Merrill Lynch, Pierce, Fenner & Smith Incorporated (referred to as Merrill or we) is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer and an investment adviser, and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC), which is described at [www.sipc.org](http://www.sipc.org). Managed Account Advisors LLC (MAA), our subsidiary, is also an SEC-registered investment adviser. You can access free and simple tools to research firms and financial professionals at [investor.gov/CRS](http://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers and investing.

Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. This Form CRS provides a summary of the types of services we provide and how you pay. At Merrill, we offer both brokerage and investment advisory services. You choose how you want to work with us:

<table>
<thead>
<tr>
<th>Work one-on-one with your dedicated Merrill Financial Advisor (Advisor) and team who will give you recommendations in a brokerage account relationship for a per trade charge and/or in an investment advisory account relationship for an annual asset-based fee.</th>
<th>Obtain the advice of Merrill Financial Solutions Advisors (FSAs) in the Merrill Advisory Center program (MAC) via a call center or at a bank or wealth management center to access certain brokerage investment solutions for a per trade charge and/or through a selection of specific investment portfolios managed by Merrill investment professionals for an annual asset-based fee.</th>
<th>Utilize the Merrill Edge self-directed (MESD) investing platform to handle your own brokerage trades for a per trade charge, or invest in self-guided portfolios managed by Merrill investment professionals for an annual asset-based fee.</th>
</tr>
</thead>
</table>

The [Summary of Programs and Services](#) provides an overview of our primary programs.

**BROKERAGE SERVICES**

In a brokerage account (Account), you pay commissions and other sales fees on a per transaction basis. We may recommend investments for your Account, but you make the final decision to buy, sell or hold them.

From time to time, we may voluntarily review the holdings in your Account; however, for purposes of Regulation Best Interest, **we do not provide an ongoing monitoring service or monitor** your Account and Regulation Best Interest does not require us to do so. Our [Best Interest Disclosure Statement](#) provides material facts about a brokerage account, including material limitations on our offerings.

The Cash Management Account (CMA) is our primary brokerage Account for retail clients. Our brokerage services include:

- Providing you with investment information, making investment recommendations, and responding to your trade instructions and other requests.
- Access to investment solutions, research, financial tools, investment guidance and market education.
- Trade execution for purchases and sales of securities, and custody of the assets in your Account.
- Margin lending (borrowing against the securities in your Account).
- Access to various account types.
- Cash management services (including direct deposit, check-writing, debit cards, electronic funds transfer) and access to our [Cash Sweep Program](#) where uninvested cash in your Account is “swept” into interest-yielding bank deposit accounts (affiliated with us) or, for certain account types, into one or more money market mutual funds.

The MAC program providing brokerage services through an FSA is only available to new clients for certain account types and for certain investment products. Brokerage services without the assistance of an Advisor or an FSA are available through MESD.

Merrill Lynch, Pierce, Fenner & Smith Incorporated (also referred to as “MLPF&S” or “Merrill”) makes available certain investment products sponsored, managed, distributed, or provided by companies that are affiliates of Bank of America Corporation (“BofA Corp.”). MLPF&S is a registered broker-dealer, registered investment adviser, Member SIPC, and a wholly owned subsidiary of BofA Corp. Merrill Lynch Life Agency Inc. (“MLLA”) is a licensed insurance agency and a wholly owned subsidiary of BofA Corp. Banking products are provided by Bank of America, N.A., Member FDIC and a wholly owned subsidiary of BofA Corp.

Investment products offered through MLPF&S, and insurance and annuity products offered through MLLA:

<table>
<thead>
<tr>
<th>Are Not FDIC Insured</th>
<th>Are Not Bank Guaranteed</th>
<th>May Lose Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are Not Deposits</td>
<td>Are Not Insured By Any Federal Government Agency</td>
<td>Are Not a Condition to Any Banking Service or Activity</td>
</tr>
</tbody>
</table>
INVESTMENT ADVISORY SERVICES
Merrill offers a variety of investment advisory programs (IA Programs). When you enroll in one of our IA Programs, we act as your investment adviser and you receive the advisory services as stated in its client agreement and brochure for an asset based fee (and not on a per trade basis). You also receive trade execution and custody services and access to cash management services (including our Cash Sweep Program). Each IA Program is described in the relevant IA Program brochure, called an ADV brochure, available at our websites listed at the top of page 1 of this CRS.

In certain of our IA Programs, you can make investment decisions yourself, or, alternatively, you can grant us or a third party the authority to make investment decisions for your account on your behalf (discretion). Any discretionary investment and trading authority is triggered when you grant it to us and we keep this authority until you revoke it. In certain IA Programs, MAA provides discretionary services to you. MAA implements the investment strategies of selected third-party managers and of Merrill, invests assets, processes contributions and withdrawals, and provides other services to your IA Program account.

You pay the IA Program’s specified annual fee (which, in most instances, is a fee calculated as a percentage of the assets in your account), payable on a monthly or quarterly basis. We provide ongoing monitoring for an Account enrolled in an IA Program as described in its IA Program brochure.

Our IA Programs summarized below have differing service and relationship approaches and requirements. Certain of the same managed strategies are available in several of our IA Programs. You should evaluate which of our IA Programs are right for you considering: your investment objectives; your preferences on working with a personal Advisor whom you select; accessing an FSA for advice or investing on a self-guided basis; the scope of the investment strategies; and solutions available in the various IA Programs and the fees.

Merrill Lynch Investment Advisory Program (IAP). Provides investment advice and guidance from your dedicated personal Advisor and access to a wide range of investment solutions. You may choose to delegate investment discretion to your Advisor or to an investment manager (us or a third party). You may also choose to retain investment discretion. The strategies include third-party and Merrill-managed strategies as well as individual funds, equities and fixed income securities.

Managed Account Service (MAS). Allows for the selection by you, without a recommendation from us, of a third party investment manager not currently available in one of our other IA Programs.

Merrill Guided Investing with Advisor (MGI with Advisor). Offers access to a defined list of investment strategies managed by us provided through an online, guided interactive website with advice and guidance from a MAC-based FSA.

Merrill Edge Advisory Account (MEAA). Offers access to a defined list of investment strategies managed by us, with advice and guidance from a MAC-based FSA.

Merrill Guided Investing (MGI). Provides access to a set of investment strategies managed by us through an online, self-guided interactive website.

Advice Access. Provides a self-guided, web-based service to participant-directed defined contribution plans using Merrill for recordkeeping. Services include providing investor profile-based asset allocation recommendations and certain specific investments to consider.

Institutional Investment Consulting (IIC). Provides specified investment portfolio services to investment portfolios of IIC-eligible clients.

BOTH INVESTMENT ADVISORY AND BROKERAGE SERVICES
We offer a wide variety of investment products but limit them based on factors such as account limitations, client eligibility and our product approval process. We generally do not offer investment products unless the product provider has entered into agreements with us and, in certain situations, agree to make payments to us for compensation, revenue sharing and sub-accounting services. These material limitations are further described in the Best Interest Disclosure Statement.

Merrill utilizes its own broker-dealer capabilities as well as those of its Affiliates, including BofA Securities, Inc. (BoFAS), to provide you with certain investments and services, including trade execution and access to leading research.

The investment options we make available for brokerage clients and IA Program-enrolled clients include products sponsored by third parties. There are a limited number of products in which we or our affiliates have an interest.

For a CMA Account (excluding an MESD account), there is a minimum funding of $20,000 in cash and/or securities (with a $2,000 minimum for a sub-account). Certain programs and products are subject to minimum investment amounts detailed in offering materials.

Not all account type options provide the services described in this Form CRS.
**What fees will I pay?**

**BROKERAGE FEES**
You will pay a fee for each transaction (commission, mark-up/markdown or sales charge). It can be a direct payment from you or a payment made to us by a product sponsor out of the value of your investment.

These per transaction fees vary from product to product. Additional fees, such as brokerage charges, custodian fees and account maintenance fees, will apply. For MESD Accounts, certain commissions and account maintenance fees are waived or do not apply.

An overview of brokerage commissions and other charges is included in the Best Interest Disclosure Statement; Explanation of Fees; Schedule of Miscellaneous Account and Service Fees; and at merrilledge.com/pricing. In addition, trade confirmations and prospectuses for certain investment products provide information about the fees and costs of those products.

The more trades that you make in your brokerage account, the more we and your Advisor get paid, giving us a financial incentive to encourage transactions in your account.

**INVESTMENT ADVISORY PROGRAM FEES**
You pay us an IA Program fee (payable monthly or quarterly depending on the IA Program) based on the value of the assets in your account at the annualized fee rates listed below:

- **IAP** – Advisor-based advice on, and access to, a full list of investments and managed strategies for a customized rate (max 2.00%).
- **SPA** – Advisor-based advice on, and access to, dual contract managed strategies for a customized rate (max 1.50%).
- **MAS** – Access, on an exception basis, to third-party managed strategies not offered at Merrill for a customized rate (max 1.80%).
- **MGI with Advisor** and MEAA – FSA-based advice on, and access to, a list of managed strategies for 0.85%.
- **MGI** – Access to a limited list of managed strategies on a self-guided basis for 0.45%.
- **Advice Access** – No separate fee charged.
- **IIC** – Access to IIC services for negotiated rate (max 0.45%).

The IA Program fee includes payments for investment advisory services, trade execution and custody at Merrill. Advisors are paid compensation out of the IA Program fee and other charges. If you select a third-party managed strategy, a separate manager strategy fee will apply. Certain Merrill-managed strategies have a separate manager fee. There are no additional transaction fees except as stated in the relevant IA Program brochure.

The more assets there are in your IA Program-enrolled account, the more you will pay in fees, giving us a financial incentive to encourage you to increase the assets in your account.

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**ADDITIONAL FEE INFORMATION FOR BOTH**
Certain transaction fees and charges may be discounted by us or your Advisor based on your circumstances, any waiver or discount requirements and the applicability of certain reward and other rebate programs.

In addition to the fees you pay to Merrill and third-party firms and managers, certain products have built-in fees and expenses described in their product offering material.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you’re paying.

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**What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

**STANDARD OF CONDUCT AND CONFLICTS OF INTEREST**
When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we and our affiliates make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means:

- **Affiliate benefits.** One or more of our affiliates receive compensation and/or economic benefits in connection with services provided and certain investment products that we may recommend or make available to you.
- **Third-party payments for services.** We receive compensation from certain product sponsors for sub-accounting and shareholder services we provide them. We also have agreements with product sponsors to pay us marketing support and other revenue sharing payments under certain circumstances. Certain product sponsors pay or reimburse us for various costs for client meetings, sales and marketing materials and educational meetings.
- **Principal trading.** Some of your securities transactions will be executed with our affiliate BofAS that acts as a dealer selling a security to you or purchasing the security from you and receives dealer compensation. BofAS also acts as an underwriter of new issue securities offerings and receives underwriting compensation from the issuer for selling these securities to institutional and retail clients, including you.

For more information about our obligations and conflicts of interest, please refer to our Best Interest Disclosure Statement and/or our IA Program brochures at our websites listed at the top of page 1 of this CRS.

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**Questions you can ask us about fees and conflicts:**
- Help me understand how these fees and costs might affect my investments. If I give you $10,000 to invest, how much will go to fees and costs, and how much will be invested for me?
- How might your conflicts of interest affect me and how will you address them?
How do your financial professionals make money?

**BROKERAGE**

*Sales Commission-based Compensation.* Your Advisor is primarily compensated based on the commissions and other types of transaction fees and service charges related to transactions in your Account. The level of compensation is based on what we charge you for trade execution or what we receive from sponsors for the sale of their products.

The FSAs providing brokerage services in the MAC program are compensated through a salary and certain bonus payments for asset gathering.

*Referral payments.* Your Advisor or an FSA may share in fees charged for services provided to you by us and our affiliates.

**INVESTMENT ADVISORY**

For IA Programs, your Advisor receives a portion of the IA Program fee that is based on the fee charged, subject to certain fee minimum requirements.

For the MGI with Advisor and MEAA programs, an FSA receives a salary and certain bonus payments for asset gathering in these programs and in the MGI program, and for completing required reviews.

**GENERAL**

We determine Advisor and FSA compensation based on the experience of the person, the time and complexity required to meet a client's needs, the product sold and product sales commission, other factors such as client and asset acquisition and the revenue we earn. Certain products have higher transaction fees and service charges than other products. An Advisor will receive more compensation for selling certain products over other products.

The nature of compensation payments based on transaction execution or enrollment in certain types of investment strategies and IA Programs represents a conflict of interest.

From time to time, product sponsors, distributors and other product providers will provide us with certain permitted non-monetary gifts, like promotional items, meals and access to entertainment and other events as allowed and governed by regulatory requirements.

Advisors who join Merrill from other firms are eligible for bonus payments based on the assets that are transferred to us and revenues generated from these accounts at particular points in time.

Do you or your financial professionals have legal or disciplinary history?

**BOTH PROGRAMS**

Yes. Please visit investor.gov for a free and simple tool to search us and our financial professionals.

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**Additional Information**

**GENERAL**

For the latest copy of this disclosure, go to ml.com/CRS. You may also call your Advisor or call us at 800.637.7455 and it will be provided free of charge.

Our *Best Interest Disclosure Statement* will be provided to you by your Advisor or by an FSA at specified times and is available at ml.com/bestinterestdisclosure. Certain client agreement forms and other disclosures are available at the websites listed at the top of page 1 of this CRS and from your Advisor or an FSA.

The IA Program brochures for the various IA Programs available to you can be accessed at our websites listed on page 1 of this CRS and in any event will be provided to you upon enrollment in the particular IA Program you select.

We will provide you with additional transaction information through other documents such as trade confirmations, prospectuses, offering materials and account statements.

Questions you can ask us:

- As a financial professional, do you have any disciplinary history? For what type of conduct?
- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?

**RESOURCES**

Access ml.com or merrilledge.com for the following and other information:

- **Summary of Programs and Services**
- **Best Interest Disclosure Statement**
- **IA Program Brochures**
- **List of Account Types**
- **Explanation of Fees**
- **Merrill Schedule of Miscellaneous Account and Service Fees**
- **Merrill Edge Schedule of Miscellaneous Account and Service Fees**
- **Sweep Program Guide**
- **Mutual Fund Investing at Merrill**
- **Offshore Mutual Fund Investing at Merrill**
- **Making the Most of your Retirement Assets**
## What Does Bank of America Do With Your Personal Information?

### Why?
Financial companies choose how they share your personal information. Under federal law, that means personally identifiable information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

### What?
The types of personal information we collect and share depend on the product or service you have with us. This information can include:
- Social Security number and employment information
- Account balances, transaction history and credit information
- Assets and investment experience

### How?
All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons Bank of America chooses to share; and whether you can limit this sharing.

### Reasons we can share your personal information

<table>
<thead>
<tr>
<th>Reason</th>
<th>Bank of America share?</th>
<th>Can you limit this sharing?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For our everyday business purposes</strong>— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For our marketing purposes</strong>— with service providers we use to offer our products and services to you (please see below to limit the ways we contact you)</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For joint marketing with other financial companies</strong></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For our affiliates’ everyday business purposes</strong>— information about your transactions and experiences</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For our affiliates’ everyday business purposes</strong>— information about your creditworthiness</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>For nonaffiliates to market to you</strong>— for all credit card accounts</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>For nonaffiliates to market to you</strong>— for accounts and services endorsed by another organization (e.g., debit card co-branded with a baseball team) “Sponsored Accounts”</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>For nonaffiliates to market to you</strong>— for accounts other than credit card accounts and Sponsored Accounts, such as insurance, investments, deposit and lending</td>
<td>No</td>
<td>We don’t share</td>
</tr>
</tbody>
</table>

### To limit our sharing
- Visit us online: bankofamerica.com/privacy
- Call 888.341.5000— our menu will prompt you through your choices
- Talk to your assigned financial advisor

**Please note:** If you are a new customer, we can begin sharing your information 45 days from the date we sent this notice. When you are no longer our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.

### To limit direct marketing contact
- Visit us online: bankofamerica.com/privacy
- Call 888.341.5000— our menu will prompt you through your choices
- Talk to your assigned financial advisor

**Please note:** Direct marketing is email, postal mail and telephone marketing. Your telephone and postal mail opt-out choices will last for five years, subject to applicable law. Even if you limit direct marketing, we may still contact you to service your account or as otherwise allowed by law.

### Questions?
Call 888.341.5000 or go to bankofamerica.com/privacy
## Who we are

### Who is providing this notice?

Bank of America U.S. legal entities that utilize the names: Bank of America, Banc of America, U.S. Trust or Merrill, as well as the entities listed in the Bank of America U.S. legal entities section.

### What we do

#### How does Bank of America protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information, visit bankofamerica.com/security or ml.com/security.

#### How does Bank of America collect my personal information?

We collect your personal information, for example, when you:
- open an account or perform transactions
- apply for a loan or use your credit or debit card
- seek advice about your investments
We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

#### Why can’t I limit all sharing?

Federal law gives you the right to limit some but not all sharing related to:
- affiliates’ everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- nonaffiliates to market to you
State laws and individual Bank of America companies may give you more rights to limit sharing. See Other important information section for your rights under state law.

#### What happens when I limit sharing for an account I hold jointly with someone else?

Your choices will apply to you alone unless you tell us otherwise. However, your choice to limit sharing with nonaffiliates to market to you for credit card accounts or Sponsored Accounts will apply to all joint account holders. If you have more than one credit card account or Sponsored Account and you choose to opt out, you will need to do so for each account.

## Definitions

### Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.
- Our affiliates include companies that utilize the names Bank of America, Banc of America, U.S. Trust or Merrill, as well as financial companies such as General Fidelity Life Insurance Company.

### Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.
- Nonaffiliates we share with can include financial services companies such as insurance agencies or mortgage brokers, nonfinancial companies such as retailers, travel companies and membership groups; and other companies such as nonprofit groups.

### Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.
- Our joint marketing partners include financial services companies.

## Other important information

### Do Not Call Policy.

This notice is the Bank of America Do Not Call Policy under the Telephone Consumer Protection Act. We do not solicit via telephone numbers listed on the state or federal Do Not Call lists, unless the law allows. Bank of America employees receive training on how to document and process telephone marketing choices. Consumers who ask not to receive telephone solicitations from Bank of America will be placed on the Bank of America Do Not Call list and will not be called in any future campaigns, including those of Bank of America affiliates.

### Call Monitoring and Recording.

If you communicate with us by telephone, we may monitor or record the call.

### For Nevada residents only.

We are providing you this notice under state law. You may be placed on our internal Do Not Call List by following the directions in the To limit direct marketing contact section. Nevada law requires we provide the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: 702.486.3132; email: aginfo@ag.nv.gov; Bank of America, P.O. Box 25118, Tampa, FL 33622-5118; Phone number: 888.341.5000; Click on “Contact Us” at bankofamerica.com/privacy.

### Vermont:

Under Vermont law, we will not share information we collect about Vermont residents with companies outside of our corporate family, unless the law allows. For example, we may share information with your consent, to service your accounts or under joint marketing agreements with other financial institutions with which we have joint marketing agreements. We will not share information about your creditworthiness within our corporate family except with your consent, but we may share information about our transactions or experiences with you within our corporate family without your consent.
California: Under California law, we will not share information we collect about you with companies outside of Bank of America, unless the law allows. For example, we may share information with your consent, to service your accounts, or to provide rewards or benefits you are entitled to. We will limit sharing among our companies to the extent required by California law.

For Insurance Customers in AZ, CA, CT, GA, IL, ME, MA, MN, MT, NV, NJ, NC, OH, OR and VA only. The term “Information” in this part means customer information obtained in an insurance transaction. We may give your information to state insurance officials, law enforcement, group policy holders about claims experience or auditors as the law allows or requires. We may give your information to insurance support companies that may keep it or give it to others. We may share medical Information so we can learn if you qualify for coverage, process claims or prevent fraud, or if you say we can. To see your Information, write Insurance Services, TX2-980-01-43, 4200 Amon Carter Blvd., Fort Worth, TX 76155, Attn: Data Request. You must state your full name, address, the insurance company, policy number (if relevant) and the Information you want. We will tell you what Information we have. You may see and copy the Information (unless privileged) at our office or ask that we mail you a copy for a fee. If you think any Information is wrong, you must write us. We will let you know what actions we take. If you do not agree with our actions, you may send us a statement.

For MA Insurance Customers only. You may ask, in writing, for the specific reasons for an adverse underwriting decision. An adverse underwriting decision is where we decline your application for insurance, offer to insure you at a higher than standard rate or terminate your coverage.

Bank of America U.S. legal entities

Bank of America U.S. legal entities that utilize the names: Bank of America, Banc of America, U.S. Trust or Merrill, as well as the following entities: General Fidelity Life Insurance Company, Managed Account Advisors LLC.
SUPPLEMENT DATED MAY 18, 2020
TO THE NEXTGEN 529™ CLIENT DIRECT SERIES
PROGRAM DESCRIPTION AND PARTICIPATION AGREEMENT
DATED OCTOBER 28, 2019

The information in this Supplement amends and, to the extent it is different, supersedes information contained in the NextGen 529 Client Direct Series Program Description and Participation Agreement dated October 28, 2019 (the “Program Description”). Before you invest, please read this Supplement and the Program Description carefully. Please keep them for future reference. Capitalized terms used without definition in this Supplement have the meanings set forth in the Program Description.

SECURE ACT UPDATES

On December 20, 2019, the Setting Every Community Up for Retirement Enhancement (SECURE) Act was signed into law. The SECURE Act expands the expenses treated as Qualified Higher Education Expenses under federal law to include the following:

- Expenses for fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under the National Apprenticeship Act; and
- Amounts paid as principal or interest on any qualified education loan of either the Designated Beneficiary or sibling of the Designated Beneficiary up to a lifetime maximum of $10,000 per individual.

These changes apply to distributions made after December 31, 2018. Distributions used to repay qualified education loans of a sibling of the Designated Beneficiary will count towards the lifetime limit of the sibling, not the Designated Beneficiary. Distributions to repay education loans may impact student loan interest deductibility.

For purposes of determining whether a withdrawal for higher education expenses is qualified, Maine law seeks to follow the federal definition of Qualified Higher Education Expenses. As a result, a withdrawal for a registered and certified apprenticeship program or for qualified education loan repayments for a Designated Beneficiary or a sibling of a Designated Beneficiary should be considered a qualified distribution for purposes of Maine state income tax treatment to the same extent such a withdrawal is deemed a Qualified Withdrawal under federal income tax law. However, certain provisions of Maine law may conflict with the recently expanded federal definition of Qualified Higher Education Expenses. Legislation is being considered to achieve consistency between these Maine law provisions and the recently expanded federal definition.

Maine taxpayers should consult a tax advisor regarding the state tax treatment of withdrawals for registered and certified apprenticeship programs or for qualified education loan repayments for a Designated Beneficiary or a sibling of a Designated Beneficiary. Please note that state tax treatment may vary in other states.

PROGRAM DESCRIPTION REVISIONS

The Program Description revisions below are effective immediately.

Page 8

Program Highlights. The first sentence in the description of “Qualified Withdrawals” is deleted and replaced with the following:

Assets in an Account that are used to pay for Qualified Higher Education Expenses of the Designated Beneficiary (or sibling of the Designated Beneficiary with respect to the repayment of qualified education loans).

Pages 11-12

Key Terms. In the definition of “Qualified Higher Education Expenses,” the second paragraph is deleted and replaced with the following:

Unless otherwise indicated, any reference to Qualified Higher Education Expenses also includes: (i) a reference to tuition in connection with a Designated Beneficiary’s enrollment or attendance at an elementary or secondary public, private or religious school up to a maximum of $10,000 of distributions for such tuition expenses per taxable year per Designated Beneficiary from all Section 529 Programs; (ii) expenses for fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under the National Apprenticeship Act; and (iii) amounts paid as principal or interest on any qualified education loan of either the Designated Beneficiary or a sibling of the Designated Beneficiary up to a lifetime limit of $10,000 per individual.
Key Terms. The following is added as the second sentence in the definition of “Qualified Withdrawals”:

Unless otherwise indicated, reference to withdrawals used to pay for “Qualified Higher Education Expenses of the Designated Beneficiary” includes withdrawals to repay qualified education loans of the Designated Beneficiary’s sibling in the limited circumstances that such repayments may be treated as Qualified Higher Education Expenses.

Page 19

Participation and Accounts – Withdrawals. Under “In General,” the second sentence of the third paragraph is deleted and replaced with the following:

At this time, a Participant may not request that the proceeds be delivered to any elementary or secondary school, apprenticeship program or education loan provider.

Page 21

Participation and Accounts – Qualified Withdrawals. The following subsection is added to the end of the section titled “Qualified Withdrawals”:

Apprenticeship Programs and Student Loans – Unless otherwise indicated, any reference to Qualified Higher Education Expenses also includes: (i) expenses for fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under the National Apprenticeship Act; and (ii) amounts paid as principal or interest on any qualified education loan of either the Designated Beneficiary or a sibling of the Designated Beneficiary up to a lifetime limit of $10,000 per individual.

Distributions treated as Qualified Higher Education Expenses with respect to the loans of a sibling of a Designated Beneficiary will count towards the limit of the sibling, not the Designated Beneficiary. Such loan repayments may impact student loan interest deductibility. The tax treatment of withdrawals used to pay for apprenticeship programs and student loans may be uncertain in many states and may differ from federal and Maine tax treatment.

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Program and Portfolio Risks and Other Considerations. The subsection titled “No Guarantees by an Educational Institution” is deleted and replaced with the following:

No Guarantees by an Educational Institution or Apprenticeship Program – There is no guarantee that: (i) any Designated Beneficiary will be admitted to any educational institution or apprenticeship program; (ii) assuming a Designated Beneficiary is admitted to an educational institution or apprenticeship program, that the Designated Beneficiary will be permitted to continue to attend such institution or program; (iii) any Designated Beneficiary will be treated as a state resident of any state for tuition or any other purpose; or (iv) any Designated Beneficiary will graduate or receive a degree from an educational institution or apprenticeship program.

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Program and the Program Fund – Program. The following is added as the second sentence of the sole paragraph:

In addition, the Program allows the investment of funds for qualified apprenticeship program expenses and qualified education loan repayment, subject to certain limitations.

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Participation Agreement. Under “8. Participant’s Representations,” representation (m) is deleted and replaced with the following:

You understand that participation in the Program does not guarantee that any Designated Beneficiary: (i) will be accepted as a student by any educational institution or apprenticeship program; (ii) if accepted, will be permitted to continue as a student; (iii) will be treated as a state resident of any state for tuition purposes; (iv) will graduate from any educational institution or apprenticeship program; or (v) will receive any particular treatment under applicable state or federal financial aid programs.
Merrill Lynch, Pierce, Fenner & Smith Incorporated (also referred to as “MLPF&S” or “Merrill”) makes available certain investment products sponsored, managed, distributed or provided by companies that are affiliates of Bank of America Corporation (“BofA Corp.”). MLPF&S is a registered broker-dealer, Member SIPC and a wholly owned subsidiary of BofA Corp.

Section 529 Qualified Tuition Programs are intended to be used only to save for qualified higher education expenses. None of the Finance Authority of Maine, Bank of America, Merrill, any Sub-Advisor, or any Maine Distribution Agent, nor any of the affiliates provide legal, tax or accounting advice. You should consult your own legal and/or tax advisors before making any financial decisions.

Investment products:

<table>
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<th>Are Not Bank Guaranteed</th>
<th>May Lose Value</th>
</tr>
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MLPF&S is a registered broker-dealer, Member SIPC and a wholly owned subsidiary of BofA Corp.
NextGen 529™
PROGRAM DESCRIPTION
AND
PARTICIPATION AGREEMENT

October 28, 2019

CLIENT DIRECT SERIES

NextGen 529 is a Section 529 Program administered by the Finance Authority of Maine. Merrill Lynch, Pierce, Fenner & Smith Incorporated is the Program Manager of NextGen 529. This Program Description and Participation Agreement contains information you should know before participating in the Program, including information about fees, expenses and risks. Please read it before you invest and keep it for future reference.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this Program Description and the Participation Agreement. Any representation to the contrary is a criminal offense. These securities have not been registered with the U.S. Securities and Exchange Commission or any state securities commission.
This Program Description and Participation Agreement will be updated from time to time to reflect changes to the Program and is subject to change without notice. The information contained in this Program Description and Participation Agreement amends and supersedes all information contained in prior Program Descriptions and Participation Agreements. Participants should rely only on the information contained in this Program Description and Participation Agreement. No one is authorized to provide information that is different from the information contained in this Program Description and Participation Agreement.

NextGen 529 offers a variety of investment options in two separate series – the Client Direct Series and the Client Select Series. Each series offers different investment options, each with its own sales charges, fees and expense structure. Currently, some of the same investment options are available in each series. The Client Direct Series (offered through this Program Description) is available through the Finance Authority of Maine, certain Maine Distribution Agents, and through www.nextgenforme.com and at www.merrilledge.com. The Client Select Series (offered through a different program description) is available exclusively through financial advisors.

Program accounts are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, are not debt or obligations of, or guaranteed by, any bank or other financial institution or the Finance Authority of Maine, the State of Maine, the Program Manager, BlackRock Investment Management, LLC, or Maine Distribution Agents. Participation in the Program involves investment risks, including the possible loss of principal.

Where to Obtain More Information, Forms or Ask Questions:

The Program Manager may be contacted at Merrill Edge, Attn: Service Support, P.O. Box 1501, Pennington, NJ 08534, or at (877) 4-NEXTGEN (463-9843).

FAME may be contacted at P.O. Box 949, Augusta, ME 04332-0949, or at (800) 228-3734.

You can also contact your Maine Distribution Agent, or visit the Program’s Web site located at www.nextgenforme.com.

Section 529 Qualified Tuition Programs are intended to be used only to save for Qualified Higher Education Expenses. None of the Finance Authority of Maine, Bank of America, Merrill, any Sub-Advisor, or any Maine Distribution Agent, nor any of their affiliates provide legal, tax or accounting advice. You should consult your own legal and/or tax advisors before making any financial decisions.

This Program Description and Participation Agreement does not constitute an offer or other solicitation to place any Units (as defined herein) in NextGen 529 with respect to any person who is located or domiciled outside of the United States of America. Individuals who reside outside the United States are generally not eligible to open an Account (as defined herein) in NextGen 529.
Protecting the privacy of your personal information is important to us at the Finance Authority of Maine.

- We collect nonpublic personal information about you from the following sources:
  - Information we receive from you on applications, correspondence, communications and other forms.
  - Information about your transactions with respect to your Account.

- We do not disclose any nonpublic personal information about you or our other current or former customers to anyone, except as permitted by law. We never rent or sell your name or personal financial information. (We do share such information with our auditors, contractors and agents such as Merrill and any Maine Distribution Agent for your Account, and as needed to administer your Account transactions in conformance with law.)

- We restrict access to nonpublic personal information about you to our employees who need to know the information, and to contractors and agents in order to provide service to you. We maintain physical, electronic and procedural safeguards in compliance with federal regulations to safeguard your nonpublic personal information.

**BANK OF AMERICA PRIVACY NOTICE**

Account owners will receive the Bank of America U.S. Consumer Privacy Notice (the “Privacy Notice”) at the time a NextGen 529 Account is opened and annually as required by law. The Privacy Notice describes Bank of America’s policies applicable to U.S. consumers across a number of Bank of America companies. For Participants and Designated Beneficiaries who are Maine residents and have only a Program Account relationship with Merrill, or who were introduced to the Program by a Maine Distribution Agent, no Bank of America company (as defined in the Privacy Notice), including but not limited to Merrill, will use Customer Information provided in connection with their Program Accounts to make non-Program direct marketing offers by postal mail, telephone and/or e-mail. Accordingly, no action is required by such Participants and Designated Beneficiaries in order to prevent direct marketing offers from such Bank of America companies. If you are a Participant or a Designated Beneficiary who is a Maine resident that was introduced to the Program in connection with a relationship with a Merrill Financial Advisor outside of the Program, your Merrill Financial Advisor may make marketing offers to you as described in the Privacy Notice. You are encouraged to read the complete Privacy Notice as it contains other important information, including how Bank of America collects, manages and protects your Customer Information and what actions you can take. If you would like a copy of the Privacy Notice, please visit: the Privacy and Security Center on www.ML.com or directly at: https://www.bankofamerica.com/privacy/consumer-privacy-notice.go. Alternatively please call 1-888-341-5000, or contact your Merrill Financial Advisor or your Maine Distribution Agent directly.
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NextGen 529 was established by the State of Maine. These Program Highlights only summarize certain features of the Program. More detailed information about the Program, including establishing a NextGen 529 Account, the Portfolios, fees and expenses, investment risks, and tax consequences, are described in the pages that follow.

Please read this entire Program Description and the Participation Agreement carefully before investing and keep them for future reference. Certain Key Terms used in this Program Description and the Participation Agreement are defined beginning on page 10.

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<th>Program Highlight</th>
<th>Description</th>
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<tr>
<td>Program Administrator</td>
<td>The Finance Authority of Maine administers the Program.</td>
</tr>
<tr>
<td>Program Manager; Portfolio Servicing Agent</td>
<td>Merrill is responsible for the day-to-day operation of the Program as well as the marketing and distribution of the Program. Financial Data Services, LLC, an affiliate of Merrill, provides certain administrative services to the Program.</td>
</tr>
<tr>
<td>Participant (Account Owner) Eligibility</td>
<td>The Program is available (without restriction on state of residence or income) to: • Individuals who reside within the United States, are at least 18 years of age and have a valid social security number or taxpayer identification number. • Custodial and trust accounts, state or local governments, tax-exempt organizations described in section 501(c)(3) of the Code, or certain other entities, with a valid taxpayer identification number.</td>
</tr>
<tr>
<td>Designated Beneficiary Eligibility</td>
<td>The Designated Beneficiary (i.e., the individual for whom Qualified Higher Education Expenses are expected to be paid) may be any individual, regardless of age, with a valid social security number or taxpayer identification number, including the Participant.</td>
</tr>
<tr>
<td>Control of Account</td>
<td>He/she Participant: • Retains control of how and when Account assets are used. • May change the Designated Beneficiary. • May take Non-Qualified Withdrawals, subject to applicable federal and state income taxes on earnings and potentially a 10% additional federal tax on earnings.</td>
</tr>
<tr>
<td>Contributions</td>
<td>Initial Contribution - $25 minimum (no minimum when funding an Account through payroll deduction or automated Contributions and in certain other circumstances). Subsequent Contributions - $25 minimum.</td>
</tr>
<tr>
<td>Maximum Contribution Limit</td>
<td>$500,000 per Designated Beneficiary (adjusted periodically).</td>
</tr>
<tr>
<td>Qualified Withdrawals</td>
<td>Assets in an Account that are used to pay for Qualified Higher Education Expenses of the Designated Beneficiary. Qualified Higher Education Expenses may differ for federal and state income tax purposes.</td>
</tr>
<tr>
<td>Investment Changes</td>
<td>Once you have contributed to an Account in the Program and allocated your Contributions to one or more investment options, you may move any or all of your Account balance to one or more different investment options twice per calendar year, or if you change the Designated Beneficiary on your Account to a Member of the Family of the current Designated Beneficiary.</td>
</tr>
<tr>
<td>Investment Options</td>
<td>12 investment options, including 10 managed by BlackRock, as well as the Principal Plus Portfolio and the NextGen Savings Portfolio: • 2 Age-Based Diversified Portfolios • 5 Diversified Portfolios • 3 Single Fund Portfolios • 1 Principal Plus Portfolio • 1 NextGen Savings Portfolio</td>
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## PROGRAM HIGHLIGHTS

### Fees and Charges

Total Annual Asset-Based Fees, which include Program fees and Underlying Fund expenses, vary based on the Portfolio option selected.

