



Stacy Garrity, Pennsylvania Treasurer

REQUEST FOR PROPOSALS FOR

Actuarial Services

ISSUING OFFICE

**Pennsylvania Treasury Department
Bureau of Support Services
Procurement Division
Room 3T-A, Finance Building
Harrisburg, PA 17120-0018**

RFP26-002

DATE OF ISSUANCE

Monday, February 9, 2026

TABLE OF CONTENTS

Calendar of Events

Part I: General Information

Part II: Proposal Requirements

Technical Submittal

Small Diverse Business Participation Submittal

Cost Submittal

Part III: Criteria for Selection

Part IV: Work Statement

Objective

Nature and Scope of the Project

Contract Requirements

Appendix A: Contract Standard Terms and Conditions

Appendix B: Removed prior to Issuance

Appendix C: Information Security Addendum

Appendix D: Proposal Cover Sheet

Appendix E: Cost Proposal Form

Appendix F: Protest Procedures

Appendix G: Pennsylvania 529 Guaranteed Savings Plan Disclosure Statement

Appendix H. June 30, 2025, Annual Actuarial Report on the Pennsylvania 529 Guaranteed Savings Plan Fund

Appendix I. December 31, 2025, Quarterly Valuation of Actuarial Reserves for the Pennsylvania 529 Guaranteed Savings Plan

Appendix J. November 2025 Monthly Valuation of Actuarial Reserves for the Pennsylvania 529 Guaranteed Savings Plan

CALENDAR OF EVENTS

The Pennsylvania Treasury Department intends to follow the following schedule. Modifications may become necessary, however, as the activities described in the schedule take place. Treasury will take reasonable steps to inform interested parties of such modifications, including posting them on the Treasury Website.

| ACTIVITY | RESPONSIBILITY | DATE |
|---|--------------------------------------|---------------------------|
| Please monitor the Treasury Procurement website: https://patreasury.gov/procurement for all communications regarding this RFP | Potential Offerors Issuing Office | |
| Issuance of RFP26-002 posted to website (https://patreasury.gov/procurement) | Issuing Office | Monday, Feb 9,2026 |
| Deadline for potential Offerors to submit clarification questions via email to the RFP mailbox: RFP26-002@patreasury.gov | Potential Offerors | Tuesday, Feb 17,2026 |
| Answers to potential Offerors' questions submitted by the deadline will be posted to the website. https://patreasury.gov/procurement | Issuing Office | Wednesday, Feb 25,2026 |
| Proposals must be received by the Issuing Office by 5PM EST. Proposals are accepted only via email to RFP26-002@patreasury.gov | Potential Offerors | Monday, March 9, 2026 |
| Treasury requests for clarification sent to Offerors | Issuing Office | Wednesday, March 18, 2026 |
| Responses to request for clarification must be received by the Issuing Office by 5PM EST via email to RFP26-002@patreasury.gov | Potential Offerors | Wednesday, March 25, 2026 |
| Best and Final Offer letters sent (optional) | Issuing Office | Wednesday, April 1, 2026 |
| Responses to Best and Final Offer must be received by Issuing Office by 5PM EST via email to RFP26-002@patreasury.gov | Potential Offerors | Wednesday, April 8, 2026 |
| Offerors notified of RFP outcome | Issuing Office | Mid April 2026 |

PART I: GENERAL INFORMATION

I-1. Purpose

Pennsylvania Treasury Department (“Treasury”) is seeking proposals from qualified offerors to provide actuarial services for the Pennsylvania 529 Guaranteed Savings Program (“GSP”) These services are essential to Treasury’s ability to calculate the GSP’s funded status and, thereby, effectively manage the program.

This request for proposal (“RFP”) provides sufficient information to enable those interested (“Offerors”) to prepare and submit proposals for the Treasury consideration, on behalf of the Commonwealth of Pennsylvania (“Commonwealth”), to provide actuarial services for the GSP.

I-2. Problem Statement.

Treasury desires to select a vendor to provide actuarial services for the GSP, commencing no later than July 1, 2026, in order to avoid any interruption in the delivery of these essential services to Pennsylvania residents.

I-3. Issuing Office.

Treasury (“Issuing Office”) has issued this RFP on behalf of the Commonwealth. The sole point of contact in the Commonwealth for this RFP shall be Treasury’s Issuing Office via email to RFP26-002@patreasury.gov.

I-4. Scope.

This RFP contains instructions governing the requested proposals, including the requirements for the information and material to be included; a description of the services to be provided; mandatory requirements which Offerors must meet to be eligible for consideration; requirements and qualifications for general evaluation criteria; and other requirements specific to this RFP.

I-5. Type of Contract.

Except as described in more detail elsewhere in this RFP, the Issuing Office desires to enter into a Contract containing Treasury’s Standard Contract Terms and Conditions as referenced in **Appendix A** of this RFP. The Issuing Office, in its sole discretion, may undertake negotiations with Offerors whose proposals, in the judgment of the Issuing Office, show them to be qualified, responsible and capable of performing the work.

I-6. Rejection of Proposals.

The Issuing Office reserves the right, in its sole and complete discretion, to reject any proposal received as a result of this RFP. Treasury reserves the right to accept or reject and to waive any informalities or irregularities in the proposals and to contract as the best interests of Treasury require in order to obtain the services described in this RFP. Selection of an Offeror’s proposal does not mean that all aspects of the proposal are acceptable to Treasury. Treasury reserves the right to negotiate terms and conditions with the selected Offeror before executing the contract.

I-7. Incurring Costs.

The Issuing Office is not liable for any costs an Offeror incurs in the preparation and submission of its proposal, in participating in the RFP process, or in anticipation of award of the Contract.

I-8. Proposal Presentations.

The Issuing Office may hold a Proposal Presentation if specified in the Calendar of Events. The purpose of the presentation is to provide an opportunity for clarification of the technical submittals. Attendance at the Proposal Presentation, which will be conducted virtually, is mandatory as it will affect scoring. Additional information regarding scheduling of the Proposal Presentations will be sent from the Issuing Office via email from RFP26-002@patreasury.gov to responsive Offerors.

I-9. Questions and Answers.

Any questions related to this RFP must be submitted by email (with the subject line “RFP26-002 Questions”) to the Issuing Office via email to RFP26-002@patreasury.gov. Questions must be submitted by the Offeror and received by the Issuing Office no later than the dates and times indicated on the Calendar of Events. The Offeror shall not attempt to contact the Issuing Office by any other means.

The Issuing Office shall post all questions (including questions relating to cost submissions), and their answers, on the Treasury’s Procurement Website <https://patreasury.gov/procurement/>, as well as send to all Offerors via email from RFP26-002@patreasury.gov.

The Issuing Office reserves the right to answer questions filed after the last deadline if it determines that responding will clarify or correct a previously undetected ambiguity or error or otherwise allows all Offerors the ability to provide better proposals, thereby advancing the interests of the Commonwealth.

All questions and responses as posted on the Treasury website are considered as addenda to, and part of, this RFP in accordance with **Part I, Section I-10**. Each Offeror shall be responsible for monitoring the Treasury website for new or revised RFP information. The Issuing Office shall not be bound by any oral information communicated to or by it, and it shall not be bound by any written information that is not either contained within the RFP or formally issued as an addendum by the Issuing Office. The Issuing Office does not consider questions to be a protest of the specifications or of the solicitation.

I-10. Addenda to the RFP.

If the Issuing Office deems it necessary to revise any part of this RFP before the proposal response date, the Issuing Office will post an addendum to that effect to Treasury’s Procurement Website <https://patreasury.gov/procurement/>. It is the Offeror’s responsibility to periodically check the website for any new information or addenda to the RFP. As previously noted, answers to the questions submitted will be posted to the website as addenda to the RFP.

I-11. Response Date and Time

To be considered for selection, electronic proposals must arrive in the Issuing Office mailbox RFP26-002@patreasury.gov on or before the date specified in the RFP Calendar of Events. Proposals must be submitted no later than 5PM EST.

Please request a delivery receipt as proof of time of submission. The Issuing Office **will not** accept proposals via facsimile transmission. In the event of an extension of the response date, the hour for submission of proposals shall remain the same. The Issuing Office will reject any late proposals.

I-12. Proposal Format and Submission

Format

Offerors shall submit proposals via email to RFP26-002@patreasury.gov in Adobe PDF, Microsoft Office (.docx and .xlsx file formats), or Microsoft Office-compatible format, utilizing navigation headings (Microsoft Word) or bookmarks (Adobe) that match the sections given in **Part II**. Each page must be numbered for ease of reference. Any spreadsheets must be in Microsoft Excel, with no protections applied to the workbook or any sheet within.

