Large Cap Value Fund	18.79%	*	*	*	21.42%	6/10/2016
TN DFA Large Cap International Portfolio	25.26%	*	*	*	18.86%	6/10/2016
TN DFA Inflation-Protected Securities Portfolio	3.03%	*	*	*	0.90%	6/10/2016
TN Vanguard 500 Index Fund	21.43%	*	*	*	18.98%	6/10/2016
TN Vanguard Mid-Cap Growth Fund	22.01%	*	*	*	15.50%	6/10/2016
TN Vanguard Total Bond Market Index Fund	3.25%	*	*	*	0.68%	6/10/2016
TN Vanguard Intermediate-Term Investment-Grade Fund	3.99%	*	*	*	1.54%	6/10/2016
TN Vanguard Intermediate-Term Treasury Fund	1.43%	*	*	*	-1.03%	6/10/2016
TN Vanguard Wellington Fund	14.53%	*	*	*	13.26%	6/10/2016
TN Vanguard LifeStrategy Income	6.72%	*	*	*	4.33%	6/10/2016
TN Vanguard LifeStrategy Conservative Growth Fund	10.73%	*	*	*	7.99%	6/10/2016
TN PRIMECAP Odyssey Aggressive Growth Fund	33.59%	*	*	*	31.54%	6/10/2016
TN DFA US Small Cap Fund	11.49%	*	*	*	19.09%	6/10/2016
TN First Tennessee Interest Bearing	0.34%	*	*	*	0.31%	6/10/2016

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

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

## ACCOUNT MAINTENANCE

Any modifications to an Account must comply with the Statute and Rules governing the Program and the Code. Account modification requests must be made in writing, signed by an Account Owner or, as applicable, Authorized Individual, and submitted to the Program or performed online. In most cases, Account modifications should be made online or using the Program's account information change form, which may be obtained by

- Going online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Emailing: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Calling: (855) 922-5386
- Faxing: 617-559-2478
- Writing: ABLE TN, P.O. Box 55599, Boston, MA 02205-5599
- Visiting: ABLE TN, Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

It is an Account Owner, or, if applicable, Authorized Individual's, responsibility to ensure that the information for an Account is current and accurate at all times.

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

### Updating General Account Information

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

### Updating Contribution Information

It is, as applicable, an Account Owner, or Authorized Individual's responsibility to promptly notify ABLE TN in writing of a bank or bank account change at least three (3) Business Days prior to the next Contribution.

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

### Changing an Account Owner

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

### Changing a Authorized Individual

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

Enforceability of an Authorized Individual's rights and authority may vary by state and an Account Owner and Authorized Individual should consult their legal advisors prior to designating an Authorized Individual and accepting appointment, respectively.

### Change in Eligibility Status of an Account Owner

The Account Owner or the Account Owner's Authorized Individual is obligated to report a change in the Account Owner's condition to the Program if the change in condition would result in the Account Owner failing to satisfy the definition of an Eligible Individual.

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

**If a change in the Account Owner's condition occurs, an Account Owners or, if applicable, Authorized Individual should consult their personal legal, tax or other advisors for inquiries specific to their circumstances.**

### Third-Party Access and Authorization

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

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

An Account Owner or, as applicable, Authorized Individual and any third-party Authorized Agent should consult their legal, financial, tax and other advisors prior to designating a third-party Authorized Agent and accepting appointment, respectively.

### Transfers to a Member of the Family

An Account Owner, or, if applicable, Authorized Individual, may transfer a portion of the funds in an Account to a new or existing ABLE TN Account established for a Member of the Family of the Account Owner who is an Eligible Individual, but at the conclusion of the partial transfer the ABLE TN Account from which such partial transfer is made must have a remaining balance of at least one hundred dollars (\$100). To make a transfer request of this type, an Account Owner, or, if applicable, Authorized Individual, will need to complete, sign and submit to the Program a transfer request form.

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

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

### Electing or Revoking Electronic Delivery

To revoke the electronic delivery option, an Account Owner or, as applicable, Authorized Individual, must submit a request online or contact the Program, revoking such authority.