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<th>Range of Total Annual Asset-Based Fees*</th>
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<td>Client Direct Series Units</td>
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*As a percentage of a Portfolio’s average annual net assets.

- Other fees and charges may apply.
- Underlying Fund expenses are subject to change, affecting Total Annual Asset-Based Fees.

### Investment Risks and Other Considerations

- Assets in an Account are not guaranteed, and an Account may lose money.
- Federal and state tax laws may change and may adversely affect certain tax advantages of an investment in the Program.
- Investment options, Sub-Advisors, fees and expenses may change.
- Contributions to an Account may affect the eligibility of the Designated Beneficiary or the Participant for federal and state benefits, such as financial aid or Medicaid.

### Federal Tax Treatment

- Account earnings accrue federal income tax-free.
- No federal income tax on Qualified Withdrawals.
- No federal gift tax on Contributions up to $15,000 per year ($30,000 for spouses electing to split gifts) or $75,000 over 5 years ($150,000 for spouses electing to split gifts) – subject to certain limitations.
- Contributions are generally considered completed gifts for federal gift and estate tax purposes.
- Contributions are generally not included in the Participant’s estate for federal estate tax purposes.

### Portfolio Performance

Portfolio performance information as of June 30, 2019 is contained in this Program Description. Updated Portfolio performance information for all Portfolios will be available on the Program's Web site at www.nextgenforme.com. Past Portfolio performance is not indicative of future Portfolio performance.

- BlackRock Portfolios Performance
- BlackRock iShares Portfolios Performance
- Principal Plus Portfolio Performance
- NextGen Savings Portfolio Performance

### State Tax Treatment

- State tax treatment varies from state to state.
- If Maine is not a Participant’s home state, the Participant should contact his or her home state’s Section 529 Program to learn more about potential favorable state tax treatment or other state benefits such as financial aid, scholarship funds, and protection from creditors offered by such home state for investing in that home state’s Section 529 Program.

### Special Benefits Available to Maine Residents

- Maine Matching Grant Program, Harold Alfond College Challenge Grant (also known as My Alfond Grant), and Maine Scholarship Programs.
### KEY TERMS

Note: Other terms are defined elsewhere in this Program Description

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<th>Term</th>
<th>Definition</th>
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<tr>
<td>“Account”</td>
<td>The repository of all Contributions and Units identified by a formal record of transactions with respect to a particular Participant and Designated Beneficiary.</td>
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<tr>
<td>“Account Application”</td>
<td>The Program application which is used to establish an Account.</td>
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<tr>
<td>“Age-Based Diversified Portfolio”</td>
<td>A Portfolio for which the assets are invested in a combination of Underlying Funds, based on the age of the Designated Beneficiary specified for such Portfolio.</td>
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<tr>
<td>“Bank”</td>
<td>The FDIC-insured bank from time to time selected by FAME to hold deposits in the Bank Deposit Account, currently Bank of America, N.A., an affiliate of the Program Manager.</td>
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<tr>
<td>“Bank Deposit Account”</td>
<td>An interest-bearing omnibus Negotiable Order of Withdrawal account held at the Bank in which deposits are FDIC-insured, subject to applicable limits.</td>
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<tr>
<td>“Cash Allocation Account”</td>
<td>The Cash Allocation Account is a separate account that seeks current income, preservation of capital and liquidity. This account is invested directly in a diversified portfolio of money market securities and may also be invested in Maine CDs.</td>
</tr>
<tr>
<td>“Contribution”</td>
<td>The amount contributed to an Account by a Participant or other source.</td>
</tr>
<tr>
<td>“Designated Beneficiary”</td>
<td>The individual whose Qualified Higher Education Expenses are expected to be paid from the Account, or if the Participant is a state or local government or qualifying tax-exempt organization operating a scholarship program, the recipient of a scholarship paid from the Account.</td>
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<tr>
<td>“Diversified Portfolio”</td>
<td>A Portfolio for which assets are invested in one or more Portfolio Investments, in accordance with a fixed asset allocation specified for such Portfolio.</td>
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<td>“Eligible Institutions of Higher Education”</td>
<td>Accredited post-secondary educational institutions offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree, or another recognized post-secondary credential which are eligible to participate in certain federal student financial aid programs. This includes certain proprietary institutions, foreign institutions and post-secondary vocational institutions.</td>
</tr>
<tr>
<td>“FAME”</td>
<td>The Finance Authority of Maine, which is the administrator of the Program.</td>
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<tr>
<td>“FDIC”</td>
<td>The Federal Deposit Insurance Corporation. The FDIC is an independent agency of the United States government that protects against the loss of deposits if an FDIC-insured bank or savings association fails, subject to applicable rules and limitations.</td>
</tr>
<tr>
<td>“FDS”</td>
<td>Financial Data Services, LLC, an affiliate of Merrill, which serves as Portfolio Servicing Agent for the Program.</td>
</tr>
<tr>
<td>“Investment Fund”</td>
<td>The portion of the Program Fund invested in the Portfolio Investments.</td>
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<tr>
<td>“Maine CDs”</td>
<td>Certificates of deposit issued by Maine financial institutions.</td>
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<tr>
<td>“Maine Distribution Agent”</td>
<td>Participating broker-dealers located in Maine (other than Merrill) and participating Maine financial institutions.</td>
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### KEY TERMS

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<td>“Merrill”</td>
<td>Merrill Lynch, Pierce, Fenner &amp; Smith Incorporated, which serves as Program Manager of the Program.</td>
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<td>“NextGen Savings Portfolio Investment”</td>
<td>The Bank Deposit Account.</td>
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<td>“Participant”</td>
<td>The individual or entity establishing an Account or any successor to such individual or entity.</td>
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<tr>
<td>“Participation Agreement”</td>
<td>The contract between the Participant and FAME, which establishes the Account and the obligations of FAME and the Participant, as amended.</td>
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<td>“Portfolio”</td>
<td>One of the NextGen 529 Portfolios established within the Investment Fund to which Contributions may be allocated, and that are invested in Portfolio Investments.</td>
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<tr>
<td>“Portfolio Investments”</td>
<td>The Underlying Funds and/or the Principal Plus Portfolio Investments and/or the NextGen Savings Portfolio Investment, as applicable.</td>
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<tr>
<td>“Principal Plus Portfolio Investments”</td>
<td>The guaranteed interest account (“GIA”) issued by an insurance company, and any corporate fixed-income investments and/or similar instruments in which the Principal Plus Portfolio invests.</td>
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<tr>
<td>“Program”</td>
<td>The Maine Education Savings Program, formerly known as the Maine College Savings Program (also known as NextGen 529 or NextGen). As of the date of this Program Description, the Program includes the Client Direct Series described in this Program Description and a Client Select Series that is offered through financial advisors and is described in a separate program description.</td>
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<tr>
<td>“Program Description”</td>
<td>This current NextGen 529 Client Direct Series Program Description and any supplements to it.</td>
</tr>
<tr>
<td>“Program Fund”</td>
<td>The Maine Education Savings Program Fund, formerly known as the Maine College Savings Program Fund.</td>
</tr>
<tr>
<td>“Program Manager”</td>
<td>The company that is responsible for the day-to-day operation of the Program as well as its marketing and distribution. Currently, Merrill is the Program Manager.</td>
</tr>
<tr>
<td>“Qualified Higher Education Expenses”</td>
<td>Expenses including tuition, fees and the costs of books, supplies and equipment required for enrollment or attendance, as well as certain room and board expenses of a Designated Beneficiary that is enrolled at least half-time at an Eligible Institution of Higher Education, expenses for the purchase of computer or peripheral equipment, computer software or Internet access and related services, if such equipment, software, access or services are to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Institution of Higher Education, and expenses for special needs services in the case of a special needs beneficiary that are incurred in connection with enrollment or attendance at an Eligible Institution of Higher Education. Unless otherwise noted, any reference to Qualified Higher Education Expenses also includes a reference to tuition in connection with a Designated Beneficiary’s enrollment or attendance at an elementary or secondary public, private, or religious school up to a maximum of $10,000 of distributions for such tuition expenses per taxable year per Designated Beneficiary from all Section 529 Programs.</td>
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**KEY TERMS**

Note: Other terms are defined elsewhere in this Program Description

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<tr>
<th>Term</th>
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<td>“Qualified Withdrawals”</td>
<td>Withdrawals from an Account that are used to pay the Qualified Higher Education Expenses of the Designated Beneficiary.</td>
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<tr>
<td>“Section 529 Program”</td>
<td>A “qualified tuition program” established under and operated in accordance with Section 529 of the Code.</td>
</tr>
<tr>
<td>“Single Fund Portfolio”</td>
<td>A Portfolio for which assets are invested in one Underlying Fund.</td>
</tr>
<tr>
<td>“Sub-Advisor”</td>
<td>A registered investment adviser, other than the Program Manager, that recommends Underlying Funds and the allocation of such Underlying Funds for one or more Portfolios comprised of Underlying Funds advised by such investment adviser or any of its affiliates.</td>
</tr>
<tr>
<td>“Treasurer”</td>
<td>The Treasurer of the State of Maine.</td>
</tr>
<tr>
<td>“Underlying Funds”</td>
<td>One or more mutual funds, exchange traded funds (ETFs) or separate accounts in which assets of Portfolios (other than the Principal Plus Portfolio and the NextGen Savings Portfolio) are invested.</td>
</tr>
<tr>
<td>“Units”</td>
<td>Interests in a Portfolio that are purchased with Contributions to an Account.</td>
</tr>
</tbody>
</table>
PARTICIPATION AND ACCOUNTS

Accounts may be established by: (i) individuals who reside within the United States, are at least 18 years of age and have a valid social security number or taxpayer identification number, and (ii) custodial and trust accounts, state or local governments, tax-exempt organizations described in section 501(c)(3) of the Code, or certain other entities, with a valid taxpayer identification number. There is no age restriction for a Designated Beneficiary.

Establishing an Account

Account Application – To establish an Account, a Participant must complete an Account Application and agree to the terms and conditions of the Participation Agreement. Either FAME or the Program Manager may require the completion of certain other documents for an Account to be established. There is no fee or charge for establishing an Account. Accounts will not be established, orders will not be executed, and the Account Application and Contribution amount will be returned if the Account Application is not complete. Signing an Account Application acknowledges receipt of this Program Description and Participation Agreement and acceptance of the terms and conditions of the Participation Agreement. There may be only one Participant and one Designated Beneficiary for each Account. A Successor Participant (defined below) may be identified for an Account on the Account Application. There is no limit to the number of Accounts that a Participant can open. A Participant, except a non-U.S. resident, may also establish an Account electronically through a self-directed online investing platform (“Self-Directed Online Investing”) at any time such a service is provided by the Program Manager. There is no guarantee that this service will be available at all times. In addition, certain types of Accounts may not be established through Self-Directed Online Investing and certain additional limitations may apply.

An individual who is a permanent resident of, but not a citizen of, the United States may establish an Account, provided that such individual is otherwise eligible to establish an Account. To establish an Account, any such individual must provide evidence of permanent residency in the United States and evidence of the individual’s country of citizenship to the satisfaction of the Program Manager.

Identifying a Designated Beneficiary – On the Account Application a Participant (other than a state or local government or tax-exempt organization described in section 501(c)(3) of the Code opening a Scholarship Account as described below) must identify a Designated Beneficiary whose Qualified Higher Education Expenses are expected to be paid from the Account. There is no limit on the number of Accounts that can be opened for the same Designated Beneficiary by a single Participant or different Participants. The Designated Beneficiary may be the Participant or any other individual with a valid social security number or taxpayer identification number.

Accounts Opened by Trustees, Custodians, Guardians, and Conservators – An authorized trustee or custodian must be identified if Contributions to an Account come from an existing trust or custodial account. Trustees opening an Account on behalf of a trust must provide representations or documentation concerning the trustees’ authority or such other matters as required by the Program Manager. In addition, guardians and conservators may open an Account provided copies of the applicable governing documents are acceptable to the Program Manager. Accounts may not be opened by trustees, guardians and conservators through Self-Directed Online Investing.

Powers of Attorney – A Participant may authorize another individual or entity to exercise rights over an Account or to open an Account through a power of attorney. However, FAME and the Program Manager reserve the right to take instructions from a Participant’s agent only if the power of attorney is presented to the Program Manager in a form satisfactory to the Program Manager and the request meets such other requirements as may from time to time be established by FAME and/or the Program Manager. If applicable, the power of attorney must be durable, and must include other language acceptable to the Program Manager including the power to make or revoke gifts.

Scholarship Accounts – Accounts may be established by state or local governments or tax-exempt organizations described in section 501(c)(3) of the Code and most types of legal entities, including trusts, whose purposes and powers so permit. As a Participant, a government or tax-exempt organization may establish an Account as part of a scholarship program operated by such government or organization (a “Scholarship Account”). Governments and tax-exempt organizations may designate any Portfolio or combination of Portfolios in which Contributions to a Scholarship Account are to be invested. Contributions to such Scholarship Accounts will be permitted even if they cause the balance of the Account to exceed the Program’s maximum Contribution limit. Questions regarding the establishment of Scholarship Accounts should be addressed to the Program Manager at (877) 4-NEXTGEN (463-9843) or FAME at (800) 228-3734.

Selection of Investment Option(s) – Investment option(s) and the percentage of each Contribution to be allocated to the Portfolio(s) selected must be indicated on the Account Application, except as noted in Harold Alfond College Challenge Grant Investment Option below. The total allocation may not exceed 100%. All subsequent Contributions will be invested in the selected Portfolio(s) and at the designated allocations until a new designated allocation is selected by the Participant. See “Investment of Contributions-Investment Changes” for information about changing existing investment allocations and/or changing the investment allocation of future Contributions.

Harold Alfond College Challenge Grant Investment Option – The Harold Alfond College Challenge Grant is further described
PARTICIPATION AND ACCOUNTS

in “THE PROGRAM AND THE PROGRAM FUND – Special Benefits Available to Maine Residents.” An Account Application submitted other than through Self-Directed Online Investing which is eligible for this benefit will be accepted without investment option(s) selected. However, any Contributions received for such an Account (without investment option(s) selected), and subsequent Contributions, will be allocated 100% to and invested in the iShares Age-Based Diversified Portfolio (or the BlackRock Age-Based Diversified Portfolio if the Account Application was submitted prior to October 21, 2010) corresponding to the age of the Designated Beneficiary, unless and until a different investment allocation for existing and/or future Contributions is directed by the Participant. Account Applications submitted through Self-Directed Online Investing will not be accepted without investment option(s) selected. See “Investment of Contributions – Investment Changes” for information about changing existing investment allocations and/or changing the investment allocation of future Contributions.

Request for Duplicate Statements – A Participant, other than a Participant whose Account was established through Self-Directed Online Investing, may identify an interested party to receive duplicate Account statements. The interested party cannot initiate, approve or otherwise authorize any transactions or changes to the Account.

Personal Information – Establishment of an Account is subject to acceptance by the Program Manager, and verification of a Participant’s identity and other information regarding a Participant. A Participant must provide such documentation and other information regarding Participant, and any other person who may have an interest in an Account, as the Program Manager may deem appropriate for purposes of complying with anti-money laundering laws and regulations, the Program Manager’s anti-money laundering processes, procedures and requirements, and other applicable laws and regulations, as the same may be amended from time to time (“Identity Information”). If a Participant does not provide Identity Information requested on the Account Application, the Program Manager may refuse to open an Account for the Participant. The Program Manager may also request that a Participant provide additional Identity Information at any time after an Account is opened. If a Participant fails to provide Identity Information requested on the Account Application, or immediately upon request at any time after the Account is opened, or if the Program Manager is unable to verify any Identity Information to its satisfaction, the Program Manager may, without prior notice to the Participant, reject Contributions and withdrawal and transfer requests, suspend Account services, close the Account or take any other action permitted by applicable laws and regulations. Units redeemed as a result of closing an Account will be valued at the Units’ net asset value per Unit (“Net Asset Value”) next calculated after the Program Manager closes the Account. The risk of market loss, tax implications, and expenses resulting from the liquidation will be solely the Participant’s responsibility.

Contributions

Contributions must be made by personal check, cashier’s check or money order (collectively, “check”), direct deposit through payroll deduction, through an automated method for making Contributions from a bank account through the Program’s Automated Funding Service (“AFS”), or through an online transfer from a bank account with Bank of America or other banking institution, to the extent that such services may be offered by the Program to Participants from time to time. Participants opening Accounts through Self-Directed Online Investing may also make a one-time initial Contribution by electronic funds transfer from a bank account at the time of Account opening. All Contributions must be in U.S. dollars. A Participant will receive statements confirming the investment of his or her Contributions (and including such other information as may be required by law).

Contributions by Check

• Initial Contributions — A Participant making an initial Contribution by check must generally include an initial minimum amount of $25 with his or her Account Application, and check(s) should be made payable to “NextGen 529 FBO [Name of Designated Beneficiary]”. A separate check must be provided for each Account Application. The initial minimum amount will be waived for an Account which is eligible to be linked to the Harold Alfond College Challenge Grant. See “THE PROGRAM AND THE PROGRAM FUND–Special Benefits Available to Maine Residents.”

• Subsequent Contributions – A Participant wishing to make subsequent Contributions by check must contribute a minimum of $25 (and must allocate a minimum of $25 per Portfolio) and check(s) should be made payable to “NextGen 529 FBO [Name of Designated Beneficiary]”. A separate check must be provided for each Account receiving a subsequent Contribution. You must include the NextGen 529 Account number on the check.

• Where to send Contributions – Participants should mail an initial or subsequent Contribution(s) by check to Merrill Edge, NJ2-140-02-01, 1400 American Boulevard, Pennington, NJ 08534.

• Returned Checks – A fee of $20, which may be deducted from the Account, is charged for each check returned to the Program due to insufficient funds in an account on which the check is drawn.

Automatic Funds Transfer from Checking/Savings Account

• In General – A Participant may authorize the Program Manager to perform automated, periodic debits to make Contributions to an Account from a checking or savings account at a financial institution (including certain accounts held at Merrill). An authorization to perform automated, periodic deposits will remain in effect until the Program Manager has received notification of its termination. A Participant or the Program Manager may terminate the enrollment in the Program’s
PARTICIPATION AND ACCOUNTS

AFS at any time. Any termination of such service initiated by a Participant must be in writing and will become effective as soon as the Program Manager has had a reasonable amount of time to act on it. The Program does not impose a fee for enrolling in the Program’s AFS; however, the institution from which the funds are being debited may charge a fee. Please check with the institution.

- **Initial Contribution** – There is no initial Contribution amount required when AFS is established for an Account. To initiate this Contribution method, a Participant must complete the AFS section of the Account Application or request and complete the Merrill Automated Funds Service Enrollment and Authorization Form.

- **Subsequent Contributions** – Subsequent automated Contributions must be at least $25 monthly. A Participant electing to have Contributions invested in more than one Portfolio must allocate a minimum of $25 per Portfolio.

<table>
<thead>
<tr>
<th>Contribution Method</th>
<th>Minimum Initial Contribution</th>
<th>Minimum Subsequent Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check</td>
<td>$25* (must allocate a minimum of $25 per Portfolio)</td>
<td>$25 (must allocate a minimum of $25 per Portfolio)</td>
</tr>
<tr>
<td>Automated Funding Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>or Payroll direct deposit</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The minimum Contribution may be reduced or waived in certain circumstances.

**Payroll Direct Deposit**

- Individuals and employees of employers offering the Program as an employee benefit may make an automatic, periodic Contribution to Account(s) through payroll direct deposit. No initial Contribution is required when a Participant chooses to fund an Account through payroll direct deposit. The minimum Contribution through payroll direct deposit is $25 monthly (required minimum allocation of $25 per Portfolio). Employers willing to process payroll direct deposit Contributions must be able to meet the Program Manager’s operational and administrative requirements. Participants who wish to make such Contributions should verify with their employer that the employer is willing to process Contributions through payroll direct deposit.

**Rollover Contributions**

- **Rollovers from Another State’s Section 529 Program** – Rollover Contributions directly from another Section 529 Program to an established Account may be initiated by executing the NextGen 529 Incoming Rollover Form (“Incoming Rollover Form”) and providing a statement issued by the distributing Section 529 Program that shows the principal and earnings portions of the Contribution.

Rollover Contributions from another Section 529 Program sent directly to a Participant must be accompanied by the Incoming Rollover Form and a statement issued by the distributing Section 529 Program that shows the principal and earnings portions of the Contribution.

Rollover Contributions to an Account from another Section 529 Program are federal income tax-free only if the rollover is into:

- an Account for the same Designated Beneficiary, and there have been no other Section 529 Program rollovers within the immediately preceding 12 months for the same Designated Beneficiary, or
- an Account for a Designated Beneficiary who is a Member of the Family (defined below) of the Designated Beneficiary of the rolled-over account (see "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS – Federal Taxation of Section 529 Programs – Federal Gift, Estate and Generation – Skipping Transfer Taxes" for a discussion of possible gift or generation-skipping transfer tax consequences).

The Section 529 Program from which you are transferring funds may impose other restrictions or fees on rollovers. You should investigate them thoroughly.

- **Rollovers from Coverdell Education Savings Accounts** – Coverdell Education Savings Account (“Coverdell ESA”) assets can be rolled over to an Account. In order to take advantage of a tax-free rollover from a Coverdell ESA, the rollover Contribution must be to an Account for the same Designated Beneficiary and must be accompanied by an Incoming Rollover Form. An account statement issued by the financial institution that acted as trustee or custodian of the Coverdell ESA that shows the principal and earnings portions of the rollover Contribution must also be provided to the Program Manager.

- **Rollovers from Qualified U.S. Savings Bonds** – Assets invested in certain U.S. savings bonds can be rolled-over to an Account. In order to take advantage of a tax-free rollover in connection with the liquidation of Series EE or Series I bonds, modified adjusted gross income limitations must not be exceeded and the rollover Contribution must be accompanied by an Incoming Rollover Form. In addition, an account statement or IRS Form 1099-INT issued by the financial institution that redeemed the bonds showing the interest portion of the redemption proceeds must also be provided to the Program Manager.

- **Tax and Other Considerations** – Unless coming directly from another Section 529 Program, rollovers require the liquidation
of assets and the contribution of cash to an Account. Rollover Contributions to an Account must be made within 60 days of the liquidation and withdrawal of such assets from another account. If the Participant effects a qualifying rollover, the withdrawal from the originating Section 529 Program account will not be subject to federal income tax, including the 10% additional federal tax, on earnings. Until a statement issued by the distributing Section 529 Program, trustee or custodian of the Coverdell ESA or financial institution that redeemed the U.S. savings bonds showing the principal and earnings portion of the Contribution is received, the Program will treat the entire amount of the rollover Contribution as earnings in the receiving Account for tax purposes. A Participant may be required to provide certain documentation to the distributing Section 529 Program.

**Maximum Contribution** – Currently, Contributions will be permitted if they do not cause the aggregate balance of all Accounts in the Program for the same Designated Beneficiary (regardless of Participant) to exceed $500,000. FAME will review and may adjust the Contribution limit annually, effective on or about January 1, but reserves the right to effect adjustments on other dates.

**Excess Contributions** – The Program Manager may return all or any part of a Contribution or the principal portion of a Contribution, rollover or transfer that exceeds the maximum allowable Contribution limit (“Excess Contribution”). Excess Contributions may be subject to a penalty imposed by FAME, which may be deducted from the Account. The maximum allowable Contribution limit is based on the aggregate balance of all Account(s) for the same Designated Beneficiary (regardless of Participant), not on the aggregate Contributions made to Accounts.

**Year-End Contributions** – Contributions for any calendar year must be received by the Program Manager at its processing location by 10:30 a.m. Eastern Time on the last business day of the year. Contributions postmarked in a calendar year and received by the Program Manager in the next calendar year will not be included as Contributions in the prior calendar year. Year-end Contributions received by the Program Manager that do not include all necessary documentation in good order will not be credited to an Account for that calendar year.

**UGMA/UTMA** – Custodians under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of any state (“UGMA/UTMA”) must execute Account Applications as UGMA/UTMA custodians to contribute UGMA/UTMA property to the Account. All Contributions to an Account held by a UGMA/UTMA custodian will be treated by the Program as being subject to the applicable UGMA/UTMA. Participants who are UGMA/UTMA custodians but also wish to retain control and ownership of other non UGMA/UTMA assets in the Program, without being subject to the UGMA/UTMA, must establish separate Accounts for such non UGMA/UTMA assets.

A Participant maintaining an Account as a UGMA/UTMA custodian may not change the Designated Beneficiary of the Account, may not transfer ownership of the Account to anyone other than a successor UGMA/UTMA custodian or the Designated Beneficiary, and must notify the Program Manager when a successor UGMA/UTMA custodian is appointed or when the custodianship terminates under the UGMA/UTMA (at which time the successor custodian or Designated Beneficiary will become the Participant of the Account).

Because only cash Contributions to an Account are permitted, UGMA/UTMA assets outside the Program may need to be liquidated in order to contribute them to an Account, which may have income tax consequences. Also, because the Designated Beneficiary of an Account under the UGMA/UTMA is the sole beneficial owner of the Account, any tax consequences associated with the Account, including any withdrawals from the Account, will be imposed on the Designated Beneficiary (and not the UGMA/UTMA custodian who is the Participant and legal owner of the Account).

Accounts maintained by an UGMA/UTMA custodian are subject to the additional restrictions imposed by the relevant UGMA/UTMA statute, and such custodian may wish to consult a tax advisor and/or legal counsel regarding such restrictions and their consequences for transfers or withdrawals from an Account. Neither FAME nor the Program Manager will take any responsibility for, or be liable for any consequences related to, an UGMA/UTMA custodian’s proper or improper use, transfer, failure to transfer, or characterization of custodial funds.

**Contribution Policies** – Following receipt of Contributions by check or by transfer of funds electronically, except as further described herein, the Program reserves the right, subject to applicable law, not to allow withdrawals of those funds (or their equivalent) for up to 15 calendar days for checks, and up to 6 business days for electronic transfers. For Accounts established through Self-Directed Online Investing, following receipt of one-time initial Contributions by electronic funds transfer, the Program reserves the right, subject to applicable law, not to allow withdrawals of those funds (or their equivalent) for up to 45 calendar days.

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

**Ownership of Contributions**

Under Maine law, the Participant retains ownership of all Contributions made to an Account and all earnings credited to such Account up to the date withdrawn for payment of the Designated Beneficiary’s Qualified Higher Education Expenses or otherwise transferred to someone other than the Participant. Special rules apply to Accounts established by UGMA/UTMA custodian Participants. An Eligible Institution of Higher Education obtains ownership of the amounts disbursed from an Account to such institution with respect to the
Qualified Higher Education Expenses paid to the institution at the time each disbursement is made to the institution, subject to any applicable refund policy or other policies of the institution. Although award designations under the Maine Matching Grant Program or the Harold Alfond College Challenge Grant may appear on a Participant’s Account statement and such amounts may be included in the Account’s activity or Account balance (including for purposes of the maximum Contribution limit), they are not considered to be Contributions held in the Account. Award designations under the Maine Matching Grant Program or the Harold Alfond College Challenge Grant are not owned by the Participant, may only be used to pay the Qualified Higher Education Expenses of the Designated Beneficiary at an Eligible Institution of Higher Education and are not treated as awarded until distributed to pay such expenses. Award designations may not be used to pay expenses at any school other than an Eligible Institution of Higher Education. See “THE PROGRAM AND THE PROGRAM FUND – Special Benefits Available to Maine Residents.”

Any individual or entity may make Contributions to an Account. Only the Participant will receive confirmation of Account transactions. Individuals or entities other than the Participant that contribute funds to an Account will have no subsequent control over those Contributions. Contributions by third parties may result in tax consequences to the Participant or the third party. Only the Participant may direct transfers, rollovers, investment changes (as permitted under federal law), withdrawals and changes in the Participant or Designated Beneficiary.

Change of Designated Beneficiary

General – Section 529 of the Code and the Proposed Regulations (defined on page 31) generally allow for changes of the Designated Beneficiary without federal income tax consequences, so long as the new Designated Beneficiary is a Member of the Family (defined below) of the current Designated Beneficiary. Special rules apply to Accounts established by UGMA/UTMA custodians. In addition, generally no federal gift tax or any generation-skipping transfer tax will result provided the new Designated Beneficiary is a Member of the Family of the current Designated Beneficiary and is assigned to the same generation as or a higher generation than the current Designated Beneficiary. Any change of the Designated Beneficiary to an individual who is not a Member of the Family of the current Designated Beneficiary should be treated as a Non-Qualified Withdrawal. See “TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS – Federal Taxation of Section 529 Programs.”

To initiate a change of Designated Beneficiary to a Member of the Family of the current Designated Beneficiary, the Participant must complete and provide a NextGen 529 Change of Designated Beneficiary Form (and any additional required documentation) to the Program Manager. The change will be made upon the Program Manager’s acceptance and processing of a properly completed form. A Participant may achieve a change of Designated Beneficiary by transferring part of the assets in an existing Account to another Account for the benefit of a different Designated Beneficiary. If this is a new Account, this will require completion of an Account Application Form as well as a Change of Designated Beneficiary Form. There is no fee or charge for changing a Designated Beneficiary.

A Participant may choose to reinvest amounts currently held in an Account to any of the available Portfolio(s) when changing the Designated Beneficiary for an Account. If the Participant’s Account is currently invested in an Age-Based Diversified Portfolio and the Participant chooses to reinvest in an Age-Based Diversified Portfolio upon changing the Designated Beneficiary, the Program Manager will reinvest such amounts based on the age of the new Designated Beneficiary.

Member of the Family – A Member of the Family is the Designated Beneficiary’s:

- Father or mother, or an ancestor of either;
- Child, or a descendant of a child;
- Stepfather or stepmother;
- Stepson or stepdaughter, or a descendant of either;
- Brother, sister, stepbrother or stepsister;
- Brother or sister of the father or mother;
- Brother-in-law, sister-in-law, son-in-law, daughter-in-law, father-in-law or mother-in-law;
- Son or daughter of a brother or sister;
- Spouse or the spouse of any of the foregoing individuals; or
- First cousin.

For purposes of determining who is a “Member of the Family,” a legally adopted child, foster child and stepchild of an individual is treated as the child of such individual by blood relationship, and a brother or sister includes a brother or sister by half blood.

Successor Participants

Death or Mental Disability of Participant – A Participant may designate a successor Participant (“Successor Participant”). The Successor Participant shall assume all of the rights, title and interest of the current Participant with respect to an Account (including the right to withdraw assets from the Account or change the Designated Beneficiary) upon the death or mental disability of the current Participant. Such designation must be in writing and is not effective until received by the Program Manager. Special rules apply to UGMA/UTMA Accounts. The Successor Participant will be required to provide the Program Manager with a certified copy of a death certificate in the case of death of a Participant or a court order in the case of mental disability of the Participant and such other information, the sufficiency of which the Program Manager will determine in its sole discretion, as the Program Manager requires prior to taking any action regarding the Account. The Successor Participant will also be required to complete an Account Application and agree to the terms and conditions of the Participation Agreement. See “PARTICIPATION AND ACCOUNTS – Establishing an Account”. If the Participant has authorized another individual or entity to exercise rights over an Account pursuant to a power of attorney executed prior to a mental disability, the power of attorney will take precedence over any Successor Participant designation during the Participant’s lifetime. A transfer of ownership of an Account, during the Participant’s lifetime, may have income or gift tax consequences; contact a tax advisor before transferring ownership of an Account. A designation of a Successor Participant that is later accepted by the Program Manager will govern all directions with
PARTICIPATION AND ACCOUNTS

respect to the Account following (but not prior to) the Program Manager’s acceptance of the designation. In the event no Successor Participant is named on the Account Application or on another form accepted by the Program Manager, or the named Successor Participant predeceases the Participant or does not accept ownership of the Account, the surviving spouse of the Participant, provided he or she is the natural or adoptive parent of the Designated Beneficiary, will become the Participant for the Account. In the event the surviving spouse is not the natural or adoptive parent of the Designated Beneficiary and the Designated Beneficiary is not a minor, the Designated Beneficiary will become the Participant for the Account. If the surviving spouse is not the natural or adoptive parent of the Designated Beneficiary and the Designated Beneficiary is a minor, the Designated Beneficiary’s custodial guardian will become the Participant for the Account. If the Designated Beneficiary has more than one custodial guardian, the guardian born earlier in the calendar year will become the Participant for the Account. If the Designated Beneficiary predeceases the Participant or dies in a manner that it cannot be determined who died first, the estate of the Designated Beneficiary will become the Participant for the Account.

Lifetime Transfers – A Participant may transfer ownership of an Account, without penalty, to another individual or entity to be the Participant in the Program. A transfer of ownership of an Account does not require a change of the Designated Beneficiary. A transfer of ownership of an Account will only be effective if it is irrevocable and transfers all rights, title, interest and power over the Account. A transfer of ownership of an Account may have income or gift tax consequences; contact a tax advisor before transferring ownership of an Account. To transfer ownership of an Account call the Program Manager at (877) 4-NEXTGEN (463-9843).

Investment of Contributions

The Program Manager will generally credit Contributions to an Account as of the business day received by the Program Manager. Contributions are invested on the next business day following the credit of the Contribution to the Account.

Investment Changes – A Participant may change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all Accounts in the Program (including Accounts in the Client Select Series) for the same Designated Beneficiary twice per calendar year or upon a change of the Designated Beneficiary to a Member of the Family of the current Designated Beneficiary. However, the investment allocation of future Contributions can be changed at any time. A Participant holding multiple Accounts for the same Designated Beneficiary must submit investment change instructions, if any, for all such Accounts on the same day, in order for all the changes to count as just one investment change (in the aggregate) for these purposes.

Client Direct Series Units in a Portfolio may only be exchanged for Client Direct Series Units in another Portfolio. Accounts are not permitted to directly exchange Units of the Principal Plus Portfolio for Units of the NextGen Savings Portfolio. In addition, in order to limit indirect exchanges between the Principal Plus Portfolio and the NextGen Savings Portfolio, whenever an Account exchanges Units of the Principal Plus Portfolio for Units of any Portfolio(s) other than the NextGen Savings Portfolio, for the next 90 days, the dollar value of all such exchanges will be aggregated by Portfolio (the “aggregated amount”). During that 90-day period, the Account will be permitted to acquire Units in the NextGen Savings Portfolio through exchanges, but only to the extent that, immediately after the exchange, the Account continues to hold Units in the exchanging Portfolio (i.e., the Portfolio that redeems Units as part of the exchange) that are at least equal in value to the aggregated amount on that date.

Currently, investment change requests must be in writing on an Investment Change Form; however, the Program Manager may waive this requirement or provide additional means for providing investment change instructions. An investment change will not affect instructions on how additional Contributions to an Account should be allocated. Investment changes may take up to five business days to process after they are received in good form by the Program Manager, particularly during periods of market volatility and at year-end.

When the Program Manager processes an investment change, the Program Manager redeems the Units to be exchanged and uses the proceeds to purchase the Units to be credited to your Account. Such Units will be redeemed and purchased, as applicable, at their relative Net Asset Values next calculated after the investment change request is processed by the Program Manager.

Net Asset Value – The Program Manager calculates a Net Asset Value for each Unit of a particular Portfolio on each day that the New York Stock Exchange is open for trading. Net Asset Values are calculated as of the close of regular trading on the New York Stock Exchange. Regular trading on the New York Stock Exchange typically closes at 4 p.m. Eastern Time, but closes earlier on certain scheduled days and may close earlier in the case of an emergency. The Net Asset Value of a Portfolio’s Units is calculated by dividing the value of each Portfolio Investment held in the Portfolio, plus any receivables and less any liabilities of such Portfolio, by the number of outstanding Units. When you make a Contribution, the Units credited to your Account will be purchased at the Net Asset Value(s) next calculated after the Contribution is invested or reinvested by the Program Manager as described in this Program Description.