How to Submit

An official authorized to bind the Offeror to its provisions must sign the proposal. If the official signs the Proposal Cover Sheet (**Appendix D** to this RFP) and the Proposal Cover Sheet is attached to the Offeror's proposal, the requirement will be met.

The proposal must contain each of the following submittal sections in a **separate email** with the following subject lines and contents:

A. Technical Submittal

Email subject line: Technical Submittal [Offeror Name] RFP26-002

Contents: Copy of Proposal Cover Sheet

Technical Submittal

Offeror must ensure no cost information is included in Technical Submittal.

B. Small Diverse Business Submittal

Email subject line: SDB Submittal [Offeror Name] RFP26-002

Contents: Copy of Proposal Cover Sheet

Small Diverse Business Submittal

Offeror must ensure no cost information is included in SDB Submittal.

C. Cost Submittal

Email subject line: Cost Submittal [Offeror Name] RFP26-002

Contents: Copy of Proposal Cover Sheet

Cost Submittal

Offeror must include Cost Proposal Sheet

The Offeror shall make no other distribution of its proposal to any other Offerors, Treasury officials, other Treasury public email addresses, Commonwealth officials, or Commonwealth consultants.

The Issuing Office reserves the right to request additional information that, in the Issuing Office's opinion, is necessary to assure that the Offeror's competence, number of qualified employees,

business organization, and financial resources are adequate to perform according to the RFP requirements.

The Issuing Office may make inquiries as it deems necessary to determine the ability of the Offeror to perform the requested services. The Offeror shall furnish to the Issuing Office all pertinent information and data, including site visits and requests for additional information. The Issuing Office reserves the right to reject any proposal if the information submitted by such Offeror fails to satisfy the Issuing Office that such Offeror is properly qualified to carry out the obligations of the RFP and to complete the project as specified in this RFP.

The specific contents of the Submittals A-C listed above are further outlined in Section II. In addition to these requirements, the following applies to all proposals:

- The proposal for this RFP must state that it will remain valid for 150 days from the date that an Offeror is selected for negotiation or until a contract is fully executed, whichever is earlier.
- Each Offeror submitting a proposal specifically waives any right to withdraw or modify it, except that the Offeror may withdraw its proposal by notifying the Issuing Office via email at RFP26-002@patreasury.gov prior to the exact hour and date specified for proposal receipt.
- An Offeror may modify its submitted proposal prior to the exact hour and date set for proposal receipt only by submitting via email a new proposal or modification that complies with the RFP requirements and that explicitly requests the Issuing Office to disregard and remove from consideration any prior submitted proposals.

I-13. Proposal Contents

A. Confidential Information.

Treasury is not requesting, and does not require, confidential proprietary information or trade secrets to be included as part of Offeror's submissions in order to evaluate proposals submitted in response to this RFP. Accordingly, except as provided herein, **Offerors shall not label proposals as confidential or proprietary or trade secret protected.** Any Offeror who determines that it must divulge such information as part of its proposal must submit a signed written statement and must additionally provide a redacted version of its proposal, which removes only the confidential proprietary information and trade secrets, for required public disclosure purposes. A signed written statement must state:

- i. The attached document contains confidential or proprietary information or trade secrets under Pennsylvania law and cite the law;
- ii. The redactions are in accordance with Pennsylvania RTKL 65 P.S. 67.101 et seq.

B. Treasury Use.

All material submitted with the proposal, and any work products developed as an outcome of the Contract from this RFP, shall be considered the property of Treasury. Treasury has the right to use any or all ideas not protected by intellectual property rights that are presented in any proposal regardless of whether the proposal becomes part of a Contract. Notwithstanding any Offeror copyright designations contained on proposals, Treasury shall have the right to make copies and distribute proposals internally and to comply with public record or other disclosure

requirements under the provisions of any Commonwealth or United States statute or regulation, or rule or order of any court of competent jurisdiction.

C. Public Disclosure.

RFP responses are subject to being requested pursuant to Pennsylvania’s Right-to-Know Law (“RTKL”) (65 P.S. 67.101 et seq.) and may be incorporated into the contract. Except as otherwise noted, Treasury recognizes RFP responses to be public records, and will produce them at the appropriate time if requested to disclose under RTKL. If an Offeror wishes to redact any part of its RFP response from disclosure under RTKL, it must submit (in addition to the unredacted proposals required to be submitted by **Part I, Section I-12**) a complete and identical proposal except for those provisions it chooses to redact in PDF format via email to RFP26-002@patreasury.gov. Redacted RFP responses must be appropriately labeled to enable them to be readily distinguished from unredacted responses. All redactions must be in accordance with the exceptions set forth in RTKL and must be detailed to Treasury in an accompanying letter. Treasury will not provide legal advice on RTKL or redactions to any Offerors. If an Offeror does not submit a redacted response, Treasury will treat the entire RFP response as a public record under RTKL and will provide it to requesters as such.

I-14. Other Communications and Submissions.

All communications between Offerors and Treasury shall be sent to, and will originate from, the email address RFP26-002@patreasury.gov, including the complete response to this RFP as described in **Part I, Section I-12**. Except as otherwise indicated in the Calendar of Events, all responses must be submitted no later than 5:00PM EST.

I-15. Small Diverse Business Information.

The Issuing Office is continually exploring new ways to encourage participation by small diverse businesses as prime contractors and encourages all prime contractors to make significant strides to use small diverse businesses as subcontractors and suppliers. Treasury acknowledges and supports the Department of General Services (DGS) self-certification process found on the DGS website <https://www.dgs.pa.gov/Small%20Diverse%20Business%20Program/Pages/Process.aspx>.

The Small Diverse Business (SDB) Program and Veteran Business Enterprise (VBE) Program encourage and ensure open and equitable contracting practices are used by prime contractors in soliciting and contracting with small diverse and veteran-owned businesses during the Request for Proposal (RFP) procurement process.

See Section II for additional information.

I-16. Economy of Preparation.

Offerors should prepare proposals simply and economically, providing a straightforward, concise description of the Offeror’s ability to meet the requirements of the RFP.

I-17. Clarification on Responses

Offerors are required to provide clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Offeror responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification. Clarifications may be sought from Offerors at any stage of the evaluation and selection process prior to Contract execution.

I-18. Prime Contractor Responsibilities.

The Contract will require the Offeror to assume responsibility for all services offered in its proposal whether it produces them itself or by subcontract. The Issuing Office will consider the Offeror to be the sole point of contact with regards to contractual matters.

I-19. Best and Final Offers.

- A. While not required, the Issuing Office reserves the right, in its sole discretion, to conduct discussions with Offerors for the purpose of obtaining best and final offers. To obtain best and final offers from Offerors, the Issuing Office may do one or more of the following, in any combination and order:
 - i. Schedule oral presentations
 - ii. Request revised proposals

- B. Even in an instance where the Issuing Office elects to solicit best and final offers, the following Offerors will not be invited by the Issuing Office to submit a best and final offer:
 - i. Those Offerors that the Issuing Office has determined to be not responsible or whose proposals the Issuing Office has determined to be not responsive.
 - a. **“Responsible”** shall mean the Offeror possesses the experience, facilities, reputation, financial resources and are fully capable of performing the contract.
 - b. **“Responsive”** shall mean the proposal response complies, without material deviation, with the requirements of the solicitation, including the Technical Submittal and attached appendices.
 - ii. Those Offerors that the Issuing Office has determined, from the submitted and other information, do not possess the experience or qualifications to assure good faith performance of the Contract.
 - iii. The Issuing Office may further limit participation in the best and final offers process to those remaining responsible Offerors that the Issuing Office has, within its discretion, determined to be within the top competitive range of responsive proposals.

- C. The Evaluation Criteria described in **Part III, Section III-3**, shall also be used to evaluate the best and final offers.

- D. Price reductions offered through any best and final offer shall have no effect upon the Offeror’s Technical Submittal. Dollar commitments to Small Diverse Businesses can be reduced only in the same percentage as the percent reduction in the total price offered through best and final offer negotiations.

I-20. News Releases.

Offerors shall not issue news releases, Internet postings, advertisements or any other public communications pertaining to this RFP without prior written approval of the Issuing Office, and then only in coordination with the Issuing Office.

I-21. Restriction of Contact.

From the issue date of this RFP until the Issuing Office selects a proposal for award, the Issuing Officer is the sole point of contact concerning this RFP. Any violation of this condition may be cause for the Issuing Office to reject the offending Offeror's proposal. If the Issuing Office later discovers that the Offeror has engaged in any violations of this condition, the Issuing Office may reject the offending Offeror's proposal or rescind its contract award pursuant to terms and conditions. Offerors must agree not to distribute any part of their proposals beyond the Issuing Office. An Offeror who shares information contained in its proposal with other Treasury personnel and/or competing Offeror personnel may be disqualified.

I-22. Term of Contract.