### Adding or Changing a Trusted Contact Person

Adding a trusted contact person to an Account is not required and does not authorized the individual to transact on or making any changes to an Account, but by adding a trusted contact person the Account Owner or, if applicable, Authorized Individual authorizes the Program to communicate with that individual:

- to address possible financial exploitation;
- to confirm contact information, health status, or the identity of any legal guardian, executor, trustee, or holder of a power of attorney; or
- as otherwise permitted by applicable law, rule or regulation.

A trusted contact person must be an individual who is age eighteen (18) or older. To add or change a trusted contact person, an Account Owner or, if applicable, Authorized Individual must contact the Program.

## **TYPES OF WITHDRAWALS**

### Qualified Withdrawal

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

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

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

An Account Owner or, as applicable, Authorized Individual is responsible for determining if the proceeds of a Withdrawal were used to pay for Qualified Disability Expenses. Documentation for the determination of Qualified Disability Expenses should be retained so it can be provided to the IRS, if so requested. *For additional information, visit [www.irs.gov/publications/p907](http://www.irs.gov/publications/p907).*

## Non-Qualified Withdrawal

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

The Non-Qualified Withdrawal will be sent to the Account Owner or, as applicable, Authorized Individual. At the conclusion of the Non-Qualified Withdrawal, an Account must have a remaining balance of at least one hundred dollars (\$100). *See page 40 for further information about Account Closure.*

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

## Special Circumstances Non-Qualified Withdrawals

Withdrawals paid to the Account Owner's Authorized Individual, or to the estate of an Account Owner, on or after the death of an Account Owner are not subject to the additional ten percent (10%) federal tax penalty, but the earnings portion, if any, may be taken into consideration for purposes of computing the federal income tax liability of the Account Owner's estate.

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

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

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

## Program-to-Program Transfer

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

Upon the completion of a Program-to-Program Transfer of the full Redemption Value of an Account, the Program will close the ABLE TN Account. In the event that the Program facilitates a partial transfer of an Account directly to another Qualified ABLE Program account for a Member of the Family, at the conclusion of the partial transfer the ABLE TN Account must have a remaining balance of at least one hundred dollars (\$100).

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

An Account Owner or, as applicable, Authorized Individual, wishing to transfer an ABL TN Account to another Qualified ABL Program should contact the other Qualified ABL Program’s administrator to assist in facilitating the Program–To–Program Transfer. Any Program–To–Program Transfer shall be administered by the Program in accordance with all applicable laws and regulations. Any amount distributed shall be in an amount equal to the Redemption Value of an Account, or portion thereof requested, as of the date the transfer is made, less any applicable fee imposed by the Program in connection with such transfer.

It is an Account Owner’s or, as applicable, Authorized Individual’s, responsibility to substantiate the tax treatment of the transfer.

### Qualified Rollover Withdrawal

ABLE TN will facilitate a Qualified Rollover Withdrawal of the full Redemption Value of an Account to another Qualified ABL Program Account for the same Account Owner or a Qualified Rollover Withdrawal of all or a portion of the Redemption Value of an Account to a Qualified ABL Program Account for a Member of the Family who is an Eligible Individual.

Upon the completion of a Qualified Rollover Withdrawal of the full Redemption Value of an Account, the Program will close the ABL TN Account. In the event that the Program facilitates a Qualified Rollover Withdrawal of a portion of the Redemption Value of an Account, at the conclusion of such Qualified Rollover Withdrawal the ABL TN Account must have a remaining balance of at least one hundred dollars (\$100).

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

It is an Account Owner’s or, as applicable, Authorized Individual’s, responsibility to substantiate the tax treatment of a Qualified Rollover Withdrawal.

## **REQUESTING A WITHDRAWAL**

An Account Owner or, if applicable, Authorized Individual may request a Withdrawal by

- Going online: [www.AbleTN.gov](http://www.AbleTN.gov)
- Emailing: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)
- Calling: (855) 922–5386
- Faxing: 617–559–2478
- Writing: ABL TN , P.O. Box 55599, Boston, MA 02205–5599
- Visiting: ABL TN , Department of Treasury, 15th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243

A Withdrawal may be made payable to an Account Owner or the Account Owner’s, Authorized Individual. Any Withdrawal will be issued in the form of a check sent by regular mail, via the U.S. Postal Service or a banking or savings account credit via an Automated Clearing House (“ACH”) transfer. Failing to complete a withdrawal request In Good Order may result in a delay of processing and disbursement of the funds.