Statements and Reports

The Program Manager will keep accurate and detailed records of all transactions concerning Accounts and will provide each Participant with periodic statements of each Account. The Program Manager will not provide statements to a Participant for whom a prior statement or any other communication has been returned as undeliverable, until the Participant provides updated
PARTICIPATION AND ACCOUNTS

information to the Program Manager in the manner required by the Program Manager.

If a Participant does not write to the Program Manager to object to a statement within 60 days after it has been sent to such Participant, such Participant will be considered to have approved it and to have released FAME and the Program Manager from all responsibility for matters covered by the statement. Each Participant agrees to provide all information FAME or the Program Manager may need to comply with any legal requirements.

Other Provisions

Prohibition Against Assignment, Transfer or Pledging as Security – Neither an Account nor any portion thereof may be assigned, transferred or pledged as security (including as collateral for a loan used to make Contributions to the Account) either by the Participant or the Designated Beneficiary of the Account.

Limitations on Satisfaction of Judgments - Maine Law – Under Maine law, all assets in, or credited to, an Account are not subject to levy, execution, judgment or other operation of law, garnishment or other judicial enforcement, and such assets are not an asset or property of either the Participant or the Designated Beneficiary for purposes of Maine insolvency laws. A Participant, however, should consult an attorney regarding the potential treatment of an Account in a specific situation under Maine or other applicable law.

Treatment of Account Assets under Federal Bankruptcy Law

Federal bankruptcy law provides that Contributions to an Account that are made less than 365 days before the date of the filing of a bankruptcy petition by a Participant are part of the Participant’s bankruptcy estate, and thus available to creditors.

Contributions to all Accounts for a single Designated Beneficiary made between 365 days and 720 days before the filing of a bankruptcy petition by a Participant are not considered part of the Participant’s bankruptcy estate to the extent the aggregate of such Contributions does not exceed $6,225, and thus such Contributions that do not exceed $6,225 are not generally available to creditors in bankruptcy; provided that (i) such Contributions do not exceed the Program’s maximum Contribution limit, and (ii) the Designated Beneficiary of such Accounts is a child, stepchild, grandchild or step grandchild of the Participant (a legally adopted child or a foster child of a Participant is treated as a child of such Participant by blood).

All Contributions to all Accounts for a single Designated Beneficiary listed in the paragraph above, if made at least 720 days before the filing of a bankruptcy petition by a Participant, are not considered part of the Participant’s bankruptcy estate, and thus are not generally available to creditors in bankruptcy.

A Participant filing a bankruptcy petition must report to the bankruptcy court any interest that the Participant has in a Section 529 Program.

Account Duration – There is no specific deadline for the use of assets in an Account to pay for Qualified Higher Education Expenses. However, FAME reserves the right to establish a maximum duration for an Account.

Persons Living Outside the United States – Individuals who reside outside the United States are generally not eligible to open an Account or make new investment selections in NextGen 529 except at the discretion of the Program Manager.

If a Participant previously residing in the United States moves outside the United States, the Program Manager may take certain actions regarding the Account without prior notice to the Participant, including, among others, rejecting Contributions and withdrawal and investment change requests, suspending Account services, or closing the Account. Units redeemed as a result of closing an Account will be valued at the Units’ Net Asset Value next calculated after the Program Manager closes the Account. The risk of market loss, tax implications, and any other expenses, as a result of the liquidation, will be solely the Participant’s responsibility.

Withdrawals

In General – A Participant may direct a withdrawal from an Account at any time by notifying the Program Manager by telephone, by mail, electronically at www.merrilledge.com, or in any other manner specified by the Program Manager. Generally, only the Participant of an Account may direct withdrawals from the Account. The frequency of withdrawals in a single month may be limited. A minimum withdrawal amount may also be established.

To request a withdrawal by telephone, a Participant should contact the Program Manager at 1-877-4-NEXTGEN (463-9843) for Accounts opened through Self-Directed Online Investing. Certain Accounts or transactions are not eligible for withdrawals by telephone. If an Account or a transaction is not eligible for withdrawals by telephone, a written request for withdrawal may be submitted. To authorize a withdrawal by telephone, a Participant should have the following information available: (i) Account number; (ii) amount to be distributed; and (iii) Portfolios to be liquidated. Written requests for withdrawals from an Account must be submitted on a NextGen 529 Withdrawal Request Form; however, the Program Manager may waive this requirement or provide additional means for withdrawal requests.

When a Participant requests a withdrawal, the Participant may request that the proceeds be delivered to the Participant, the Designated Beneficiary, or an Eligible Institution of Higher Education on behalf of the Designated Beneficiary. At this time, a Participant may not request that the proceeds be delivered to any elementary or secondary school. As discussed further below, the Participant is responsible for determining the tax treatment of any withdrawal from the Program.

Following the acceptance and processing of a properly completed withdrawal request by the Program Manager, Units held by your Account will be redeemed to fulfill the withdrawal. The redeemed Units will be valued at the next Net Asset Value(s) calculated after the withdrawal request is accepted by the Program Manager. After such Units are redeemed, the Program Manager will deliver
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the proceeds to the payee. During periods of market volatility and at year end, withdrawal requests may take up to five business days to process following receipt of a withdrawal request.

When a withdrawal is processed by check, the check will generally be drawn on a bank in New York City, where the Program Manager’s headquarters are located and where most securities transactions are settled. If a withdrawal is processed by wire transfer, the Program Manager will automatically charge a fee of $30 for this service in addition to the requested amount. This fee may be deducted from the withdrawal proceeds. Alternatively, this fee may be added to the amount requested to be withdrawn from an Account.

Although a Participant designates the Portfolio(s) from which a particular withdrawal is made, special rules apply if the dollar amount of the withdrawal request is equal to or greater than the market value of the Units held in such Portfolio(s) at the time the withdrawal is processed. In such cases, the Program Manager will process the withdrawal request as follows:

(For purposes of these rules only, and only if a withdrawal request is effected through www.merrilledge.com and includes a request to withdraw Maine Matching Grant funds, all Maine Matching Grant funds associated with an Account will be treated as a Portfolio, although Maine Matching Grant funds are not otherwise a Portfolio within the meaning of this Program Description. See “Special Benefits Available to Maine Residents” for more information about Maine Matching Grants.)

1. The Program Manager will sell all of the Units held in the Portfolio(s) selected by the Participant for full withdrawal (starting with the Portfolios with the smallest market value).

2. If the requested withdrawal amount is not satisfied, the Program Manager will sell Units held in the other Portfolio(s) selected by the Participant starting with the Portfolios with the highest market value. If the same withdrawal dollar amount is requested from two or more Portfolios, the Program Manager will sell Units held in the Portfolio with the highest market value, which could result in full liquidation of all Units in such Portfolio or a liquidation of Units only in that Portfolio.

3. In order to satisfy adjustments to a withdrawal request (for example, when the market value of Units has changed between the date of the withdrawal request and the processing date), the Program Manager will sell Units held in the Portfolio(s) selected by the Participant for full withdrawal. In order to satisfy any remaining adjustments, the Program Manager will sell Units held in the other Portfolio(s) selected by the Participant starting with the Portfolio with the highest market value.

4. If the requested withdrawal amount is not satisfied after selling all of the Units held in the Portfolio(s) selected by the Participant, the Program Manager will sell Units in other Portfolio(s) held in the Participant’s Account starting with the Portfolio with the highest market value. However, even in connection with a withdrawal request effected through www.merrilledge.com, the Program Manager will not liquidate Maine Matching Grant funds to further satisfy a withdrawal request if they were not selected for withdrawal in the request made by the Participant.

If the requested withdrawal amount would not be satisfied after selling all of the Units in all of the Portfolio(s) held in a Participant’s Account (except Maine Matching Grant funds if they were not selected to be withdrawn at all in connection with a withdrawal request effected through Self-Directed Online Investing), the withdrawal request will not be processed and the Participant will be notified that there are insufficient assets in the Account to process the withdrawal request. If at any point in the process outlined above the requested withdrawal amount is satisfied, no further Portfolio Units will be sold.

Accounts maintained by an UGMA/UTMA custodian are subject to the additional restrictions imposed by the relevant UGMA/UTMA statute, and such custodian may wish to consult a tax advisor and/or legal counsel regarding such restrictions and their consequences for transfers or withdrawals from an Account.

Withdrawal requests generally will not be processed on the same day that other pending withdrawal requests or exchanges among Portfolios involving the same Account are processed.

**Tax Reporting** – For purposes of determining whether a withdrawal is federally taxable and/or subject to the 10% additional federal tax on earnings, the Participant must determine whether the withdrawal is made for the payment of Qualified Higher Education Expenses and/or fits within certain exceptions as discussed below.

On or before January 31 of each calendar year, the Program will send Form 1099-Q to each distributee for any withdrawals made from an Account in the previous calendar year. If a withdrawal is made payable to the Eligible Institution of Higher Education for the Designated Beneficiary or directly to the Designated Beneficiary, then the Designated Beneficiary is considered the distributee; for all other distributions, the Participant is considered the distributee. Upon receipt of the Form 1099-Q, the taxpayer will need to determine whether the distributions were used for Qualified Higher Education Expenses. If so, there is nothing to report; if the distributions were not used exclusively for Qualified Higher Education Expenses, then the taxpayer will need to report only the earnings portion of any Non-Qualified Withdrawals on his or her federal income tax forms, and may incur a 10% additional federal tax on such earnings. See “TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS - Federal Taxation of Section 529 Programs - Contributions, Earnings, and Withdrawals.”

State tax treatment of withdrawals varies from state to state, and withdrawals may receive different tax treatment under state law compared to federal law.

**Refunds of Payments of Qualified Higher Education Expenses** – If an Eligible Institution of Higher Education refunds any
portion of an amount previously withdrawn from an Account and treated as a Qualified Withdrawal, unless such refunded amount is contributed to a Section 529 Program for the same Designated Beneficiary not later than 60 days after the date of the refund, the distributee may be required to treat the amount of the refund as a Non-Qualified Withdrawal for federal income tax purposes. Different treatment may apply if the refund is used to pay other Qualified Higher Education Expenses of the Designated Beneficiary.

**Recordkeeping** – Distributees should retain all receipts for Qualified Higher Education Expenses with their other important tax documents. The Program is not responsible for determining whether a withdrawal is a Qualified Withdrawal or Non-Qualified Withdrawal (each as defined below).

**Qualified Withdrawals**
A withdrawal used to pay Qualified Higher Education Expenses of the Designated Beneficiary is a Qualified Withdrawal.

**Qualified Higher Education Expenses** – “Qualified Higher Education Expenses” include:

- tuition, fees and the costs of books, supplies and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Institution of Higher Education;
- for students attending an Eligible Institution of Higher Education on at least a half-time basis, the actual costs of room and board of a Designated Beneficiary living in campus owned or operated housing or an amount equal to the allowance for room and board included in the cost of attendance of the Eligible Institution of Higher Education;
- expenses for special needs services in the case of a special needs Designated Beneficiary which are incurred in connection with enrollment or attendance at an Eligible Institution of Higher Education; and
- expenses for the purchase of computer or peripheral equipment, computer software or Internet access and related services, if such equipment, software, access or services are to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Institution of Higher Education. However, expenses for computer technology and equipment do not include expenses for computer software designed for sports, games or hobbies unless the software is predominantly educational in nature.

A Designated Beneficiary will be considered to be enrolled at least half-time if the Designated Beneficiary is enrolled for at least half the full-time academic workload for the course of study the Designated Beneficiary is pursuing, as determined under the standards of the Eligible Institution of Higher Education where the Designated Beneficiary is enrolled. The institution’s standard for a full-time workload must equal or exceed a standard established by the U.S. Department of Education under the Higher Education Act of 1965, as amended through June 7, 2001. The Designated Beneficiary need not be enrolled on at least a half-time basis to use a Qualified Withdrawal to pay for other qualifying expenses.

**Eligible Institutions of Higher Education** – Generally, an accredited post-secondary educational institution offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree, or another recognized post-secondary credential, including certain proprietary institutions, foreign institutions and post-secondary vocational institutions, is an Eligible Institution of Higher Education provided it is eligible to participate in U.S. Department of Education student financial assistance programs.

**Tuition Expenses for Elementary and Secondary Schools** – Unless otherwise indicated, any reference to Qualified Higher Education Expenses also includes a reference to tuition in connection with a Designated Beneficiary’s enrollment or attendance at an elementary or secondary public, private, or religious school, up to a maximum of $10,000 of distributions for such tuition expenses per taxable year per Designated Beneficiary from all Section 529 Programs. Participants are responsible for monitoring and complying with the $10,000 aggregate limit. Participants should consult with a tax advisor regarding the use of withdrawals to pay elementary or secondary school tuition.

The tax treatment of withdrawals used to pay for elementary or secondary school tuition may be uncertain in many states and may differ from federal and Maine tax treatment.

**Non-Qualified Withdrawals and the Additional Tax**

**General** – A “Non-Qualified Withdrawal” is any withdrawal from an Account other than a Qualified Withdrawal or a qualifying rollover. The earnings portion of a Non-Qualified Withdrawal subject to federal and applicable state and/or local income tax and, in many cases, a 10% additional federal tax on earnings. A Qualified Withdrawal for federal tax purposes may be a Non-Qualified Withdrawal for state tax purposes, depending on state law.

**Exceptions to the Additional Tax** – There is an exception to the 10% additional federal tax on earnings imposed for any Non-Qualified Withdrawal on account of:

- the death of the Designated Beneficiary if paid to a beneficiary of the Designated Beneficiary’s estate;
- the disability of the Designated Beneficiary within the meaning of section 72(m)(7) of the Code;
- the receipt of a scholarship by the Designated Beneficiary to the extent the amount withdrawn does not exceed the amount of such scholarship;
- the use of American Opportunity tax credits (which modify the prior Hope Scholarship tax credits) or Lifetime Learning tax credits (together “Education Tax Credits”) as allowed under federal income tax law; or
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- the attendance of the Designated Beneficiary at certain specified military academies.

**Death of Designated Beneficiary** – In the event of the death of the Designated Beneficiary, the Participant may exercise one or more of the following options. The Participant may request payment of the Account balance to a beneficiary of the Designated Beneficiary or the Designated Beneficiary’s estate in which case the earnings portion will be subject to federal income tax and possibly state and/or local income tax on the earnings portion of the withdrawal, without imposition of the 10% additional federal tax on earnings. Alternatively, the Participant can request the return of the Account balance, the earnings portion of which will be subject to federal and potentially state and/or local income tax and may be subject to a 10% additional federal tax. Another option would be to initiate a change of Designated Beneficiary, as described in “Change of Designated Beneficiary.” Special rules apply to Accounts established by UGMA/UTMA custodians.

**Disability of Designated Beneficiary** – If the Designated Beneficiary becomes disabled within the meaning of section 72(m)(7) of the Code, the Participant may exercise one or more of the following options. The Participant may request the return of all or a portion of the Account balance, in which case the earnings portion will be subject to federal income tax and possibly state and/or local income tax on the earnings portion of the withdrawal, without imposition of the 10% additional federal tax. Alternatively, the Participant may initiate a change of Designated Beneficiary, as described in “Change of Designated Beneficiary.” Special rules apply to Accounts established by UGMA/UTMA custodians.

**Receipt of Scholarship** – If the Designated Beneficiary receives a qualified scholarship, Account funds up to the amount of the scholarship can be withdrawn by the Participant, subject to federal income tax and possibly state and/or local income tax on the earnings portion of the withdrawal, without imposition of the 10% additional federal tax. Special rules apply to Accounts established by UGMA/UTMA custodians. Under the Proposed Regulations, a qualified scholarship includes certain educational assistance allowances under federal law and certain payments for educational expenses, or attributable to attendance at certain educational institutions, that are exempt from federal income tax. You should consult a qualified tax advisor to determine whether a particular payment or benefit constitutes a qualified scholarship.

**Attendance at Certain Military Academies** – If the Designated Beneficiary attends the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, Account funds may be withdrawn, subject to federal income tax and possibly state and/or local income tax on the earnings portion of the withdrawal, without imposition of the 10% additional federal tax on earnings to the extent the withdrawal does not exceed the costs of

**Qualifying Rollovers**

A Participant may direct a withdrawal from an Account for the purpose of a rollover to an account in another Section 529 Program by notifying the Program Manager by telephone or in writing. To request a rollover withdrawal by telephone, a Participant should contact the Program Manager at 1-877-4-NEXTGEN (463-9843) for Accounts opened through Self-Directed Online Investing. To authorize a rollover withdrawal by telephone, a Participant should have the following information available: (i) Account number; (ii) amount to be rolled over if not the entire Account balance; (iii) Portfolio(s) to be liquidated; and (iv) the name of the receiving Section 529 Program. Written requests for rollover withdrawals from an Account must be submitted on a NextGen 529 Withdrawal Request Form. If the Participant completes a qualifying rollover, the withdrawal will not be subject to federal income tax, including the 10% additional federal tax, on earnings. State tax treatment varies from state to state, and qualifying rollovers may receive different tax treatment under state law compared to federal law. Special rules apply to Accounts established by UGMA/UTMA custodians.

A Participant may also rollover amounts under an Account to a Section 529A Qualified ABLE Program (“ABLE”) for the same Designated Beneficiary, or a Member of the Family thereof, federal income tax-free, subject to applicable ABLE contribution limits. Distributions from an Account in connection with any such rollover must occur before January 1, 2026. State tax treatment varies from state to state, and qualifying rollovers may receive different tax treatment under state law compared to federal law. Special rules apply to Accounts established by UGMA/UTMA custodians.

The Section 529 Program or ABLE to which you are transferring funds may impose other restrictions or fees on rollovers. You should investigate them thoroughly.

**Residual Account Balances and Termination**

**Residual Account Balances** – If the Designated Beneficiary graduates from an Eligible Institution of Higher Education, or chooses not to pursue higher education, and funds remain in an Account, the Participant has three options. First, the Participant may request that all or any portion of the remaining funds be withdrawn and paid (less any fees and expenses) to either the Participant or the Designated Beneficiary. This withdrawal may be treated as a Non-Qualified Withdrawal (subject to federal and any applicable state and/or local income tax, and possibly the 10% additional federal tax, on earnings). Second, the Participant may authorize a change of Designated Beneficiary for the remaining funds in the Account. See “Change of Designated Beneficiary.” Special rules apply to Accounts established by UGMA/UTMA custodians. Third, the Participant may keep the funds in the Account to pay future Qualified Higher Education...
Expenses, such as graduate or professional school expenses, of the Designated Beneficiary.

**Termination** – The Participant may at any time close an Account by providing a NextGen 529 Withdrawal Request Form to the Program Manager, requesting that all the remaining funds be withdrawn and paid (less any fees and expenses) to either the Participant or the Designated Beneficiary. This withdrawal may be treated as a Non-Qualified Withdrawal (subject to federal and any applicable state and/or local income tax, and possibly the 10% additional federal tax, on earnings). FAME may terminate an Account at any time and for any reason, including if it determines that: (i) the Designated Beneficiary of an Account does not attend an Eligible Institution of Higher Education; (ii) a Participant has changed Designated Beneficiaries of an Account primarily to avoid or significantly defer federal or state and/or local income tax; or (iii) the assets in an Account are too small to be economically administered. The Program Manager may also terminate an Account consistent with applicable law and the Program Manager’s administrative procedures. Neither the Program Manager nor FAME is required to provide Participants with an explanation as to why their Account was terminated. Upon termination of an Account, the Program Manager shall liquidate the investments in the Account and distribute the balance to the Participant, less any fees and expenses. This withdrawal may be treated as a Non-Qualified Withdrawal (subject to federal and any applicable state income tax and possibly the 10% additional federal tax on earnings).

**Community Property**

A resident of a state that has a community property law should consult his or her legal advisor for advice concerning the application of that law with respect to Accounts and related Contributions to and withdrawals from Accounts. Community property issues are beyond the scope of this Program Description.

**Penalties for Misrepresentations**

In the event a Participant makes any material misrepresentations or provides any erroneous information in any communication with FAME or the Program Manager, including, without limitation, on the Account Application or any Account maintenance and servicing form, FAME may terminate a Participant’s Account and charge fees or expenses in addition to a 15% penalty on the investment earnings of the Account.

**PORTFOLIOS**

Contributions made to an Account on behalf of a Designated Beneficiary are invested in one or more Portfolios based on an election on the Account Application (or any change to such election) made by a Participant. Assets of Portfolios are then invested in one or more Portfolio Investments recommended by the Program Manager or a Sub-Advisor that reflect the investment strategies of the respective Portfolios, which FAME reviews and approves. There is no assurance that the strategy of any Portfolio will be successful. Participation in the Program is not considered to be part of an investment advisory service. Accordingly, the Participant will be responsible for monitoring and making investment decisions concerning his or her Account.

A Participant should consider which investment options are most appropriate given the other resources expected to be available to fund the Designated Beneficiary’s Qualified Higher Education Expenses, the age of the Designated Beneficiary, and the anticipated date of first use of funds in the Account for the Designated Beneficiary. A Participant should also consider the limited ability to change investment options for Contributions (and any earnings thereon) that have already been invested in an Account.

Portfolios generally invest in one or more mutual funds, exchange traded funds or separate accounts managed by BlackRock Investment Management, LLC, or its affiliates (“BlackRock”), currently the only Sub-Advisor in the Client Direct Series. The Principal Plus Portfolio currently invests in a GIA issued by an insurance company, and may invest in corporate fixed-income investments and/or similar instruments. Under normal market conditions, the NextGen Savings Portfolio will only make deposits in the Bank Deposit Account.

**Investment Options**

The Client Direct Series currently consists of two Age-Based Diversified Portfolios, five Diversified Portfolios, three Single Fund Portfolios, the Principal Plus Portfolio and the NextGen Savings Portfolio. A Participant may choose from among one or more of the Portfolios. None of the Portfolios has been designed to provide any particular total return over any particular time period or investment horizon.

**Age-Based Diversified Portfolios** – The Age-Based Diversified Portfolios are designed for Participants who are saving for the college education of the Designated Beneficiary. They are invested in a manner that seeks to balance risk and expected returns of the Underlying Funds with the time periods remaining until a typical Designated Beneficiary is expected to enter an Eligible Institution of Higher Education.

The age-bands of the Age-Based Diversified Portfolios for the benefit of younger Designated Beneficiaries (for example, the BlackRock Age-Based 0-1 Year Portfolio) generally are more heavily invested in Underlying Funds that invest in equity securities, while the age-bands of the Age-Based Diversified Portfolios for older Designated Beneficiaries (for example, the BlackRock Age-Based 19+ Years Portfolio) generally are more heavily invested in Underlying Funds that invest in fixed income securities and money market securities. Please note that the age ranges in the names of the age-bands of the Age-Based Diversified Portfolios indicate the ages of the Designated Beneficiaries for whom such age-bands may be appropriate; they do not refer to the number of years remaining until a typical
Designated Beneficiary is expected to need such assets for Qualified Higher Education Expenses. There is no guarantee that investing in the Age-Based Diversified Portfolios will ensure investment gain, or protect against investment losses over time. For a description of the current Underlying Funds in each respective Age-Based Diversified Portfolio, see “PORTFOLIOS- PERFORMANCE AND INVESTMENTS.”

If the Designated Beneficiary is likely to need Account assets at an earlier or later date than a typical Designated Beneficiary is expected to need Account assets, or if you are saving for educational expenses other than college, you may want to consider whether the Age-Based Diversified Portfolios are appropriate for your Designated Beneficiary.

If you elect to invest in an Age-Based Diversified Portfolio, your Account assets will be invested in the age-band that corresponds to the actual age of the Designated Beneficiary. You will not be permitted to invest in the Age-Based Diversified Portfolios based on a hypothetical age. Participants that are state or local governments or tax-exempt organizations described in section 501(c)(3) of the Code may invest in any Age-Based Diversified Portfolio without designating a beneficiary or being subject to the policies described below.

For so long as you remain invested in an Age-Based Diversified Portfolio, as your Designated Beneficiary ages, your Account assets will be automatically reinvested in the age-band that corresponds to the actual age of the Designated Beneficiary. On the business day prior to the birthday upon which the Designated Beneficiary will exceed the maximum age (if any) of the current age-band, your Units in the current age-band will be automatically redeemed and the proceeds will be used to purchase an equal dollar value of Units in the next age-band in the same Age-Based Diversified Portfolio (an “Age-Based Exchange”). Units in the new age-band will be posted in the Account on the Designated Beneficiary’s birthday. If the Designated Beneficiary’s birthday falls on a non-business day, then the Units will be posted in the Account on the first business day after the Designated Beneficiary’s birthday.

For the five business days prior to an Age-Based Exchange, Contributions that are made to an Age-Based Diversified Portfolio within an Account will be invested in the age-band corresponding to the Designated Beneficiary’s age as of his or her next birthday.

For the two business days prior to an Age-Based Exchange, a Participant may not:

- move any Account assets to another Program Account;
- move any assets invested in another Program Account into the Account;
- direct any withdrawals from any Portfolio in the Account; or
- roll any Account assets into another Section 529 Program or a Section 529A ABLE account.

Age-Based Exchanges will continue until you are invested in the last age-band in the applicable Age-Based Diversified Portfolio or until the Account assets are withdrawn or otherwise reinvested.

**Diversified Portfolios** — The Diversified Portfolios are invested in a combination of Portfolio Investments that is consistent with the sector allocation of each Portfolio. Within the equity securities segment of a Diversified Portfolio, if any, investments will be allocated among Portfolio Investments investing primarily in domestic equity and/or international equity investments. Within the fixed income segment of a Diversified Portfolio, if any, investments will be allocated among Portfolio Investments investing primarily in investment grade debt, non-investment grade debt and money market securities. Certain Diversified Portfolios invest a segment of their assets in an Underlying Fund that invests primarily in Real Estate Investment Trusts. For a description of the current Portfolio Investments in each respective Diversified Portfolio, see “PORTFOLIOS- PERFORMANCE AND INVESTMENTS.”

**Single Fund Portfolios** — The Single Fund Portfolios are invested in only one Underlying Fund. For a description of the current Portfolio Investments in the Single Fund Portfolios, see “PORTFOLIOS- PERFORMANCE AND INVESTMENTS.”

**Principal Plus Portfolio** — The Principal Plus Portfolio is currently invested only in a GIA issued by New York Life Insurance Company (“New York Life”), also referred to herein as the “New York Life GIA.” In the future, the Principal Plus Portfolio may also invest in corporate fixed-income investments and/or similar instruments.

**NextGen Savings Portfolio** — The NextGen Savings Portfolio is comprised exclusively of the Bank Deposit Account currently held at Bank of America, N.A., an affiliate of the Program Manager. Although the underlying deposits in the Bank Deposit Account in the NextGen Savings Portfolio are eligible for FDIC insurance, subject to applicable federal deposit insurance limits, the Units of the NextGen Savings Portfolio are not insured or guaranteed by the FDIC or any other agency of state or federal government, FAME, the Bank or the Program Manager. Participants are responsible for monitoring the total amount of their assets on deposit at the Bank, including amounts held directly at the Bank. All such deposits of a Participant held in a single ownership capacity at the Bank are subject to aggregation with that portion of the underlying deposits attributable to the Units held by the Participant in the NextGen Savings Portfolio, for purposes of the current FDIC insurance coverage limitation of $250,000.

**Allocation of Contributions** — A Participant may choose to invest new Contributions in any of the investment options, but may only change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all Accounts in the Program for the same Designated Beneficiary twice per calendar year or upon a change of the Designated Beneficiary to a Member of the Family of the current Designated Beneficiary.
Portfolios may merge, terminate, reorganize or cease accepting new Contributions at any time and without prior notice to Participants. See “PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS – Program and Portfolio Risks and Other Considerations – Limitations on Investment Direction.”

For more details concerning the Age-Based Diversified Portfolios, Diversified Portfolios, Single Fund Portfolios, Principal Plus Portfolio and NextGen Savings Portfolio, see “PORTFOLIOS – PERFORMANCE AND INVESTMENTS.”

**Portfolio Series**

The Program offers a variety of investment options through two separate series – the Client Direct Series (offered through this Program Description) and the Client Select Series (offered through a different program description). Each series offers different Portfolios, each with its own sales charges, fees and expense structure. Expenses associated with the Client Direct Series will generally be lower than those associated with the Client Select Series. A particular series may not offer some or all of the Portfolios available through the other series, although currently some Age-Based Diversified Portfolios, several Diversified Portfolios, the Principal Plus Portfolio, and the NextGen Savings Portfolio are offered in both series. Additional information about the Client Select Series is available by telephone at (877) 4-NEXTGEN (463-9843), on the Internet through www.nextgenforme.com and at www.merrilledge.com, by contacting FAME, or through certain Maine Distribution Agents for a Maine Participant or other Participant opening Account(s) for Maine Designated Beneficiaries.

Each series may be offered through additional or different distribution channels, as determined by FAME and the Program Manager.

**Portfolio Allocations**

FAME is responsible for structuring the Portfolios, the assets of which are part of the Investment Fund. The Program Manager or a Sub-Advisor provides recommendations as to both the investment sectors in which assets of each Portfolio are allocated and the specific Portfolio Investments for each such sector of each Portfolio. For this purpose, the investment sectors are: domestic equity, international equity, investment grade debt, non-investment grade debt, alternative investments and money market securities. The Program Manager or a Sub-Advisor may recommend a Portfolio Investment with a global investment objective for use in the international equity investment sector. In accordance with the investment strategies described in this Program Description, certain Portfolios may only be invested in one or a limited number of specific sectors.

Under the Program Management Agreement, FAME may: (i) approve any proposed sector allocation or combination of Portfolio Investments recommended by the Program Manager or a Sub-Advisor; (ii) request that the Program Manager or a Sub-Advisor deliver a revised proposed sector allocation or a different combination of proposed Portfolio Investments; or (iii) object to any proposed sector allocation or combination of Portfolio Investments. In the event that the Program Manager or a Sub-Advisor and FAME disagree as to any proposed sector allocation or a combination of Portfolio Investments, the parties must mutually agree upon a third party arbiter who shall recommend a proposed sector allocation or a combination of Portfolio Investments. Unless FAME objects to the arbiter’s recommendation of sector allocations or Portfolio Investments, such recommendations will become the approved allocation or approved Portfolio Investments. If FAME objects to the arbiter’s recommendation, FAME will determine the sector allocations or combination of Portfolio Investments.

It is anticipated that the sector allocations and combination of Portfolio Investments will be reviewed annually and may change from year to year. In particular, the current target Underlying Fund allocation and current target asset allocation may be changed at any time. The asset allocation of a Portfolio may vary from its target allocation, and may be re-balanced periodically and from time to time to its target allocations. The Program Manager or a Sub-Advisor may from time to time recommend a revised sector allocation or a revised combination of Portfolio Investments. FAME will determine whether to approve any such recommendation. It is anticipated that Portfolios will be re-balanced to reflect each new allocation.

**Portfolio Investments**

**Underlying Funds** – The assets of each Portfolio (other than the Principal Plus Portfolio and the NextGen Savings Portfolio) are invested in Underlying Funds in accordance with the sector allocation and Underlying Fund determinations made by FAME.

Under the terms of the Program Management Agreement and Sub-Advisory Agreements, the Underlying Funds proposed by any Sub-Advisor for the Investment Fund are expected to be mutual funds, exchange traded funds or separate accounts managed by a Sub-Advisor. See “THE PROGRAM MANAGEMENT AGREEMENT.” FAME may select Underlying Funds that are not managed by a Sub-Advisor if there are no available Underlying Funds managed by a Sub-Advisor within a particular investment sector that meet certain performance standards set forth in the Program Management Agreement. FAME may also waive the performance standards set forth in the Program Management Agreement.

FAME has approved one Underlying Fund, the Cash Allocation Account, for Portfolios investing in cash equivalent securities (other than the Principal Plus Portfolio, the NextGen Savings Portfolio and the BlackRock iShares Portfolios). The assets of the Cash Allocation Account are invested in a diversified portfolio of money market securities and may also be invested in Maine CDs. BlackRock Capital Management, Inc., an affiliate of BlackRock.
Investment Management, LLC, a Sub-Advisor to the Program, is responsible for the selection and management of the money market securities in the Cash Allocation Account, other than Maine CDs. FAME may contract with the Treasurer to select the financial institutions from which any Maine CDs are purchased, which CDs must be insured by the FDIC or fully collateralized. FAME will determine the percentage of the assets of the Cash Allocation Account that is invested in Maine CDs. It is anticipated that investments in Maine CDs, if any, will generally not exceed 10% of the assets of the Cash Allocation Account. The Cash Allocation Account is not a registered mutual fund.

**Principal Plus Portfolio Investments** – The Principal Plus Portfolio is currently invested entirely in the New York Life GIA. The Principal Plus Portfolio may also invest in corporate fixed-income investments and/or similar instruments. The Program Manager provides administrative services with respect to the Principal Plus Portfolio and performs credit analyses on New York Life, the issuer of the New York Life GIA.

**NextGen Savings Portfolio Investment** – The NextGen Savings Portfolio is comprised exclusively of the Bank Deposit Account. The Program Manager provides administrative services with respect to the NextGen Savings Portfolio.

**Portfolio Selection**
A Participant may select one or more Age-Based Diversified Portfolio, Diversified Portfolio, Single Fund Portfolio, Principal Plus Portfolio, or NextGen Savings Portfolio investment options for Contributions made to his or her Account(s). For more information about the Portfolio options currently available, see “PORTFOLIOS-PERFORMANCE AND INVESTMENTS.”

### Age-Based Diversified Portfolios
- BlackRock Age-Based Diversified Portfolio
- iShares Age-Based Diversified Portfolio

### Diversified Portfolios
- BlackRock 100% Equity Portfolio
- BlackRock Balanced Portfolio
- BlackRock Fixed Income Portfolio
- iShares Diversified Equity Portfolio
- iShares Diversified Fixed Income Portfolio

### Single Fund Portfolios
- BlackRock Equity Index Portfolio
- iShares Balanced Portfolio
- iShares MSCI USA ESG Select Portfolio

### Principal Plus Portfolio
- Principal Plus Portfolio

### NextGen Savings Portfolio
- NextGen Savings Portfolio
PROGRAM FEES AND EXPENSES

Each Account bears certain ongoing Portfolio fees, which are charged against the assets of the Portfolios, to provide for the costs associated with the distribution, servicing and administration of the Account. These Portfolio fees will reduce the value of the Account as they are incurred. Shares of Underlying Funds held by a Portfolio may be liquidated to pay Portfolio fees charged to the Portfolio. Accounts also will indirectly bear the fees and expenses, if any, of the Portfolio Investments in which the Portfolios invest.

The Portfolio fees and expenses described below are subject to change from time to time.

Portfolio Investment Fees and Expenses

Each Portfolio indirectly bears its proportional share of the fees and expenses incurred by the Portfolio Investments in which it invests. Each Account, except Accounts invested exclusively in the NextGen Savings Portfolio, bears certain ongoing Portfolio fees, which are charged against the assets of the Portfolios, to provide for the costs associated with the distribution, servicing and administration of the Account. The Program Manager and FAME do not currently charge any fees for the NextGen Savings Portfolio, but reserve the right to charge such fees in the future. With the exception of the NextGen Savings Portfolio, each Portfolio’s investment return will be net of both the fees and expenses of the Portfolio Investments and the Portfolio fees described herein.

Annual Asset-Based and Other Fees

Underlying Fund Expenses — All Portfolios invest in the Institutional Class shares of their Underlying Funds (except the Principal Plus Portfolio and the NextGen Savings Portfolio, which do not invest in mutual funds, and the BlackRock iShares Portfolios, which invest in Underlying Funds that are exchange traded funds). For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund’s expense ratio that corresponds to the Portfolio’s target asset allocation. Each Portfolio’s target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio’s fees and expenses are based on the most recent fiscal year reported upon in the Underlying Fund(s) most recent prospectus as of June 30, 2019, unless noted otherwise.

