Important changes are happening at UESP
On July 14, 2017
Important Changes Coming to Your UESP 529 Plan Account

Three important changes are coming soon to your age-based account.

First, UESP is expanding the number of age brackets in all age-based investment options, including the customized age-based option. Effective July 14, 2017, the number of age brackets will increase from 7 to 10, and the Age 19+ or College Enrolled bracket will be modified.

More age brackets will produce a smoother transition, or glide path, from equities to fixed-income funds as your beneficiary ages. With smaller equity adjustments between age brackets, the magnitude of a potential loss should be reduced.

Beginning with the Age 7-9 bracket, each age-based bracket will contain a greater percentage of equities. With more equity holdings in later age brackets, your account still has the potential to grow even as your beneficiary approaches college.

Second, we are adding an international bond fund as an underlying investment in the Age-Based Aggressive Global, Age-Based Moderate, and Age-Based Conservative investment options. Vanguard Total International Bond Index Fund will provide broad exposure to bond markets outside the United States while helping to diversify risk.

Third, we are eliminating Vanguard Short-Term Bond Index Fund from each predetermined age-based investment option. Money will be reallocated to the other underlying investment funds in each investment option.

Affected Accounts

The changes affect only accounts with age-based investment options. Changes are automatic, so you won’t need to do anything. They will not count as one of two investment option changes you are allowed each year.

Accounts with static investment options aren’t affected.

Explore the Changes

Because the number of age brackets is increasing, the investment allocations in each age bracket might be different. The tables on the following pages show the new mix of equities and fixed income assets for each age-based investment option by age bracket.

You’ll soon receive an updated Program Description that spells out the details of these changes along with other changes to UESP.

If you have questions, call UESP toll-free at 800.418.2551, Monday through Friday, from 8:00 a.m. to 5:00 p.m. MT.
Equities in the Age 19+ Age Bracket

As the nearby tables show, equity investments are being introduced to the redesigned 19+ age brackets for accounts invested in the Age-Based Aggressive Global and Age-Based Aggressive Domestic investment options. Previously, no equities were included in the bracket.

Color Key: 
- Stocks
- Bonds
- FDIC-insured

*College Enrolled

Revised Age-Based Aggressive Global Option (Effective July 14, 2017)

What will change
- Age brackets increased from 7 to 10
- College Enrolled trigger is eliminated
- 19+ bracket contains 10 percent equities and 90 percent fixed income/FDIC-insured
- Vanguard Total International Bond Index Fund added
- Vanguard Short-Term Bond Index Fund removed
- A smoother glide path

Revised Age-Based Aggressive Domestic Option (Effective July 14, 2017)

What will change
- Age brackets increased from 7 to 10
- College Enrolled trigger is eliminated
- 19+ bracket contains 10 percent equities and 90 percent fixed income/FDIC-insured
- Vanguard Short-Term Bond Index Fund removed
- A smoother glide path

<table>
<thead>
<tr>
<th>Ticker Symbol</th>
<th>VITPX</th>
<th>VDIPX</th>
<th>VEMRX</th>
<th>VBMPX</th>
<th>VFSIX</th>
<th>VTIFX</th>
<th>FDIC</th>
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<td><strong>AGE BRACKETS</strong></td>
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<td>26.0%</td>
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<tr>
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<td>5.0%</td>
<td>100%</td>
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<td>Age 13-14</td>
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<td>100%</td>
</tr>
<tr>
<td>Age 15</td>
<td>32.5%</td>
<td>13.0%</td>
<td>4.5%</td>
<td>17.5%</td>
<td>22.0%</td>
<td>5.5%</td>
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<tr>
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<tr>
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<td>8.0%</td>
<td>2.5%</td>
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<tr>
<td>Age 18</td>
<td>13.0%</td>
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<td>2.0%</td>
<td>18.5%</td>
<td>30.0%</td>
<td>6.0%</td>
<td>25.5%</td>
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<tr>
<td>Age 19+</td>
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<td>19.0%</td>
<td>32.5%</td>
<td>6.0%</td>
<td>32.5%</td>
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</table>

Color Key: 
- Stocks
- Bonds
- FDIC-insured
Glide Path for Age-Based Moderate Option

Revised Age-Based Moderate Option (Effective July 14, 2017)

What will change

- Age brackets increased from 7 to 10
- College Enrolled trigger is eliminated
- Vanguard Total International Bond Index Fund added
- Vanguard Short-Term Bond Index Fund removed
- A smoother glide path

<table>
<thead>
<tr>
<th>Age Bracket</th>
<th>CURRENT GLIDE PATH</th>
<th>NEW GLIDE PATH</th>
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<td>Equity Exposure: 80%</td>
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<tr>
<td>4 - 6</td>
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<td>80%</td>
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<tr>
<td>7 - 9</td>
<td>60%</td>
<td>65%</td>
</tr>
<tr>
<td>10 - 12</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>13 - 15</td>
<td>20%</td>
<td>40%</td>
</tr>
<tr>
<td>16 - 18</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>19+</td>
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<td>20%</td>
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Equity Exposure: 80%