The contract is a five-year contract, beginning upon execution with a target of July 1, 2026, with the option to renew for five additional one-year periods. Treasury can choose to renew the contract for each optional renewal period, or it can choose to renew all of the optional renewal periods at once. The Contract must grant to Treasury sole discretion to determine the exercise of renewal options, if any, in single or multiple year increments. The Effective Date for the Contract shall be the date of the last signature required to create a legally binding Contract with the Commonwealth (which will be the signature of a designated official of the Pennsylvania Office of Attorney General). The Offeror shall not start the performance of any work prior to authorization by Treasury.

I-23. Responsible and Responsive Defined

For definitions, please see **Section I-19.B.i.**

I-24. Offeror's Representations and Authorizations.

By submitting its proposal, each Offeror understands, represents, and acknowledges that:

- A.** All of the Offeror's information and representations in the proposal are material and important, and the Issuing Office may rely upon the contents of the proposal in awarding the Contract(s). The Commonwealth shall treat any misstatement, omission or misrepresentation as fraudulent concealment of the true facts relating to the Proposal submission, punishable pursuant to 18 Pa. C.S. § 4904.
- B.** The Offeror has arrived at the price(s) and amounts in its proposal independently and without consultation, communication, or agreement with any other Offeror or potential Offeror.
- C.** The Offeror has not disclosed the price(s), the amount of the proposal, or the approximate price(s) or amount(s) of its proposal to any other firm or person who is an Offeror or potential Offeror for this RFP. The Offeror shall not disclose any of these items until a vendor is selected for negotiations.

- D. The Offeror has not attempted, nor will it attempt, to induce any firm or person to refrain from submitting a proposal on this Contract, or to submit a proposal higher than its proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- E. The Offeror makes its proposal in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a coordinated, complementary, or otherwise noncompetitive proposal.
- F. To the best knowledge of the person signing the proposal for the Offeror, the Offeror, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any government agency and have not in the last four (4) years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction involving conspiracy or collusion with respect to bidding or proposing on any public Contract, except as the Offeror has disclosed in its proposal.
- G. To the best of the knowledge of the person signing the proposal for the Offeror, and except as the Offeror has otherwise disclosed in its proposal, the Offeror has no outstanding delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Offeror that is owed to the Commonwealth.
- H. The Offeror is certifying that it is not currently under suspension or debarment by the Commonwealth, any other State, or the Federal government, and if the Offeror cannot so certify, then it shall submit along with its proposal a written explanation of why it cannot make such certification.
- I. The Offeror has not made, under separate Contract with the Issuing Office or otherwise, any recommendations to the Issuing Office concerning the need for the services described in its proposal or the specifications for the services described in the proposal.
- J. The Offeror, by submitting its proposal, authorizes Commonwealth agencies to release to Treasury information concerning the Offeror's Pennsylvania taxes, Unemployment Compensation and Workers' Compensation liabilities.
- K. Until the Offeror receives a fully executed and approved written Contract from the Issuing Office, there is no legal and valid Contract, in law or in equity.

I-25. **Notification of RFP Outcome.**

- A. **Contract Negotiations.** Pursuant to **Part I, Section I-5**, the successful bidder will be notified when they are selected for contract negotiations.
- B. **Award.** Offerors whose proposals are not selected will be notified when Contract negotiations have been successfully completed, and the Issuing Office has awarded the final negotiated and fully executed Contract to the selected Offeror.

I-26. Debriefing Conferences.

Upon notification of award, Offerors whose proposals were not selected will be given the opportunity to be debriefed. The Issuing Office will schedule each debriefing at a mutually agreeable time. The debriefing will not compare the Offeror with other specifically named Offerors, other than the position of the Offeror's proposal in relation to all other Offeror proposals. An Offeror's exercise of the opportunity to be debriefed does not constitute, or toll the time for, filing a protest (See **Section I-27** of this RFP).

I-27. RFP Protest Procedure.

Protest Procedures for this RFP are attached as **Appendix F**.

I-28. Use of Electronic Versions of this RFP.

This RFP is being made available by electronic means. If an Offeror electronically accepts the RFP, the Offeror acknowledges and accepts full responsibility to monitor the RFP in order to identify any changes made to it (e.g., by way of addenda from the Issuing Office). In the event of a conflict between a version of the RFP in the Offeror's possession and the Issuing Office's version of the RFP, the Issuing Office's version shall govern.

PART II: PROPOSAL REQUIREMENTS

Offerors must submit their proposals in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Offerors should provide any other information thought to be relevant, but not applicable to the enumerated categories, as an appendix to the Proposal. All cost data, including Small Diverse Business cost data, should be kept separate from and not included in the Technical Submittal.

Each Proposal shall consist of the following three (3) separate submittals, sent via 3 separate emails as described in **Part I, I-12**.

- A. Technical Submittal, in response to **Part II, Sections II-1 through II-7**;
- B. Small Diverse Business participation submittal, in response to **Part II, Section II-8**; and
- C. Cost Submittal, in response to **Part II, Section II-9**.

The Issuing Office reserves the right to request additional information that, in the Issuing Office's opinion, is necessary to assure that the Offeror's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP requirements.

The Issuing Office may make inquiries as it deems necessary to determine the ability of the Offeror to perform the requested services. The Offeror shall furnish to the Issuing Office all pertinent information and data, including site visits and requests for additional information. The Issuing Office reserves the

right to reject any proposal if the information submitted by such Offeror fails to satisfy the Issuing Office that such Offeror is properly qualified to carry out the obligations of the RFP and to complete the Project as specified.

Technical Submittal (Part II, Sections II-1 to II-7)

An Offeror's response to the information requested in this **Part II, Sections II-1 to II-7** constitutes the Technical Submittal. **The Technical Submittal shall be sent in an email as described in Part I, Section I-12, separate from the Small Diverse Business and Cost Submittals.** The Offeror should not include any assumptions in its Technical Submittal unless explicitly stated by Treasury in this RFP. If the Offeror includes assumptions in its technical submittal, the Issuing Office may reject the proposal. Offerors should direct in writing to the Issuing Office pursuant to **Part I, Section I-9**, of this RFP any questions.

II-1. Statement of the Problem.

State in concise terms your understanding of the problem presented, or the service required by this RFP by briefly addressing the task descriptions and numbering convention found in **Part II, section II-7** of this RFP (Work Plan) in order to provide a narrative summary of the Offeror's technical plan for accomplishing the work. Describe how the Offeror's plan will address project management, acceptance testing, quality management, and risk management generally. Treasury is interested in proposals that Offerors will be able to immediately implement upon contract signing. Describe the Offeror's capabilities in promptly implementing a plan.

II-2. Prior Experience.

Describe the Offeror's experience in providing actuarial services for 529 plans, both currently and in the past (if applicable). Summarize and provide examples of the scope and services in the performance of these projects. Please provide references.

II-3. Personnel.

Provide the qualifications of your management team and staff to actuarial services to and perform the mandatory requirements specified in the RFP.

II-4. Equipment.

Describe the equipment capabilities and capacity to meet the requirements specified in the RFP.

II-5. Financial Capacity, Disclosure of Ongoing Litigation, Corrective Action, and Liquidated Damages

Describe your company's financial stability and economic capability to perform the Contract requirements. Provide your company's financial statements for the past three (3) fiscal years (electronic versions encouraged): If your company is a publicly traded company, please provide a link to your financial records on your company website; otherwise, provide three (3) years of your company's financial documents such as audited financial statements or recent tax returns. Financial statements must include the company's Balance Sheet and Income Statement or Profit/Loss Statements.

The Offeror must include the disclosure of any ongoing litigation or any adverse actions (e.g., Contract termination, corrective action, liquidated or actual damages, regulatory action) against it within the past five (5) years from any governmental organizations for which it has been providing similar services. The

disclosure must include the date of initiation, the nature of the litigation or adverse action, the parties involved in the action, and, if resolved, the resolution.

II-6. **Objections and Additions to Standard Contract Terms and Conditions.**

An Offeror should explicitly acknowledge that its proposal is submitted based upon acceptance of the Standard Contract Terms and Conditions (“Standard Terms”) set out in **Appendix A** as well as the Information Security Addendum set out in **Appendix C**.

The Offeror may also propose, in full, provisions it wishes to add to the Standard Terms if it is selected for Contract negotiations. The Offeror shall similarly provide a rationale for proposed additional terms. The Issuing Office will not accept references to the Offeror’s, or any other, online guides or online terms and conditions contained in any other proposal or Contract.

The Issuing Office may, in its sole discretion, accept or reject during Contract negotiations any proposed changes to the Standard Terms, including any proposed changes submitted later than the deadline for submission of proposals, if, in the Issuing Office’s sole discretion, they would be in the best interest of the Commonwealth. If the Issuing Office rejects a proposed change, the Offeror shall be obligated to accept the respective Standard Term.