Management and Maine Administration Fees — Merrill is entitled to receive a management fee for acting as Program Manager (the “Management Fee”). The Program Manager may pay a portion of the Management Fee or other compensation to FDS for acting as the Portfolio Servicing Agent. The Program Manager may also receive compensation from Sub-Advisors or from Portfolio Investments. FAME may receive an administration fee for acting as administrator of the Program (the “Maine Administration Fee”), although currently, no Maine Administration Fee is assessed on any Portfolios in the Client Direct Series.

Other Fees — An Account may be subject to a Non-Sufficient Funds Fee or Wire Transfer Fee. If such fees are charged and an Account holds Units of more than one Portfolio, the largest Portfolio position, based on dollar value, will be liquidated first. See “PARTICIPATION AND ACCOUNTS - Contributions - Contributions by Check - Returned Checks” and “PARTICIPATION AND ACCOUNTS - Withdrawals - In General.”

<table>
<thead>
<tr>
<th>Fee</th>
<th>Amount</th>
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<tr>
<td>Non-Sufficient Funds Fee</td>
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<tr>
<td>Wire Transfer Fee</td>
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## PROGRAM FEES AND EXPENSES

### CLIENT DIRECT SERIES

Portfolios incur the following Annual Asset-Based Fees and

<table>
<thead>
<tr>
<th>Estimated Underlying Fund Expense</th>
<th>Management Fee</th>
<th>Maine Administration Fee</th>
<th>Total Annual Asset-Based Fees</th>
<th>Sales Charges</th>
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<tr>
<td>BlackRock Portfolios</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock Age-Based 0-1 Year Portfolio</td>
<td>0.53%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.53%</td>
</tr>
<tr>
<td>BlackRock Age-Based 2-4 Years Portfolio</td>
<td>0.53%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.53%</td>
</tr>
<tr>
<td>BlackRock Age-Based 5-7 Years Portfolio</td>
<td>0.53%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.53%</td>
</tr>
<tr>
<td>BlackRock Age-Based 8-11 Years Portfolio</td>
<td>0.53%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.53%</td>
</tr>
<tr>
<td>BlackRock Age-Based 12-13 Years Portfolio</td>
<td>0.53%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.53%</td>
</tr>
<tr>
<td>BlackRock Age-Based 14-15 Years Portfolio</td>
<td>0.52%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.52%</td>
</tr>
<tr>
<td>BlackRock Age-Based 16 Years Portfolio</td>
<td>0.52%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.52%</td>
</tr>
<tr>
<td>BlackRock Age-Based 17 Years Portfolio</td>
<td>0.51%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.51%</td>
</tr>
<tr>
<td>BlackRock Age-Based 18 Years Portfolio</td>
<td>0.49%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.49%</td>
</tr>
<tr>
<td>BlackRock Age-Based 19+ Years Portfolio</td>
<td>0.48%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.48%</td>
</tr>
<tr>
<td>BlackRock 100% Equity Portfolio</td>
<td>0.52%</td>
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<td>0.00%</td>
<td>0.52%</td>
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<tr>
<td>BlackRock Fixed Income Portfolio</td>
<td>0.53%</td>
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<td>0.00%</td>
<td>0.53%</td>
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<tr>
<td>BlackRock Balanced Portfolio</td>
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<td>0.09%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.21%</td>
</tr>
<tr>
<td>iShares Age-Based 2-4 Years Portfolio</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.21%</td>
</tr>
<tr>
<td>iShares Age-Based 5-7 Years Portfolio</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.21%</td>
</tr>
<tr>
<td>iShares Age-Based 8-11 Years Portfolio</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.21%</td>
</tr>
<tr>
<td>iShares Age-Based 12-13 Years Portfolio</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.21%</td>
</tr>
<tr>
<td>iShares Age-Based 14-15 Years Portfolio</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.21%</td>
</tr>
<tr>
<td>iShares Age-Based 16 Years Portfolio</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.21%</td>
</tr>
<tr>
<td>iShares Age-Based 17 Years Portfolio</td>
<td>0.11%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.23%</td>
</tr>
<tr>
<td>iShares Age-Based 18 Years Portfolio</td>
<td>0.13%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.25%</td>
</tr>
<tr>
<td>iShares Age-Based 19+ Years Portfolio</td>
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<td>0.12%</td>
<td>0.00%</td>
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<tr>
<td>iShares Diversified Equity Portfolio</td>
<td>0.09%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.21%</td>
</tr>
<tr>
<td>iShares Diversified Fixed Income Portfolio</td>
<td>0.18%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.30%</td>
</tr>
<tr>
<td>iShares Balanced Portfolio</td>
<td>0.25%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.37%</td>
</tr>
<tr>
<td>iShares MSCI USA ESG Select Portfolio</td>
<td>0.25%</td>
<td>0.12%</td>
<td>0.00%</td>
<td>0.37%</td>
</tr>
<tr>
<td>Principal Plus Portfolio</td>
<td>N/A</td>
<td>0.20%</td>
<td>0.00%</td>
<td>0.20%</td>
</tr>
</tbody>
</table>

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1 Expressed as an annual percentage of the average daily net assets of each Portfolio, except the NextGen Savings Portfolio for which there are currently no Annual Asset-Based Fees or other fees or expenses, though the Program Manager and FAME reserve the right to charge fees in the future.

2 For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund’s expense ratio that corresponds to the Portfolio’s target asset allocation. Each Portfolio’s target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio’s fees and expenses are based on the Underlying Fund’s or Funds’ most recent prospectus as of June 30, 2019. Underlying Fund fee and expense information may change from time to time. Updated expense information, if any, will be available on the Internet at www.nextgenforme.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843).

3 The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager. The Program Manager may pay a portion of the Management Fee or other compensation to FDS for acting as the Portfolio Servicing Agent.

4 Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year. See “Investment Cost Chart” starting on page 29 of the Program Description for the approximate cost of investing in the Program’s Portfolios over 1-, 3-, 5- and 10-year periods.

5 The Principal Plus Portfolio does not invest in mutual funds or ETFs, and therefore has no Underlying Fund expenses. However, there are expenses associated with the New York Life GIA that reduce the interest credited under the GIA. Through December 31, 2018, there were 0.20% of expenses associated with the GIA. Effective January 1, 2019, the expenses were reduced to 0.15%.
Other Compensation

FAME has authorized the Program Manager and/or its affiliates, with prior notice to FAME, to receive certain payments from the Sub-Advisors or from Portfolio Investments or the providers of the Principal Plus Portfolio Investments for a variety of services with respect to Program assets invested in the Underlying Funds or Principal Plus Portfolio Investments. The Program Manager provides various sub-transfer agency and other related administrative services with respect to Underlying Funds positions. These services include, for example, processing purchases, redemptions, and exchanges, dividend reinvestments, consolidated statements, tax reporting, and other recordkeeping. The Program Manager also provides a variety of marketing services and other support to Sub-Advisors. These services include, but are not limited to, review and implementation of features of Underlying Funds; strategic planning support to assist Sub-Advisors; making available employees for education regarding Underlying Funds; sales related reports and other information. In consideration for these services, the Program Manager receives compensation from Sub-Advisors, Portfolio Investments or the providers of the Principal Plus Portfolio Investments of up to 0.30% of the average annual amount invested by the Portfolios in the Portfolio Investments. Because different Sub-Advisors and Portfolio Investments may be subject to different fee arrangements, the Program Manager has agreed to advise FAME in writing of each specific fee arrangement prior to the initiation or amendment thereof and to provide FAME with such additional information as may reasonably be requested with respect to any such arrangement.

Pursuant to the Program Management Agreement, Merrill makes certain payments to FAME which FAME may use for its Program related administration expenses, and for its financial education and outreach and college access and completion activities. These payments are made by Merrill out of its own assets and are not additional fees or charges against the assets of the Program or the Portfolios.

Additionally, registered representatives of Merrill may provide administrative assistance to prospective Participants in opening Accounts, and can be compensated by Merrill for providing such assistance if an Account is opened. Such compensation will not come directly from the Program nor Participants, but rather will come from Merrill’s own assets, which may indirectly derive from Management Fees or other compensation received from the Program.

FAME may from time to time accept payments from Sub-Advisors for Program related marketing and promotional expenses.

Investment Cost Chart

The following table compares the approximate costs of investing in the Client Direct Series Portfolios. As a result of changes in any applicable fees and expenses over time, a Participant’s actual cost may be higher or lower.

The following table is based on the following assumptions:

- A $10,000 Contribution invested for the time periods shown.
- For all Portfolios except Principal Plus Portfolio and NextGen Savings Portfolio, reflects Portfolio fees and Underlying Fund expenses. For Principal Plus Portfolio, reflects Portfolio fees only; for NextGen Savings Portfolio there are currently no Portfolio fees or expenses.
- An annually compounded rate of return on the net amount invested throughout the time periods shown for all Portfolios except the NextGen Savings Portfolio, as follows:
  - Principal Plus Portfolio: 2.35%
  - All other Portfolios: 5%
- The fees and expenses described in this Program Description apply for all periods shown.
- All Units are redeemed at the end of the period shown for Qualified Higher Education Expenses (this table does not consider the impact of any potential state or federal taxes on the redemption).
### PROGRAM FEES AND EXPENSES

#### Cost of a $10,000 Contribution:

<table>
<thead>
<tr>
<th>Client Direct Series Portfolios</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BlackRock Portfolios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock Age-Based 0–1 Year Portfolio</td>
<td>$55</td>
<td>$173</td>
<td>$302</td>
<td>$677</td>
</tr>
<tr>
<td>BlackRock Age-Based 2-4 Years Portfolio</td>
<td>$55</td>
<td>$173</td>
<td>$302</td>
<td>$677</td>
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<tr>
<td>BlackRock Age-Based 5-7 Years Portfolio</td>
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<td>$175</td>
<td>$305</td>
<td>$684</td>
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<tr>
<td>BlackRock Age-Based 8-11 Years Portfolio</td>
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<td>$303</td>
<td>$679</td>
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<td>BlackRock Age-Based 12-13 Years Portfolio</td>
<td>$55</td>
<td>$173</td>
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<td>$677</td>
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<tr>
<td>BlackRock Age-Based 14-15 Years Portfolio</td>
<td>$55</td>
<td>$173</td>
<td>$301</td>
<td>$675</td>
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<tr>
<td>BlackRock Age-Based 16 Years Portfolio</td>
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<td>$300</td>
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<tr>
<td>BlackRock Balanced Portfolio</td>
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<td>$160</td>
<td>$279</td>
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<tr>
<td>BlackRock Fixed Income Portfolio</td>
<td>$55</td>
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<td>$119</td>
<td>$269</td>
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<tr>
<td>iShares Age-Based 2-4 Years Portfolio</td>
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<td>$68</td>
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<td>iShares Age-Based 5-7 Years Portfolio</td>
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<tr>
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<td><strong>NextGen Savings Portfolio</strong></td>
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<td>$0</td>
<td>$0</td>
</tr>
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</table>
TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS

General

The following discussion is a summary of certain aspects of federal and state income taxation and federal and state estate and gift taxation relating to contributions to and withdrawals from Section 529 Programs. It is not exhaustive and is not intended as tax advice. The federal and state tax consequences associated with an investment in the Program are complex, and a Participant should consult a tax advisor regarding the application of the pertinent tax rules to his or her particular circumstances.

The IRS issued Proposed Regulations on August 24, 1998 (the “Proposed Regulations”), which will remain pending until withdrawn or until final regulations are issued under Section 529 of the Code. The Program as described in this Program Description and Participation Agreement has been designed to comply with Section 529 of the Code and the Proposed Regulations (to the extent not inconsistent with subsequent tax legislation and guidance from the IRS). The preamble that accompanied the Proposed Regulations states that taxpayers may rely on the Proposed Regulations. However, the Proposed Regulations do not reflect significant changes made to Section 529 of the Code since their issuance and subsequent guidance from the IRS on Section 529 Programs. Consequently, it is not likely that the Proposed Regulations will be issued as final regulations in their current form. It is not possible to predict the effect of amendment or withdrawal of the Proposed Regulations upon the Program or when final regulations may be issued.

FAME has received a private letter ruling from the IRS that the Program is a qualified tuition program and exempt from federal income tax under Section 529 of the Code. (A copy of the letter ruling is available upon request through FAME.) The ruling expressly states that final regulations have not been issued under Section 529 and that such regulations, when issued, could affect the validity of the ruling. If necessary, FAME and the Program Manager intend to modify the Program within the constraints of applicable law to enable the Program to continue to meet the requirements of Section 529 of the Code.

Federal Taxation of Section 529 Programs

The following discussion is based on the Code, Proposed Regulations, IRS published guidance and interpretations of applicable federal and Maine law existing on the date of this Program Description and Participation Agreement. It is possible that Congress, the Treasury Department, the IRS, or the courts may take actions that will affect the Code and Proposed Regulations and interpretations thereof. FAME and the Program Manager intend to modify the Program from time to time within the constraints of applicable law to enable the Program to continue to meet the requirements of Section 529 of the Code. In the event that the Program, as currently structured or as subsequently modified, does not meet the requirements of Section 529 of the Code for any reason, the tax consequences to Participants and Designated Beneficiaries will differ from those described below. Future state legislation may likewise affect the state tax treatment of Participants and Designated Beneficiaries in connection with the Program. See “Taxation by Other States.”

Contributions, Earnings and Withdrawals – Contributions to Section 529 Programs are not deductible for federal income tax purposes. Earnings that accumulate in an Account and are not withdrawn are not subject to federal income tax. In addition, earnings on Contributions are not subject to federal income tax to the extent that they are withdrawn from an Account and used for Qualified Higher Education Expenses of the Designated Beneficiary.

While Qualified Withdrawals are exempt from federal income tax, the earnings portion of Non-Qualified Withdrawals will generally be subject to federal income tax, including a 10% additional federal tax on earnings. If the amount withdrawn exceeds the Designated Beneficiary’s Qualified Higher Education Expenses, the amount includible as ordinary income in computing the distributee’s federal taxable income is the earnings portion of the withdrawal reduced by an amount which bears the same ratio to the earnings portion of the amount withdrawn as the Designated Beneficiary’s Qualified Higher Education Expenses paid by the withdrawal from the Account bears to the amount of such withdrawal.

If an Eligible Institution of Higher Education refunds any portion of an amount previously withdrawn from an Account and treated as a Qualified Withdrawal, unless such amount is recontributed to a Section 529 Program for the same Designated Beneficiary not later than 60 days after the date of the refund, the distributee may be required to treat the amount of the refund as a Non-Qualified Withdrawal for purposes of federal income tax. Different treatment may apply if the refund is used to pay other Qualified Higher Education Expenses of the Designated Beneficiary.

Withdrawals not used for Qualified Higher Education Expenses consist of two parts for federal income tax purposes. A part of the withdrawal will be treated as a non-taxable return of principal and the remainder will be treated as a taxable withdrawal of earnings. The earnings portion of a withdrawal will be treated as income to the individual who is considered to have received the distribution. A 10% additional federal tax also will be imposed on the earnings portion of the Non-Qualified Withdrawal; however, there are certain exceptions to the imposition of the additional tax. The exceptions are: (i) withdrawals paid to a beneficiary of the Designated Beneficiary or to the Designated Beneficiary’s estate made on account of the death of the Designated Beneficiary; (ii) withdrawals made on account of the disability (within the meaning of section 72(m)(7) of the Code) of the Designated Beneficiary; (iii) withdrawals made on account of a scholarship received by the Designated Beneficiary, provided withdrawals do not exceed the amount of the scholarship; (iv)
withdrawals made on account of a reduction in the amount of Qualified Higher Education Expenses solely because of expenses taken into account in determining the Education Tax Credits allowed under federal income tax law and (v) withdrawals made on account of the attendance of the Designated Beneficiary at certain specified military academies. See “PARTICIPATION AND ACCOUNTS - Non-Qualified Withdrawals and the Additional Tax.”

The proportion of Contributions and earnings for each withdrawal is determined based on the relative portions of earnings and Contributions as of the withdrawal date for the Account from which the withdrawal was made.

**Qualifying Rollovers** – Qualifying rollovers are not subject to federal income tax, including the 10% additional federal tax, on earnings. A Participant may roll over all or part of the balance of an Account to another Section 529 Program that accepts rollovers without subjecting the rollover amount to federal income tax, provided certain conditions are met: (i) the amount withdrawn must be placed in another Section 529 Program within 60 days of the withdrawal; and (ii) the designated beneficiary of the receiving Section 529 Program account must be the same Designated Beneficiary (with no other rollover to a Section 529 Program having occurred for the same Designated Beneficiary in the preceding 12 months) or a Member of the Family of the current Designated Beneficiary. Provided appropriate documentation is received by the Section 529 Program receiving the rollover, the portion of the rollover which represents earnings will be added to the earnings portion of the receiving account and amounts representing Contributions will be added to the contribution portion of the receiving Section 529 Program account. See “PARTICIPATION AND ACCOUNTS - Change of Designated Beneficiary” for the definition of Member of the Family and see “Federal Gift, Estate and Generation-Skipping Transfer Taxes” for certain additional information about changes of Designated Beneficiaries.

A Participant may also rollover amounts under an Account to a Section 529A Qualified ABLE Program (“ABLE”) for the same Designated Beneficiary, or a Member of the Family thereof, federal income tax-free, subject to applicable ABLE contribution limits. Distributions from an Account in connection with any such rollover must occur before January 1, 2026.

**Rollovers from Coverdell Education Savings Accounts** – The Code provides that for purposes of determining whether a distribution from a Coverdell ESA is includible in gross income, any amount contributed to an Account may be treated as a qualified education expense of the Designated Beneficiary. Therefore, amounts held in a Coverdell ESA may be rolled over to an Account for the same Designated Beneficiary without subjecting the rollover amount to federal income tax or penalties. Provided appropriate documentation is received by the Program Manager, the portion of the rollover representing earnings in the Coverdell ESA will be added to the earnings portion of the Account and the portion representing contributions will be added to the Contributions portion of the Account.

**Series EE and Series I Bonds** – Interest on Series EE bonds issued after December 31, 1989, as well as interest on all Series I bonds, may be completely or partially excluded from federal income tax if bond proceeds are used to pay certain Qualified Higher Education Expenses at an Eligible Institution of Higher Education or are contributed to a Section 529 Program or a Coverdell ESA in the same calendar year the bonds are redeemed. Certain income and other limitations apply, and you should consult with a qualified tax advisor. If appropriate documentation is received by the Section 529 Program receiving the proceeds of the sale of Series EE or Series I bonds, the original purchase price of the bonds redeemed and contributed to the Section 529 Program will be added to the Contributions portion of the receiving Account, with the interest added to earnings.

**Federal Gift, Estate and Generation-Skipping Transfer Taxes**

Contributions (other than most rollover contributions) to a Section 529 Program are generally considered completed gifts to the Designated Beneficiary for federal gift, estate and generation-skipping transfer (“GST”) tax purposes and are thus eligible for the annual gift and GST tax exclusion, which is currently $15,000 per recipient per year (or $30,000 per recipient per year, in the case of a married couple electing to split gifts on a duly filed gift tax return). Except as described in the following paragraph, if the contributor were to die while assets remained in an Account, the value of the Account would not be included in the contributor’s gross estate.

In general, contributions (other than rollover contributions) to a Section 529 Program are completed gifts in the year of contribution that qualify for the gift tax annual exclusion and GST tax exclusion, currently $15,000 per year per Designated Beneficiary, available under the Code. However, if a contribution in a single year is greater than $15,000, the contributor may elect to prorate the contribution against the annual exclusion ratably over a five-year period. Thus, a contributor who makes a $75,000 ($150,000 in the case of a married couple electing to split gifts on a duly filed gift tax return) contribution in a year, makes the election and makes no other gifts to the Designated Beneficiary during that calendar year or the next four calendar years would not incur a gift or GST tax as a result of the contribution. Any excess over the $75,000 (or $150,000, as the case may be) would be treated as a taxable gift in the calendar year of the contribution. However, if a contributor dies before the close of the five-year period, the portion of the contribution allocable to the calendar years after that of the contributor’s death would be includible in the contributor’s estate for federal estate tax and, if applicable, GST tax purposes.

The gift tax annual exclusion is periodically adjusted for inflation. If the annual exclusion is increased during the five-year period after an election is made, an additional contribution can be made in any one or more of the remaining years without gift or GST tax consequences up to the difference between the adjusted exclusion amount and the pro-rated amount of the original contribution attributed to such year.
TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS

If the Designated Beneficiary for an account is changed to, or amounts in an Account are rolled over to an Account for, a new Designated Beneficiary who is a Member of the Family of the current Designated Beneficiary and is assigned to the same or higher generation as the current Designated Beneficiary for GST tax purposes, there will be no gift or GST tax consequences. If the new Designated Beneficiary is a Member of the Family of the current Designated Beneficiary but is assigned to a younger generation than the current Designated Beneficiary for GST tax purposes, the change of Designated Beneficiary will be deemed a gift from the current Designated Beneficiary to the new Designated Beneficiary for federal gift and GST tax purposes, in which case the five-year election discussed above may be available for such purposes. (If the new Designated Beneficiary is not a Member of the Family of the current Designated Beneficiary, the income and transfer tax consequences are uncertain but may be substantial and adverse, and the Program will not knowingly permit a change of Designated Beneficiary to, or a rollover to an account for, someone who is not a Member of the Family of the current Designated Beneficiary.)

The gross estate of a Designated Beneficiary may include the value of any interest the Designated Beneficiary has in the Section 529 Program or amounts distributed on account of the Designated Beneficiary’s death. If the Participant and the Designated Beneficiary are the same person, the value of the Account will be includible in the Participant/Designated Beneficiary’s gross estate.

**Coverdell ESAs and Education Tax Credits** – Amounts may be contributed to a Coverdell ESA and a Section 529 Program in the same year for the account of the same Designated Beneficiary without imposition of a penalty. Taxpayers meeting certain income threshold and other requirements may be eligible to take an Education Tax Credit against their federal income tax liability for certain education expenses. Taxpayers receiving tax-free distributions from a Section 529 Program for Qualified Higher Education Expenses will not be able to claim an Education Tax Credit for the same expenses. Furthermore, expenses used in determining the allowed Education Tax Credits will reduce the amount of a Designated Beneficiary’s Qualified Higher Education Expenses to be paid from a Section 529 Program account and may result in a Non-Qualified Withdrawal. A Participant should consult a tax advisor regarding his or her eligibility to contribute to a Coverdell ESA, the availability of Education Tax Credits and the coordination of rules applicable to Coverdell ESAs, Section 529 Programs and the Education Tax Credits.

**Taxation by Maine**

Under Maine law, the assets of the Program Fund and all Program earnings and income from operations are exempt from all taxation by the State of Maine or any of its political subdivisions. Maine law also provides that a deposit to an Account, transfer of that Account to a Successor Participant, designation of a successor Designated Beneficiary of that Account, credit of Program earnings to that Account or distribution from that Account used for the purposes of paying Qualified Higher Education Expenses of the Designated Beneficiary of that Account does not subject that Participant, the estate of that Participant or any Designated Beneficiary to any Maine income or estate tax liability. Maine law further provides, however, that, in the event of cancellation or termination of a Participation Agreement and distribution of funds to the Participant, the increase in value over the amount deposited in the Account by the Participant may be taxable to that Participant in the year distributed.

Maine state income tax provisions generally follow the federal income tax treatment of withdrawals (including rollovers) from an Account. Similar to federal law, under Maine state income tax law:

- earnings from the investment of Contributions to an Account will not be included in computing Maine taxable income, if at all, until funds are withdrawn in whole or in part from the Account.
- a Qualified Withdrawal that is used to pay Qualified Higher Education Expenses of the Designated Beneficiary will not be included in taxable income and will not be subject to Maine income tax.
- a rollover to another Section 529 Program account that is not taxable for federal income tax purposes will not be subject to Maine income tax.
- the earnings portion of a Non-Qualified Withdrawal will be included in taxable income and will be subject to Maine income tax.

**Taxation by Other States**

If the Program is not the home state plan of both the Participant and the Designated Beneficiary, the Participant should be aware of the following:

- Depending upon the laws of the Participant’s home state or the Designated Beneficiary’s home state, favorable state tax treatment or other benefits offered by such home state for investing in Section 529 Programs may be available only if the Participant invests in that home state’s Section 529 Program.
- Any state-based benefits such as financial aid, scholarship funds, and protection from creditors offered with respect to a particular Section 529 Program should be one of the many appropriately weighted factors to be considered in making an investment decision.
- The Participant should consult with tax, legal or other advisors to learn more about how state-based benefits (including any limitations) would apply to the Participant’s specific circumstances and the Participant may also wish to contact the Participant's home state or another Section 529 Program to learn more about the features, benefits and limitations of that state’s Section 529 Program.

Designated Beneficiaries and/or other distributees should
likewise consult tax, legal or other advisors with respect to state-based benefits and state tax treatment. The consequences to a Participant or Designated Beneficiary of taking withdrawals from an Account, and the treatment of earnings that accumulate in an Account and are not withdrawn, will vary from state to state.

In general, if a state’s income tax law conforms to the federal income tax law, a Participant who is a resident of the state should not recognize income on earnings that accumulate in an Account and are not withdrawn. When assets are withdrawn from an Account, the earnings portion should be tax-free to the extent used to pay the Qualified Higher Education Expenses of the Designated Beneficiary. However, it is possible that a state whose income tax laws otherwise conform to the federal income tax law may assess state tax on withdrawals, transfers and/or rollovers differently than under federal income tax law.

If a state’s definition of taxable income or adjusted gross income does not conform to the federal definition and the state does not have an explicit provision addressing the tax consequences of Section 529 Programs, the tax consequences to a Participant, other contributor (if any) or Designated Beneficiary may be unclear. In such cases, the earnings on an Account may be included in the Participant’s or Designated Beneficiary’s state taxable income when earned or withdrawn.

**Tax Reports and Filings**

The Program Manager will report all distributions from an Account to the IRS, the Participant and any other required persons, if any, to the extent required by federal, state or local law. Under federal law, the Program Manager will report to the IRS on IRS Form 1099-Q gross distributions from an Account during the calendar year along with information regarding the earnings and basis (i.e., contributions) portions of the amount distributed. By January 31 of the year following the distribution, the Participant (or Designated Beneficiary, in the case of distributions made directly to the Designated Beneficiary or to an Eligible Institution of Higher Education for the benefit of the Designated Beneficiary) will receive a copy of such Form 1099-Q or an acceptable substitute statement. Participants and Designated Beneficiaries should check with their tax advisors about the tax impact to them of any distributions from an Account and about what, if any, information must be reported on a tax return. Because it is the responsibility of the distributee receiving Form 1099-Q to determine whether distributions from an Account result in federal, state, and/or local tax liability and/or the 10% additional federal tax on earnings, Participants and Designated Beneficiaries should retain adequate records, invoices or other documents and information to support any exemption from federal, state, and/or local taxes as well as any exemption from the 10% additional federal tax on earnings, as applicable.
A Participant should carefully consider the matters set forth below in addition to the other information contained or referred to in this Program Description and the Participation Agreement in evaluating the establishment of an Account and the making of Contributions. The contents of this Program Description or the Participation Agreement should not be construed as legal, financial or tax advice. A Participant should consult his or her own attorneys and financial and tax advisors as to legal, financial and tax advice.

Program and Portfolio Risks and Other Considerations

Accounts are subject to certain risks associated with participation in the Program. In addition, certain Portfolios are more subject to certain risks than are other Portfolios. Portfolios investing in Underlying Funds are subject to certain risks associated with investing in Underlying Funds. See “Investment Risks of Underlying Funds.” The Principal Plus Portfolio Investments are subject to certain risks. See “Investment Risks of Principal Plus Portfolio Investments.” The NextGen Savings Portfolio is subject to certain risks associated with the underlying deposits in the Bank Deposit Account. See “Investment Risks of NextGen Savings Portfolio Investment.”

A Participant should consider such risks in light of the possibility that they may arise at any time during the period an Account is open. A Participant should also consider that a Participant may change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options only twice per calendar year or upon a change of the Designated Beneficiary to a Member of the Family of the current Designated Beneficiary. Non-Qualified Withdrawals are subject to income taxes and may be subject to the 10% additional federal tax on earnings.

No Guarantee of Income or Principal – The investments made by a Participant or others in Accounts are subject to market, interest rate and other investment risks, including the loss of principal. The value of an Account may increase or decrease, based on the return of the Portfolio(s) to which Contributions have been allocated, and the value of an Account may be more or less than the total Contributions to the Account. None of the State of Maine, FAME, any agency or instrumentality of Maine, Merrill, FDS, or any Sub-Advisor or any of their affiliates, any agent or representative retained in connection with the Program or any other person, is an insurer of, makes any guarantee of or has any legal or moral obligation to insure the ultimate payout of any or all of the amount of any Contribution to an Account or that there will be any investment return, or investment return at any particular level, with respect to any Account.

Limitations on Investment Direction – FAME, not a Participant, determines the investment allocations for the Portfolio(s) to which Contributions are allocated and selects Portfolio Investments for such Portfolio(s). These determinations are effected from time to time as described under “PORTFOLIOS – PORTFOLIO ALLOCATIONS” and “PORTFOLIOS – PERFORMANCE AND INVESTMENTS.” Any Portfolio may at any time be merged, terminated, reorganized or cease issuing new Units. Any Portfolio fee structure may at any time be terminated or modified. Any such action affecting a Portfolio may result in a Participant’s Contributions being reinvested in a Portfolio different from the Portfolio in which Contributions were originally invested. With certain limited exceptions, the Participant is not permitted to withdraw funds from the Account without imposition of federal and applicable state and/or local income tax, and the 10% additional federal tax on earnings, except for application to the Qualified Higher Education Expenses of the Designated Beneficiary.

Effect of Investment Strategy and Inflation on Qualified Higher Education Expenses – Contributions to an Account are limited to amounts projected to be sufficient to permit all Accounts established for a Designated Beneficiary to fund Qualified Higher Education Expenses for such Designated Beneficiary for a five-year period of undergraduate attendance and a two year period of graduate attendance. However, the balance in an Account or Accounts maintained on behalf of a Designated Beneficiary may or may not be adequate to cover the Qualified Higher Education Expenses of that Designated Beneficiary, even if Contributions to an Account are made in the maximum amount per Designated Beneficiary permitted under the Program. In addition, the level of future inflation in Qualified Higher Education Expenses is uncertain and could exceed the rate of investment return earned by any or all of the Portfolios over the corresponding periods. There is no obligation on the part of any educational institution to maintain a rate of increase in Qualified Higher Education Expenses which is in any way related to Portfolio investment results.

The investment strategy of the Age-Based Diversified Portfolio investment options seeks to balance risk and expected returns of the Portfolio Investments with the time periods remaining until a typical Designated Beneficiary is expected to enter an Eligible Institution of Higher Education. In general, the asset allocation strategy for each of the Age-Based Diversified Portfolio investment options is expected to become increasingly conservative over time.

The investment strategies of the Diversified Portfolio, Single Fund Portfolio, Principal Plus Portfolio and NextGen Savings Portfolio investment options vary significantly from each other and from that of the Age-Based Diversified Portfolio investment options. Further, the Single Fund Portfolio, Principal Plus Portfolio and NextGen Savings Portfolio investment options may have more concentration risk. None of the Diversified Portfolios or Single Fund Portfolios investing exclusively in Underlying Funds that invest in equity securities will provide for capital preservation.
PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS

at any particular time, and the Diversified Portfolios investing exclusively in Underlying Funds that invest in fixed income securities will not seek capital appreciation. Portfolios that primarily invest in Underlying Funds investing in equity securities may underperform certain other Portfolios, particularly if equity securities generally underperform other asset classes for any particular period of time. Portfolios that primarily invest in Underlying Funds investing in fixed income securities may underperform certain other Portfolios, particularly if fixed income securities generally underperform other asset classes for any particular period of time.

A Participant selecting Portfolios that invest in Underlying Funds investing in equity securities should carefully review the investment risks applicable to Underlying Funds investing in equity securities. See “Investment Risks of Underlying Funds - Underlying Funds Investing in Equity Securities.” A Participant selecting Portfolios that invest in Underlying Funds investing in fixed income securities should carefully review the investment risks applicable to Underlying Funds investing in fixed income securities. See “Investment Risks of Underlying Funds - Underlying Funds Investing in Fixed Income Securities (Including Money Market Securities).” A Participant selecting the Principal Plus Portfolio should carefully review the investment risks described under the heading “Investment Risks of Principal Plus Portfolio Investments.” A Participant selecting the NextGen Savings Portfolio should carefully review the investment risks described under the heading “Investment Risks of NextGen Savings Portfolio Investment.”

Education Savings and Investment Alternatives – A number of other Section 529 Programs and education savings and investment programs are currently available to a Participant. These programs may offer benefits, including state tax benefits, to some or all Participants or Designated Beneficiaries that are not available under the terms of the Program or applicable law. See “TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS - Taxation by Other States.” If a Participant or Designated Beneficiary is not a Maine resident, the state(s) where he or she lives or pays taxes may offer one or more direct sold, advisor/broker sold or prepaid tuition Section 529 Programs, and those programs may offer the Participant or Designated Beneficiary state or local income tax or other benefits not available through the Program. For instance, several states offer unlimited state income tax deductions for contributions to their own state’s Section 529 Program. Such deductions may not be available for Contributions under this Program. Other Section 529 Programs may involve fees and expenses that are more or less than those borne by Accounts under the Program and may involve investment consequences (such as recapture of deductions previously taken) that differ. Accordingly, a Participant should consider other investment alternatives before establishing an Account in the Program. Investment options also differ by Section 529 Programs.

Amounts may currently be contributed in the same year to an Account and a Coverdell ESA for the same Designated Beneficiary, without imposition of a penalty.

Potential Program Enhancements/Changes – FAME may offer changes to the Program, including additional investment options. A Participant who has established Accounts prior to the time an enhancement is made available may be limited in his or her ability to participate in any such enhancement. The Portfolio fees and other charges described in this Program Description and the Participation Agreement are subject to change at any time.

Status of Applicable Law and Regulations – Final regulations under Section 529 of the Code or other administrative guidance or court decisions might be issued, or the IRS or a court may interpret existing law or guidance in a manner contrary to the Program’s interpretation, which could adversely impact the federal tax consequences or requirements with respect to the Program. Congress could also amend Section 529 of the Code or other federal law, and states could amend state law, in a manner that would materially change or eliminate the federal or state tax treatment described in this Program Description. There can be no assurance that such changes in law will not adversely affect the value to any Participant or Designated Beneficiary of participation in the Program. It is not possible to determine the effects, if any, on the Program of such changes.

Under certain circumstances, neither FAME nor the Program Manager is required to continue the Program. Changes in the law governing the federal and/or state tax consequences described above might necessitate material changes to the Program for the anticipated federal tax consequences to apply.

Treatment for Federal, State and Institutional Financial Aid Purposes – The treatment of Account assets may have a material adverse effect on the Designated Beneficiary’s eligibility to receive assistance under various federal, state, and institutional financial aid programs. For federal financial aid purposes, Account assets will be considered (i) assets of a student’s parent, if the student is a dependent student and the owner of the Account is the parent or the student, or (ii) assets of the student, if the student is the owner of the Account and not a dependent student. For purposes of financial aid programs offered by states and educational institutions, the treatment of Account assets may follow or differ from the treatment described above for federal financial aid purposes. Participants and Designated Beneficiaries are advised to consult a financial aid professional and/or the state or educational institution offering a particular financial aid program, to determine how assets held in an Account may affect eligibility for financial aid.