Generally, Withdrawals are processed within three (3) Business Days of receipt of a Withdrawal request by the Program. Please allow up to ten (10) Business Days for the proceeds to reach the requested payee. During periods of market volatility or high request volumes, some Withdrawals may take up to sixty (60) calendar days of receipt of a Withdrawal request by the Program.

Each Contribution will be subject to a ten (10) calendar day hold before the monies are eligible for Withdrawal. Additionally, there will be a hold of eight (8) Business Days on Withdrawal requests when there is a change to the Account Owner's address and a hold of ten (10) calendar days on Withdrawal requests following a change to the Account's banking information.

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

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

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

The Program will issue and deliver IRS Form 1099-QA and Form 5498-QA to an Account Owner or, as applicable, Authorized Individual, by January 31<sup>st</sup> and March 31<sup>st</sup>, respectively, of the following year. An Account Owner or, as applicable, Authorized Individual, is responsible for any filings with the IRS and for maintaining adequate records evidencing, as applicable, that Withdrawals were used for Qualified Disability Expenses, a Program-to-Program Transfer or Qualified Rollover Withdrawal to another Qualified ABL Program, or a Special Circumstances Non-Qualified Withdrawal. This information may be requested by the IRS or the appropriate state tax authority.

## **COMMUNICATIONS, CONFIRMATIONS AND STATEMENTS**

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

Communications, confirmations and statements for each Account are delivered to an Account Owner, or, as applicable, Authorized Individual, by regular mail, via the U.S. Postal Service, or electronic delivery, as selected by an Account Owner or Authorized Individual. Communications, confirmation and statements provide important information and should be promptly and thoroughly reviewed.

A confirmation for each transaction in an Account, except for Recurring Contributions, payroll direct deposits, exchanges due to Systematic Reallocation, the automatic exchange of Account assets between Age-Based Option, and automatic transfers from a Upromise<sup>®</sup> account to an Account. These automated transactions will be confirmed on a quarterly statement.

Statements are issued quarterly if any transaction has occurred in an Account during such quarter. All Accounts will receive an annual statement after calendar year-end.

All confirmations and statements will be deemed conclusive and accurate unless an Account Owner or, as applicable, Authorized Individual, advises ABL TN in writing of any objection or concern within sixty (60) calendar days of receipt. If an Account Owner or, as applicable, Authorized Individual does not notify the Program, the confirmation or statement will be deemed approved and the Account Owner or, as applicable, Authorized Individual to have released the Program from all responsibility for matters covered by the confirmation or statement.

## TAX MATTERS AND CONSIDERATIONS

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

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

ABLE TN, the Trustees and the Department of Treasury and its employees are not authorized to provide legal, financial or tax advice. Prospective and existing Account Owners or the Account Owner's Authorized Individual, as applicable, should consult their personal advisors for inquiries specific to their circumstances.

### Year-End Processing

Contributions and Withdrawal requests must be received In Good Order by the Program in sufficient time to allow the Program to process the request prior to the end of each calendar year. Generally, the Program must receive requests prior to 4:00pm ET on December 31<sup>st</sup> to be processed within that calendar year.

The Program reserves the right to make such changes without prior notice to the year-end processing schedule. When feasible and appropriate, the Program intends to provide reasonable notice to Participants regarding year-end processing changes.

### Federal Tax Considerations

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

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

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

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

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

According to the IRS, the general rule is that any gift is a taxable gift. Contributions to an Account are considered a completed gift and, as a result, federal gift, estate, and generation-skipping transfer tax rules apply. The IRS published annual exclusion for gifts per donee (e.g. Account Owner) for 2018 is fifteen thousand dollars (\$15,000). A larger gift Contribution may be ratable over a five-year period through a special election. *For additional information, visit [irs.gov/uac/About-Form-709](https://www.irs.gov/uac/About-Form-709).*

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

There are many exceptions and exclusions and each Account Owner and, if applicable, Authorized Individual and Third-Party Contributor should consult their personal legal, tax or other advisors for inquiries specific to their circumstances. *For additional information, visit [www.irs.gov/publications/p907](https://www.irs.gov/publications/p907) or [www.irs.gov/forms-pubs/about-publication-970](https://www.irs.gov/forms-pubs/about-publication-970).*

## State Tax Considerations

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

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

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

The Program closed to non-Tennessee residents on February 23, 2018.