II-7. **Work Plan.**

As part of the proposal, Offerors shall submit a work plan that includes a response to each numbered requirement, utilizing the same numbering scheme to facilitate evaluation. Each Offeror shall confirm its compliance with the Treasury requirements in its response and detail how the Offeror will perform the tasks as described in each section.

Treasury has established certain requirements with respect to its evaluation of proposals submitted by Offerors. The use of “shall,” “must,” or “will” in the RFP indicates a requirement or condition that is mandatory. An Offeror failing to meet a mandatory Treasury requirement or providing a response that materially deviates from the mandatory requirement can result in Treasury awarding zero (0) points in the scoring phase for the applicable section of the proposal and may lead to the proposal not receiving many of the available points on a highly weighted component of the proposal. Treasury may waive a mandatory requirement or condition in its sole discretion if an Offeror fails to meet it but provides a reasonable basis for its deviation from the prescribed requirement or condition, and Treasury determines that the deviation is not material. A deviation from a requirement or condition is material if Treasury determines the deficient response does not substantially comply with the RFP requirement or condition, providing an advantage to one Offeror over other Offerors.

The words “should,” “may,” or “encouraged” in the RFP indicate desirable attributes or conditions but are non-mandatory in nature. Deviation from, or omission of, such a desirable feature will decrease the number of points that a proposal will receive for that feature, but the Offeror will remain eligible to receive partial points for its response.

A. Administration

1. The Offeror shall identify a full-time Contract Manager and a backup manager; it will appoint for its Contract with Treasury. The Contract Manager shall be a designated

individual with analytical skills, judgment, experience, and authority to respond to inquiries from designated Commonwealth staff on tasks including but not limited to Contract compliance and delivery of services.

2. The Offeror must procure and maintain, at its expense, and require its Subcontractors to procure and maintain, as appropriate, the following types of insurance, issued by companies acceptable to the Commonwealth and authorized to conduct such business under the laws of the Commonwealth of Pennsylvania:

a) Workers' Compensation insurance for all of the Offeror's employees engaged in performing services in accordance with the Workers' Compensation Act (77 P.S. §1 et seq.). The Offeror shall ensure that its Subcontractors comply with this requirement.

b) Commercial General Liability insurance to protect the Commonwealth, as additional insured, and the Offeror from claims for damages for personal injury (including bodily injury), sickness or disease, accidental death, and damage to property, including loss of use from property damage, which may arise from its operations under this Contract by the Offeror or employees of the Offeror, or any of the Offeror's Subcontractors or their employees. The limits of such insurance shall be in an amount not less than One Million Dollars (\$1,000,000) per occurrence combined single limit for bodily injury and property damage and Two Million Dollars (\$2,000,000) general aggregate and shall be maintained throughout the duration of the Contract. Such policies shall be occurrence rather than claims-made policies and shall name the Commonwealth of Pennsylvania as an additional insured.

c) Errors and Omissions insurance to protect the Offeror from loss due to Offeror's negligent acts, errors, or omission by the Offeror or any employee or officer thereof. Errors and Omissions insurance with limits of not less than five million dollars (\$5,000,000) per claims made basis shall be maintained throughout the duration of the Contract. The Offeror shall ensure that its Subcontractors comply with this requirement.

d) Fidelity/Commercial Crime insurance covering the loss that may be incurred due to loss of money, securities, or inventory resulting from crime, including burglary, robbery, theft, disappearance destruction or embezzlement by the Offeror or employees of Offeror. Fidelity/Commercial Crime insurance with limits of not less than five million dollars (\$5,000,000) per loss shall be in full force throughout the term of the Contract and shall name the Commonwealth of Pennsylvania as a joint loss payee as its interests may appear. The Offeror shall ensure that its Subcontractors comply with this requirement.

e) In addition, Offeror should also describe the cyber loss coverage it proposes to provide. Such coverage is in addition to credit monitoring requirements established elsewhere in this RFP.

f) Offeror will provide the Commonwealth of Pennsylvania with a standard ACORD form certificate of insurance evidencing the aforementioned insurance coverage within ten (10) days of Contract award. Offeror will provide updated certificates annually. Additionally, the Offeror shall provide updated ACORD forms evidencing continuing coverage of the insurance requirements upon expiration of the previous ACORD forms.

3. The Offeror shall hold the Commonwealth harmless and indemnify the Commonwealth against any and all claims, demands or actions based upon or arising out of any activities performed by the Offeror or its employees or agents, including Subcontractors, under any Contract resulting from this RFP and shall, at the request of the Commonwealth, defend any and all actions brought against the Commonwealth based on any such claims or demands. The Commonwealth will not indemnify the Offeror.

4. Treasury shall have the right to inspect Offeror facilities, including those of Subcontractors, to ensure the Offeror's ability to meet all required services contained in this RFP.

B. Confidentiality, Security, and Data Management

1. All security measures as specified in the Contract must be maintained at all times. Treasury considers any breach of confidentiality/security, including instances in which confidential information is exposed to unauthorized access or examination even without evidence that any information was copied or otherwise "taken," a material breach of any Contract resulting from this RFP. Any breach may result in Treasury's termination of the Contract.

2. The Offeror must describe their processes and procedures, and those of their subcontractors, that will be used to ensure the confidentiality of information and how information is protected, including, but not limited to, the following measures:

a) Describe how access to data regarding information will be restricted to those individuals whose access is essential to the administration of the program.

b) Describe how individuals with access to information will be under the supervision and control of the Offeror.

c) Describe how the Offeror will ensure that any Subcontractors will be bound by the same confidentiality requirements as the Offeror.

3. Describe how records, both physical and electronic, are destroyed, the frequency of destruction, and what logging and reporting of the record destruction activity is provided to Treasury.
4. Describe the procedures used by Offeror to resolve (prosecute) fraud, how and when the Offeror will notify Treasury, and what information will be provided.
5. The Offeror shall explain whether the Offeror would use its own employees or would sub-contract the responsibility to a third party
6. The Offeror will provide other information it deems relevant and necessary to a comprehensive proposal.

C. Reporting and Auditing

The Offeror shall describe how it will provide Treasury with detailed reporting and query functions to the maximum extent permissible under Federal and State regulations in an electronic format approved by Treasury. The Offeror must submit in its proposal samples of required reports (as specified below) as well as of any additional reports it will make available.

The Offeror shall ensure that any reports requested by Treasury are available in summary and detail formats. Reports must be delivered to Treasury electronically in a format approved by Treasury.

D. Disaster Recovery/Business Continuation

1. The Offeror must include a plan for business continuation and/or recovery as a result of disaster. The disaster recovery plan is complementary to the Offeror's normal security and emergency preparedness plans. A disaster is defined as a loss of the facility or business processing due to a catastrophic event that causes vital business processes to stop for period of time longer than 24 hours. A disaster may be caused by:
 - a) An event resulting in the inability to meet important customer commitments and contractual obligations or to protect the interests of Treasury and the Offeror and its employees.
 - b) The catastrophic loss of system/service and/or degradation due to, but not limited to:
 - i. Power outage.
 - ii. Server failure.
 - iii. Router failure.
 - iv. Cable failure.
 - v. Power surge.
 - vi. Email failure.
 - vii. Internet failure.
 - viii. Virtual private network (VPN) failure.
 - ix. Computer virus/ malware/ ransomware.

- x. Inability to access data or operations stored or performed remotely (e.g., cloud storage or computing) or failure of remote functionality to perform as required.
- xi. Any other similar factor or event that results in catastrophic loss.

2. Describe the disaster recovery plan and continuation of business plan. Include backup procedures, alternate operating facilities, hardware and software replacement, and testing procedures and/or history.

All Treasury contacts, members of each of the disaster recovery plan teams, and other appropriate Offeror staff must be kept up to date during an offeror disaster. The Offeror must describe in its proposal how it will continue to communicate with Treasury during a disaster and provide information about (1) when services will be reestablished, (2) any decision to re-locate to an alternate facility, and (3) all other matters. Treasury strongly believes that communication with staff, customers, and Treasury contacts is crucial to the actual and perceived success of the recovery efforts.

E. End of Contract Activities

1. Upon expiration of the Contract, or termination for any reason before the end of the Contract term, the Offeror must, upon request by Treasury, extend the services in order to facilitate transition to a new services provider for a period of time to be by and at the sole discretion of Treasury, but not for a **period to exceed 180 days**.

2. Following cessation of all services by Offeror under any Contract resulting from this RFP, the Offeror shall be obligated to continue to answer questions from Treasury that are reasonably related to protection of the best interests of the public. The Offeror shall respond to questions within a time frame that is commensurate to the urgency of need for the requested information and the complexity of collecting the requested information.