Medicaid and Other Federal and State Non-Educational Benefits – The effect of owning Account balances on eligibility for Medicaid or other state and federal benefits is uncertain. It is possible that assets held in an Account will be viewed as a “countable resource” in determining a Participant’s financial eligibility for Medicaid. Withdrawals from an Account during certain periods may also have the effect of delaying the disbursement of Medicaid payments. A Participant should
consult a tax advisor to determine how assets held in an Account may affect eligibility for Medicaid or other state and federal non-educational benefits.

**No Guarantee of Performance** – Performance information for the Portfolios should not be viewed as a prediction of future performance of any Portfolio. In view of the anticipated periodic determinations of investment allocations and Portfolio Investments for each Portfolio, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any other Portfolios or combination of Portfolio Investments.

**Certain Considerations in Connection with the Termination of the Program Management Agreement and Successor Program Managers** – A new Program Manager and Portfolio Servicing Agent may be appointed either upon expiration of the current term of the Program Management Agreement or earlier in the event Merrill, FDS or FAME terminates the Program Management Agreement prior to its current term. See “THE PROGRAM MANAGEMENT AGREEMENT.” Merrill is eligible for selection to serve as the new Program Manager after the end of the term. Regardless of whether Merrill or some other entity is the new Program Manager, the fee and compensation structure of the new Program Manager and any Portfolio Servicing Agent might be higher or different than existing fees and compensation. In addition, a successor Program Manager may achieve different investment results than might have been achieved by Merrill.

**No Guarantees by an Educational Institution** – There is no guarantee that: (i) any Designated Beneficiary will be admitted to any educational institution; (ii) assuming a Designated Beneficiary is admitted to an educational institution, that the Designated Beneficiary will be permitted to continue to attend such institution; (iii) any Designated Beneficiary will be treated as a state resident of any state for tuition or any other purpose; or (iv) any Designated Beneficiary will graduate or receive a degree from an educational institution.

**Investment Risks of Underlying Funds**

Accounts are subject to a variety of investment risks which will vary based on the sector allocations of the different Portfolios and the particular Underlying Funds selected by FAME for the Portfolios. Set forth below is a summary of certain investment risks to which specific categories of Underlying Funds may be subject, followed by a summary of general risks to which Underlying Funds may be subject. The Underlying Funds may be subject to additional risks that are not set forth below. A Participant should review the principal risks to which particular Underlying Funds may be subject, described in “PORTFOLIOS – PERFORMANCE AND INVESTMENTS” in this Program Description. Additionally, each Underlying Fund’s current prospectus and statement of additional information contains additional information not set forth in this Program Description, which may identify additional principal risks to which the respective Underlying Fund may be subject. You may request a copy of any Underlying Fund’s current prospectus and statement of additional information, or an Underlying Fund’s most recent semi-annual or annual report, by contacting the Sub-Advisor directly. Information on how to do so with respect to each Sub-Advisor is included in “PORTFOLIOS – PERFORMANCE AND INVESTMENTS” in this Program Description.

**Underlying Funds Investing in Equity Securities**

- **Market and Selection Risk** – Market risk is the risk that the financial markets will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the investments an Underlying Fund selects will underperform the market or other funds with similar investment objectives and investment strategies. The investment advisors of the Underlying Funds may emphasize a particular investment style (such as growth or value style investing). The success of these styles varies at different times and the style of a particular advisor may lead to investments that decline in value or do not achieve anticipated results.

- **Risk of Small Capitalization and Emerging Growth Securities**

Small capitalization or emerging growth companies may have limited product lines or markets. They may be less financially secure than larger, more established companies. They may depend on a small number of key personnel. If a product fails, or if management changes, or there are other adverse developments, an Underlying Fund’s investment in a small cap or emerging growth company may lose substantial value. Small capitalization or emerging growth securities generally trade in lower volumes and are subject to greater and more unpredictable price changes than larger capitalization securities or the stock market as a whole.

- **Risk of Middle Capitalization Securities**

Middle capitalization company stocks can be more volatile than stocks of larger companies due to limited product lines, financial and management resources, and market and distribution channels. Their shares can be less liquid than those of larger companies, especially during market declines.

- **Geographic Concentration Risk**

An Underlying Fund that invests a substantial amount of its assets in issuers located in a single country or a limited number of countries assumes the risk that economic, political and social conditions in those countries will have a significant impact on its investment performance.

- **Emerging Markets Risk**

Foreign investment risk may affect the prices of securities issued by foreign companies located in developing countries more than those in countries with mature economies. For example, many developing countries have, in the past, experienced high rates of inflation, expropriated assets or sharply devalued currencies against the U.S. dollar, thereby causing the value of investments in companies located in those countries to decline. Transaction costs are often higher in developing countries and there may be delays in
settlement procedures.

- **Investing in a Master Portfolio** – Investors in a feeder fund will acquire an indirect interest in the corresponding master portfolio. Each portfolio accepts investments from other feeder funds, and all the feeders of a given Portfolio bear the portfolio’s expenses in proportion to their assets. This structure may enable the funds to reduce costs through economies of scale. A larger investment portfolio may also reduce certain transaction costs to the extent that contributions to and redemptions from the portfolio from different feeders may offset each other and produce a lower net cash flow. However, each feeder can set its own transaction minimums, fund-specific expenses, and other conditions. This means that one feeder could offer access to the same portfolio on more attractive terms, or could experience better performance, than another feeder. In addition, large purchases or redemptions by one feeder fund could negatively affect the performance of other feeder funds that invest in the same portfolio. Whenever a portfolio holds a vote of its feeder funds, the fund investing in that portfolio will pass the vote through to its own shareholders. Smaller feeder funds may be harmed by the actions of larger feeder funds. For example, a larger feeder fund could have more voting power than a smaller feeder fund over the operations of its portfolio. A fund may withdraw from its master portfolio at any time and may invest all of its assets in another pooled investment vehicle or retain an investment adviser to manage the fund’s assets directly.

**Underlying Funds Investing in Fixed Income Securities (Including Money Market Securities)**

- **Market and Selection Risk** – Underlying Funds investing in fixed income securities are subject to both market risk and selection risk as described above.

- **Credit Risk** – Credit risk is the risk that an issuer will be unable to pay interest or repay principal when due. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

- **Interest Rate Risk** – Interest rate risk is the risk that prices of bonds generally increase when interest rates decline and decrease when interest rates increase. Prices of longer-term obligations generally change more in response to interest rate changes than prices of shorter-term obligations. Generally, a rise in interest rates will cause the market value of a fixed rate obligation to fall, while a decline in interest rates will cause the market value of a fixed rate obligation to rise. Debt securities purchased at a premium or discount from their principal amount may respond differently to changes in interest rates.

- **Redemption and Prepayment Risk** – A bond’s issuer may call a bond for redemption before it matures. If this happens to a bond the Underlying Fund holds, the Underlying Fund may lose income and may have to invest the proceeds in bonds with lower yields. This risk, which is known as “prepayment risk,” may particularly affect asset-backed securities. In a period of declining interest rates, borrowers may pay what they owe on the underlying assets more quickly than anticipated.

- **Extension Risk** – Extension risk is the risk that, when interest rates rise, certain obligations will be paid off more slowly than anticipated and the value of these securities will fall.

- **Risk of Non-investment Grade Bonds** – Non-investment grade bonds (also referred to as “junk bonds”) are debt securities that are rated below investment grade by the rating agencies or are unrated securities that an Underlying Fund’s management believes are of comparable quality. Although non-investment grade bonds generally pay higher rates of interest than investment grade bonds, they are high-risk investments that may cause income and principal losses for the Underlying Fund. Non-investment grade bonds generally experience more price volatility than higher rated debt securities. In the event of an issuer’s bankruptcy, claims of other creditors may have priority over the claims of non-investment grade bond holders, leaving few or no assets available to repay non-investment grade bond holders. Non-investment grade bonds may be subject to greater prepayment risk than higher rated debt securities. Underlying Funds investing in the non-investment grade bonds may invest in distressed securities, which are securities that are subject to bankruptcy proceedings or are in default, or are at risk of being in default.

- **Considerations Relating to the Cash Allocation Account** – As described under “BLACKROCK PORTFOLIOS – Cash Allocation Account,” a portion of the assets of the Cash Allocation Account may be invested in Maine CDs. Such investments, if any, will not generally exceed 10% of the assets of the Cash Allocation Account. To the extent that the yield on any Maine CDs is less than the yield on the money market securities in which the assets of the Cash Allocation Account would otherwise be invested, the yield of Portfolios investing in the Cash Allocation Account will be reduced.

- **Mortgage Securities and Asset-Backed Securities Risk** – Mortgage securities differ from conventional debt securities because principal is paid back over the life of the security rather than at maturity. An Underlying Fund may receive unscheduled prepayments of principal before the security’s maturity date due to voluntary prepayments, refinancing or foreclosure on the underlying mortgage loans. To the Underlying Fund this means a
General Investment Risks Applicable to the Underlying Funds

- **Foreign Investment Risk** – Investments by an Underlying Fund outside the United States involve special risks not present in U.S. investments that can increase the chances that an Underlying Fund will lose money. In particular, changes in foreign currency exchange rates will affect the value of securities denominated in a particular currency. Investments in foreign markets also may be affected by economic or political developments or by governmental actions such as the imposition of capital controls, expropriation of assets or the imposition of punitive taxes. Other foreign market risks include foreign exchange control, settlement and custody issues, the limited size of many trading markets and the limited availability of legal remedies to investors.

- **Risk of Illiquid Securities** – An Underlying Fund may invest a portion of its assets in securities that lack a secondary trading market or are otherwise considered illiquid. Liquidity of a security relates to the ability to easily dispose of the security and the price to be obtained upon disposition of the security, which may be less than would be obtained for a comparable more liquid security. Such investments may affect the Underlying Fund’s ability to realize its net asset value in the event of a voluntary or involuntary liquidation of its assets.

- **Risk of Borrowing and Leverage** – Certain Underlying Funds may borrow for investment purposes or for temporary emergency purposes including to meet redemptions. Borrowing may exaggerate changes in the net asset value of the Underlying Fund’s shares and in the return on the Underlying Fund’s investments. Borrowing will cost the Underlying Fund interest expense and other fees. The costs of borrowing may reduce the Underlying Fund’s return. Certain securities that the Underlying Funds buy may create leverage including, for example, options.

- **Derivatives** – An Underlying Fund may use derivative instruments, including futures, forwards, options, indexed securities, inverse securities and swaps. Derivatives are financial instruments whose value is derived from another security, a commodity (such as oil or gas) or an index. Derivatives allow an Underlying Fund to increase or decrease its risk exposure more quickly and efficiently than other types of instruments. Derivatives are volatile and involve significant risks, including credit, currency, leverage, liquidity and interest rate risks.

- **Non-diversification Risk** – A non-diversified Underlying Fund may invest a greater percentage of its assets in the obligations of a single issuer than a diversified Underlying Fund, and consequently is more susceptible than a diversified Underlying Fund to any economic, political or regulatory occurrence that affects an individual issuer.

- **Risk of Indexed and Inverse Floating Rate Securities** – An Underlying Fund may invest in securities whose potential returns are directly related to changes in an underlying index or interest rate, known as indexed securities. An Underlying Fund also may invest in securities whose return is inversely related to changes in an interest rate (inverse floaters). In general, income on inverse floaters will decrease when interest rates increase and increase when interest rates decrease. Indexed securities and inverse floaters are derivative securities and can be considered speculative. Indexed and inverse securities involve credit risk, and certain indexed and inverse securities may involve currency risk, leverage risk and liquidity risk. As a result, the market value of such securities will generally be more volatile than that of fixed rate securities.
PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS

- **Real Estate Investment Risk** – Investment in equity securities in the real estate sector is subject to many of the same risks associated with the direct ownership of real estate, such as adverse changes in national, state or local real estate conditions (resulting from, for example, oversupply of or reduced demand for space and changes in market rental rates); obsolescence or reduced desirability of properties; general economic conditions; catastrophic events or other casualty or condemnation losses; changes in the availability, cost and terms of mortgage funds; and the impact of tax, environmental, and other laws. As demonstrated during the 2007 to early 2009 time period, investments in the real estate sector can experience a significant decline in value.

- **Frequent or Active Trading or High Turnover Risk** – Short-term or active trading may increase a Fund’s expenses and have adverse tax consequences for the Fund. It can also cause a greater amount of the Fund’s distributions to be ordinary income rather than long term capital gains. Active trading also involves market risk and selection risk.

**Investment Risks of BlackRock iShares Portfolios’ Investments** In addition to the applicable investment risks described above, Accounts investing in the BlackRock iShares Portfolios (or the “ETF Portfolios”) are subject to a variety of investment risks particular to exchange-traded index funds. Set forth below is a summary of certain investment risks to which the ETF Portfolios may be subject.

- **Exchange Trading Risk** – The ETF Portfolios invest primarily in shares of Underlying Funds that are exchange-traded funds that, unlike mutual funds, are listed and traded on securities exchanges. There can be no assurance that an active trading market for these particular Underlying Funds will develop or be maintained. Secondary market trading in such Underlying Funds may be halted by a national securities exchange because of market conditions or for other reasons. There can be no assurance that the requirements necessary to maintain the listing of the shares of such Underlying Funds will continue to be met or will remain unchanged. BlackRock will purchase or sell shares of such Underlying Funds on the stock exchange on behalf of the ETF Portfolios at prices that, depending on market supply and demand, may be significantly higher or lower than the Underlying Fund’s most recently determined net asset value, which could affect the performance of the ETF Portfolios.

- **Potential Conflicts of Interest** – The Program Manager and/or its affiliates may be buying or selling shares of such Underlying Funds at the same time the ETF Portfolios are selling or buying such shares. Although BlackRock has procedures governing its purchases and sales of shares of such Underlying Funds on a stock exchange, it is possible that the Program Manager may be considered to benefit from such transactions if it or any of its affiliates are indirectly involved in the trade on the stock exchange.

- **Index Tracking Risk** – An ETF Portfolio’s ability to track its Underlying Fund(s) may be affected by such factors as fees and expenses, rounding of prices, daily contributions/redemptions, asset levels and cash balances. Additionally, because the ETF Portfolios invest primarily in Underlying Funds that are index-based, they are subject to the risks described above in Index Fund Selection Risk and Other Index Fund Considerations.

**Investment Risks of Principal Plus Portfolio Investments**

Accounts investing in the Principal Plus Portfolio are subject to a variety of investment risks based on the particular Principal Plus Portfolio Investments selected by FAME. Set forth below is a summary of certain investment risks to which Principal Plus Portfolio Investments may be subject.

- **Non-diversification** – Because the Principal Plus Portfolio currently invests in only the New York Life GIA, the Principal Plus Portfolio is non-diversified and its returns depend solely on the financial strength and ability of New York Life to satisfy its guarantees to the Program under the New York Life GIA. A non-diversified Portfolio has more risk than a diversified Portfolio.

- **No Third-Party Guarantees** – None of the State of Maine, FAME, the Program or the Program Manager guarantee the principal of Contributions to the Principal Plus Portfolio, returns thereon or any rate of return.

- **Failure to Perform** – There is a risk that New York Life could fail to perform its obligations under the New York Life GIA for financial or other reasons. Such a failure could result in a loss by an affected Participant of all or part of his or her Account balances invested in the Principal Plus Portfolio.

- **No Minimum Rate of Return** – While GIAs are designed to provide a minimum rate of return on the amount invested by the Program, because the Principal Plus Portfolio is subject to fees and expenses and may also invest in other assets, the Principal Plus Portfolio will not provide a minimum overall rate of return.

- In addition to the applicable investment risks described above, because the Principal Plus Portfolio may invest in corporate fixed-income investments and/or similar instruments, it may be subject to the risks described above in “Underlying Funds Investing in Fixed Income Securities (Including Money Market Securities).”
Investment Risks of NextGen Savings Portfolio Investment

Set forth below is a summary of certain investment risks to which the NextGen Savings Portfolio may be subject:

- **FDIC Insurance Risk** – Although that portion of the underlying deposits in the Bank Deposit Account attributable to a Participant’s Units of the NextGen Savings Portfolio, together with other deposits the Participant may have at the Bank, are eligible for FDIC insurance, subject to applicable federal deposit insurance limits, the Units of the NextGen Savings Portfolio are not insured or guaranteed by the FDIC or any other agency of state or federal government, FAME, the Bank or the Program Manager. The Participant is responsible for monitoring the total amount of assets on deposit at the Bank (including amounts in other accounts at the Bank held in the same ownership capacity) in order to determine the extent of insurance coverage available on those deposits, including deposits attributable to Units held in the NextGen Savings Portfolio.

- **Interest Rate Risk** – The interest rate paid by the Bank is based on a number of factors, including general economic and business conditions. The rate of interest will vary over time and can change daily without notice.

- **Ownership Risk** – A Participant owns Units of the NextGen Savings Portfolio, but does not have an ownership interest or any other rights as an owner of the deposits in the underlying Bank Deposit Account which comprises the NextGen Savings Portfolio. The Participant cannot access or withdraw money from the NextGen Savings Portfolio by contacting the Bank directly. The Participant must contact the Program Manager to perform any Account transactions. The assets in the NextGen Savings Portfolio are subject to legal process to the same extent as if those assets were invested in any other Portfolio.

- **Bank Changes** – At any time, FAME may change the Bank that holds the deposits of the NextGen Savings Portfolio and instruct the transfer of assets of the NextGen Savings Portfolio to an underlying deposit account at a new bank insured by the FDIC. FAME reserves the right to limit the amount of money that is deposited in the Bank or a replacement bank if FAME determines (i) that such an action is necessary to protect assets, (ii) that the Bank or a replacement bank is not able or willing to take additional deposits, (iii) that the Bank or a replacement bank is to be removed from the Program, or (iv) that the Bank’s or a replacement bank’s financial condition or viability is in question. In such an event, the NextGen Savings Portfolio may invest in any other investment approved by FAME in its sole discretion. Any such investment may not be eligible for FDIC insurance.

- **Bank Viability Risk** – Neither FAME, the Program nor the Program Manager guarantees, in any way, the financial condition or ongoing viability of the Bank or a replacement bank.
**Program and the Program Fund**

**Program**

The Program was established to encourage the investment of funds to be used for higher education expenses at Eligible Institutions of Higher Education, and has been amended to allow the investment of funds for limited tuition expenses at elementary or secondary public, private or religious schools. However, some Program benefits available to Maine residents may be limited to withdrawals for Qualified Higher Education Expenses of Designated Beneficiaries at Eligible Institutions of Higher Education.

**Program Fund**

Maine law provides that FAME shall invest and reinvest the Program Fund for the benefit of the Program on behalf of Participants and Designated Beneficiaries, with the advice of the Advisory Committee. Amounts paid into the Program Fund generally consist of Contributions made by a Participant to the Accounts in the Investment Fund, Program Fund earnings, and any other money that has been appropriated, granted, gifted or otherwise made available for deposit in the Program Fund. All money in the Program Fund is required to be continuously applied by FAME to administer the Program and for no other purpose. Under Maine law, assets of the Program Fund must at all times be preserved, invested and expended only for purposes of the Program and must be held for the benefit of Participants and Designated Beneficiaries. Assets may not be transferred or used by the State of Maine or FAME for any purposes other than the purposes of the Program.

Maine law provides that FAME may use amounts in the Program Fund to administer the Program, including to rebate fees paid by a Participant or any class of Participants, to match Contributions by a Participant or any class of Participants or to provide scholarships to certain Designated Beneficiaries. See “Special Benefits Available to Maine Residents.” In addition, FAME may use certain assets of the Program Fund to provide financial education for the benefit of students and families.

**Investment Fund**

The Investment Fund is the portion of the Program Fund invested in Portfolio Investments through Contributions to Accounts. Accounts are established by a Participant pursuant to a Participation Agreement for purposes of investing Contributions in one or more Portfolios. Interests in Portfolios purchased with Contributions are represented by Units. See “Program Fees and Expenses.”

**Special Benefits Available to Maine Residents**

Any program that provides a benefit to Maine residents may at any time be modified, added or terminated, without prior notice.

**Maine Matching Grant Program** – If either the Participant or the Designated Beneficiary is a Maine resident, the Account may be eligible for one or more grants under the Maine Matching Grant Program. FAME may offer matching grants to encourage the opening of Accounts, subsequent Contributions to Accounts, and the use of automated funding options. Although allocated to a particular Account, matching grants remain the property of FAME until withdrawn for Qualified Higher Education Expenses for a Designated Beneficiary at an Eligible Institution of Higher Education, and are invested at the discretion of FAME.

Grants and grant amounts are determined from time to time by FAME. Grants are subject to available funding and Grant Terms and Conditions, available from FAME or at www.nextgenforme.com.

**Harold Alfond College Challenge Grant** – Accounts for eligible Designated Beneficiaries may be linked to a grant funded by the Alfond Scholarship Foundation for Qualified Higher Education Expenses at an Eligible Institution of Higher Education. The grant is subject to terms and conditions available from FAME or at www.nextgenforme.com.

**Maine Scholarship Programs** – FAME has opened Accounts to provide scholarships to eligible Maine students, to certain individuals in Maine’s incumbent workforce seeking to save for additional education, including training and retraining, and to the dependent child or children of Maine resident members of the U.S. armed services killed while deployed in support of combat operations in Iraq or Afghanistan during certain periods of time.

**Investments in Maine Financial Institutions** – From time to time, a percentage of the cash portion of the Investment Fund may be invested in Maine CDs.

For more information about special benefits available to Maine residents, call FAME at (800) 228-3734.
PROGRAM MANAGEMENT AND ADMINISTRATION

General
FAME administers the Program. Maine law requires that amounts deposited in the Program Fund be invested in a reasonable manner to achieve the objectives of the Program and with the discretion and care of a prudent person in similar circumstances with similar objectives. Maine law also requires that due consideration be given to rate of return, term or maturity, diversification and liquidity of investments within the Program Fund or any account in the Program Fund pertaining to the projected disbursements and expenditures from the Program Fund and the expected payments, deposits, contributions and gifts to be received. FAME is authorized under Maine law to enter into contracts for any services it determines necessary for the effective and efficient operation of the Program, which may include investment advisory and managerial services. Merrill has been selected to serve as the Program Manager.

Finance Authority of Maine
FAME was established by statute in 1983 as a body corporate and politic and a public instrumentality of the State of Maine. It consists of 15 voting members, as follows: the Commissioner of Economic and Community Development; the Treasurer; one natural resources commissioner designated by the Governor; and twelve members appointed by the Governor (including a certified public accountant, an attorney, a commercial banker, two veterans, two persons knowledgeable in the field of natural resources enterprises or financing; an individual knowledgeable in the field of student financial assistance and an individual knowledgeable in the field of higher education), which appointments are subject to confirmation by the Maine legislature. The chief executive officer of FAME is nominated by the Governor and confirmed by the Maine legislature. The exercise by FAME of its powers is “deemed and held to be the performance of essential governmental functions.” FAME has been entrusted by the Maine legislature with responsibility for the administration of numerous programs that are important to the economy of Maine in addition to the Program. Other than a Participant’s right to access the assets in his or her Account, no Participant or Designated Beneficiary has access or rights to any assets of FAME or the State of Maine. The principal office of FAME is located in Augusta, Maine. FAME has established rules for the implementation of the Program, which are set forth in Chapter 611 of the Rules of FAME, as amended from time to time (the “Rule”).

Advisory Committee
The Advisory Committee provides advice to FAME on the operation of the Program and investment of the Program Fund. The Advisory Committee consists of eight positions as follows: four members with experience in and knowledge of institutional investment of funds, appointed by the Governor; one member from the public, appointed by the Governor; and three members who are voting members of FAME, appointed by the chair of the voting members of FAME. The chair of the voting members of FAME also appoints the chair of the Advisory Committee.

Merrill and FDS
Merrill and FDS are wholly-owned subsidiaries of Bank of America Corporation.
Merrill Lynch, Pierce, Fenner & Smith Incorporated, together with its subsidiaries, is engaged in a wide range of broker/dealer, investment advisory, securities clearing and investment banking activities, and Bank of America Corporation holds nearly $2.9 trillion in total client balances as of June 30, 2019. Merrill offers individual securities, mutual funds, annuities, life insurance, trusts and various types of retirement vehicles and is a leading provider of 401(k) retirement savings plan services and Individual Retirement Accounts (“IRAs”). Merrill is a registered broker-dealer and investment adviser, a member of industry self-regulatory organizations, including the Financial Industry Regulatory Authority, the New York Stock Exchange and other exchanges, and is a member of the Securities Investor Protection Corporation (“SIPC”). Merrill is also regulated by the U.S. Securities and Exchange Commission (“SEC”) and by each state’s securities regulator.
FDS is a Florida corporation with its principal place of business located in Jacksonville, Florida. FDS is a transfer agent registered with the SEC and performs transfer agent and shareholder servicing functions for Merrill and its affiliates.
Neither Merrill nor FDS is a bank, and securities offered by Merrill, unless otherwise indicated, are not backed or guaranteed by any bank, nor are they insured by the Federal Deposit Insurance Corporation (“FDIC”).

Sub-Advisors
Currently, the Client Direct Series has one Sub-Advisor: BlackRock. FAME may terminate the Sub-Advisory Agreement with any Sub-Advisor at any time, upon 60 days’ notice.
PROGRAM MANAGEMENT AGREEMENT

Services and Terms
On May 27, 1999, FAME, the Treasurer, Merrill and FDS entered into the Program Management Agreement, which was amended and restated as of February 20, 2014 (the “Program Management Agreement”), which provides that Merrill and FDS will serve as the Program Manager and the Portfolio Servicing Agent, respectively. By amendment effective October 30, 2017, the Treasurer withdrew as a party to the Program Management Agreement. The term of the Program Management Agreement for the Client Direct Series expires on June 30, 2021, and will automatically be extended to June 30, 2023, unless FAME gives notice terminating such automatic extension by June 30, 2020. Merrill and FDS are permitted to delegate certain of their responsibilities to their affiliates without the prior consent of FAME. Merrill has delegated certain fund accounting and custody services to Bank of America, N.A. (“BANA”), an affiliate of Bank of America Corporation. No delegation or assignment by Merrill or FDS shall relieve Merrill and FDS of any of their responsibilities under the Program Management Agreement.

Merrill has irrevocably and unconditionally guaranteed to FAME: (i) the full and prompt payment when due of any payments required to be credited or made by FDS under the Program Management Agreement to any Account, or to FAME, when the same shall become due and payable under the Program Management Agreement; and (ii) the full and prompt performance and observance of all obligations on the part of FDS and BANA pursuant to the Program Management Agreement.

Merrill may periodically propose to FAME that the Program be amended to include one or more additional Portfolios.

Standard of Care
Merrill, FDS and the Sub-Advisors are responsible for, and must apply due diligence to effect, the performance of the Services under the Program Management Agreement in accordance with certain applicable legal requirements and the more favorable of certain Merrill and FDS practices or of certain financial services industry practices.

Termination of Agreement
Each of FAME, FDS and Merrill may terminate the Program Management Agreement at any time, in response to a material breach, after providing notice and an opportunity to cure. FAME may also terminate in the event subsequent federal legislation makes it unreasonable for FAME to continue the Program. Merrill or FDS may also terminate if: (i) Maine adopts legislation providing that FAME, or any successor to its functions, shall no longer be authorized to administer the Program and the Program Fund; or (ii) subsequent Maine legislation adversely affects the ability of Merrill or FDS to continue to provide the Services or to receive applicable fees. See “PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS - Program and Portfolio Risks and Other Considerations - Certain Considerations in Connection with the Termination of the Program Management Agreement and Successor Program Managers.”

Audits
Pursuant to the Program Management Agreement and the Sub-Advisory Agreements, Merrill, FDS, the Sub-Advisors and FAME have agreed to cooperate to generate annual audited financial statements of the Portfolios and the Investment Fund. For the period ending June 30, 2019, such financial statements were audited by Landmark PLC, an independent public accounting firm. A copy of the Program’s most recent Annual Report is available by request from the Program Manager at (877) 4-NEXTGEN (463-9843), and is available on the Program’s Web site at www.nextgenforme.com.
Securities Laws
The staff of the SEC has advised FAME that it will not recommend any enforcement action to the SEC if, among other things, the Participation Agreements and the interests in the Program represented by Accounts which are established thereby are distributed in reliance upon the exemption from registration provided in section 3(a)(2) under the Securities Act of 1933, as amended, in reliance on an opinion of counsel to that effect.

Method of Offering
Participation Agreements and Investment Fund interests may be offered by FAME and the Program Manager’s registered sales agents, and by Maine Distribution Agents. Certain officers and employees of FAME may, in the course of their official duties and without compensation, offer and sell Participation Agreements and Investment Fund interests without registering with the SEC as a broker-dealer. A Participant whose Accounts are established as a result of an offer by FAME or Maine Distribution Agents will be considered a broker-dealer customer of the Program Manager to the extent required by law.

Continuing Disclosure
To comply with Rule 15c2-12(b)(5) of the SEC promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), FAME has executed a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) for the benefit of Participants. Under the Continuing Disclosure Certificate, FAME will provide certain financial information and operating data (the “Annual Information”) relating to the Program, and FAME will provide notices of the occurrence of certain enumerated events set forth in the Continuing Disclosure Certificate, if material. The Annual Information will be filed by or on behalf of the Program with the Electronic Municipal Market Access system (the “EMMA System”) maintained by the Municipal Securities Rulemaking Board (the “MSRB”) and with any Maine information depository. Notices of certain enumerated events will be filed by or on behalf of the Program with the MSRB and with any Maine information depository.

The respective directors, officers, members and employees of FAME shall have no liability for any act or failure to act under the Continuing Disclosure Certificate. FAME reserves the right to modify its provisions for release of information pursuant to the Continuing Disclosure Certificate to the extent not inconsistent with the valid and effective provisions of Rule 15c2-12.

SIPC Insurance and Additional Coverage
The securities and cash held in an Account are protected by the Securities Investor Protection Corporation (SIPC) for up to $500,000 (inclusive of up to a maximum of $250,000 cash).

In addition, Merrill has obtained “excess-SIPC” coverage from Lloyd’s of London. The Lloyd’s policy provides further protection (including up to $1.9 million for cash) per customer, subject to an aggregate loss limit of $1 billion for all customer claims.

Neither SIPC protection nor the additional “excess-SIPC” coverage applies to deposits made through a bank deposit program or to other assets that are not securities.

Each Account held by a separate customer (as defined by applicable law) is treated separately for purposes of the above protection.

You may obtain further information about SIPC, including the SIPC Brochure, via SIPC’s website at http://www.sipc.org or calling SIPC at (202) 371-8300.

Obtaining Additional Information About the Program
References made herein to certain documents and reports are summaries thereof which are not complete or definitive, and reference is made to those documents and reports for full and complete information as to the contents thereof.

Individuals or entities having questions concerning the Program, including procedures for opening an Account, or wishing to request Account Applications, Account maintenance forms or a copy of the Program’s most recent Annual Report should call the Program Manager toll free at (877) 4-NEXTGEN (463-9843), access the Program’s Web site located at www.nextgenforme.com or contact their Maine Distribution Agent. Questions or requests for information also may be addressed in writing to Merrill Edge, Attn: Service Support, P.O. Box 1501, Pennington, NJ 08534. FAME may be contacted at P.O. Box 949, Augusta, ME 04332-0949. For information about benefits available to Maine residents, contact FAME at (800) 228-3734.
PORTFOLIOS – PERFORMANCE AND INVESTMENTS

General
Each Portfolio offers a separate investment strategy. The Program’s investment options currently consist of Age-Based Diversified Portfolios, Diversified Portfolios, Single Fund Portfolios, the Principal Plus Portfolio and the NextGen Savings Portfolio. The performance of each Portfolio (other than the Principal Plus Portfolio, which invests in the Principal Plus Portfolio Investments and the NextGen Savings Portfolio, which makes deposits in the Bank Deposit Account) depends on the weighted average performance of the Underlying Funds in which it invests. The value of Units in each Portfolio varies from day to day. A Participant does not have any direct beneficial interests in the Portfolio Investment(s) held by a Portfolio and, accordingly, has no rights as an owner or shareholder of such Portfolio Investment(s).

Age-Based Diversified Portfolios
Age-Based Diversified Portfolios are designed for saving for the college education of the Designated Beneficiary. The assets of each Age-Based Diversified Portfolio are expected to be invested in a combination of Underlying Funds that is periodically adjusted.

In addition, the assets held within each Age-Based Diversified Portfolio will be invested in different investment sectors depending on the ages of the Designated Beneficiaries assigned to that Portfolio. For example, an age-band of an Age-Based Diversified Portfolio designed for very young Designated Beneficiaries will typically invest most of its assets in equity Underlying Funds. By contrast, an age-band of an Age-Based Diversified Portfolio designed for Designated Beneficiaries close to college age will typically invest a smaller portion of its assets in equity Underlying Funds and a greater portion of its assets in fixed income Underlying Funds and/or the Cash Allocation Account.

Diversified Portfolios
Diversified Portfolios may invest in designated allocations of Underlying Funds. Each Diversified Portfolio will have a different investment strategy. The Underlying Funds in which the Diversified Portfolios invest and the percentage of assets targeted for equity, fixed income, cash equivalent, or alternative investment Underlying Funds are reviewed at least annually and may change.

Single Fund Portfolios
Single Fund Portfolios invest in a single Underlying Fund. Single Fund Portfolios will be reviewed at least annually.

Principal Plus Portfolio
The Principal Plus Portfolio invests only in the New York Life GIA and may invest in corporate fixed-income investments and/or similar instruments. The performance of the Principal Plus Portfolio depends on the weighted average performance of the Principal Plus Portfolio Investments in which it invests.

NextGen Savings Portfolio
The NextGen Savings Portfolio is comprised exclusively of the Bank Deposit Account. The performance of the NextGen Savings Portfolio is based on the interest rate paid on the Bank Deposit Account.
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**BLACKROCK PORTFOLIOS**

General – Substantially all of the assets of each BlackRock Portfolio (other than the BlackRock iShares Portfolios) are invested in Institutional Class shares of the underlying BlackRock mutual funds that are recommended by BlackRock for that Portfolio and approved by FAME for use in the BlackRock Portfolios. A portion of certain BlackRock Portfolios may be held in the Cash Allocation Account as described on page 62.

All of these Underlying Funds in which BlackRock Portfolios invest are currently managed by BlackRock. BlackRock and its affiliates had approximately $6.8 trillion in assets under management as of June 30, 2019. In the United States, BlackRock manages 222 open-end funds, 72 closed-end funds and 360 iShares Exchange Traded Funds as of June 30, 2019.