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<th>VDIPX</th>
<th>VEMRX</th>
<th>VBMPX</th>
<th>VFSIX</th>
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<th>FDIC</th>
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<tr>
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<td>11.0%</td>
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<td>Age 7-9</td>
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<tr>
<td>Age 10-12</td>
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<td>13.0%</td>
<td>4.5%</td>
<td>15.0%</td>
<td>18.5%</td>
<td>5.0%</td>
<td>11.5%</td>
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<tr>
<td>Age 13-14</td>
<td>26.0%</td>
<td>10.5%</td>
<td>3.5%</td>
<td>16.5%</td>
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<td>5.5%</td>
<td>17.0%</td>
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<tr>
<td>Age 15</td>
<td>19.5%</td>
<td>8.0%</td>
<td>2.5%</td>
<td>17.0%</td>
<td>24.0%</td>
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<td>Age 16</td>
<td>13.0%</td>
<td>5.0%</td>
<td>2.0%</td>
<td>18.0%</td>
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<tr>
<td>Age 17</td>
<td>6.5%</td>
<td>2.5%</td>
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<td>20.5%</td>
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<tr>
<td>Age 18</td>
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<td>25.5%</td>
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<tr>
<td>Age 19+</td>
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<td>3.0%</td>
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<td></td>
<td>56.0%</td>
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</table>

Color Key: Stocks | Bonds | FDIC-insured

*College Enrolled
Revised Age-Based Option
(Effective July 14, 2017)

What will change
- Age brackets increased from 7 to 10
- College Enrolled trigger is eliminated
- Vanguard High-Yield Corporate Fund added as an optional underlying investment
- Vanguard FTSE Social Index Fund added as an optional underlying investment
- Dimensional US Sustainability Core 1 Portfolio added as an optional underlying investment
- A smoother glide path

Customized Age-Based accounts will automatically transition on July 14, 2017, from their positions in current age brackets to the redesigned age brackets. For example, the asset allocation for the previous Age 13-15 bracket will be the same allocation for the redesigned Age 13-14 bracket and the Age 15 bracket. No automatic change will occur in account asset allocation percentages or underlying funds.
**College Enrolled Trigger Is Removed**
Right now, your account balance automatically reallocates to the Age 19+ or College Enrolled bracket when your beneficiary turns 19 or if you withdraw money to pay for qualified higher education expenses of your beneficiary, such as a college course while he or she is still in high school.
With the College Enrolled trigger removed, your account will no longer automatically move to the Age 19+ bracket if you take a qualified withdrawal before your beneficiary turns age 19. Your account will continue to move along the glide path designed for your investment option as your beneficiary ages.

**International Bond Exposure**
UESP is adding a bond fund with international exposure to the Age-Based Aggressive Global, Age-Based Moderate, and Age-Based Conservative investment options. The Vanguard Total International Bond Index fund helps diversify the risk within fixed-income portfolios.

**Domestic Bond Fund Removed**
Vanguard Short-Term Bond Index Fund, a domestic fixed-income fund, will be removed. This fund will still be available as an optional underlying fund for customized options.

**Certain Accounts Will Be Moved to the FDIC-Insured Static Option**
Accounts in the 19+ or College Enrolled bracket of the Age-Based Aggressive Global and Age-Based Aggressive Domestic investment options are currently invested in a mix of 70 percent FDIC-insured and 30 percent fixed-income accounts. Regardless of the age of the beneficiary, these accounts will move automatically into the static FDIC-Insured investment option on July 14, 2017.

**No Option Change**
None of the aforementioned account changes will count as an investment option change. However, if after reviewing the changes you want to switch your account to a different investment option, that change will be considered an option change.

**The Transition**
After the close of business on July 14, 2017, your balances and investment allocations will automatically move to the new age brackets, as applicable. All transactions scheduled on or after July 14, 2017, will be invested according to the new allocations.

**A Brief Interruption**
While these changes are being implemented, you will be unable to make any transactions or account changes between:
- Thursday, July 13, 3 p.m., to Friday, July 14, 8 a.m. MT
- Friday, July 14, 3 p.m., to Saturday, July 15, 6 p.m. MT

**What Do You Need To Do?**
Nothing. The changes are automatic. However, it’s a good time to consider your beneficiary’s age and examine the redesigned age brackets and allocations to determine whether an adjustment to your account, such as an investment option change, may be warranted.
Questions? Please Contact Us

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Important Legal Notice

The Utah Educational Savings Plan (UESP) is a Section 529 plan administered and managed by the Utah State Board of Regents and the Utah Higher Education Assistance Authority (UHEAA).

Read the Program Description for more information and consider all investment objectives, risks, charges, and expenses before investing. Call 800.418.2551 for a copy of the Program Description or visit uesp.org.

Investments are not guaranteed by UESP, the Utah State Board of Regents, UHEAA, or any other state or federal agency. However, Federal Deposit Insurance Corporation (FDIC) insurance is provided for the FDIC-insured accounts. Please read the Program Description to learn about the FDIC-insured accounts. Your investment could lose value.

Non-Utah taxpayers and residents: You should determine whether the state in which you or your beneficiary pays taxes or lives offers a 529 plan that provides state tax or other benefits not otherwise available to you by investing in UESP. You should consider such state tax treatment and benefits, if any, before investing in UESP.

UESP does not provide legal, financial, investment, or tax advice, and the information provided in this document does not contain legal, financial, investment, or tax advice and cannot be construed as such or relied upon for those purposes. You should consult your own tax or legal advisor to determine the effect of federal and state tax laws on your particular situation.

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