Small Diverse Business Participation Submittal (Part II, Section II-8)

The information requested in **Part II, Section II-8** shall constitute the Small Diverse Business Participation Submittal. The Small Diverse Business Participation Submittal shall be sent via email to RFP26-002@patreasury.gov as described in **Part I, Section 1-12**, separate from the Technical and Cost Submittals. Offerors should direct any questions in writing to the Issuing Office pursuant to **Part I, Section I-9**, of this RFP.

Approximately 5% of the total points available for the RFP may be available to be awarded for this section.

II-8. Small Diverse Business and Veteran Business Enterprise Submittal

The Offeror's Small Diverse Business (SDB) and Veteran Business Enterprise (VBE) Participation Submittal shall include acknowledgment and a response to each item below.

A. If the Offeror has self-certified as a Small Diverse Business in accordance with the requirements established by the Department of General Services (DGS) Pennsylvania Bureau of Diversity, Inclusion and Small Business Opportunities (“BDISBO”), has also been verified as a Small Diverse Business by one of the DGS’ third-party certifiers, and been included on the DGS on-line database (<http://www.dgs.internet.state.pa.us/suppliersearch>), it must submit evidence of its Small Diverse Business qualification. The Offeror shall provide proof of qualification in the form of the certification provided by the third-party certifier and a screen shot showing its inclusion on the DGS database.

Likewise, if the Offeror is claiming VBE eligibility, then verification through the above website is required.

B. To support its Small Diverse Business Subcontractor commitment, the Offeror must also include:

- 1.** The name, mailing address, email address, and telephone number of the primary contact person of each Small Diverse Business to which a commitment is being made by the Offeror. The Offeror will not receive credit for stating that it will find a Small Diverse Business after Contract award.
- 2.** Proof of Small Diverse Business’s qualification for each Small Diverse Business to which a commitment is being made by the Offeror. Proof of a Subcontractor’s qualification shall be provided in the same manner as required for proof from the Offeror, as described in **Part II, Section II-8.A.**

If an Offeror submitting with its proposal letters of intent regarding one or more Small Diverse Businesses is selected for negotiations, the Offeror will be required to provide conforming signed subcontracts with the Small Diverse Business (or Businesses) prior to final Contract execution.

Cost Submittal (Part II, Section II-9)

The information requested in **Part II, Section II-9** shall constitute the Cost Submittal. The Cost Submittal shall be sent via email to RFP26-002@ptreasury.gov as described in **Part I, Section 1-12**, separate from the Technical and Small Diverse Business Participation Submittals.

Except as necessary to respond to the request for information about other programs, no component of an Offeror’s Cost Submittal shall be made conditional, or otherwise provisional, based upon the accuracy of validity of any assumption the Offeror makes in preparing its proposal. Treasury does not encourage an Offeror to explicitly disclose any assumption it relied upon in preparing its Cost Submittal. Any attempt by an Offeror to make a component of its proposal conditional or provisional may result in the Issuing Office rejecting the Offeror’s proposal.

II-9. Cost Submittal.

Please refer to the Cost Proposal Sheet in **Appendix E.**

Cost proposals shall be submitted using the Cost Proposal Submission Sheet in **Appendix E** of this RFP. You may include additional explanations for costs on subsequent sheets. Those explanations must be included only with the Offeror's cost proposal inclusion with the Technical Proposal Submission.

PART III: CRITERIA FOR SELECTION

A Department selected Advisory Committee will review and evaluate all written proposals submitted by the deadline based on the criteria identified in this solicitation. Late submittals will be rejected without opening. Offerors must have at least five years' experience in providing actuarial services to 529 plans.

III-1. Mandatory Requirements.

To be considered responsive, a proposal must be:

- A.** Timely received from the Offeror according to the RFP **Calendar of Events**;
- B.** Correctly submitted using the format in **Part I, section I-12** (absolutely no costs may be discussed in the Technical and Small Diverse Business submittals);
- C.** Submitted with signed **Proposal Cover Sheet Appendix D**.

III-2. Evaluation

The Issuing Office has selected a committee of qualified personnel to review and evaluate timely submitted proposals ("Proposal Evaluation Team"). The Issuing Office will notify, in writing, of its selection for negotiation the responsible Offeror (as defined by Section I.19 B i.) whose proposal is determined to be the most advantageous to the Commonwealth as determined by the Issuing Office after taking into consideration all of the evaluation factors. While the Issuing Office generally selects a single Offeror with which to begin negotiations, it reserves the right to enter into negotiations with multiple Offerors.

III-3. Evaluation Criteria

Only those proposals that receive a sufficient amount of the evaluation points allocated to the Technical Submittal, **Part II, Sections II-1 to II-7**, will be eligible for further consideration. Proposals that include the Offeror's acknowledgement and acceptance of each Treasury requirement specified to be included in the Technical Submittal of this RFP are more likely to receive a competitive score.

III-4. Offeror Responsibilities

An Offeror must submit a responsive proposal (as defined in **Section I.19.B.i.**) and possess the capability to fully perform the Contract requirements in all respects and the integrity and reliability to assure good faith performance of the Contract.

In order for an Offeror to be considered responsible for this RFP, and therefore eligible for selection for best and final offers or selection for Contract negotiations:

- A.** The total score for the technical submittal of the Offeror's proposal must be within the top competitive range of responsive proposals.

B. The Offeror’s financial information must demonstrate that the Offeror possesses the financial capability to assure good faith performance of the Contract. The Issuing Office will review the Offeror’s previous year’s financial statement, any additional information received from the Offeror, and any other publicly available financial information concerning the Offeror and assess each Offeror’s financial capacity based on calculating and analyzing various financial ratios, and by comparison with industry standards and trends. This is a pass/fail requirement; Offerors will not be compared against each other for this requirement or scored proportionally.

Further, the Issuing Office will award a Contract only to an Offeror determined to be responsible in accordance with the most current version of the Commonwealth’s Contractor Responsibility Program, which can be found at

<https://www.budget.pa.gov/Programs/Pages/ContractorResponsibilityProgram.aspx>

Before Cost Proposals are opened, the Proposal Evaluation Team will review the Technical Response Evaluation record and any other available information pertinent to whether or not each Offeror is responsive and responsible. If the Proposal Evaluation Team identifies any Offeror that does not meet the responsive and responsible thresholds such that the team would not recommend the Offeror for Cost Proposal Evaluation and potential contract award, the team members will fully document the determination.

PART IV: WORK STATEMENT/REQUIREMENTS

IV-1. Overview

Treasury is seeking proposals to provide actuarial services for the Guaranteed Savings Program (“GSP”). Created by the Tuition Account Program and College Savings Bond Act of 1992, the GSP is administered by the Bureau of Savings Programs within Treasury. The GSP is a qualified tuition program under Section 529 of the Internal Revenue Code.

Treasury administers two 529 plans:

The first plan and the one for which actuarial services are needed is the GSP, in which growth is based on college tuition inflation when the account is used to pay for qualified higher education expenses. For example, if a family has saved enough for one through 120 credits at a Pennsylvania State System of Higher Education school, they will have enough for that many credits at that university in the future, regardless of how much tuition has increased. GSP investments are overseen by Treasury. **Appendix G**, the PA 529 GSP Disclosure Statement, provides a full description.

The second plan is the Pennsylvania 529 Investment Plan (PA 529 IP), in which returns are based on performance of the financial market. The PA 529 IP offers 13 different investment options provided by the Vanguard Group.

The Pennsylvania Treasury Department does not anticipate that the successful Offeror will provide any services described in this RFP for the PA 529 IP.

Additional information about the PA 529 GSP may be found at PA529.com.

IV-2. Offeror Qualifications

Describe the experience and qualifications of your firm and the project team related to the services which you seek to provide.

MUST Provide the following:

- A.** The name(s) of each member of the project team and identification of each person's role in providing, and qualifications to provide, the requested services.

- B.** Proof that the project team member(s) primarily responsible for performing the duties detailed in **Part IV, Section IV-3**, below ("Responsible Team Member") has no less than five years' experience providing actuarial services to 529 plans including the production of an annual actuarial report as described in Part IV, Section IV-3, below. Describe the duties that person has performed for 529 plan clients.

- C.** Proof that the Responsible Team Member is a member of the American Academy of Actuaries and either an associate or fellow of the Society of Actuaries.

- D.** A copy of an annual actuarial status report completed within the last two years that the Responsible Team Member has created for a 529 plan. The report should explain the methodologies and assumptions used in analyzing the actuarial status of the 529 plan, describe any significant changes from the last such report, include a chart showing the year-by-year present value of assets and liabilities, sensitivity testing, and stochastic analysis, and be able to be read and understood by a layperson.