The following charts illustrate the current target asset allocation of each age-band of the BlackRock Age-Based Diversified Portfolio (the BlackRock iShares Portfolios begin on page 63).
The following charts illustrate the current target asset allocation of each BlackRock Diversified Portfolio and Single Fund Portfolio (the BlackRock iShares Portfolios begin on page 63).
**Current Target Underlying Fund Allocations** – The following charts illustrate the current target asset allocations and the current target Underlying Fund allocations within those target asset allocations for the BlackRock Portfolios (other than the BlackRock iShares Portfolios which begin on page 63). For convenience of reference, Underlying Funds are grouped by their principal asset class, although certain investments of an Underlying Fund may be made in other types of assets. This information is presented for informational purposes only.

| Underlying Fund (Class A Shares) | Age-Based 0-1 Year Portfolio | Age-Based 2-4 Years Portfolio | Age-Based 5-7 Years Portfolio | Age-Based 8-11 Years Portfolio | Age-Based 12-13 Years Portfolio | Age-Based 14-15 Years Portfolio | Age-Based 16 Years Portfolio | Age-Based 17 Years Portfolio | Age-Based 18 Years Portfolio | Age-Based 19+ Years Portfolio |
|----------------------------------|------------------------------|-------------------------------|------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| BlackRock Basic Value Fund, Inc. | 5.25%                        | 4.50%                         | 3.75%                        | 3.25%                         | 2.50%                         | 2.25%                         | 1.75%                         | 1.25%                         | 0.75%                         | 0.00%                         |
| BlackRock Capital Appreciation Fund, Inc. | 5.00%                        | 4.25%                         | 3.50%                        | 3.00%                         | 2.50%                         | 2.25%                         | 1.75%                         | 1.25%                         | 0.50%                         | 0.00%                         |
| BlackRock Equity Dividend Fund   | 10.00%                       | 8.50%                         | 7.25%                        | 6.00%                         | 4.75%                         | 4.25%                         | 3.50%                         | 2.50%                         | 1.25%                         | 0.00%                         |
| BlackRock Advantage Large Cap Growth Fund | 10.25%                     | 8.75%                         | 7.50%                        | 6.25%                         | 5.00%                         | 4.25%                         | 3.50%                         | 2.50%                         | 1.25%                         | 0.00%                         |
| iShares S&P 500 Index Fund¹      | 13.75%                       | 12.25%                        | 10.00%                       | 8.25%                         | 6.75%                         | 5.75%                         | 4.75%                         | 3.50%                         | 2.00%                         | 0.00%                         |
| BlackRock Advantage Small Cap Core Fund | 3.00%                        | 2.50%                         | 2.25%                        | 1.75%                        | 1.50%                         | 1.25%                         | 1.00%                         | 0.75%                         | 0.25%                         | 0.00%                         |
| BlackRock Advantage Small Cap Growth Fund | 0.75%                       | 0.75%                         | 0.50%                        | 0.50%                        | 0.25%                         | 0.25%                         | 0.25%                         | 0.25%                         | 0.00%                         | 0.00%                         |
| BlackRock International Fund     | 8.25%                        | 7.50%                         | 7.00%                        | 6.25%                         | 5.50%                         | 4.00%                         | 2.50%                         | 1.50%                         | 0.75%                         | 0.00%                         |
| iShares MSCI Total International Index Fund | 16.50%                       | 15.50%                        | 14.25%                       | 12.50%                        | 10.75%                        | 7.75%                         | 5.50%                         | 3.25%                         | 1.50%                         | 0.00%                         |
| BlackRock Advantage International Fund | 8.25%                       | 7.50%                         | 7.00%                        | 6.25%                         | 5.50%                         | 4.00%                         | 2.50%                         | 1.50%                         | 0.75%                         | 0.00%                         |
| BlackRock Real Estate Securities Fund | 9.00%                       | 8.00%                         | 7.00%                        | 6.00%                        | 5.00%                         | 4.00%                         | 3.00%                         | 1.75%                         | 1.00%                         | 0.00%                         |
| BlackRock Low Duration Bond Portfolio | 0.00%                       | 0.00%                         | 0.00%                        | 0.00%                         | 0.00%                         | 5.50%                         | 7.00%                         | 22.50%                        | 39.50%                        | 47.25%                        |
| BlackRock Total Return Fund      | 6.75%                        | 10.75%                        | 14.00%                       | 22.00%                       | 17.25%                       | 19.25%                       | 29.50%                       | 22.75%                       | 7.75%                         | 0.00%                         |
| BlackRock Inflation Protected Bond Fund | 1.00%                       | 2.25%                         | 3.25%                        | 4.50%                         | 5.50%                         | 5.50%                         | 7.00%                         | 4.50%                         | 1.50%                         | 0.00%                         |
| BlackRock Core Bond Portfolio    | 0.00%                        | 1.75%                         | 4.25%                        | 4.50%                         | 16.25%                       | 13.25%                       | 7.25%                         | 0.25%                         | 0.00%                         | 0.00%                         |
| BlackRock Strategic Income Opportunities Portfolio | 2.25%                        | 5.25%                         | 8.50%                        | 9.00%                         | 11.00%                       | 11.00%                       | 12.25%                       | 7.75%                         | 2.50%                         | 0.00%                         |
| Cash Allocation Account         | 0.00%                        | 0.00%                         | 0.00%                        | 0.00%                         | 0.00%                         | 5.50%                         | 7.00%                         | 22.25%                        | 38.75%                        | 52.75%                        |

¹ S&P 500® is a registered trademark of The McGraw-Hill Companies.
## Historical Investment Performance

The following table summarizes the average annual total return after deducting ongoing Portfolio fees of each BlackRock Portfolio, other than the BlackRock iShares Portfolios, as of June 30, 2019. Because certain age-bands of the BlackRock Age-Based Diversified Portfolio did not commence operations until October 28, 2019, historical performance is not available for those investment options. The $25 annual Account Maintenance Fee, which was waived in certain circumstances and eliminated effective January 1, 2012, is not included in the returns set forth below. If the Account Maintenance Fee had been included for periods prior to January 1, 2012, returns would be less than those shown. Updated performance data will be available on the Internet at www.nextgenforme.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). Each BlackRock Portfolio’s fiscal year runs from July 1 to June 30, which also is the Program’s fiscal year. The assets invested in the Age-Based Diversified Portfolios on behalf of particular Designated Beneficiaries are automatically transferred to a successive age-band of the Portfolio when the Designated Beneficiary reaches a given age, and may not have been invested in the referenced Portfolio for the entire period reported. The performance data relating to the BlackRock Portfolios set forth below is for the limited time period presented and is not indicative of the future performance of the BlackRock Portfolios.

<table>
<thead>
<tr>
<th>Underlying Fund</th>
<th>100% Equity Portfolio</th>
<th>Fixed Income Portfolio</th>
<th>Balanced Portfolio</th>
<th>Equity Index Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic Equity Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock Basic Value Fund, Inc.</td>
<td>5.75%</td>
<td>0.00%</td>
<td>2.50%</td>
<td>0.00%</td>
</tr>
<tr>
<td>BlackRock Capital Appreciation Fund, Inc.</td>
<td>5.25%</td>
<td>0.00%</td>
<td>2.50%</td>
<td>0.00%</td>
</tr>
<tr>
<td>BlackRock Equity Dividend Fund</td>
<td>10.50%</td>
<td>0.00%</td>
<td>4.75%</td>
<td>0.00%</td>
</tr>
<tr>
<td>BlackRock Advantage Large Cap Growth Fund</td>
<td>11.00%</td>
<td>0.00%</td>
<td>5.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>iShares S&amp;P 500 Index Fund</td>
<td>14.75%</td>
<td>0.00%</td>
<td>6.75%</td>
<td>100.00%</td>
</tr>
<tr>
<td>BlackRock Advantage Small Cap Core Fund</td>
<td>3.25%</td>
<td>0.00%</td>
<td>1.50%</td>
<td>0.00%</td>
</tr>
<tr>
<td>BlackRock Advantage Small Cap Growth Fund</td>
<td>0.75%</td>
<td>0.00%</td>
<td>0.25%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>International Equity Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock International Fund</td>
<td>9.75%</td>
<td>0.00%</td>
<td>5.50%</td>
<td>0.00%</td>
</tr>
<tr>
<td>BlackRock Advantage International Fund</td>
<td>9.75%</td>
<td>0.00%</td>
<td>5.50%</td>
<td>0.00%</td>
</tr>
<tr>
<td>iShares MSCI Total International Index Fund</td>
<td>19.25%</td>
<td>0.00%</td>
<td>10.75%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Alternative Investment Fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock Real Estate Securities Fund</td>
<td>10.00%</td>
<td>0.00%</td>
<td>5.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Investment Grade Fixed Income Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock Low Duration Bond Portfolio</td>
<td>0.00%</td>
<td>19.00%</td>
<td>19.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>BlackRock Total Return Fund</td>
<td>0.00%</td>
<td>27.25%</td>
<td>12.75%</td>
<td>0.00%</td>
</tr>
<tr>
<td>BlackRock Inflation Protected Bond Fund</td>
<td>0.00%</td>
<td>5.50%</td>
<td>5.50%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Non-Investment Grade Fixed Income Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock High Yield Bond Portfolio</td>
<td>0.00%</td>
<td>20.00%</td>
<td>8.50%</td>
<td>0.00%</td>
</tr>
<tr>
<td>BlackRock Strategic Income Opportunities Portfolio</td>
<td>0.00%</td>
<td>9.00%</td>
<td>4.25%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Cash Allocation Account</strong></td>
<td>0.00%</td>
<td>19.25%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

1 S&P 500® is a registered trademark of The McGraw-Hill Companies.
## Average Annual Total Return* as of June 30, 2019

<table>
<thead>
<tr>
<th>Age-Based Diversified Portfolios</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Since Inception</th>
<th>Inception Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock Age-Based 0-1 Year Portfolio</td>
<td>5.93%</td>
<td>10.44%</td>
<td>6.77%</td>
<td>10.72%</td>
<td>5.39%</td>
<td>04/30/07</td>
</tr>
<tr>
<td>BlackRock Age-Based 2-4 Years Portfolio</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>10/28/19</td>
</tr>
<tr>
<td>BlackRock Age-Based 5-7 Years Portfolio</td>
<td>6.20%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>5.70%</td>
<td>10/30/17</td>
</tr>
<tr>
<td>BlackRock Age-Based 8-11 Years Portfolio</td>
<td>6.67%</td>
<td>8.78%</td>
<td>5.96%</td>
<td>9.50%</td>
<td>4.98%</td>
<td>04/30/07</td>
</tr>
<tr>
<td>BlackRock Age-Based 12-13 Years Portfolio</td>
<td>7.24%</td>
<td>7.55%</td>
<td>5.37%</td>
<td>8.32%</td>
<td>4.70%</td>
<td>04/30/07</td>
</tr>
<tr>
<td>BlackRock Age-Based 14-15 Years Portfolio</td>
<td>7.09%</td>
<td>6.07%</td>
<td>4.48%</td>
<td>6.80%</td>
<td>4.19%</td>
<td>04/30/07</td>
</tr>
<tr>
<td>BlackRock Age-Based 16 Years Portfolio</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>BlackRock Age-Based 17 Years Portfolio</td>
<td>5.76%</td>
<td>4.70%</td>
<td>3.47%</td>
<td>5.10%</td>
<td>3.52%</td>
<td>04/30/07</td>
</tr>
<tr>
<td>BlackRock Age-Based 18 Years Portfolio</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>10/28/19</td>
</tr>
<tr>
<td>BlackRock Age-Based 19+ Years Portfolio</td>
<td>3.30%</td>
<td>2.25%</td>
<td>1.63%</td>
<td>2.07%</td>
<td>1.66%</td>
<td>04/30/07</td>
</tr>
</tbody>
</table>

### Diversified Portfolios

<table>
<thead>
<tr>
<th>Diversified Portfolios</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Since Inception</th>
<th>Inception Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock 100% Equity Portfolio</td>
<td>4.90%</td>
<td>11.90%</td>
<td>7.40%</td>
<td>11.74%</td>
<td>5.82%</td>
<td>04/30/07</td>
</tr>
<tr>
<td>BlackRock Balanced Portfolio</td>
<td>6.18%</td>
<td>8.17%</td>
<td>5.38%</td>
<td>N/A</td>
<td>5.42%</td>
<td>06/09/14</td>
</tr>
<tr>
<td>BlackRock Fixed Income Portfolio</td>
<td>5.96%</td>
<td>3.69%</td>
<td>2.86%</td>
<td>N/A</td>
<td>2.89%</td>
<td>06/09/14</td>
</tr>
</tbody>
</table>

### Single Fund Portfolio

<table>
<thead>
<tr>
<th>Single Fund Portfolio</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock Equity Index Portfolio</td>
<td>10.23%</td>
<td>13.99%</td>
<td>10.52%</td>
<td>14.41%</td>
<td>7.79%</td>
<td>04/30/07</td>
</tr>
</tbody>
</table>

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*Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

1 Formerly, the BlackRock Age-Based 0-3 Years Portfolio.
2 Formerly, the BlackRock Age-Based 4-7 Years Portfolio.
3 Formerly, the BlackRock Age-Based 8-10 Years Portfolio.
4 Formerly, the BlackRock Age-Based 11-13 Years Portfolio.
5 Formerly, the BlackRock Age-Based 14-16 Years Portfolio.
6 Formerly, the BlackRock Age-Based 17-19 Years Portfolio.
7 Formerly, the BlackRock Age-Based 20+ Years Portfolio.
Summary of Investment Objectives and Policies of the Underlying Funds for the BlackRock Portfolios – The following descriptions summarize the investment goals and policies of the Underlying Funds in which the BlackRock Portfolios, other than the BlackRock iShares Portfolios, are currently invested. The descriptions also identify certain principal risks to which particular Underlying Funds may be subject. Additional discussion of risks related to the various categories of Underlying Funds is set forth under “PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS.” The Underlying Funds’ investment strategies are subject to change.

These summaries are qualified in their entirety by reference to the detailed information included in each Underlying Fund’s current prospectus and statement of additional information, which contain additional information not summarized herein and which may identify additional principal risks to which the respective Underlying Fund may be subject. You may request a copy of any Underlying Fund’s current prospectus and statement of additional information, or an Underlying Fund’s most recent semi-annual or annual report by calling (800) 441-7762 or by locating it on BlackRock’s Web site at www.blackrock.com.

For each Fund identified below (a “feeder fund”) that invests all its assets into another fund (a “master fund”) which has the same investment objectives and strategies, the term “Fund” shall include both the master fund and the feeder fund.

DOMESTIC EQUITY FUNDS

BlackRock Basic Value Fund, Inc.
Investment Objective, Strategy and Policies – The Fund’s investment objective is to seek capital appreciation and, secondarily, income by investing in securities, primarily equity securities, that management of the Fund believes are undervalued and therefore represent basic investment value. The Fund tries to achieve its objectives by investing in a diversified portfolio consisting primarily of equity securities, which includes common stock, preferred stock, securities convertible into common stock, or other instruments whose price is linked to the value of common stock. Fund management places particular emphasis on companies with below average price/earnings ratios that may pay above average dividends. Fund management may also determine a company is undervalued if its stock price is down because of temporary factors from which Fund management believes the company will recover. As a result, the Fund may invest a large portion of its net assets in stocks that have weak research ratings. The Fund focuses its investments on companies with a market capitalization over $5 billion. The Fund invests primarily in common stock of U.S. companies, but may invest up to 25% of its total assets in the securities of foreign companies.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, as well as the special risks of convertible securities, mid-cap securities, and investment style.

BlackRock Capital Appreciation Fund, Inc.
Investment Objective, Strategy and Policies – The Fund’s investment objective is to seek long-term growth of capital. The Fund seeks to achieve its investment objective by investing primarily in a diversified portfolio consisting primarily of common stock of U.S. companies that Fund management believes have exhibited above-average growth rates in earnings over the long term. The Fund generally invests at least 65% of its total assets in the following equity securities: (i) common stock; (ii) convertible preferred stock; (iii) securities convertible into common stock; and (iv) rights to subscribe to common stock. Of these securities the Fund generally seeks to invest primarily in common stock. The Fund may invest in companies of any size but emphasizes investments in companies that have medium to large stock market capitalizations (currently, approximately $2 billion or more).

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, as well as the special risks of convertible securities, mid-cap securities, and investment style.

BlackRock Equity Dividend Fund
Investment Objective, Strategy and Policies – The Fund’s investment objective is to seek long-term total return and current income. The Fund seeks to achieve its objective by investing primarily in a diversified portfolio of equity securities. Under normal circumstances, the Fund will invest at least 80% of its assets in equity securities and at least 80% of its assets in dividend paying securities. The Fund will focus on issuers that have good prospects for capital appreciation and current income. Although the Fund invests primarily in dividend paying securities, portions of the distributions paid by the Fund may not be subject to the lower income tax rates applicable to dividends. The Fund may invest in securities of companies with any market capitalization, but will generally focus on large cap securities. The Fund’s portfolio, in the aggregate, will be structured in a manner designed to seek long-term capital appreciation as well as net portfolio yield in excess of the average yield of mutual funds invested primarily in U.S. equities. The Fund may also invest in securities convertible into common stock and non-convertible preferred stock. The Fund may invest up to 25% of its total assets in securities of foreign issuers from any country. The Fund may invest in securities denominated in both U.S. dollars and non-U.S. dollar currencies.

Principal Risks of Investing – The Fund is subject to the market and selection risk of equity investments, convertible securities risk, preferred securities risk, the risk of investment in foreign securities and income producing stock availability risk.
BlackRock Advantage Large Cap Growth Fund

**Investment Objective, Strategy and Policies** – The investment objective of the Fund is to seek long-term capital appreciation. The Fund tries to choose investments that will increase in value. Under normal circumstances, the Fund seeks to invest at least 80% of its net assets plus the amount of any borrowings for investment purposes in large cap equity securities and derivatives that have similar economic characteristics to such securities. For purposes of the Fund’s 80% policy, large cap equity securities are equity securities that at the time of purchase have a market capitalization within the range of companies included in the Russell 1000® Growth Index (the “Russell 1000 Growth Index”). The Fund primarily intends to invest in equity securities or other financial instruments that are components of, or have characteristics similar to, the securities included in the Russell 1000 Growth Index. The Russell 1000 Growth Index is a capitalization-weighted index from a broad range of industries chosen for market size, liquidity and industry group representation.

**Principal Risks of Investing** – The main risks of investing in the Fund are commodities related investment risk; convertible securities risk; derivatives risk; equity securities risk; high portfolio turnover risk; investment style risk; leverage risk; market risk and selection risk; “new issues” risk; and preferred securities risk.

iShares S&P 500 Index Fund

**Investment Objective, Strategy and Policies** – The investment objective of the Fund is to seek to provide investment results that correspond to the total return performance of publicly-traded common stocks in the aggregate, as represented by the Standard & Poor’s 500 Index.

The Fund pursues its investment objective by seeking to replicate the total return performance of the S&P 500 Index, which is composed of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The S&P 500 Index is a capitalization-weighted index from a broad range of industries chosen for market size, liquidity and industry group representation. The component stocks are weighted according to the total float-adjusted market value of their outstanding shares (i.e., they are weighted according to the public float which is the total market value of their outstanding shares readily available to the general marketplace for trading purposes). The percentage of the Fund’s assets invested in a given stock is approximately the same as the percentage such stock represents in the S&P 500 Index.

The Fund is managed by determining which securities are to be purchased or sold to reflect, to the extent feasible, the investment characteristics of its benchmark index. Under normal circumstances, at least 90% of the value of the Fund’s assets, plus the amount of any borrowing for investment purposes, is invested in securities comprising the S&P 500 Index.

The Fund also may engage in futures and options transactions and other derivative securities transactions and lend its portfolio securities, each of which involves risk. The Fund may use futures contracts, options and other derivative transactions to manage its short-term liquidity and/or as substitutes for comparable market positions in the securities in its benchmark index. The Fund may also invest in high-quality money market instruments, including shares of money market funds advised by BlackRock Fund Advisors or its affiliates.

The Fund invests all of its assets in the S&P 500 Index Master Portfolio of Master Investment Portfolio, which has the same investment objective and strategies as the Fund.

**Principal Risks of Investing** – The Fund is subject to the market and selection risks of equity investments as well as the risks and special considerations associated with investing in an index fund.

BlackRock Advantage Small Cap Core Fund

**Investment Objective, Strategy and Policies** – The investment objective of the Fund is to seek capital appreciation over the long term. Under normal circumstances, the Fund seeks to invest at least 80% of its net assets plus any borrowings for investment purposes in equity securities or other financial instruments that are components of, or have market capitalizations similar to, the securities included in the Russell 2000® Index. The companies included in the Russell 2000® Index have market capitalizations that range from approximately $159.2 million to $5 billion as of May 31, 2018. The Fund primarily seeks to buy common stock and may also invest in preferred stock and convertible securities. From time to time the Fund may invest in shares of companies through “new issues” or initial public offerings. The Fund may use derivatives, including options, futures, swaps and forward contracts both to seek to increase the return of the Fund and to hedge (or protect) the value of its assets against adverse movements in currency exchange rates, interest rates and movements in the securities markets. In order to manage cash flows into or out of the Fund effectively, the Fund may buy and sell financial futures contracts or options on such contracts. Derivatives are financial instruments whose value is derived from another security, a commodity (such as oil or gas), a currency or an index, including but not limited to the Russell 2000® Index. The use of options, futures, swaps and forward contracts can be effective in protecting or enhancing the value of the Fund’s assets.

**Principal Risks of Investing** – The Fund is subject to the market and selection risks of equity investments as well as the special risks of convertible securities, derivatives, “new issue” securities, preferred securities, small cap securities, liquidity, the use of leverage, high portfolio turnover risk, and investment style risk.
BlackRock Advantage Small Cap Growth Fund

Investment Objective, Strategy and Policies – The investment objective of the Fund is to seek long-term capital growth. Under normal circumstances, the Fund invests at least 80% of its net assets in equity securities of small cap companies and at least 80% of its net assets in securities or instruments of issuers located in the United States. The Fund seeks to buy primarily common stock but also can invest in preferred stock, convertible securities and other equity securities. The Fund management team focuses on small capitalization companies that the Fund management believes have above average prospects for earnings growth. The Fund generally defines small cap companies as those with market capitalizations, at the time of the Fund’s investment, comparable in size to the companies in the Russell 2000 Index. From time to time the Fund may invest in shares of companies through “new issues” or initial public offerings. The Fund may use derivatives, including options, warrants, futures, indexed securities, inverse securities, swaps and forward contracts both to seek to increase the return of the Fund and to hedge (or protect) the value of its assets against adverse movements in currency exchange rates, interest rates and movements in the securities markets. In order to manage cash flows into or out of the Fund effectively, the Fund may buy and sell financial futures contracts or options on such contracts.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments as well as the special risks of investing in smaller and emerging growth companies, convertible securities, “new issues” or initial public offerings, warrants, derivatives, foreign securities, leverage, and investment style risk. High portfolio turnover resulting from active and frequent trading results in higher markups and other transaction costs and can result in a greater amount of dividends from ordinary income rather than capital gains.

BlackRock International Fund

Investment Objective, Strategy and Policies – The Fund’s investment objective is to seek long-term capital growth through investments primarily in a diversified portfolio of equity securities of companies located outside the United States. The Fund emphasizes those securities that Fund management believes are undervalued or have good prospects for earnings growth. Current income from dividends and interest will not be an important consideration in selecting portfolio securities. The Fund will invest at least 75% of its total assets in global equity securities of any market capitalization, selected for their above-average return potential. The Fund primarily buys common stock but may also invest in preferred stock and convertible securities. The Fund will allocate its assets among various regions and countries, including the United States (but in no less than three different countries). Under normal circumstances, the Fund will allocate a substantial amount (approximately 40% or more of its total assets in securities (i) of foreign government issuers, (ii) of issuers organized or located outside the U.S., (iii) of issuers which primarily trade in a market located outside the U.S., or (iv) of issuers doing a substantial amount of business outside the U.S., which the Fund considers to be companies that derive at least 50% of their revenue or profits from business outside the U.S. or have at least 50% of their sales or assets outside the U.S. For temporary defensive purposes the Fund may deviate very substantially from the allocation described above. The Fund may invest up to 25% of total assets in global fixed income securities, including corporate bonds, U.S. government debt securities, non-U.S. government and supranational debt securities, asset-backed securities, mortgage-backed securities, emerging market debt securities and non-investment grade debt securities (high yield or junk bonds).

The Fund may buy or sell options or futures on a security or an index of securities and may buy options on a currency or a basket of currencies, or enter into foreign currency transactions, including swaps (collectively, commonly known as derivatives). The Fund typically uses derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as currency risk. The Fund may also use derivatives to enhance returns, in which case their use would involve leveraging risk. The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls). The Fund may also use forward foreign currency exchange contracts (obligations to buy or sell a currency at a set rate in the future).

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investment and to the risk of investment in foreign securities. In addition, the Fund is subject to risks associated with debt securities, emerging markets, derivatives, geographic concentration, mid-cap securities, non-diversification and small and emerging growth securities.

BlackRock Advantage International Fund

Investment Objective, Strategy and Policies – The investment objective of the Fund is to provide long-term capital appreciation. Under normal circumstances, the Fund seeks to invest at least 80% of its net assets plus the amount of any borrowings for investment purposes in non-U.S. equity securities and equity-like instruments of companies that are components of, or have characteristics similar to, the companies included in the MSCI EAFE® Index and derivatives that are tied economically to securities of the MSCI EAFE Index. The MSCI EAFE Index is a...
capitalization-weighted index from a broad range of industries chosen for market size, liquidity and industry group representation. Equity securities include common stock, preferred stock and convertible securities. The Fund primarily seeks to buy common stock and may also invest in preferred stock and convertible securities. From time to time, the Fund may invest in shares of companies through “new issues” or initial public offerings. The Fund will invest in securities of non-U.S. issuers that can be U.S. dollar based or non-U.S. dollar based on a hedged or unhedged basis. The Fund may enter into currency transactions on a hedged or unhedged basis in order to seek total return. The Fund may use derivatives, including options, futures, swaps, forward contracts and contracts for difference, both to seek to increase the return of the Fund and to hedge (or protect) the value of its assets against adverse movements in currency exchange rates, interest rates and movements in the securities markets. In order to manage cash flows into or out of the Fund effectively, the Fund may buy and sell financial futures contracts or options on such contracts. Derivatives are financial instruments whose value is derived from another security, a currency or an index, including but not limited to the MSCI EAFE Index. The use of options, futures, swaps, forward contracts and contracts for difference can be effective in protecting or enhancing the value of the Fund’s assets. The Fund may seek to provide exposure to the investment returns of real assets that trade in the commodity markets through investment in commodity-linked derivative instruments and investment vehicles such as exchange-traded funds that invest exclusively in commodities and are designed to provide this exposure without direct investment in physical commodities.

**Principal Risks of Investing** – The Fund is subject to the market and selection risks of equity investments as well as the special risks of commodities related investments, convertible securities, derivatives, foreign securities, “new issue” securities, mid cap securities, preferred securities, leverage, and high portfolio turnover risk.

**iShares MSCI Total International Index Fund**

**Investment Objective, Strategy and Policies** – The investment objective of the Fund is to match the performance of the MSCI All Country World ex USA Index in U.S. dollars with net dividends as closely as possible before the deduction of Fund expenses. The Total International ex U.S. Index Fund employs a “passive” management approach, attempting to invest in a portfolio of assets whose performance is expected to match approximately the performance of the MSCI ACWI ex USA Index. The Fund will be substantially invested in equity securities in the MSCI ACWI ex USA Index, and will invest, under normal circumstances, at least 80% of its assets in securities or other financial instruments that are components of or have economic characteristics similar to the securities included in the MSCI ACWI ex USA Index. Equity securities consist primarily of common stock, preferred stock, securities convertible into common stock and securities or other instruments whose price is linked to the value of common stock. The Fund will invest in the common stocks represented in the MSCI ACWI ex USA Index in roughly the same proportions as their weightings in the MSCI ACWI ex USA Index. The MSCI ACWI ex USA Index is a free float-adjusted market capitalization index designed to measure the combined equity market performance of developed and emerging market countries, excluding the United States. The component stocks have a market capitalization between $392 million and $288 billion as of April 17, 2018. The Fund may also engage in futures transactions. At times, the Fund may not invest in all of the common stocks in the MSCI ACWI ex USA Index, or in the same weightings as in the MSCI ACWI ex USA Index. At those times, the Fund chooses investments so that the market capitalizations, industry weightings and other fundamental characteristics of the stocks chosen are similar to the MSCI ACWI ex USA Index as a whole. The Fund may lend securities with a value up to 331/3% of its total assets to financial institutions that provide cash or securities issued or guaranteed by the U.S. Government as collateral. The Fund will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the MSCI ACWI ex USA Index is concentrated. The Fund is a “feeder” fund that invests all of its assets in the Total International ex U.S. Index Master Portfolio (the “Master Portfolio”), a series of Master Investment Portfolio, which has the same investment objective and strategies as the Fund. All investments are made at the Master Portfolio level. This structure is sometimes called a “master/feeder” structure. The Fund’s investment results will correspond directly to the investment results of the Master Portfolio. For simplicity, this prospectus uses the name of the Fund or the term “Fund” (as applicable) to include the Master Portfolio.

**Principal Risks of Investing** – The Fund is subject to the market and selection risks of equity investments as well as the special risks of convertible securities, concentration, emerging markets, foreign securities, futures securities, index funds, mid cap securities, securities lending, small cap and emerging growth securities risk and tracking error risk.

**BlackRock Real Estate Securities Fund**

**Investment Objective, Strategy and Policies** – The investment objective of the Fund is to seek total return comprised of long-term growth of capital and dividend income. Under normal conditions, the Fund invests at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) in a portfolio of equity investments in issuers that are primarily engaged in or related to the real estate industry inside the United States. An issuer is primarily engaged in or related to the real estate industry if it derives at least 50% of its gross revenues or net profits from the ownership, development, construction, financing, management or sale of commercial, industrial or residential real estate or interests...
In the BlackRock Core Bond Portfolio, the investment objective is to seek to maximize total return, consistent with income generation and prudent investment management. The Fund normally invests at least 80% of its assets in bonds and maintains an average portfolio duration that is within ±20% of the duration of its benchmark. The Fund may invest up to 25% of its assets in assets of foreign issuers, of which 10% (as a percentage of the Fund’s assets) may be invested in emerging markets issuers. Up to 10% of the Fund’s assets may be exposed to non-US currency risk. A bond of a foreign issuer, including an emerging market issuer, will not count toward the 10% limit on non-US currency exposure if the bond is either (i) US dollar-denominated or (ii) non-US dollar-denominated, but hedged back to US dollars. The Fund only buys securities that are rated investment grade at the time of purchase by at least one major rating agency or determined by the fund management team to be of similar quality. The management team selects bonds from several sectors including: U.S. Treasuries and agency securities, commercial and residential mortgage-backed securities, collateralized mortgage obligations, asset-backed securities and corporate bonds. Mortgage-backed securities are asset-backed securities based on a particular type of asset, a mortgage. The Fund may buy or sell options or futures on a security or an index of securities, or enter into credit default swaps and interest rate or foreign currency transactions, including swaps (collectively, commonly known as derivatives). The Fund may use derivative instruments to hedge its investments or to seek to enhance returns. The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls). The Fund may engage in active and frequent trading of portfolio securities to achieve its investment strategies.

Principal Risks of Investing – The Fund is subject to the risks of fixed-income investments, including, but not limited to, borrowing risk, dollar rolls risk, emerging markets risk, leverage risk, liquidity risk, market and selection risk, credit risk and U.S. government issuer risk. In addition, because the Fund may invest a portion of its assets in derivative instruments, the Fund is exposed to the risks associated with such investments. Derivatives may be volatile and involve significant risks, including credit risk, counterparty risk (the risk that the counterparty in a transaction will be unable to honor its obligations), leverage risk (the risk that relatively small market movements may result in large changes in the value of an investment) and liquidity risk (the risk that certain securities may be difficult or impossible to sell at the time or price that the seller would like). The Fund may invest in mortgage-backed and asset-backed securities. In addition to the normal fixed income investment risks, these securities are subject to prepayment risk and extension risk, and may involve more volatility than other bonds of similar maturities. The Fund is also subject to the special risks associated with foreign securities, emerging markets, derivatives and sovereign debt. High portfolio turnover resulting from active and frequent trading results in higher markups and other transaction costs and can result in a greater amount of dividends from ordinary income rather than capital gains.

BlackRock Inflation Protected Bond Fund

Investment Objective, Strategy and Policies – The investment objective of the Fund is to seek to maximize real return, consistent with preservation of real capital and prudent investment management. Under normal circumstances, the Fund invests at least 80% of its assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities, and U.S. and non-U.S. corporations. The Fund maintains an average portfolio duration that is within ±20% of the duration of the Bloomberg Barclays U.S. Treasury Inflation Protected Securities Index. The Fund may invest up to 20% of its assets in non-investment grade bonds (high yield or junk bonds) or securities of emerging market issuers. The Fund may also invest up to 20% of its assets in non-dollar denominated securities of non-U.S. issuers, and may invest without limit in U.S. dollar denominated securities of non-U.S. issuers.

The Fund may seek to provide exposure to the investment returns of real assets that trade in the commodity markets.
through investment in commodity-linked derivative instruments and investment vehicles such as exchange-traded funds that exclusively invest in commodities and are designed to provide this exposure without direct investment in physical commodities. The Fund may also gain exposure to commodity markets by investing up to 25% of its total assets in the Subsidiary, a wholly owned subsidiary of the Fund formed in the Cayman Islands, which invests primarily in commodity related instruments. The Fund also makes investments in residential and commercial mortgage-backed securities and other asset-backed securities. Non-investment grade bonds acquired by the Fund will generally be in the lower rating categories of the major rating agencies (BB or lower by S&P Global Ratings or Ba or lower by Moody’s Investors Service, Inc.) or will be determined by the management team to be of similar quality. Split rated bonds will be considered to have the higher credit rating. Split rated bonds are bonds that receive different ratings from two or more rating agencies. The Fund may buy or sell options or futures, or enter into credit default swaps and interest rate or foreign currency transactions, including swaps (collectively, commonly known as derivatives). The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls). The Fund may engage in active and frequent trading of portfolio securities to achieve its primary investment strategies.

**Principal Risks of Investing** – The Fund is subject to the risks of fixed-income investments, including, but not limited to, commodities related investments risk, deflation risk, derivatives risk, dollar rolls risk, emerging markets risk, foreign securities risk, high portfolio turnover risk, leverage risk, illiquid investments risk, indexed and inverse securities risk, inflation-indexed bonds risk, market and selection risk, mortgage- and asset-backed securities risk, non-investment grade securities risk, repurchase agreements and purchase and sale contracts risk, reverse repurchase agreements risk, subsidiary risk, U.S. government issuer risk and credit risk. In addition, because the Fund may invest a portion of its assets in derivative instruments, the Fund is exposed to the risks associated with such investments. Derivatives may be volatile and involve significant risks, including credit risk, counterparty risk (the risk that the counterparty in a transaction will be unable to honor its obligations), leverage risk (the risk that relatively small market movements may result in large changes in the value of an investment) and liquidity risk (the risk that certain securities may be difficult or impossible to sell at the time or price that the seller would like). The Fund may invest in mortgage-backed and asset-backed securities. In addition to the normal fixed income investment risks, these securities are subject to prepayment risk and extension risk, and may involve more volatility than other bonds of similar maturities. Additional principal risks are identified in the Fund’s prospectus.

**BlackRock Low Duration Bond Portfolio**

**Investment Objective, Strategy and Policies** – The Fund’s investment objective is to seek to maximize total return, consistent with income generation and prudent investment management. The Fund invests primarily in investment grade bonds and maintains an average portfolio duration that is between 0 and 3 years. Investment grade bonds are bonds rated in the four highest categories by at least one of the major rating agencies or determined by the management team to be of similar quality. The Fund normally invests at least 80% of its assets in debt securities. The Fund may invest up to 20% of its assets in non-investment grade bonds (commonly called “high yield” or “junk bonds”). The Fund may also invest up to 25% of its assets in assets of foreign issuers, of which 10% (as a percentage of the Fund’s assets) may be invested in emerging markets issuers. Up to 10% of the Fund’s assets may be exposed to non-US currency risk. A bond of a foreign issuer, including an emerging market issuer, will not count toward the 10% limit on non-US currency exposure if the bond is either (i) US dollar-denominated or (ii) non-US dollar-denominated, but hedged back to US dollars. The management team selects bonds from several sectors including: U.S. Treasuries and agency securities, commercial and residential mortgage-backed securities, collateralized mortgage obligations, asset-backed securities and corporate bonds.

The Fund may buy or sell options or futures on a security or an index of securities, or enter into credit default swaps and interest rate or foreign currency transactions, including swaps (collectively, commonly known as derivatives). The Fund may use derivative instruments to hedge its investments or to seek to enhance returns. The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls). The Fund may engage in active and frequent trading of portfolio securities to achieve its investment strategies.