## **ACCOUNT CLOSURE**

### Voluntary Closure

An Account Owner or, as applicable, Authorized Individual may, terminate or close an ABLE TN Account at any time, for any reason upon a written request submitted to the Program. The Redemption Value, if any, of an Account will be distributed to the Account Owner or, as applicable, Authorized Individual.

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

### Inactive or Zero Balance Accounts

If an Account has a zero balance and inactive for greater than sixty (60) calendar days, it will be promptly closed by the Program.

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

### Account or Program Termination

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

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

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

**to the Account.**

### Re-Opening a Closed Account

At the Program's discretion, a closed Account may be re-opened with any type of Contribution within six (6) months of the date of the last transaction. An Account Owner or, if applicable, Authorized Individual may be required to provide additional information and/or documentation. After six (6) months from the date of the last Withdrawal/transfer, an Account Owner or, if applicable, Authorized Individual will be required to submit a new enrollment application and other required information and/or documentation to have an Account re-opened.

## **ADDITIONAL MATTERS**

### Prohibited Transactions

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

### Certain Protection from Creditors

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

An Account Owner, or, if applicable Authorized Individual, should consult their own advisor regarding any specific protections afforded to them.

### Disclosure Brochure, Financial Statements and Periodic Audits

An electronic copy of the most recent Disclosure Brochure may be obtained from the Municipal Securities Rulemaking Board's ("MSRB's") Electronic Municipal Access ("EMMA") website, [emma.msrb.org](http://emma.msrb.org), or through the Program's website, [ABLETN.com](http://ABLETN.com). The Program reserves the right to suspend or stop postings on EMMA or the internet at any time.

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

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

Alternatively, the Disclosure Brochure, financial statements and periodic audits can be requested by contacting the Program via phone ((855) 922-5386) or email ([ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov)).

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

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

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

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

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

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

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

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

Investment Option	Underlying Mutual Fund or IBA					
	Name	Ticker Symbol	Investment Objective	Issuer	Advisor	Prospectus Information
TN PRIMECAP Odyssey Aggressive Growth Fund	PRIMECAP Odyssey Aggressive Growth Fund	POAGX	The Mutual Fund's investment objective is long-term capital appreciation. The Mutual Fund invests mainly in stocks of U.S. companies, emphasizing those companies with prospects for rapid earnings growth.	PRIMECAP Odyssey Funds	PRIMECAP Management Company	<a href="http://primecap.com/index.html">primecap.com/index.html</a>
TN DFA US Small Cap Fund	DFA US Small Cap Portfolio (I) (Institutional Class)	DFSTX	The Mutual Fund seeks long-term capital appreciation.	DFA investment Dimensions Group, Inc.	Dimensional Fund Advisors, LP	<a href="http://us.dimensions.com/fund-documents">us.dimensions.com/fund-documents</a>
TN First Tennessee Interest Bearing Account	First TN Interest Bearing Account	None	The underlying deposit Account for the TN First Tennessee Interest Bearing Account is currently an Interest-Bearing Account ("IBA") established by the Trust Fund at First Tennessee Bank National Association ("Bank"). An account held at the Bank in the name of the Department of Treasury for the exclusive benefit of TNStars' Participants investing in the TN Frist Tennessee Interest Bearing Account in order that the FDIC requirements for pass-through FDIC deposit insurance may be satisfied.	None	None	<i>For questions about this Investment Option, please contact TNStars.</i>
<p><b>The Program reserves the right to change the underlying Mutual Fund(s) relating to any Investment Option(s) or the financial institution at which the IBA is held, to change the investment strategy for any Investment Option and to consolidate, eliminate or add Investment Option(s) and transfer assets from a consolidated or eliminated Investment Option to another Investment Option. Such changes do not require Account Owner or, as applicable, Authorized Individual, consent.</b></p>						

## APPENDIX B – UNDERLYING INVESTMENT OPTION RISKS

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

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

### **Dimensional Funds Investment Options Principal Risks**

Charts, graphs and examples provided are for illustrative purposes only. Because the value of your investment in the Program will fluctuate, there is the risk that you will lose money. The following is a description of principal risks of investing in Dimensional Funds underlying Investment Options:

	Credit	Cyber Security	Derivatives	Equity Market	Foreign Securities and Currency	Income	Inflation-Protected Securities Interest Rate	Inflation-Protected Securities Interest Rate Tax	Interest Rate	Liquidity	Market	Risk of Investing for Inflation Protection	Securities Lending	Small Company	Value Investment
TN DFA US Large Cap Value Fund		X	X	X									X		X
TN DFA Large Cap International Portfolio		X	X	X	X								X		X
TN DFA Inflation-Protected Securities Portfolio	X	X	X			X	X	X	X	X	X	X	X		
TN DFA US Small Cap Fund		X	X	X									X	X	

#### **Equity Market Risk**

Even a long-term investment approach cannot guarantee a profit. Economic, market, political, and issuer-specific conditions and events will cause the value of equity securities, and the Portfolio that owns them, to rise or fall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

#### **Value Investment Risk**

Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause the Portfolio to at times underperform equity funds that use other investment strategies.

### **Derivatives Risk**

Derivatives are instruments, such as futures contracts, whose value is derived from that of other assets, rates or indices. The use of derivatives for non-hedging purposes may be considered to carry more risk than other types of investments. When the U.S. Large Cap Value Series and U.S. Large Cap Value Portfolio use derivatives, the U.S. Large Cap Value Portfolio will be directly exposed to the risks of those derivatives. Derivative instruments are subject to a number of risks including counterparty, liquidity, interest rate, market, credit and management risks, and the risk of improper valuation. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index, and the Portfolio could lose more than the principal amount invested.

### **Securities Lending Risk**

Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, the U.S. Large Cap Value Series may lose money and there may be a delay in recovering the loaned securities. The U.S. Large Cap Value Series could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. Securities lending also may have certain adverse tax consequences.

### **Cyber Security Risk**

The U.S. Large Cap Value Portfolio's and its service providers' use of internet, technology and information systems may expose the Portfolio to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or fund assets, or cause the Portfolio and/or its service providers to suffer data corruption or lose operational functionality.

### **Foreign Securities and Currencies Risk**

Foreign securities prices may decline or fluctuate because of: (a) economic or political actions of foreign governments, and/or (b) less regulated or liquid securities markets. Investors holding these securities may also be exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar or that a foreign government will convert, or be forced to convert, its currency to another currency, changing its value against the U.S. dollar). The Large Cap International Portfolio does not hedge foreign currency risk.

### **Market Risk**

Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the Inflation-Protected Portfolio that owns them, to rise or fall.

### **Interest Rate Risk**

Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices fall. When interest rates fall, fixed income security prices rise. In general, fixed income securities with longer maturities are more sensitive to changes in interest rates.

### **Inflation-Protected Securities Interest Rate Tax Risk**

Any increase in the principal amount of an inflation-protected security may be included for tax purposes in the Portfolio's gross income, even though no cash attributable to such gross income has been received by the Portfolio. In such event, the Portfolio may be required to make annual gross distributions to shareholders that exceed the cash it has otherwise received. In order to pay such distributions, the Portfolio may be required to raise cash by selling its investments. The sale of such investments could result in capital gains to the Portfolio and additional capital gain distributions to shareholders. In addition, adjustments during the taxable year for deflation to an inflation-indexed bond held by the Portfolio may cause amounts previously distributed to shareholders in the taxable year as income to be characterized as a return of capital.

### **Inflation-Protected Securities Interest Rate Risk**

Inflation-protected securities may react differently from other fixed income securities to changes in interest rates. Because interest rates on inflation-protected securities are adjusted for inflation, the values of these securities are not materially affected by inflation expectations. Therefore, the value of inflation-protected securities are anticipated to change in response to changes in "real" interest rates, which represent nominal (stated) interest rates reduced by the expected impact of inflation. Generally, the value of an inflation-

protected security will fall when real interest rates rise and will rise when real interest rates fall.