- E.** A list of all 529 clients for which the Responsible Team Member has provided actuarial services with contact information. Clients will be contacted to review the quality of the team member's work product.

- F.** A certification that if the Responsible Team Member leaves the project team, additional team member(s) who meet these requirements will join the project team.

IV-3. Services to be Provided

The successful Offeror will provide the following services:

A. Consultation Regarding Setting Annual GSP Credit Rates and Fees

In June, July, and August of each year of the contract, provide analysis, consultation, and recommendations to aid in deciding what Credit Rates should be set for each Tuition Level in the GSP for the academic year commencing in the fall and what fees should be charged. Analyze the actuarial impact of different Credit Rate and fee scenarios as requested by the Department. Include a discussion of the Credit Rates and fees set and the adequacy of those rates in the annual actuarial report (see below).

Questions and Requests

- Please describe similar services that you have provided to other 529 plans or similar clients. Please provide written examples if possible.

B. Annual Actuarial Report

Preparation and submission of annual actuarial reports for the GSP as of June 30 for each year of the contract period. The report must make use of commonly accepted methods and principles used by the actuarial profession, include all backup, charts, assumptions, and data necessary to support the conclusions articulated within the report, and contain the following:

- As described above, an analysis of PA 529 GSP Credit Rates for the contribution period beginning September 1 of each year of the contract period and the projected dollar-value impact of those rates;
- A quantification of the actuarial reserve, as currently expressed in **Appendix H**, the Annual Actuarial Report as of June 30, 2025;
- An explanation of the methodologies and assumptions used in analyzing the actuarial status of the 529 plan;
- An explanation of any significant changes in methodologies and assumptions from the last such report;
- A chart showing a reconciliation of the actuarial reserve for each fiscal year of the contract period compared with the projected reserve made in the previous year illustrating the dollar impact of such things as actual experience compared to assumptions and impact of changes in assumptions, which is similar to the chart on page 17 of **Appendix H**, the Annual Actuarial Report as of June 30, 2025;
- A chart showing the year-by-year present value of assets and liabilities, which is similar to the chart on page 18 of **Appendix H**, the Annual Actuarial Report as of June 30, 2025;
- A stochastic analysis of the PA 529 GSP's actuarial reserve using no fewer than 10,000 scenarios generated from the historic volatility of tuition and investment asset classes used by the PA 529 GSP Fund;
- A set of sensitivity analyses that, based on the successful Offeror's judgment, provide meaningful information to the Department. These analyses will be based on changes to both tuition inflation and investment returns; and
- Any other data or analyses required, as jointly determined by the Department and the successful Offeror.
- At a minimum, the annual actuarial report must include all information and analyses contained in **Appendix H**, the Annual Actuarial Report as of June 30, 2025, and be written in a manner that is understandable to a layperson.
- If the methods or approaches differ from those used in the immediate past annual actuarial reports, the differences, the reasons those methods or approaches were changed, and the dollar value impact of those differences must be explained in the current report. Each annual actuarial report must be provided no later than one week before the date of the second quarter meeting of the Tuition Account Program Advisory Board (Board), typically held in early August of each year. The Department will make

reasonable effort to communicate the tentative date of the meeting to the successful Offeror in November of each year.

- In person presentation of the annual actuarial report to the Board at its second quarter meeting.

Questions and Requests

- Please provide examples of annual actuarial reports that you have provided to other 529 plans or similar clients.

C. Quarterly Valuations of Actuarial Reserves

Preparation and submission of an updated quantification of actuarial reserve using the assumptions established as of June 30 of each year but using then-current account and contribution inventories for the first, third, and fourth quarters of each calendar year of the contract period. The valuation must be provided no later than one week before each quarterly Board meeting. Quarterly Board meetings typically occur in mid-November, mid-February, and mid-May. The Department will make reasonable effort to communicate the tentative dates of each year's meetings to the successful Offeror in November of the previous year.

At a minimum the Quarterly Valuation of Actuarial Reserves must include all information contained in **Appendix I**, the Quarterly Valuation of Actuarial Reserves for the fourth quarter of 2025, and be written in a manner that is understandable to a layperson.

Questions and Requests

- Please provide examples of quarterly valuations of actuarial reserves that you have provided to other 529 plans or similar clients.

- Monthly Valuation of Actuarial Reserves.

Preparation and submission of an updated quantification of actuarial reserve on a monthly basis for each month in which an annual report or quarterly valuation is not performed for each calendar year of the contract period using the same methodology as the quarterly valuation of actuarial reserves, as described above.

D. Monthly Valuation of Actuarial Reserves

Preparation and submission of an updated quantification of actuarial reserve using the assumptions established as of June 30 of each year but using then-current account and contribution inventories for each month of each calendar year of the contract period. The valuation must be provided no later than one week after the account and contribution inventories are received.

At a minimum the Monthly Valuation of Actuarial Reserves must include all information contained in **Appendix J**, the Monthly Valuation of Actuarial Reserves for November 2025, and be written in a manner that is understandable to a layperson.

Questions and Requests

- Please provide examples of monthly valuations of actuarial reserves that you have provided to other 529 plans or similar clients.

E. Consultative Services

On an as-needed basis, provide consultative services regarding 1) the financial effects and actuarial impact on the PA 529 GSP of potential administrative, programmatic, or legislative changes; 2) responses to media inquiries; and 3) any other topic requested by the Department. The extent of the work performed will be jointly determined by the Treasury and the successful Offeror.

Questions and Requests

- Please describe instances where you provided consultative services, as described above, to other 529 plans or similar clients.

- Travel.

The successful Offeror may be required to attend the August Board meeting (see above) as well as other meetings conferences, or hearings as required by Treasury.

APPENDICES

A. Contract Standard Terms and Conditions

B. Removed prior to Issuance

C. Information Security Addendum

D. Proposal Cover Sheet

E. Cost Proposal Sheet

F. Protest Procedures

G. Pennsylvania 529 Guaranteed Savings Plan Disclosure Statement

H. June 30, 2025, Annual Actuarial Report on the Pennsylvania 529 Guaranteed Savings Plan Fund

I. December 31, 2025 Quarterly Valuation of Actuarial Reserves for the Pennsylvania 529 Guaranteed Savings Plan

J. November 2025 Monthly Valuation of Actuarial Reserves for the Pennsylvania 529 Guaranteed Savings Plan

**SERVICE PURCHASE CONTRACT
TERMS AND CONDITIONS**

The following Terms and Conditions apply to a Pennsylvania Treasury Department (“Treasury”), Service Purchase Contract (“Contract”) and shall apply in full to Contractor.

1. TERM OF CONTRACT

The term of the Contract shall commence on the Effective Date (as defined below) and shall end on the Expiration Date identified in the Contract, subject to the Contract’s specific provisions.

The Effective Date shall be: a) the Effective Date printed on the Contract after the Contract has been fully executed by the Contractor and Treasury (signed and approved as required by Commonwealth contracting procedures) or b) the "Valid from" date printed on the Contract, whichever is later.

2. AUTHORITY

The Contractor shall only have the express authority granted to it this Contract.

3. EXTENSION OF CONTRACT TERM

Treasury reserves the right, upon notice to the Contractor, to extend the term of the Contract upon the same terms and conditions.

4. SIGNATURES

The Contract shall not be a legally binding until fully-executed and has been sent to the Contractor. No Treasury employee has the authority to verbally direct the commencement of any work or delivery of any supply under this Contract prior to the Effective Date. Contractor hereby waives any claim or cause of action for any service or work performed prior to the Effective Date.

The Contract may be electronically signed by Treasury. The electronically-printed name of the applicable Treasury employee represents the signature of that individual who has the authority, on behalf of the Commonwealth, to bind Treasury to the terms of the Contract. A fully-executed Treasury contract may require multiple signatures including that of the Treasury’s Office of Chief Counsel and the Pennsylvania Office of Attorney General. Treasury should inform and a Contractor may ask what signature are required by Treasury to execute a specific Contract.

The fully-executed Contract may be sent to the Contractor electronically. The electronic transmission of the Contract shall require acknowledgement of receipt of the transmission by the Contractor. Receipt of the electronic fully executed Contract by the Contractor shall constitute receipt of the fully-executed Contract.

Treasury and the Contractor specifically agree as follows:

- a. No handwritten signature shall be required in order for the Contract to be legally enforceable.
- b. The parties agree that no writing shall be required in order to make the Contract legally binding, notwithstanding contrary requirements in any law. The parties hereby agree not to contest the validity or enforceability of a genuine Contract or acknowledgement issued electronically under the provisions of a statute of frauds or any other applicable law relating to whether certain agreements be in writing and signed by the party bound thereby. Any genuine Contract or

acknowledgement issued electronically, if introduced as evidence on paper in any judicial, arbitration, mediation, or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of a genuine Contract or acknowledgements under either the business records exception to the hearsay rule or the best evidence rule on the basis that the Contract or acknowledgement were not in writing or signed by the parties. A Contract or acknowledgment shall be deemed to be genuine for all purposes if it is transmitted to the location designated for such documents.