**Principal Risks of Investing** – The Fund is subject to the risks of fixed-income investments, including, but not limited to, borrowing risk, dollar rolls risk, emerging markets risk, leverage risk, liquidity risk, market and selection risk, credit risk and U.S. government issuer risk. In addition, because the Fund may invest a portion of its assets in derivative instruments, the Fund is exposed to the risks associated with such investments. Derivatives may be volatile and involve significant risks, including credit risk, counterparty risk (the risk that the counterparty in a transaction will be unable to honor its obligations), leverage risk (the risk that relatively small market movements may result in large changes in the value of an investment) and liquidity risk (the risk that certain securities may be difficult or impossible to sell at the time or price that the seller would like). The Fund may invest in mortgage-backed and asset-backed securities. In addition to the normal fixed income investment risks, these securities are subject to prepayment risk and extension risk, and may involve more volatility than other bonds of similar maturities. The Fund is also subject to the special risks associated with foreign securities, emerging markets, derivatives and sovereign debt. High portfolio turnover resulting from active and frequent trading results in higher markups and other transaction costs and
can result in a greater amount of dividends from ordinary income rather than capital gains.

**BlackRock Total Return Fund**

**Investment Objective, Strategy and Policies** – The investment objective of the Total Return Fund is to realize a total return that exceeds that of the Bloomberg Barclays U.S. Aggregate Bond Index. The Fund invests all of its assets in the Master Total Return Portfolio, a series of Master Bond LLC, which has the same investment objectives and strategies as the Fund. The Fund typically invests more than 90% of its assets in a diversified portfolio of fixed-income securities such as corporate bonds and notes, mortgage-backed securities, asset-backed securities, convertible securities, preferred securities and government obligations. Both U.S. and foreign companies and governments may issue these securities.

Under normal circumstances, the Fund invests at least 80% of its assets in bonds and invests primarily in investment grade fixed-income securities. The Fund may invest in fixed-income securities of any duration or maturity. The Fund may also invest in derivative securities for hedging purposes or to increase the return on its investments. The Fund may also enter into reverse repurchase agreements and dollar rolls.

The Fund may invest up to 20% of its net assets in fixed-income securities that are rated below investment grade by at least one of the recognized rating agencies or in unrated securities of equivalent credit quality.

The Fund may invest up to 30% of its net assets in securities of foreign issuers, of which 20% (as a percentage of the Fund’s net assets) may be in emerging markets issuers. Investments in U.S. dollar-denominated securities of foreign issuers, excluding issuers from emerging markets, are permitted beyond the 30% limit. This means that the Fund may invest in such U.S. dollar-denominated securities of foreign issuers without limit. The Fund may also invest in derivative securities for hedging purposes or to increase the return on its investments. The Fund may also enter into reverse repurchase agreements and dollar rolls.

The Fund may invest up to 15% of its net assets in collateralized debt obligations (“CDOs”), of which 10% (as a percentage of the Fund’s net assets) may be in collateralized loan obligations (“CLOs”). CDOs are types of asset-backed securities. CLOs are ordinarily issued by a trust or other special purpose entity and are typically collateralized by a pool of loans, which may include, among others, domestic and non-U.S. senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans, held by such issuer.

The Fund may seek to provide exposure to the investment returns of real assets that trade in the commodity markets through investment in commodity-linked derivative instruments and investment vehicles that exclusively invest in commodities such as exchange traded funds, which are designed to provide this exposure without direct investment in physical commodities. The Fund may also gain exposure to commodity markets by investing, through the Master Total Return Portfolio, up to 25% of its total assets in the BlackRock Cayman Master Total Return Portfolio I, Ltd. (the “Subsidiary”), a wholly owned subsidiary of the Master Total Return Portfolio formed in the Cayman Islands, which invests primarily in commodity-related instruments.

**Principal Risks of Investing** – The Fund is subject to the risks of fixed-income investments, including, but not limited to, interest rate risk and credit risk. The Fund may invest its assets in foreign securities, which may involve additional risks beyond those of U.S. securities, such as changes in foreign currency exchange rates, liquidity risk, and political, social and economic instability. In addition, because the Fund may invest a portion of its assets in derivative instruments, the Fund is exposed to the risks of such investments. Derivatives may be volatile and involve significant risks, including credit risk, counterparty risk (the risk that the counterparty in a transaction will be unable to honor its obligations), leverage risk (the risk that relatively small market movements may result in large changes in the value of an investment) and liquidity risk (the risk that certain securities may be difficult or impossible to sell at the time or price that the seller would like), and structured note risk. The Fund may invest in mortgage-backed and asset-backed securities, which may be subject to prepayment risk when interest rates fall or extension risk when interest rates rise). The Fund is also subject to the special risks associated with investments in foreign securities, derivatives, junk bonds and sovereign debt. In addition, exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. By indirectly investing in the Subsidiary through its investment in the Master Total Return Portfolio, the Fund is indirectly exposed to the risks associated with the Subsidiary’s investments. The commodity-related instruments held by the Subsidiary are generally similar to those that are permitted to be held by the Fund or the Master Total Return Portfolio and are subject to the same risks that apply to similar investments if held directly by the Fund or the Master Total Return Portfolio. There can be no assurance that the investment objective of the Subsidiary will be achieved. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Fund and/or the Subsidiary to operate as described and could adversely affect the Fund.
BlackRock High Yield Bond Portfolio

Investment Objective, Strategy and Policies – The Fund’s investment objective is to seek to maximize total return, consistent with income generation and prudent investment management. The Fund invests primarily in non-investment grade bonds with maturities of ten years or less. The Fund normally invests at least 80% of its assets in high yield bonds. The high yield securities (commonly called “junk bonds”) acquired by the Fund will generally be in the lower rating categories of the major rating agencies (BB or lower by Standard & Poor’s or Fitch Ratings, Inc. or Ba or lower by Moody’s Investor Services, Inc.) or will be determined by the Fund management team to be of similar quality. Split rated bonds will be considered to have the higher credit rating. The Fund may invest up to 30% of its assets in non-dollar denominated bonds of issuers located outside of the United States. The Fund’s investment in non-dollar denominated bonds may be on a currency hedged or unhedged basis. The management team can invest in a wide range of securities including corporate bonds, mezzanine investments, collateralized bond obligations, bank loans and mortgage-backed and asset-backed securities. The Fund can also invest, to the extent consistent with its investment objective, in non-U.S. and emerging market securities and currencies. The Fund may invest up to 10% of its assets in distressed securities that are in default or the issuers of which are in bankruptcy. The Fund may buy or sell options or futures on a security or an index of securities, or enter into credit default swaps and interest rate or foreign currency transactions, including swaps (collectively, commonly known as derivatives). The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls). The Fund may engage in active and frequent trading of portfolio securities to achieve its principal investment strategies.

The Fund may also invest in convertible and preferred securities. Convertible debt securities will be counted toward the Fund’s 80% policy to the extent they have characteristics similar to the securities included within that policy. Convertible securities generally are debt securities or preferred stock that may be converted into common stock. Convertible securities typically pay current income as either interest (debt security convertibles) or dividends (preferred stock convertibles). A convertible security’s value usually reflects both the stream of current income payments and the market value of the underlying stock. Preferred stock is a class of stock that often pays dividends at a specified rate and has preference over common stock in dividend payments and liquidation of assets. The Fund may use derivative instruments to hedge its investments or to seek to enhance returns.

Principal Risks of Investing – The Fund is subject to the risks of fixed-income investments, including, but not limited to, borrowing risk, dollar rolls risk, emerging markets risk, interest rate risk, leverage risk, liquidity risk, market and selection risk, credit risk and U.S. government issuer risk. In addition, because the Fund may invest a portion of its assets in derivative instruments, the Fund is exposed to the risks associated with such investments. Derivatives may be volatile and involve significant risks, including credit risk, counterparty risk (the risk that the counterparty in a transaction will be unable to honor its obligations), leverage risk (the risk that relatively small market movements may result in large changes in the value of an investment) and liquidity risk (the risk that certain securities may be difficult or impossible to sell at the time or price that the seller would like). The Fund may invest in mortgage-backed and asset-backed securities. In addition to the normal fixed income investment risks, these securities are subject to prepayment risk and extension risk, and may involve more volatility than other bonds of similar maturities. The Fund is also subject to the special risks associated with foreign securities, emerging markets, derivatives and sovereign debt. High portfolio turnover resulting from active and frequent trading results in higher markups and other transaction costs and can result in a greater amount of dividends from ordinary income rather than capital gains. Additionally, the Fund is subject to bank loan risk, collateralized bond risk, and mezzanine risk.

BlackRock Strategic Income Opportunities Portfolio

Investment Objective, Strategy and Policies – The Fund’s investment objective is to seek total return as is consistent with preservation of capital. Under normal market conditions, the Fund will invest in a combination of fixed income securities, including, but not limited to: high yield securities, international securities, emerging markets debt and mortgages. Depending on market conditions, the Fund may invest in other market sectors. Fixed-income securities are debt obligations such as bonds and debentures, U.S. Government securities, debt obligations of domestic and non-U.S. corporations, debt obligations of non-U.S. governments and their political subdivisions, asset-backed securities, various mortgage-backed securities (both residential and commercial), other floating or variable rate obligations, convertible securities, municipal obligations and zero coupon debt securities. The Fund may invest in preferred securities, illiquid securities, exchange-traded funds (“ETFs”), including affiliated ETFs, and corporate loans. The Fund may engage in short sales for hedging purposes or to enhance total return. In implementing its strategy, the Fund may short up to 15% of the market value of the Fund’s total assets. However, the Fund may make short sales of to-be-announced mortgage-backed securities and may make short sales “against-the-box” without regard to this restriction. In a short sale against-the-box, at the time of the sale, the Fund owns or has the immediate and unconditional right to acquire the identical security at no additional cost.

The Fund may invest significantly in non-investment grade bonds (high yield or junk bonds). Non-investment grade bonds acquired
by the Fund will generally be in the lower rating categories of the major rating agencies (BB or lower by Standard & Poor’s, a division of the McGraw Hill Companies, or Ba or lower by Moody’s Investors Service, Inc.) or will be determined by the management team to be of similar quality. Split rated bonds will be considered to have the higher credit rating. The Fund may invest up to 15% of its net assets in collateralized debt obligations (“CDOs”), of which 10% (as a percentage of the Fund’s net assets) may be collateralized in loan obligations (“CLOs”).

The Fund may also invest significantly in non-dollar denominated bonds and bonds of emerging market issuers. The Fund’s investment in non-dollar denominated bonds may be on a currency hedged or unhedged basis.

The management team may, when consistent with the Fund’s investment goal, buy or sell indexed and inverse floating rate securities and options or futures on a security or an index of securities, or enter into swap agreements, including total return, interest rate and credit default swaps, or foreign currency transactions (collectively, commonly known as derivatives). The Fund typically uses derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as currency risk. The Fund may also use derivatives for leverage, in which case their use would involve leveraging risk. The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls, which involves a sale by the fund of a mortgage-backed or other security concurrently with an agreement by the fund to repurchase a similar security at a later date at an agreed-upon price).

The Fund may seek to provide exposure to the investment returns of real assets that trade in the commodity markets through investment in commodity-linked derivative instruments and investment vehicles that exclusively invest in commodities such as exchange traded funds, which are designed to provide this exposure without direct investment in physical commodities. The Fund may also gain exposure to commodity markets by investing up to 25% of its total assets in BlackRock Cayman Strategic Income Opportunities Portfolio I, Ltd. (the “Subsidiary”), a wholly owned subsidiary of the Fund formed in the Cayman Islands, which invests primarily in commodity-related instruments.

**Principal Risks of Investing** – The Fund is subject to the risks of fixed-income investments, including, but not limited to, borrowing risk, dollar rolls risk, emerging markets risk, interest rate risk, leverage risk, liquidity risk, market and selection risk, credit risk and U.S. government issuer risk. The Fund is also subject to commodities related investments risk, corporate loans risk, investment in other investment companies risk, junk (non-investment grade) bonds risk, short sales risk, and zero coupon securities risk.

In addition, because the Fund may invest a portion of its assets in derivative instruments, the Fund is exposed to the risks associated with such investments. Derivatives may be volatile and involve significant risks, including credit risk, counterparty risk (the risk that the counterparty in a transaction will be unable to honor its obligations), leverage risk (the risk that relatively small market movements may result in large changes in the value of an investment) and liquidity risk (the risk that certain securities may be difficult or impossible to sell at the time or price that the seller would like).

The Fund may invest up to 15% of its net assets in CDOs, of which 10% (as a percentage of the Fund’s net assets) may be CLOs. CDOs carry additional risks including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the risk that the collateral may default or decline in value or be downgraded, if rated by a nationally recognized statistical rating organization; (iii) the Fund may invest in tranches of CDOs that are subordinate to other tranches; (iv) the structure and complexity of the transaction and the legal documents could lead to disputes among investors regarding the characterization of proceeds; (v) the investment return achieved by the Fund could be significantly different than those predicted by financial models; (vi) the lack of a readily available secondary market for CDOs; (vii) risk of forced “fire sale” liquidation due to technical defaults such as coverage test failures; and (viii) the CDO’s manager may perform poorly. In addition, investments in CDOs may be characterized by the Fund as illiquid securities.

The Fund may invest in mortgage-backed and asset-backed securities. In addition to the normal fixed income investment risks, these securities are subject to prepayment risk and extension risk, and may involve more volatility than other bonds of similar maturities.

The Fund is also subject to the special risks associated with foreign securities, emerging markets, derivatives and sovereign debt.

High portfolio turnover resulting from active and frequent trading results in higher markups and other transaction costs and can result in a greater amount of dividends from ordinary income rather than capital gains.

By investing in the Subsidiary, the Fund is indirectly exposed to the risks associated with the Subsidiary’s investments. The commodity-related instruments held by the Subsidiary are generally similar to those that are permitted to be held by the Fund and are subject to the same risks that apply to similar investments if held directly by the Fund. There can be no assurance that the investment objective of the Subsidiary will be achieved. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Fund and/or the Subsidiary to operate as described and could adversely affect the Fund.
Many of the Portfolios invest in the Cash Allocation Account.

**Investment Objective** – The Cash Allocation Account is a separate account that seeks current income, preservation of capital and liquidity. The Cash Allocation Account is invested directly in a diversified portfolio of money market securities and may also be invested in Maine CDs.

**Principal Risks of Investing** – An investment in the Cash Allocation Account is not insured or guaranteed by any government agency, Bank of America, the Program Manager, the Sub-Advisors or FAME and involves credit and interest rate risks. Investment in Maine CDs involves some of the special considerations discussed under “PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS-Investment Risks of Underlying Funds - Underlying Funds Investing in Fixed Income Securities (Including Money Market Securities).”

**Composition** – Since September 5, 2001, for the periods shown, the Cash Allocation Account has been invested in securities that are high quality, short-term securities, which may primarily consist of direct U.S. Government obligations, U.S. Government agency securities, obligations of domestic and foreign banks, U.S. dollar denominated commercial paper, other short-term debt securities issued by U.S. and foreign entities, repurchase agreements, and Maine CDs. Although the Cash Allocation Account was invested in Maine CDs until September 10, 2012, the Cash Allocation Account may or may not be continuously invested in Maine CDs after such date.

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<th>Average Annual Total Return* as of June 30, 2019</th>
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<td>Cash Allocation Account</td>
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* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

** From August 5, 1999 through September 4, 2001, the Cash Allocation Account was invested in Class II shares of the Retirement Reserves Money Fund of the Retirement Series Trust (“Money Fund”). For the period August 5, 1999 through September 4, 2001, the average annual total return of the Money Fund’s Class II shares was 5.28%. 
General – Substantially all of the assets of each BlackRock iShares Portfolio (each of which is also a BlackRock Portfolio) are invested in iShares Exchange Traded Funds that are recommended by BlackRock for that BlackRock iShares Portfolio and approved by FAME for use in that BlackRock iShares Portfolio. Certain BlackRock iShares Portfolios may hold cash, pending investment in the iShares Exchange Traded Funds that are Underlying Funds of such Portfolios.

All of the Underlying Funds in which BlackRock iShares Portfolios invest are currently managed by BlackRock. BlackRock and its affiliates had approximately $6.8 trillion in assets under management as of June 30, 2019. In the United States, BlackRock manages 222 open-end funds, 72 closed-end funds and 360 iShares Exchange Traded Funds as of June 30, 2019.

The following charts illustrate the current target asset allocation of each age-band of the iShares Age-Based Diversified Portfolio.
The following charts illustrate the current target asset allocation of each iShares Diversified and Single Fund Portfolio.

- **iShares Age-Based 19+ Years Portfolio**
  - International Equity: 38.96%
  - Domestic Equity: 51.04%
  - Alternative Investment: 10%

- **iShares Diversified Equity Portfolio**
  - Domestic Equity: 100%

- **iShares Diversified Fixed Income Portfolio**
  - Investment Grade Fixed Income: 80%
  - Non-Investment Grade Fixed Income: 20%

- **iShares Balanced Portfolio**
  - Mixed Asset: 100%

- **iShares MSCI USA ESG Select Portfolio**
  - Domestic Equity: 100%
Current Target Underlying Fund Allocations – The following chart illustrates the current target asset allocations and the current target Underlying Fund allocations within those target asset allocations for the age-bands of the iShares Age-Based Diversified Portfolio. For convenience of reference, Underlying Funds are grouped by their principal asset class, although certain investments of an Underlying Fund may be made in other types of assets. This information is presented for informational purposes only.

<table>
<thead>
<tr>
<th>Underlying Fund</th>
<th>iShares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age-Based 0-1 Year Portfolio</td>
</tr>
<tr>
<td>iShares Core S&amp;P Total U.S. Stock Market ETF</td>
<td>47.91%</td>
</tr>
<tr>
<td>iShares Core MSCI Total International Stock ETF</td>
<td>33.09%</td>
</tr>
<tr>
<td>iShares Cohen &amp; Steers REIT ETF</td>
<td>9.00%</td>
</tr>
<tr>
<td>iShares Short Treasury Bond ETF</td>
<td>0.00%</td>
</tr>
<tr>
<td>iShares 1-3 Year Treasury Bond ETF</td>
<td>0.00%</td>
</tr>
<tr>
<td>iShares Core U.S. Aggregate Bond ETF</td>
<td>7.41%</td>
</tr>
<tr>
<td>iShares 20+ Year Treasury Bond ETF</td>
<td>1.48%</td>
</tr>
<tr>
<td>iShares TIPS Bond ETF</td>
<td>1.11%</td>
</tr>
</tbody>
</table>
**BlackRock Portfolios**

### Current Target Underlying Fund Allocations

The following chart illustrates the current target asset allocations and the current target Underlying Fund allocations within those target asset allocations for the BlackRock iShares Portfolios, other than the iShares Age-Based Diversified Portfolio. For convenience of reference, Underlying Funds are grouped by their principal asset class, although certain investments of an Underlying Fund may be made in other types of assets. This information is presented for informational purposes only.

<table>
<thead>
<tr>
<th>Underlying Fund</th>
<th>Diversified Equity Portfolio</th>
<th>Diversified Fixed Income Portfolio</th>
<th>Balanced Portfolio</th>
<th>MSCI USA ESG Select Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic Equity Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iShares Core S&amp;P Total U.S. Stock Market ETF</td>
<td>51.04%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>iShares MSCI USA ESG Select ETF</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td><strong>International Equity Fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iShares Core MSCI Total International Stock ETF</td>
<td>38.96%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Mixed Asset Fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(The Fund may invest in the domestic equity, international equity, investment grade fixed income, non-investment grade fixed income, and money market securities investment sectors)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iShares Core Moderate Allocation ETF</td>
<td>0.00%</td>
<td>0.00%</td>
<td>100.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Alternative Investment Fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iShares Cohen &amp; Steers REIT ETF</td>
<td>10.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Investment Grade Fixed Income Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iShares Core U.S. Aggregate Bond ETF</td>
<td>0.00%</td>
<td>36.15%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>iShares Short Treasury Bond ETF</td>
<td>0.00%</td>
<td>19.31%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>iShares 1-3 Year Treasury Bond ETF</td>
<td>0.00%</td>
<td>19.12%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>iShares TIPS Bond ETF</td>
<td>0.00%</td>
<td>5.42%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Non-Investment Grade Fixed Income Fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iShares iBoxx $ High Yield Corporate Bond ETF</td>
<td>0.00%</td>
<td>20.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
Historical Investment Performance – The following table summarizes the average annual total return after deducting ongoing Portfolio fees of each BlackRock iShares Portfolio as of June 30, 2019. Because certain age-bands of the iShares Age-Based Diversified Portfolio and the iShares MSCI USA ESG Select Portfolio did not commence operations until October 28, 2019, historical performance is not available for those investment options. The $25 annual Account Maintenance Fee, which was waived in certain circumstances and eliminated effective January 1, 2012, is not included in the returns set forth below. If the Account Maintenance Fee had been included for periods prior to January 1, 2012, returns would be less than those shown. Updated performance data will be available on the Internet at www.nextgenforme.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). Each BlackRock iShares Portfolio’s fiscal year runs from July 1 to June 30, which also is the Program’s fiscal year. The assets invested in the Age-Based Diversified Portfolio on behalf of particular Designated Beneficiaries are automatically transferred to a successive age-band of the Portfolio when the Designated Beneficiary reaches a given age, and may not remain invested in the referenced Portfolio for all of the period reported. The performance data relating to the BlackRock iShares Portfolios set forth below is for the limited time period presented and is not indicative of the future performance of the BlackRock iShares Portfolios.

<table>
<thead>
<tr>
<th>Age-Based Diversified Portfolios</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>Since Inception**</th>
<th>Inception Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age-Based 0-1 Years Portfolio</td>
<td>6.79%</td>
<td>9.59%</td>
<td>7.16%</td>
<td>9.67%</td>
<td>09/20/10</td>
</tr>
<tr>
<td>Age-Based 2-4 Years Portfolio</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>10/28/19</td>
</tr>
<tr>
<td>Age-Based 5-7 Years Portfolio</td>
<td>6.71%</td>
<td>N/A</td>
<td>N/A</td>
<td>5.70%</td>
<td>10/30/17</td>
</tr>
<tr>
<td>Age-Based 8-11 Years Portfolio</td>
<td>7.10%</td>
<td>7.86%</td>
<td>6.15%</td>
<td>8.25%</td>
<td>09/20/10</td>
</tr>
<tr>
<td>Age-Based 12-13 Years Portfolio</td>
<td>6.99%</td>
<td>6.56%</td>
<td>5.41%</td>
<td>6.86%</td>
<td>09/20/10</td>
</tr>
<tr>
<td>Age-Based 14-15 Years Portfolio</td>
<td>6.38%</td>
<td>4.95%</td>
<td>4.29%</td>
<td>5.39%</td>
<td>09/20/10</td>
</tr>
<tr>
<td>16 Years Portfolio</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>10/28/19</td>
</tr>
<tr>
<td>17 Years Portfolio</td>
<td>5.19%</td>
<td>3.64%</td>
<td>3.06%</td>
<td>3.72%</td>
<td>09/20/10</td>
</tr>
<tr>
<td>18 Years Portfolio</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>10/28/19</td>
</tr>
<tr>
<td>19+ Years Portfolio</td>
<td>3.05%</td>
<td>1.73%</td>
<td>1.29%</td>
<td>1.24%</td>
<td>09/20/10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Diversified Portfolios</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>Since Inception**</th>
<th>Inception Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Portfolio</td>
<td>6.14%</td>
<td>11.29%</td>
<td>8.10%</td>
<td>11.29%</td>
<td>09/20/10</td>
</tr>
<tr>
<td>Fixed Income Portfolio</td>
<td>5.96%</td>
<td>2.39%</td>
<td>2.12%</td>
<td>2.52%</td>
<td>09/20/10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Single Fund Portfolios</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>Since Inception**</th>
<th>Inception Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balanced Portfolio</td>
<td>6.49%</td>
<td>5.99%</td>
<td>4.08%</td>
<td>4.20%</td>
<td>06/11/14</td>
</tr>
<tr>
<td>MSCI USA ESG Select</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>10/28/19</td>
</tr>
</tbody>
</table>

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.
** With the exception of the iShares Balanced Portfolio, performance shown for all other BlackRock iShares Portfolios reflects the one-time contribution of unrealized gain on seed money invested at the Portfolios’ inception in connection with the withdrawal of such seed money. Without that contribution, the Portfolios’ performance would have been lower.

1 Formerly, the iShares Age-Based 0-3 Years Portfolio.
2 Formerly, the iShares Age-Based 4-7 Years Portfolio.
3 Formerly, the iShares Age-Based 8-10 Years Portfolio.
4 Formerly, the iShares Age-Based 11-13 Years Portfolio.
5 Formerly, the iShares Age-Based 14-16 Years Portfolio.
6 Formerly, the iShares Age-Based 17-19 Years Portfolio.
7 Formerly, the iShares Age-Based 20+ Years Portfolio.
Summary of Investment Objectives and Policies of the Underlying Funds for the BlackRock iShares Portfolios – An index is a group of securities that an index provider selects as representative of a market, market segment or specific industry sector. The index provider determines the relative weightings of the securities in the index and publishes information regarding the market value of the index. Each Underlying Fund of the BlackRock iShares Portfolios (an “Underlying ETF”) is an “index fund” that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index (its “Underlying Index”) as developed by an index provider.

Each Underlying ETF’s index generally includes investments in securities that correspond generally to one of the below asset classes, as set forth in the tables on the previous pages. The asset classes are defined as follows:

- **U.S. Equities** – U.S. domiciled publicly traded common stocks.
- **International Equities** – Non-U.S. domiciled publicly traded common stocks.
- **Real Estate** – Property and real estate as represented by REITs.
- **Fixed Income** – Bonds and other income-producing debt securities.

BlackRock Fund Advisors (“BFA”), the investment adviser to each Underlying ETF, is an affiliate of BlackRock Institutional Trust Company, N.A. (“BTC”). BFA and its affiliates are not affiliated with the index provider.

Principal Investment Strategies of the Underlying ETFs – BFA uses a “passive” or indexing approach to achieve each Underlying ETF’s investment objective. Unlike many investment companies, the Underlying ETFs do not try to “beat” the indexes they track and do not seek temporary defensive positions when markets decline or appear overvalued.

Indexing may eliminate the chance that an Underlying ETF will substantially outperform its Underlying Index but also may reduce some of the risks of active management, such as poor security selection. Factors such as the fees and expenses of an Underlying Fund, pricing differences, changes to an Underlying ETF and costs of complying with regulatory policies, may affect the Underlying ETF’s ability to achieve close correlation with its Underlying Index. Therefore, the return of an Underlying Fund that seeks to track an index may deviate from that of its Underlying Index. All Underlying ETFs may invest a portion of their assets in certain futures contracts, options, and swaps, as well as cash and cash equivalents, including shares of money market funds affiliated with BFA. For all Underlying ETFs, BFA uses a representative sampling indexing strategy.

These summaries are qualified in their entirety by reference to the detailed information included in each Underlying ETF’s current prospectus and statement of additional information, which contain additional information not summarized herein and which may identify additional principal risks to which the respective Underlying ETF may be subject. You may request a copy of any Underlying ETF’s current prospectus and statement of additional information, or an Underlying ETF’s most recent semi-annual or annual report. BFA, the investment adviser of iShares® Funds, is located at 400 Howard Street, San Francisco, CA 94105. Additional information about iShares Funds is available free of charge by calling toll-free: 1-800-iShares (1-800-474-2737) or by visiting www.iShares.com.

DOMESTIC EQUITY FUNDS

iShares MSCI USA ESG Select ETF

Investment Objective, Strategy and Policies – The iShares MSCI USA ESG Select ETF seeks to track the investment results of the MSCI USA Extended ESG Select Index (the “Underlying Index”), which is an optimized index designed to maximize exposure to favorable environmental, social and governance (“ESG”) characteristics, while exhibiting risk and return characteristics similar to the MSCI USA Index. The Underlying Index tracks the performance of the common shares of the companies included in the Underlying Index and the Fund will invest in those common shares. As of May 14, 2018, the Underlying Index consisted of 101 companies included in the MSCI USA Index. MSCI Inc. analyzes each eligible company’s ESG performance using proprietary ratings covering ESG and ethics criteria. The index methodology is designed so that companies with relatively high overall ratings have a higher representation in the Underlying Index than in the MSCI USA Index; and companies with relatively low overall ratings have a lower representation in the Underlying Index than in the MSCI USA Index. Exceptions may result from the Underlying Index’s objective of having risk and return characteristics similar to the MSCI USA Index. Securities of companies that the Index Provider determines are involved in tobacco, companies involved with the production of controversial weapons, producers and retailers of civilian firearms, as well as major producers of alcohol, gambling, conventional weapons, weapons, producers and retailers of civilian firearms, as well as companies involved with the production of controversial weapons, producers and retailers of civilian firearms, as well as major producers of alcohol, gambling, conventional weapons, nuclear weapons and nuclear power, are excluded from the Underlying Index.

Principal Risks of Investing – The Fund is subject to market risk, equity securities risk and ESG investment strategy risk as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus including asset class risk, concentration risk, currency risk, cyber security risk, financials sector risk, geographic risk, information technology sector risk, issuer risk, large-capitalization companies risk, management risk, market risk, operational risk, securities lending risk, structural risk, and tracking error risk.
DOMESTIC EQUITY FUNDS

iShares Core S&P Total U.S. Stock Market ETF

Investment Objective, Strategy and Policies – The iShares Core S&P Total U.S. Stock Market ETF seeks to track the investment results of the S&P Total Market Index™ (the “Underlying Index”), which is comprised of the common equities included in the S&P 500® and the S&P Completion Index™. The Underlying Index consists of all U.S. common equities listed on the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market and BATS Exchange, Inc. The securities in the Underlying Index are weighted based on the total float-adjusted market value of their outstanding shares.

Principal Risks of Investing – The Fund is subject to market risk and equity securities risk as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.

INTERNATIONAL EQUITY FUND

iShares Core MSCI Total International Stock ETF

Investment Objective, Strategy and Policies – The iShares Core MSCI Total International Stock ETF seeks to track the investment results of the MSCI ACWI ex USA IMI (the “Underlying Index”), which is a free float-adjusted market capitalization index designed to measure the combined equity market performance of developed and emerging markets countries, excluding the United States. The Underlying Index may include large-, mid- or small-capitalization companies.

Principal Risks of Investing – The Fund is subject to market risk, equity securities risk and non-U.S. securities risk as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.

MIXED ASSET FUND

iShares Core Moderate Allocation ETF

Investment Objective, Strategy and Policies – The iShares Core Moderate Allocation ETF is a fund of funds and seeks to achieve its investment objective by investing primarily in other iShares underlying funds (the “iShares Underlying ETFs”) that themselves seek investment results corresponding to their own underlying indexes. The Underlying ETFs invest primarily in distinct asset classes, such as large-, or mid-capitalization U.S. or non-U.S. equity, the aggregate bond market (including allocation to international bonds as well as USD-denominated bonds) or the U.S. Treasury bond market; each such asset class has its own risk profile. The S&P Target Risk Moderate Index (the “Underlying Index”) is composed of a portfolio of equity and fixed income iShares Underlying ETFs and measures the performance of the S&P Dow Jones Indices LLC (“SPDJI”) proprietary allocation model, that is intended to represent a “moderate” target risk allocation strategy as defined by SPDJI. The Underlying Index seeks to provide significant exposure to fixed income, while also providing increased opportunity for capital growth through equities. SPDJI’s estimation of a moderate target risk allocation may differ from your own. The Fund is designed for investors seeking current income, some capital preservation and an opportunity for moderate to low capital appreciation.

Principal Risks of Investing – The Fund is subject to market risk, affiliated fund risk, allocation risk, equity securities risk, and the risks of fixed income investments as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.

ALTERNATIVE INVESTMENT FUND

iShares Cohen & Steers REIT ETF

Investment Objective, Strategy and Policies – The iShares Cohen & Steers REIT ETF seeks to track the investment results of the Cohen & Steers Realty Majors Index (the “Underlying Index”), which consists of real estate investment trusts (“REITs”). The objective of the Underlying Index is to represent relatively large and liquid REITs that may benefit from future consolidation and securitization of the U.S. real estate industry. REITs are selected for inclusion in the Underlying Index based on a review of several factors, including management, portfolio quality, and sector and geographic diversification. The REITs selected for inclusion in the Underlying Index must meet minimum market capitalization and trading volume requirements. The Underlying Index is weighted according to the total free float adjusted market value of each REIT’s outstanding shares and is adjusted quarterly so that no REIT represents more than 8% of the Underlying Index. Within the REIT market, the Underlying Index is diversified across property sectors that represent the current market.

Principal Risks of Investing – The Fund is subject to market risk, equity securities risk and real estate investment risk as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.
iShares 1-3 Year Treasury Bond ETF

**Investment Objective, Strategy and Policies** – The iShares 1-3 Year Treasury Bond ETF seeks to track the investment results of the ICE U.S. Treasury 1-3 Year Bond Index, which measures the performance of U.S. Treasury securities that have a remaining maturity greater than one year and less than or equal to three years. The Underlying Index consists of publicly issued U.S. Treasury securities that have a remaining maturity of greater than one year and less than or equal to three years and have $300 million or more of outstanding face value, excluding amounts held by the Federal Reserve System. In addition, the securities in the Underlying Index must be fixed-rate and denominated in U.S. dollars. The Underlying Index is weighted by market capitalization and the securities in the Underlying Index are updated on the last business day of each month.

**Principal Risks of Investing** – The Fund is subject to the risks of fixed income securities and U.S. treasury obligation risk as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.

iShares 20+ Year Treasury Bond ETF

**Investment Objective, Strategy and Policies** – The iShares 20+ Year Treasury Bond ETF seeks to track the investment results of the ICE U.S. Treasury 20+ Year Bond Index (the “Underlying Index”), which measures the performance of U.S. Treasury that have a remaining maturity greater than or equal to twenty years. As of February 28, 2019, there were 40 issues in the Underlying Index. The Underlying Index consists of publicly-issued U.S. Treasury securities that have a remaining maturity greater than or equal to twenty years and have $300 million or more of outstanding face value, excluding amounts held by the Federal Reserve System (the “Fed”). In addition, the securities in the Underlying Index must be fixed-rate and denominated in U.S. dollars. Excluded from the Underlying Index are inflation-linked securities, Treasury bills, cash management bills, any government agency debt issued with or without a government guarantee and zero-coupon issues that have been stripped from coupon-paying bonds. The Underlying Index is market value weighted, and the securities in the Underlying Index are updated on the last business day of each month.

**Principal Risks of Investing** – The Fund is subject to market risk to the risk of fixed income investments as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.

iShares Short Treasury Bond ETF

**Investment Objective, Strategy and Policies** – The iShares Short Treasury Bond ETF seeks to track the investment results of the ICE U.S. Treasury Short Bond Index (the “Underlying Index”), which measures the performance of U.S. Treasury that have a remaining maturity equal to or greater than one month and less than one year. The Underlying Index consists of publicly-issued U.S. Treasury securities that have a remaining maturity equal to or greater than one month and less than one year and have $300 million or more of outstanding face value, excluding amounts held by the Federal Reserve System. In addition, the securities in the Underlying Index must be fixed-rate and denominated in U.S. dollars. Excluded from the Underlying Index are inflation-linked securities, cash management bills, any government agency debt issued with or without a government guarantee and zero-coupon issues that have been stripped from coupon-paying bonds. The Underlying Index is market value weighted, and the securities in the Underlying Index are updated on the last business day of each month.