### **Credit Risk**

Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact the Inflation-Protected Portfolio's performance. Government agency obligations have different levels of credit support and, therefore, different degrees of credit risk. Securities issued by agencies and instrumentalities of the U.S. Government that are supported by the full faith and credit of the United States, such as the Federal Housing Administration and Ginnie Mae, present little credit risk. Other securities issued by agencies and instrumentalities sponsored by the U.S. Government, that are supported only by the issuer's right to borrow from the U.S. Treasury, subject to certain limitations, and securities issued by agencies and instrumentalities sponsored by the U.S. Government that are sponsored by the credit of the issuing agencies, such as Freddie Mac and Fannie Mae, are subject to a greater degree of credit risk. U.S. government agency securities issued or guaranteed by the credit of the agency may still involve a risk of non-payment of principal and/or interest.

### **Risks of Investing for Inflation Protection**

Because the interest and/or principal payments on an inflation-protected security are adjusted periodically for changes in inflation, the income distributed by the Inflation-Protected Portfolio may be irregular. Although the U.S. Treasury guarantees to pay at least the original face value of any inflation-protected securities the Treasury issues, other issuers may not offer the same guarantee. Also, inflation-protected securities, including those issued by the U.S. Treasury, are not protected against deflation. As a result, in a period of deflation, the principal and income of inflation-protected securities held by the Portfolio will decline and the Portfolio may suffer a loss during such periods. While inflation-protected securities are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in the Portfolio's value. For example, if interest rates rise due to reasons other than inflation, the Portfolio's investment in these securities may not be protected to the extent that the increase is not reflected in the securities' inflation measures. In addition, positive adjustments to principal generally will result in taxable income to the Portfolio at the time of such adjustments (which generally would be distributed by the Portfolio as part of its taxable dividends), even though the principal amount is not paid until maturity. The current market value of inflation-protected securities is not guaranteed and will fluctuate.

### **Income Risk**

Income risk is the risk that falling interest rates will cause the Inflation-Protected Portfolio's income to decline because, among other reasons, the proceeds from maturing short-term securities in its portfolio may be reinvested in lower-yielding securities.

### **Liquidity Risk**

Liquidity risk exists when particular portfolio investments are difficult to purchase or sell. To the extent that the Inflation-Protected Portfolio holds illiquid investments, the Portfolio's performance may be reduced due to an inability to sell the investments at opportune prices or times. Liquid portfolio investments may become illiquid or less liquid after purchase by the Inflation-Protected Portfolio due to low trading volume, adverse investor perceptions and/or other market developments. Liquidity risk includes the risk that the Inflation-Protected Portfolio will experience significant net redemptions at a time when it cannot find willing buyers for its portfolio securities or can only sell its portfolio securities at a material loss. Liquidity risk can be more pronounced in periods of market turmoil.

### Small Company Risk

Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, smaller capitalization companies are also more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

### **First TN Investment Option Principal Risks**

Charts, graphs and examples provided are for illustrative purposes only. Because the value of your investment in the Program will fluctuate, there is the risk that you will lose money. The following is a description of principal risks of investing in the First TN underlying Investment Options:

	Income	FDIC Insurance Coverage
First TN Investment	X	X

#### **Income Risk**

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

#### **FDIC Insurance Coverage Risk**

The amount of FDIC insurance provided to each Account Owner is based upon the total of (1) the value of amounts invested on behalf of an Account Owner in the First TN Interest Bearing Account plus (2) the value of other Accounts held by an Account Owner in the same capacity, if any, at the Bank, as determined by the Bank and by FDIC regulations. **It is the responsibility of an Account Owner, or Authorized Individual, to determine how selecting the TN First Tennessee Interest Bearing Account Investment Option would be aggregated with other Accounts, if any, at First Tennessee Bank National Association.** For more information about the amount of FDIC deposit insurance applicable to deposits in a particular capacity, and the various types of capacity in which deposits may be held, see [fdic.gov/deposit/deposits/brochures/your\\_insured\\_deposits-english.html](http://fdic.gov/deposit/deposits/brochures/your_insured_deposits-english.html).

## **PrimeCap Investment Option Principal Risks**

Charts, graphs and examples provided are for illustrative purposes only. Because the value of your investment in the Program will fluctuate, there is the risk that you will lose money. The following is a description of principal risks of investing in Dimensional Funds underlying Investment Options:

	Foreign Securities Risk	Growth Stock Risk	Investment Style Risk	Manager Risk	Sector-focus Risk	Small- and Mid-Cap Stocks Risk	Stock Market Risk
TN PrimeCap Aggressive Growth Fund	X	X	X	X	X	X	X

### **Stock Market Risk**

The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

### **Manager Risk**

The chance that, as a result of poor security selection by the Advisor, the Fund may underperform relative to its benchmarks or other funds with similar investment objectives.