- c. Each party will immediately take steps to verify any document that appears to be obviously garbled in transmission or improperly formatted to include re-transmission of any such document if necessary.

5. INDEPENDENT CONTRACTOR

In performing its obligations under the Contract, the Contractor will act as an independent contractor and not as an employee of Treasury. The Contractor will be responsible for all services in this Contract whether or not Contractor provides them directly. Further, the Contractor is the sole point of contact with regard to all contractual matters, including payment of any and all charges resulting from the Contract.

6. DELIVERY

- a. **Supplies Delivery:** All item(s) shall be delivered F.O.B. Destination. The Contractor agrees to bear the risk of loss, injury, or destruction of the item(s) ordered prior to receipt of the items by Treasury. Such loss, injury, or destruction shall not release the Contractor from any contractual obligations. Except as otherwise provided in this contract, all item(s) must be delivered within the time period specified. Time is of the essence and, in addition to any other remedies, the Contract is subject to termination for failure to deliver as specified. Unless otherwise stated in this Contract, delivery must be made within thirty (30) days after the Effective Date.
- b. **Delivery of Services:** The Contractor shall proceed with all due diligence in the performance of the services with qualified personnel, in accordance with the completion criteria set forth in the Contract.

7. ESTIMATED QUANTITIES

It shall be understood and agreed that any quantities listed in the Contract are estimated only and may be increased or decreased in accordance with the actual requirements of Treasury and that Treasury in accepting any bid or portion thereof, contracts only and agrees to purchase only the materials and services in such quantities as represent the actual requirements of Treasury. Treasury reserves the right to purchase materials and services covered under the Contract through a separate procurement, whenever Treasury deems it to be in its best interest.

8. WARRANTY

The Contractor warrants that all items furnished and all work or services performed by the Contractor, its agents and subcontractors shall be free and clear of any defects in workmanship or materials. Unless otherwise stated in the Contract, all items are warranted for a period of one year, or for such longer period as may be required in the Contract, following delivery by the Contractor and acceptance by the

Commonwealth. The Contractor shall repair, replace or otherwise correct any problem with the delivered item or the work or services performed hereunder. When an item is replaced, it shall be replaced with an item of equivalent or superior quality without any additional cost to Treasury.

9. OWNERSHIP RIGHTS

- a. Treasury retains ownership of all data, records, reports and information delivered or shared with Contractor in order for the Contractor to perform under the Contract.
- b. Treasury shall have unrestricted authority to reproduce, distribute, and use any submitted report, data, or material, and any software or modifications and any associated documentation that is designed or developed and delivered to Treasury as part of the performance of the Contract.
- c. Treasury shall own all Developed Works or Developed Materials which are defined as: All documents, sketches, drawings, designs, works, papers, files, reports, computer programs, computer documentation, data, records, software, samples or any other tangible material without limitation authored or prepared by Contractor as the work product covered in the scope of work for the Project.

10. COMPENSATION

- a. **Compensation for Supplies:** The Contractor shall be required to furnish the awarded item(s) at the price(s) quoted in the Contract. All item(s) shall be delivered within the time period(s) specified in the Contract. The Contractor shall be compensated only for item(s) that are delivered and accepted by Treasury.
- b. **Compensation for Services:** The Contractor shall be required to perform the specified services at the price(s) quoted in the Contract. All services shall be performed within the time period(s) specified in the Contract. The Contractor shall be compensated only for work performed to the satisfaction of the Commonwealth. The Contractor shall not be allowed or paid travel or per diem expenses except as specifically set forth in the Contract.

11. INVOICES

All invoices must contain the Contractor's name, address, Tax identification number, description of supplies or services that is sufficient for Treasury to determine what work was performed. To the extent a Contractor is to be paid for work by the hour, Contractor shall provide a detailed hourly description and rate with each invoice. Treasury reserves the right to request invoice clarification and a resubmission.

12. ACH PAYMENT REQUIREMENT

- a. Treasury will make payments to Contractors through the Automated Clearing House ("ACH"). Within 10 days of the contract, the Contractor must submit or have already submitted their completed ACH form to the Treasurer's Office of Comptroller at PATreasuryAccountsPayable@patreasury.gov. A blank ACH form will be included with Treasury issued contracts and will also be available for download on Treasury's website under Procurement.
- b. Single annual payment Contractors who bill less than \$5,000 annually and receive only one payment per year may receive payment by check.
- c. Contractors may for good cause opt to receive check payments by sending an e-mail to the Office of Comptroller at PATreasuryAccountsPayable@patreasury.gov and providing an explanation as to why Contractor is unable or unwilling to receive an ACH for payment. Treasury may approve such requests at its sole discretion.
- d. Treasury in its sole discretion may elect to pay a Contractor through a means other than ACH.

- e. Each Contractor shall submit a unique invoice number with each invoice. The unique invoice number will be listed on the ACH remittance advice to enable the Contractor to properly apply the payment.
- f. It is the Contractor's responsibility to ensure that ACH information on file with Treasury is accurate and complete. Contractor's failure to maintain accurate and complete information may cause payment delays.
- g. Treasury utilizes fraud protection services, including account verification of information provided by Contractors. If Contractor's ACH information fails an account verification, they will be notified to correct such information and be directed to provide additional identifying information and/or that an alternative payment methodology must be utilized.

13. BUDGET IMPASSE

If the Commonwealth has not enacted an annual General Fund budget, which has been passed by the General Assembly and signed by the Governor, on or before the start of the new fiscal year on July 1, the Commonwealth shall be considered to be in budget impasse. Under such circumstances, Contractor shall continue to render services to Treasury through the budgetary impasse and will invoice Treasury for such services. Once the Commonwealth General Fund budget has been passed by the General Assembly and signed by the Governor, Treasury will pay all outstanding invoices as soon as practically possible, but no later than 45 days. If there are no funds appropriated in the enacted General Fund budget to continue this Agreement, then the termination of this Agreement shall be effective, provided, however, Treasury shall pay for all services rendered during the impasse.

14. WEBSITE USER AGREEMENT PROVISIONS

To the extent that the Contractor utilizes a website user agreement (the "Website User Agreement") in connection with communications with Treasury, the Contractor hereby agrees that such Website User Agreement shall not be binding on the Treasury and the terms, conditions, obligations and duties of the parties shall instead be governed by the Contract Terms and Conditions herein.

15. SOFTWARE LICENSING AGREEMENTS

For any software purchase, the terms and conditions herein apply as does any Commonwealth Licensing Agreement. If there is not an applicable Commonwealth Licensing Agreement, Treasury shall provide Contractor with Treasury's Information Technology Terms and Conditions.

16. BACKGROUND CHECKS

- a. The Contractor must, at its expense, arrange for a background check for each of its employees, as well as the employees of any of its subcontractors, who will have access to Treasury or Commonwealth facilities, either through on-site access or through remote access. Background checks are to be conducted via the Request for Criminal Record Check form and procedure found at <http://www.psp.state.pa.us/psp/lib/psp/sp4-164.pdf>. The background check must be conducted prior to initial access and on an annual basis thereafter.
- b. Before Treasury will permit access to the Contractor, the Contractor must provide written confirmation that the background checks have been conducted. If, at any time, it is discovered that a Contractor employee has a criminal record that includes a felony or misdemeanor involving terroristic behavior, violence, use of a lethal weapon, or breach of trust/fiduciary responsibility or which raises concerns about building, system or personal security or is otherwise job-related, the Contractor shall not assign that employee to any Commonwealth facilities, shall remove any access privileges already given to the employee and shall not permit

that employee remote access unless Treasury consents to the access, in writing, prior to the access. Treasury may withhold its consent in its sole discretion. Failure of the Contractor to comply with the terms of this Section on more than one occasion or Contractor's failure to appropriately address any single failure to the satisfaction of Treasury may result in the Contractor being deemed in default of its Contract.

- c. Treasury specifically reserves the right to conduct background checks over and above that described herein.
- d. Access to certain Capitol Complex buildings and other state office buildings is controlled by means of card readers and secured visitors' entrances. Treasury contracted personnel who have regular and routine business in Commonwealth worksites may be issued a photo identification or access badge subject to the requirements of the contracting agency and DGS set forth in Enclosure 3 of Commonwealth Management Directive 625.10 (Amended) Card Reader and Emergency Response Access to Certain Capitol Complex Buildings and Other State Office Buildings. The requirements, policy and procedures include a processing fee payable by the Contractor for contracted personnel photo identification or access badges.