**Principal Risks of Investing** – The Fund is subject to market risk and to the risk of fixed income investments as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.

iShares Core U.S. Aggregate Bond ETF

**Investment Objective, Strategy and Policies** – The iShares Core U.S. Aggregate Bond ETF seeks to track the investment results of the Bloomberg Barclays U.S. Aggregate Bond Index (the “Underlying Index”), which measures the performance of the total U.S. investment-grade (as determined by Bloomberg Index Services Limited (“Bloomberg”)) bond market. The Underlying Index includes investment-grade U.S. Treasury bonds, government-related bonds, corporate bonds, mortgage-backed pass-through securities (“MBS”), commercial mortgage-backed securities and asset-backed securities (“ABS”) that are publicly offered for sale in the United States. The securities in the Underlying Index must have $300 million or more of outstanding face value and must have at least one year remaining to maturity, with the exception of amortizing securities such as ABS and MBS, which have lower thresholds as defined by Bloomberg. In addition, the securities in the Underlying Index must be denominated in U.S. dollars and must be fixed-rate and nonconvertible. Certain types of securities, such as state and local government series bonds, structured notes with embedded swaps or other special features, private placements, floating-rate securities and bonds that have been issued in one country’s currency but are traded outside of that country in a different monetary and regulatory system (Eurobonds), are excluded from the Underlying Index. The Underlying Index is market capitalization-weighted, and the securities in the Underlying Index are updated on the last business day of each month.

**Principal Risks of Investing** – The Fund is subject to market risk to the risk of fixed income investments as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.
BLACKROCK PORTFOLIOS

INVESTMENT GRADE FIXED INCOME FUNDS

Fund’s portfolio) that is less than three years.

Principal Risks of Investing – The Fund is subject to the risks of fixed income investments and U.S. Treasury obligations risk as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.

iShares TIPS Bond ETF

Investment Objective, Strategy and Policies – The iShares TIPS Bond ETF seeks to track the investment results of the Bloomberg Barclays U.S. Treasury Inflation Protected Securities Index (Series-L) (the “Underlying Index”), which measures the performance of the inflation-protected public obligations of the U.S. Treasury, commonly known as “TIPS.” TIPS are securities issued by the U.S. Treasury that are designed to provide inflation protection to investors. TIPS are income-generating instruments whose interest and principal payments are adjusted for inflation - a sustained increase in prices that erodes the purchasing power of money. The inflation adjustment, which is typically applied monthly to the principal of the bond, follows a designated inflation index, the consumer price index (“CPI”), and TIPS’ principal payments are adjusted according to changes in the CPI. A fixed coupon rate is applied to the inflation-adjusted principal so that as inflation rises, both the principal value and the interest payments increase. This can provide investors with a hedge against inflation, as it helps preserve the purchasing power of an investment. Because of this inflation adjustment feature, inflation-protected bonds typically have lower yields than conventional fixed-rate bonds. The Underlying Index includes all publicly-issued U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment-grade (as determined by Bloomberg Index Services Limited) and have $300 million or more of outstanding face value. In addition, the securities in the Underlying Index must be denominated in U.S. dollars and must be fixed-rate and non-convertible. The Underlying Index is market capitalization-weighted and the securities in the Underlying Index are updated on the last calendar day of each month.

Principal Risks of Investing – The Fund is subject to market risk, the risks of fixed income securities and TIPS securities risk as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.

NON-INVESTMENT GRADE FIXED INCOME FUND

iShares iBoxx $ High Yield Corporate Bond ETF

Investment Objective, Strategy and Policies – The iShares iBoxx $ High Yield Corporate Bond ETF seeks to track the investment results of the Markit iBoxx® USD Liquid High Yield Index (the “Underlying Index”), which is a rules-based index consisting of liquid, U.S. dollar-denominated, high yield (as determined by Markit Indices Limited (“Markit”)) corporate bonds for sale in the United States. The Underlying Index is designed to provide a broad representation of the U.S. dollar-denominated liquid high yield corporate bond market. The Underlying Index is a modified market-value weighted index with a cap on each issuer of 3%. There is no limit to the number of issues in the Underlying Index. Bonds in the Underlying Index are selected from the universe of eligible bonds in the Markit iBoxx USD Corporate Bond Index using defined rules. As of June 29, 2018, the bonds eligible for inclusion in the Underlying Index include U.S. dollar-denominated high yield corporate bonds that: (i) are issued by companies domiciled in countries classified as developed markets by Markit; (ii) have an average rating of sub-investment grade (ratings from Fitch Ratings, Inc., Moody’s Investors Service, Inc. or S&P Global are considered; if more than one agency provides a rating, the average rating is attached to the bond); (iii) are from issuers with at least $1 billion outstanding face value; (iv) have at least $400 million of outstanding face value; (v) have an original maturity date of less than 15 years; (vi) have at least one year to maturity; and (vii) have at least one year and 6 months to maturity for new index insertions.

Principal Risks of Investing – The Fund is subject to market risk, the risks of fixed income investments, and high yield securities risk as well as the risks and special considerations associated with investing in an index fund. Additional principal risks are identified in the Fund’s prospectus.

The iShares ETFs are not sponsored, endorsed, issued, sold or promoted by Cohen & Steers Capital Management, Inc., Markit, MSCI Inc., S&P, ICE Data Indices, Bloomberg or Barclays. None of these companies make any representation regarding the advisability of investing in the Funds. None of BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, or any of their affiliates, are affiliated with the companies listed above. iShares® is a registered trademark of BlackRock Fund Advisors and its affiliates.
**Investment Objective, Strategy and Policies** – The Principal Plus Portfolio seeks to provide current income while maintaining stability of principal. The Principal Plus Portfolio is currently invested in only a GIA although it may also invest in corporate fixed income investments and/or similar instruments. A GIA provides a minimum rate of return on the amount invested (net of expenses) plus accrued interest. The Principal Plus Portfolio’s investment objective is subject to change. There can be no assurance that the Principal Plus Portfolio’s investment strategy will be successful.

Under the GIA in which the Principal Portfolio currently invests, which is issued to the Program by New York Life, New York Life guarantees the principal, accumulated interest and a future interest rate for a designated time period on amounts invested in the New York Life GIA. The guarantees available through such vehicles are made by the insurance company to the Program, not to an individual Participant. A GIA is not a registered mutual fund. None of FAME, the Program or the Program Manager guarantees the principal, accumulated interest or the future interest rate. In addition, the principal, accumulated interest or future interest rate are not guaranteed by the FDIC or the federal government.

New York Life currently holds the highest financial strength ratings currently awarded to a U.S. insurance company: Aaa from Moody’s Investors Service, Inc. and AA+ from Standard & Poor’s Rating Group.1 The New York Life GIA currently offers an annualized interest rate of 2.35% (after expenses of 0.15% associated with the GIA that are paid to the Program Manager and New York Life) that will be guaranteed through December 31, 2019, with subsequent rate reset dates occurring semi-annually thereafter beginning January 1, 2020. In no event will the declared effective annual interest rate, minus the deduction of expenses of the New York Life GIA, be less than 1.00%, which is the minimum guaranteed rate of the New York Life GIA. The returns of the Principal Plus Portfolio may be different than the interest rates offered by the New York Life GIA. New York Life’s commitment to the Program is based solely on its ability to pay its obligations from its general account. The commitment to the Program is not secured by any collateral.

Merrill manages the Principal Plus Portfolio and performs credit analyses on New York Life, the issuer of the New York Life GIA. The Management Fee is charged against the assets of the Principal Plus Portfolio.

**Principal Risks of Investing** – Any GIA in which the Principal Plus Portfolio invests is subject to the risks of an investment that is non-diversified, has no third-party guarantees, is subject to a failure to perform by the issuer of the GIA, and termination of the GIA by the issuer. Because an investment in the Principal Plus Portfolio is subject to ongoing expenses, if the return that the Principal Plus Portfolio earns on its investments fails to exceed such expenses, the value of an investment in the Principal Plus Portfolio will decline.

See “PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS - Investment Risks of Principal Plus Portfolio Investments.”

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1 Moody’s Investors Service, Inc.’s Credit Opinion, July 30, 2018. According to Moody’s Investors Service, Inc.’s publications, “Aaa” is the highest of 21 ratings and is assigned to insurance companies that offer the highest quality. Standard & Poor’s Rating Report, July 19, 2018. Standard & Poor’s publications report that the “AA+” rating, the second-highest of 21 ratings, is assigned to insurance companies of high quality with very low credit risk. Neither Moody’s nor Standard & Poor’s makes any representation regarding an investment in the Portfolio.
**Historical Investment Performance – Principal Plus Portfolio**

The following table summarizes the average annual total return after deducting ongoing Portfolio fees of the Principal Plus Portfolio as of June 30, 2019. The $25 annual Account Maintenance Fee, which was waived in certain circumstances and eliminated effective January 1, 2012, is not included in the returns set forth below. If the Account Maintenance Fee had been included for periods prior to January 1, 2012, returns would be less than those shown. Updated performance data will be available on the Internet at www.nextgenforme.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). The Principal Plus Portfolio’s fiscal year runs from July 1 to June 30, which also is the Program’s fiscal year. Although the Principal Plus Portfolio is currently invested entirely in the New York Life GIA, the Principal Plus Portfolio’s investments have changed over time. At various times since its inception, the Principal Plus Portfolio has been invested in a guaranteed investment contract, the Cash Allocation Account, and the Bank Deposit Account. The historical performance of the Principal Plus Portfolio has been effected by each of these investments.

<table>
<thead>
<tr>
<th>Average Annual Total Return* as of June 30, 2019</th>
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<tbody>
<tr>
<td>1 Year</td>
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<tr>
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</tr>
<tr>
<td>Principal Plus Portfolio</td>
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</tbody>
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* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results.
**Investment Objective, Strategy and Policies** — The NextGen Savings Portfolio seeks the preservation of principal. The NextGen Savings Portfolio will deposit 100% of its assets in the Bank Deposit Account in which deposits are FDIC-insured, subject to applicable limitations.

That portion of the underlying deposits in the Bank Deposit Account attributable to a Participant’s Units held in the NextGen Savings Portfolio, together with other deposits the Participant may have at the Bank, is eligible for FDIC insurance up to a standard maximum amount, currently set at $250,000 for a single ownership account, in accordance with the FDIC rules. The applicable FDIC insurance limit depends on the ownership capacity in which the assets are held, and the relevant limit will be applied in the aggregate to all deposits held in a single ownership capacity at the same Bank. Deposits held in different ownership capacities, as provided in FDIC rules, are insured separately. UGMA/UTMA Accounts are generally treated as assets of the Designated Beneficiary, and other types of trust Accounts may be treated as assets of the trustee, for purposes of the FDIC limit. Custodians of UGMA/UTMA Accounts and trustees of trust Accounts should consider how these assets will be treated for purposes of the FDIC limit. For more information, please visit www.fdic.gov.

Neither FAME, the Program, the Program Manager nor the Bank is responsible for monitoring the aggregate amount of a Participant’s assets on deposit at the Bank, including assets attributable to the Units held by the Participant in the NextGen Savings Portfolio to determine whether it exceeds the limit of available FDIC insurance. Participants are responsible for monitoring the total amount of their assets on deposit at the Bank (including amounts in other accounts at the Bank held in the same ownership capacity) in order to determine the extent of insurance coverage available on those deposits, including assets attributable to the Units held by the Participant in the NextGen Savings Portfolio. If a Participant’s total assets on deposit at the Bank exceed the applicable FDIC limit, the FDIC will not insure such assets in excess of the limit.

A Participant will earn a rate of return on the money contributed to the NextGen Savings Portfolio. The NextGen Savings Portfolio’s return, which is based on the interest rate paid by the Bank, will be posted on a monthly basis on www.nextgenforme.com. The rate of interest paid by the Bank will vary over time and can change daily without notice. Over any given period, the rate of interest may be lower than the rate of return on other deposit accounts offered by the Bank outside of the Program or deposit accounts offered by other banks. Interest is accrued daily, paid monthly, and will be reflected in the net asset value of the NextGen Savings Portfolio. Interest begins to accrue on the business day the funds are received by the Bank.

**Principal Risks of Investing** — The Portfolio is subject to interest rate risk, ownership risk, bank changes, bank viability risk and FDIC insurance risk.

**Historical Investment Performance – NextGen Savings Portfolio** — The following table summarizes the average annual total return of the NextGen Savings Portfolio as of June 30, 2019. The return of the NextGen Savings Portfolio is based on the interest rate paid by the Bank on the deposits in the NextGen Savings Investment. The interest rate will vary over time at the Bank’s discretion without notice. The Program Manager and FAME do not currently charge any fees for the NextGen Savings Portfolio, but reserve the right to do so in the future. Updated performance data will be available on the Internet at www.nextgenforme.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). The NextGen Savings Portfolio’s fiscal year runs from July 1 to June 30, which also is the Program’s fiscal year.

<table>
<thead>
<tr>
<th>Average Annual Total Return* as of June 30, 2019</th>
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</thead>
<tbody>
<tr>
<td><strong>NextGen Savings Portfolio</strong></td>
</tr>
<tr>
<td>1 Year</td>
</tr>
<tr>
<td>1.38%</td>
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</tbody>
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* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.
MAINE EDUCATION SAVINGS PROGRAM

A Section 529 Qualified Tuition Program
NextGen 529™

Participation Agreement

THIS PARTICIPATION AGREEMENT contains the terms governing the Account to be established by you pursuant to the Maine Education Savings Program (“NextGen 529” or the “Program”) of the Finance Authority of Maine (“FAME”). The Program has been designed to qualify for treatment as a qualified tuition program within the meaning of Section 529 of the Internal Revenue Code of 1986, as amended (“Section 529 Program”). By signing the NextGen 529 Account Application (the “Account Application”), you agree to be bound by the terms of this Participation Agreement.

1. Definitions. In this Participation Agreement, the words “you,” “your,” or “Participant” mean the individual who, or entity on whose behalf an individual, has signed the Account Application. The term “Designated Beneficiary” means (i) the individual identified by you, or (ii) if you are a governmental entity or a tax-exempt organization described in section 501(c)(3) of the Code, the Designated Beneficiary is the individual or individuals named by you at the time you initiate a qualified withdrawal from the Account. The term “Merrill” means Merrill Lynch, Pierce, Fenner & Smith Incorporated and its affiliates. The term “Act” means Chapter 417-E of Title 20-A of the Maine Revised Statutes Annotated of 1964, as amended. The term “Program Manager” means Merrill or any successor program manager appointed by FAME. The term “Rule” means Chapter 611 of the Rules of FAME, as amended from time to time. Other capitalized terms used but not defined in this Participation Agreement shall have the same meaning as in the NextGen 529 Client Direct Series Program Description, as amended from time to time (the “Program Description”). Unless the context otherwise requires, the term “Agreement” shall include this Participation Agreement.

2. Contributions. Contributions to your Account may be made by check or by electronic funds transfer acceptable to the Program Manager and FAME. Rollover Contributions to your Account must be accompanied by a rollover certification in a form approved by FAME and the Program Manager. Individuals or entities other than you that contribute funds to your Account will have no subsequent control over the Contributions. Only you may direct transfers, rollovers, investment changes (as permitted under federal law), withdrawals and changes in the Designated Beneficiary.

(a) The minimum initial Contribution to an Account is $25, and the minimum subsequent Contribution is $25. An Account which is eligible to be linked to the Harold Alfond College Challenge Grant does not require an initial Contribution. If automatic, periodic Contributions are made through the Program’s AFS or through payroll direct deposit, the minimum Contribution is $25 monthly and no minimum initial Contribution amount is required to open an Account. A Participant electing to have Contributions invested in more than one Portfolio must allocate a minimum of $25 per Portfolio.

(b) Contributions with respect to all Accounts for the same Designated Beneficiary will not be permitted if they would cause the aggregate balance of all Accounts for the same Designated Beneficiary (regardless of Participant) to exceed the maximum amount periodically established by FAME as the maximum Account balance for a Designated Beneficiary. Any Excess Contribution will be returned by the Program Manager to the Participant. FAME reserves the right to establish a minimum Account balance.

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

3. Investment of Contributions. Your Account will be established by the Program Manager so that Contributions are automatically allocated to the Portfolio(s) selected on the Account Application. For each investment option selected, other than an Age-Based Diversified Portfolio, the Program Manager will automatically invest Contributions to the designated investment option(s). For each Age-Based investment option selected, the Program Manager will automatically invest Contributions to the applicable Age-Based Diversified Portfolio based upon the date of birth of the Designated Beneficiary (or, if so approved by the Program Manager and FAME, upon the anticipated date of intended use specifically identified by you with respect to the current Designated Beneficiary) that appears on the Account Application (or that is otherwise certified by you). State or local governmental entities or tax-exempt organizations described in section 501(c)(3) of the Code may designate a Diversified Portfolio, a Single Fund Portfolio, an Age-Based Diversified Portfolio, the Principal Plus Portfolio, the NextGen Savings Portfolio,
or any combination of Portfolios in which Contributions are to be invested. FAME reserves the right, but is not obligated, to reassign investments in an Age-Based Diversified Portfolio on the basis of the intended use specifically identified by you with respect to the current Designated Beneficiary (or as otherwise certified by you) if it receives satisfactory assurance that such reassignment would not disqualify the affected Accounts or the Program from treatment, for federal tax purposes, as a Section 529 Program. Initial and subsequent Contributions to your Account will be invested in accordance with the Portfolio(s) selected, and allocations chosen, by you, as described in the Program Description, and Units of the Portfolio(s) (or any successor Portfolio(s)) selected will be allocated to your Account. Your Account will be separately maintained by the Program Manager, but Contributions to your Account will be commingled with amounts credited to other Accounts for purposes of investment. Except to the extent permitted by federal tax law, you may not direct the investment of Contributions to your Account. You are the owner of all Contributions and all Program earnings credited to your Account under this Agreement. However, you understand and agree that you are not the owner of any Maine Matching Grant or Harold Alfond College Challenge Grant award designations and earnings thereon credited to your Account.

Notwithstanding anything in this Participation Agreement to the contrary, you understand and agree that if your Account is eligible to benefit from the Harold Alfond College Challenge Grant, and was not opened through Self-Directed Online Investing, and you did not select investment option(s) on the Account Application, any Contributions received with the Account Application, and/or future Contributions, will be allocated 100% to and invested in the iShares Age-Based Portfolio (or the BlackRock Age-Based Portfolio if the Account was opened prior to October 21, 2010) corresponding to the age of the Designated Beneficiary, unless and until you direct differently in accordance with the Program procedures for making investment changes.

4. **Withdrawals from Account.** Any amount you, your Designated Beneficiary or another person receives from your Account, as directed by you, is called a “withdrawal.” Withdrawals will be made from your Account after (i) your verbal authorization confirmed via telephone; or (ii) your submission of a NextGen 529 Withdrawal Request Form (and any additional required documentation) and its acceptance by the Program Manager. Rules and limitations on withdrawals are described in the Program Description under the section titled “PARTICIPATION AND ACCOUNTS.”

5. **Change of Designated Beneficiary.** You may request that an individual who is a Member of the Family of your current Designated Beneficiary be substituted as your new Designated Beneficiary by submitting a Change of Designated Beneficiary Form (and any additional required documentation) to the Program Manager. The change will be made upon the Program Manager’s acceptance of the request.

6. **Fees and Expenses.** Certain fees (which may be rebated, reduced, waived or changed from time to time) will be charged against the assets of the Portfolios to provide for the costs of administration of the Program and the Accounts. These fees include fees of the Program Manager and FAME, as more fully described in the Program Description. Accounts will indirectly bear expenses of the Underlying Funds in which the Portfolios invest. In addition, each Account will be subject to such other fees and charges (which may be rebated, reduced, waived or changed from time to time) as described in the Program Description. Ongoing Portfolio fees and other charges are subject to change at any time. Whole or fractional Units in your Account may be liquidated to pay any fees, expenses or liabilities owed to the Program Manager or FAME.

7. **Statements and Reports.** The Program Manager will keep accurate and detailed records of all transactions concerning your Account and will provide periodic statements of your Account to you. The Program Manager will not provide statements to you if a prior statement or any other communication to you has been returned as undeliverable, until you provide updated information to the Program Manager in the manner required by the Program Manager. FAME and the Program Manager will cause reports to be sent to you, the Internal Revenue Service and such other regulatory authorities as required by law. If you do not write to the Program Manager to object to a statement or report within 60 days after it has been sent to you, you will be considered to have approved it and to have released FAME and the Program Manager from all responsibility for matters covered by the statement or report. You agree to provide all information FAME or the Program Manager may need to comply with any legal statement or reporting requirements. You will continue to be responsible for filing your federal tax return and any other reports required of you by law.

7A. **UTMA/UGMA Accounts.** If you are the custodian of an Account opened under the Uniform Transfers to Minors Act (“UTMA”) or the Uniform Gifts to Minors Act (“UGMA”) as adopted by any jurisdiction, you agree to comply with all requirements of the applicable UTMA or
UGMA law, including but not limited to the requirements that you (i) expend the UTMA or UGMA Account assets only for the use and benefit of the minor named on the Account (the “Minor”), and (ii) upon the earlier of the Minor’s attainment of the applicable termination age or the Minor’s death, transfer the UTMA or UGMA Account assets to the Minor or to the Minor’s estate. The Program Manager and FAME shall not have any responsibility to make sure that you properly perform your duties as custodian.

Effective January 2, 2020, you agree that once the Program Manager has reason to believe that the Minor has reached the termination age under applicable law, the Program Manager may, but is not obligated to, take any or all of the following actions with respect to the UTMA or UGMA Account without further consent from you: (i) limit transactions for the UTMA or UGMA Account to liquidating orders; (ii) prohibit further Contributions into the UTMA or UGMA Account; (iii) restrict withdrawals or transfers from the UTMA or UGMA Account other than to the Minor; (iv) communicate with the Minor or the Minor’s legal representative regarding the UTMA or UGMA Account including, but not limited to, providing periodic Account statements and tax statements to the Minor or Minor’s legal representative; (v) accept liquidating orders from the Minor; and deliver the UTMA or UGMA Account assets to the Minor.

8. Participant’s Representations. You represent as follows:

(a) You have received and read the most current version of the Program Description (including any applicable amendments thereto), have carefully reviewed the information it contains, and agree that its terms are incorporated into this Participation Agreement as if they were set forth herein.

(b) You have not relied on any representations or other information, whether oral or written, and whether made by any agent or representative of FAME, the Program Manager, or otherwise, other than as set forth in the Program Description (including any applicable amendments thereto) and this Participation Agreement.

(c) You are opening this Account to provide funds for Qualified Higher Education Expenses of the Designated Beneficiary of the Account.

(d) YOU UNDERSTAND THAT THE VALUE OF YOUR ACCOUNT MAY INCREASE OR DECREASE, BASED ON THE INVESTMENT PERFORMANCE OF THE PORTFOLIO(S) TO WHICH CONTRIBUTIONS TO YOUR ACCOUNT HAVE BEEN ALLOCATED, THAT THE VALUE OF YOUR ACCOUNT MAY BE MORE OR LESS THAN

THE AMOUNT CONTRIBUTED TO YOUR ACCOUNT, AND THAT NO PERSON MAKES ANY GUARANTEE THAT YOU WILL NOT SUFFER A LOSS OF THE AMOUNT CONTRIBUTED TO THE ACCOUNT OR THAT THE VALUE OF YOUR ACCOUNT WILL BE ADEQUATE TO FUND ACTUAL QUALIFIED HIGHER EDUCATION EXPENSES.

(e) You understand that; (i) all Portfolio asset allocation and investment decisions will be made by FAME; (ii) except to the extent permitted by federal law, you cannot direct the investment of any Contributions to your Account (or the earnings on Contributions); and (iii) each Portfolio will invest in Portfolio investments.

(f) You understand that: (i) the state(s) where you or your Designated Beneficiary reside or pay taxes may offer one or more direct sold, advisor/broker sold or prepaid tuition plans under Section 529 of the Code (each, an “In-State Plan”); and (ii) such In-State Plans may offer you state income tax or other benefits not available to you through the Program. The Program Description, this Participation Agreement, the Account Application, and the other forms approved for use in connection with the Program do not address taxes imposed by a state other than Maine, or the applicability of state or local taxes other than the Maine income tax to the Program, the Investment Fund, your participation in the Program, your investment in the Investment Fund or your Account.

(g) You have considered investing in an In-State Plan and consulted with your tax advisor regarding the state tax consequences of investing in the Program if realizing state or local income tax or other benefits is important to you.

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

(i) You understand that: (i) the Program’s investment options may not be suitable; and (ii) the Program may not be suitable, for all investors as a means of investing for Qualified Higher Education Expenses.
(j) You understand that: (i) any Portfolio may at any time be merged, terminated, reorganized or cease accepting new Contributions, in FAME’s sole discretion; (ii) any such action affecting a Portfolio may result in your Contributions being reinvested in a Portfolio different from the Portfolio in which your Contributions were originally invested, in FAME’s sole discretion; and (iii) FAME and the Program Manager may at any time terminate or modify the Portfolio fee structures.

(k) You understand that although you own interests in a Portfolio (Units), you do not have a direct beneficial interest in the Portfolio Investments held by that Portfolio, and therefore, you do not have the rights of an owner or shareholder of any mutual funds, exchange traded funds, separate accounts, or other instruments which may comprise the Portfolio Investments.

(l) You understand that: (i) once a Contribution is made to an Account, your ability to withdraw funds without adverse tax consequences will be limited; (ii) the earnings portion of Non-Qualified Withdrawals may be subject to federal as well as state and/or local income taxes and potentially a 10% additional federal tax; and (iii) withdrawals may be subject to federal and state and/or local income tax withholding.

(m) You understand that participation in the Program does not guarantee that any Designated Beneficiary: (i) will be accepted as a student by any educational institution; (ii) if accepted, will be permitted to continue as a student; (iii) will be treated as a state resident of any state for tuition purposes; (iv) will graduate from any educational institution; (v) will be accepted as a student by any educational institution; or (vi) will pay any particular state and/or local income tax withholding.

(n) You understand that FAME or the Program Manager may ask you to provide additional documentation that may be required by applicable law or the Rule, including anti-money laundering laws, in connection with your participation in the Program and you agree to promptly comply with any such requests for additional documents.

(o) You have accurately and truthfully completed the Account Application and any other documentation that you have furnished or subsequently furnish in connection with the opening or maintenance of, or any withdrawals from, the Account.

(p) You understand that any false statements made by you in connection with the opening of the Account or otherwise will be deemed to be unsworn falsification within the meaning of 17-A Maine Revised Statutes Annotated Section 453 and that FAME and the Program Manager may take such action as is permitted by the Act and the Rule, including termination and distribution of your Account.

(q) You understand that purchases and sales of Units held in your Account may be confirmed to you on periodic Account statements in lieu of an immediate confirmation. Only the Participant, and persons designated by the Participant, will receive confirmation of Account transactions.

(r) You understand that any Contributions credited to your Account will be deemed by FAME and the Program Manager to have been received from you and that Contributions by third parties may result in tax consequences to the Participant or the third party.

(s) You understand that if you open your Account through a Maine Distribution Agent, FAME or the Program Manager may provide such distributor with information regarding your Account.

(t) You affirm that if you are entering into this Participation Agreement on behalf of a non-natural person, you have the authority to open your Account for the Designated Beneficiary.

(u) You understand that, unless otherwise provided in a written agreement between you and FAME or the Program Manager, no part of your participation in the Program will be considered the provision of an investment advisory service.

(v) You understand that you should retain adequate records relating to withdrawals from the Account for your own tax reporting purposes.

(w) You understand that if the person establishing the Account is a legal entity, in addition to the items set forth herein, the individual signing the Account Application and entering into this Participation Agreement for the entity represents and warrants that: (i) the entity may legally become, and thereafter be, the Participant; (ii) he or she is duly authorized to so act for the entity; (iii) the Program Description may not discuss tax consequences and other aspects of the Program of particular relevance to the entity and individuals having an interest therein; and (iv) the entity has consulted with and relied on a professional advisor, as deemed appropriate by the entity before becoming a Participant.

(x) You understand that in order to help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an Account. When you open an Account, the Program Manager and/or FAME will ask for your name, address, date of birth and other
information that will allow the Program Manager and FAME to identify you. The Program Manager or FAME may also ask to see your driver’s license or other identifying documents. You understand that you must also provide such additional documents and information regarding your identity as the Program Manager may from time to time request, as described in the Program Description.

(y) You (i) are aware that the Program’s investment options are offered in two separate series, each with its own sales charges, expense structure and investment options, and that some investment options may be offered in both series, (ii) are aware that the expenses associated with the Client Select Series (offered through a different program description) will generally be higher than those associated with the Client Direct Series (offered through this Program Description), and (iii) believe that the Client Direct Series is suitable for you.

9. Limitation on Liability. You recognize that FAME and the Program Manager are relying upon your representations set forth in this Participation Agreement and the Account Application. You agree to repay FAME or the Program Manager for any liabilities or expenses they may incur as the result of any misstatement or misrepresentation made by you or your Designated Beneficiary, any breach by you or your Designated Beneficiary of the representations contained in this Participation Agreement or any breach by you or your Designated Beneficiary of this Participation Agreement, other than those arising out of FAME’s or the Program Manager’s failure to perform their duties specified in this Participation Agreement or the Program Description. All of your statements, representations, and agreements shall survive the termination of this Participation Agreement.

10. Duties of FAME and the Program Manager. Neither FAME nor the Program Manager has a duty to perform any action other than those specified in this Participation Agreement or the Program Description. FAME and the Program Manager may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by you or another authorized person and may assume that the authority of any other authorized person continues in effect until they receive written notice to the contrary. Neither FAME nor the Program Manager has any duty to determine or advise you of the investment, tax or other consequences of your actions, of their actions in following your directions, or of their failing to act in the absence of your directions.

11. Transfers and Assignments. Transfers of an Account by you to another Participant may only be made in compliance with the Program Description and with applicable law. No Account may be used as security for a loan, and any attempt to do so shall be void.

12. Rules and Regulations. The Account and this Agreement are subject to the Act and the Rule.

13. Effectiveness of this Participation Agreement. This Participation Agreement shall become effective upon the Program Manager’s acceptance of your Account Application on behalf of FAME, subject to FAME’s right to reject your Account Application if, in processing the Account Application, it is determined that the Account Application has not been fully and properly completed.

14. Amendment/Termination. FAME may at any time: (i) amend the Program or this Participation Agreement (including, but not limited to, any amendment required for the Program to qualify for favorable federal tax treatment as a Section 529 Program) by giving written notice to you, which amendment shall be effective upon the date specified in the notice; or (ii) terminate the Program or this Participation Agreement or cause a distribution to be made from your Account to satisfy applicable laws, including anti-money laundering laws, by giving written notice to you. No provision of this Participation Agreement can be amended or waived except in writing signed by an authorized representative of FAME and the Program Manager. A termination of the Program or this Participation Agreement or such distribution from your Account by FAME may result in a Non-Qualified Withdrawal, unless certain exceptions apply, for which federal and state and/or local income tax on the earnings portion thereof and potentially a 10% additional federal tax may be assessed.

15. Binding Nature. This Participation Agreement shall be binding upon the parties and their respective heirs, successors, beneficiaries and permitted assigns. You agree that all of your representations and obligations under this Participation Agreement shall inure to the benefit of the Program Manager as well as to FAME either of whom can rely upon and enforce your representations and obligations contained in this Participation Agreement.

16. Communications. Communications may be sent to you at your permanent address appearing on your Account Application or at such other permanent address as you give to the Program Manager in writing. All communications so sent, whether by mail, facsimile, e-mail, messenger or otherwise, will be considered to have been given to you personally upon such sending, whether or not you actually receive them. FAME and the Program Manager, to the extent permitted by FAME, may direct mailings to you or your Designated Beneficiary
16A. **Communications by Electronic Delivery.** This provision applies only to Accounts established through Self-Directed Online Investing. Because Self-Directed Online Investing is intended to be a fully-electronic, Internet based service, all notices, statements, disclosures and other information regarding this service and your Account will be sent to you electronically via the Self-Directed Online Investing site and/or to your last-designated e-mail address. By establishing an Account through Self-Directed Online Investing, you are consenting to electronic delivery of these materials. However, the Program Manager and/or FAME may, in certain circumstances, send documents in paper form to your last-designated postal mailing address. It is your obligation to provide the Program Manager with your most up-to-date e-mail and postal mailing addresses.

For electronic delivery you must have personal computer capability that supports high-level browser encryption and PDF file access, Internet access (at your cost) and an e-mail address. Consent for electronic delivery of documents covers all documents and disclosure required including but not limited to, the NextGen 529 Client Direct Series Program Description and Participation Agreement and all other agreements and disclosures required from time to time for services and features available with your Account, trade confirmations, Account statements, tax reporting statements, and other notices, alerts and communications concerning your Account. Electronic delivery consent remains effective until termination of your Account and may not be revoked unless you convert to an Account that does not require Internet access.

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

18. **Severability.** If any provision of this Agreement is held to be invalid, illegal, void or unenforceable, by reason of any law, rule, administrative order, or judicial decision, such determination will not affect the validity of the remaining provisions of this Agreement.

19. **Headings.** The heading of each provision of this Agreement is for descriptive purposes only and shall not be deemed to modify or qualify any of the rights or obligations set forth in each such provision.

20. **Governing Law.** THIS PARTICIPATION AGREEMENT WILL BE GOVERNED BY MAINE LAW, WITHOUT REGARD TO THE COMMUNITY PROPERTY LAWS OR CHOICE OF LAW RULES OF ANY STATE.

21. **Lawsuits Involving Your Account.** Except as to controversies arising between you or your Designated Beneficiary and FAME or the Program Manager, FAME or the Program Manager may apply to a court at any time for judicial settlement of any matter involving your Account. If FAME or the Program Manager does so, they must give you or your Designated Beneficiary the opportunity to participate in the court proceeding, but they also can involve other persons. Any expense incurred by FAME or the Program Manager in legal proceedings involving your Account, including attorney’s fees and expenses, are chargeable to your Account and payable by you or your Designated Beneficiary if not paid from your Account.

22. **Disputes.** In the event of a dispute between you or your Designated Beneficiary and the chief executive officer of FAME, the dispute may be resolved in accordance with the procedures set forth in Section 15 of the Rule. You hereby submit (on behalf of yourself and your Designated Beneficiary) to exclusive jurisdiction of courts in Maine for all legal proceedings arising out of or relating to this Agreement. In any such proceeding, you (on behalf of yourself and your Designated Beneficiary) and FAME each agree to waive your rights to a trial by jury.

23. **Arbitration.** This Participation Agreement contains a predispute arbitration clause; by signing the Account Application you (on behalf of yourself and your Designated Beneficiary) agree as follows:

- You; your Designated Beneficiary and Merrill (each, a “party”) are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party’s ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- The panel of arbitrators may include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration.
In some cases, a claim that is ineligible for arbitration may be brought in court.

• The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

You agree (on behalf of yourself and your Designated Beneficiary) that all controversies that may arise between you or your Designated Beneficiary and Merrill involving any transaction in your Accounts with the Program or the construction, performance or breach of this Participation Agreement shall be determined by arbitration.

Any arbitration pursuant to this provision shall be conducted only before the New York Stock Exchange, Inc., an arbitration facility provided by any other exchange of which Merrill is a member, or the Financial Industry Regulatory Authority, Inc., but if you fail to make such election by registered letter or telegram addressed to Merrill at the office where you maintain your Account before the expiration of five days after receipt of a written request from Merrill to make such election, then Merrill may make such election.

Judgment upon the award of the arbitrators may be entered in any court, state or federal, having jurisdiction.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Participation Agreement except to the extent stated herein.
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Section 529 Qualified Tuition Programs are intended to be used only to save for qualified higher education expenses. None of the Finance Authority of Maine, Bank of America, Merrill, any Sub-Advisor, or any Maine Distribution Agent, nor any of their affiliates provide legal, tax or accounting advice. You should consult your own legal and/or tax advisors before making any financial decisions.