### **Investment Style Risk**

The chance that returns from the mix of small- and mid-cap stocks in the Fund's portfolio will trail returns from the overall stock market. Historically, these stocks have been more volatile in price than the large-cap stocks that dominate the overall stock market, and they often perform quite differently. Additionally, from time to time, growth stocks may be more volatile than the overall stock market.

### **Growth Stocks Risk**

The chance that returns from growth stocks in the Fund's portfolio will trail returns from the overall stock market. Growth stocks are likely to be more volatile in price than the stock market as a whole. Historically, growth funds have tended to outperform the market as a whole in rising markets and underperform the market as a whole in declining markets. Of course, there is no guarantee that this pattern will continue in the future.

### **Sector-focus Risk**

The chance that investing a significant portion of the Fund's assets in one sector of the market exposes the Fund to greater market risk and potential monetary losses than if those assets were spread among various sectors.

### **Small- and Mid-Cap Stocks Risk**

The chance that small- and midcap stocks may trade less frequently or in more limited volume than those of larger, more established companies; may fluctuate in value more; and, as a group, may suffer more severe price declines during periods of generally declining stock prices.

### Foreign Securities Risk

The chance that the value of foreign securities will be adversely affected by the political and economic environments and other overall economic conditions in the countries where the Fund invests. Investing in foreign securities involves: country risk, which is the chance that domestic events – such as political upheaval, financial troubles, or natural disasters – will weaken a country’s securities markets; and currency risk, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

### Vanguard Funds Investment Option Risks

Charts, graphs and examples provided are for illustrative purposes only. Because the value of your investment in the Program will fluctuate, there is the risk that you will lose money. The following is a description of principal risks of investing in Vanguard underlying Investment Options:

	Asset Concentration	Call	Country / Regional	Credit	Currency	Currency Hedging	Derivatives	Extension	Income	Index Sampling	Interest Rate	Investment Style	Liquidity	Manager	Prepayment	Stock Market
Vanguard Mid-Cap Growth Fund	X											X		X		X
Vanguard Institutional Index Fund												X				X
Vanguard Wellington Fund		X		X					X		X	X	X	X	X	X
Vanguard LifeStrategy Income Fund		X	X	X		X			X		X					X
Vanguard LifeStrategy Conservative Growth Fund		X	X	X	X	X			X		X					X
Vanguard Total Bond Market Index Fund		X		X				X	X	X	X		X		X	
Vanguard Intermediate-Term Investment-Grade Fund		X		X			X	X	X		X		X	X		
Vanguard Intermediate-Term Treasury Fund									X		X			X		

### Asset Concentration Risk

Asset concentration risk is the chance that because the Fund tends to invest a high percentage of assets in its ten largest holdings, the fund’s performance may be hurt disproportionately by the poor performance of relatively few stocks.

### Call Risk

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

### Country/ Regional Risk

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

### Credit Risk

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

**Currency Risk**

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

**Currency Hedging Risk**

Currency hedging risk is the chance that the currency hedging transactions entered into by a Mutual Fund may not perfectly offset the Mutual Fund's foreign currency exposure.

**Derivatives Risk**

The Fund may invest in derivatives, which may involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets.

**Extension Risk**

Extension risk is the chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. For funds that invest in mortgage-backed securities, extension risk is the chance that during periods of rising interest rates, homeowners will prepay their mortgages at slower rates.

**Income Risk**

Income risk is the chance that a Mutual Fund's income will decline because of falling interest rates.

**Index Sampling Risk**

Index sampling risk is the chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund's target index.

**Interest Rate Risk**

Interest rate risk is the chance that bond prices will decline because of rising interest rates.

**Investment Style Risk**

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

**Liquidity Risk**

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

**Manager Risk**

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

**Prepayment Risk**

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

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

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

For more information about the Program, contact: ABLE TN, P.O. Box 55599, Boston, MA 02205-5599; (855) 922-5386; [www.AbleTN.gov](http://www.AbleTN.gov); email: [ABLE.TN@tn.gov](mailto:ABLE.TN@tn.gov).