17. CONFLICT

The Contractor is bound by the terms and conditions of this Contract. The priority of documents for any Contract are as follows:

- The terms and conditions, including appendices, of this Contract including any negotiated attachment
- Any answer or submission by vendor to a procurement issued by the Department;
- A procurement issued by the Department;
- Applicable Statewide Requirements Contract, Invitation To Qualify contract, or Commonwealth Licensing Agreement;
- All other documents.

18. ASSIGNABILITY AND SUBCONTRACTING

- a. Subject to the terms and conditions of this Paragraph, this Contract shall be binding upon the parties and their respective successors and assigns.
- b. The Contractor shall not subcontract with any person or entity to perform all or any part of the work to be performed under this Contract without the prior written consent of Treasury, which consent may be withheld at the sole and absolute discretion of Treasury.
- c. The Contractor may not assign, in whole or in part, this Contract or its rights, duties, obligations, or responsibilities hereunder without the prior written consent of Treasury, which consent may be withheld at the sole and absolute discretion of Treasury.
- d. A change of name by the Contractor, following which the Contractor's federal identification number remains unchanged, shall not be considered to be an assignment hereunder. The Contractor shall give Treasury written notice of any such change of name.

19. CONFIDENTIALITY

The Contractor agrees to guard the confidentiality of all information it comes by through this Contract with the same diligence with which it guards its own proprietary information. If the Contractor needs to disclose all or part of project materials to third parties to assist in the work or service performed for Treasury, it may do so

only if the third-party agrees to the provisions in these Standard Terms and Conditions and any other appendix. Contractors and third-parties may be required to sign an additional Confidentiality Agreement.

20. FORCE MAJEURE

Neither party will incur any liability to the other, or be deemed to have defaulted under or breached the Contract, if its performance of any obligation under this Contract is prevented or delayed by causes beyond its control and without the fault or negligence of either party. Causes beyond a party's control may include, but are not limited to, acts of God or war, subsequent changes in controlling law, regulations, orders or the requirements of any governmental entity, severe weather conditions, civil disorders, natural disasters, fire, epidemics and quarantines, general strikes throughout the trade, and freight embargoes.

The Contractor shall notify the Treasury orally within five (5) days and in writing within ten (10) days of the date on which the Contractor becomes aware, or should have reasonably become aware, that such cause would prevent or delay its performance. Such notification shall (i) describe fully such cause(s) and its effect on performance, (ii) state whether performance under the contract is prevented or delayed and (iii) if performance is delayed, state a reasonable estimate of the duration of the delay. The Contractor shall have the burden of proving that such cause(s) delayed or prevented its performance despite its diligent efforts to perform and shall produce such supporting documentation as Treasury may reasonably request. After receipt of such notification, Treasury may, at Treasury's sole election, terminate the Contract or, alternatively, extend the time for performance as reasonably necessary to compensate for the Contractor's delay.

In the event of a declared emergency by competent governmental authorities, Treasury by notice to the Contractor, may suspend all or a portion of the Contract.

21. TRANSPARENCY COMPLIANCE

Treasury is an agency of the Commonwealth subject to the public records law of the Commonwealth of Pennsylvania, the Right to Know Law ("RTKL"), which provides generally that all records relating to a public agency's business are open to inspection and copying unless specifically exempted. Additionally, contracts over \$5,000 must be placed on the Commonwealth's publicly accessible web-library. The Pennsylvania Web Accountability and Transparency Act (the "Penn Watch Act") requires Treasury to also place certain expenses on a publicly available website.

22. JURISDICTION AND CONFLICTS OF LAW

The Contract and all related documents, and all matters arising out of or relating to the Contract, whether sounding in contract, tort, or statute, shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, without giving effect to its conflict of laws principles. The Contractor irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind whatsoever in any way arising from or relating to this Contract and all contemplated transaction, in any forum other than the courts of the Commonwealth of Pennsylvania. The Contractor consents to the exclusive jurisdiction of the courts of the Commonwealth of Pennsylvania, including the Commonwealth Board of Claims, state, and federal courts, and any appellate court from any thereof, waiving any claim or defense that such forum is not convenient or proper. The Contractor agrees that any such courts will have *in personam* jurisdiction over Contractor, and consents to service of process in any manner authorized by Pennsylvania law. The Contractor agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

23. INFORMATION TECHNOLOGY

Any contract related to software, information technology related services, or a contracts that involves the access to, usage or storage of Treasury data - including by way of example only, personal identifying information, financial account information, and security information - may include as a required Appendix – Data Security Addendum - to these term and conditions.

24. UNCLAIMED PROPERTY PROVISIONS

Contractor agrees to report and deliver any abandoned or unclaimed property held by Contractor or its agents, subcontractors, or assignees, as defined by and in accordance with the Disposition of Abandoned and Unclaimed Property Act (“DAUPA”), 72 PS § 1301.1 et seq. A negative report must be filed if Contractor determines, after a records review, that there is no reportable unclaimed property.

Instructions and assistance in filing the report are available from the Bureau of Unclaimed Property holder hotline at 1-800-379-3999 or via e-mail at unclaimedpropertyreporting@patreasury.gov. Additional information regarding the Pennsylvania Abandoned and Unclaimed Property Program is located at www.patreasury.gov.

Contractor must cooperate with any unclaimed property examination conducted by Treasury or its outside auditors. Failing to cooperate with such audit may result in cancellation of this Contract.

25. COMMONWEALTH HELD HARMLESS

- a. The Contractor shall hold Treasury and the Commonwealth harmless from and indemnify the Treasury against any and all third party claims, demands and actions based upon or arising out of any activities performed by the Contractor and its employees, subcontractors, and agents under this Contract.
- b. Notwithstanding the above, neither party shall enter into any settlement without the other party's written consent, which shall not be unreasonably withheld. The Commonwealth may, in its sole discretion, allow the Contractor to control the defense and any related settlement negotiations.

26. TERMINATION PROVISIONS

Treasury has the right to terminate this Contract or any Purchase Order for any of the following reasons. Termination shall be effective upon written notice to the Contractor.

- a. **TERMINATION FOR CONVENIENCE:** Treasury shall have the right to terminate the Contract for its convenience if Treasury determines termination to be in its best interest. The Contractor shall be paid for work satisfactorily completed prior to the effective date of the termination, but in no event shall the Contractor be entitled to recover loss of profits.
- b. **NON-APPROPRIATION:** Treasury’s obligation to make payments during any Commonwealth fiscal year succeeding the current fiscal year shall be subject to availability and appropriation of funds. When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year period, Treasury shall have the right to terminate the Contract. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the supplies or services delivered under the Contract. Such reimbursement shall not include loss of profit, loss of use of money, or administrative or overhead costs. The reimbursement amount may be paid from any appropriations available for that purpose.

- c. **TERMINATION FOR CAUSE:** Treasury shall have the right to terminate the Contract for Contractor default upon written notice to the Contractor. Treasury shall also have the right, upon written notice to the Contractor, to terminate the Contract or a Purchase Order for other cause as specified in the Contract or by law. If it is later determined that Treasury erred in terminating the Contract for cause, then, at the Commonwealth's discretion, the Contract shall be deemed to have been terminated for convenience under Subparagraph a.

27. RESERVATION OF IMMUNITIES

Treasury reserves all immunities, defenses, rights, and actions arising from its sovereign status and/or under the Eleventh Amendment to the United States Constitution. Nothing contained in this Agreement shall constitute a waiver of such immunities, defenses, rights or actions. Nothing contained in these Terms shall be construed or interpreted as the consent of Treasury and the Commonwealth of Pennsylvania, their agents and agencies, to be sued except as provided for herein.

28. ASSIGNMENT

Contractor shall not assign any of its rights or delegate any of its obligations under the Contract without prior written consent of Treasury. Any purported assignment or designation in violation of this section is null and void.

29. COMPLIANCE WITH LAW

Contractor is in compliance with and shall comply with all applicable laws, regulations and ordinances. Contractor has and shall maintain in effect all the licenses, permissions, authorizations, consents, and permits required to carry out its obligations under the Contract.

30. SEVERABILITY

If any term or provision of this Contract is held by a court to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Contract, and the Contract shall be construed as if such provision or provisions had never been contained herein.

31. ENTIRE AGREEMENT.

The Contract, including these terms and conditions, and the agreements referred to in or contemplated by the Order constitute the entire understanding and agreement between the parties. Each party hereto has read the Contract, understands it and agrees to be bound by its terms and conditions. The Contract supersedes all prior verbal or written agreements between the parties and constitutes the complete and exclusive statement of the terms and conditions between the parties covering the performance hereof.

Pennsylvania Treasury Department Information Security Addendum

This Information Security Addendum (“Addendum”) made as of the Effective Date, by and between the Commonwealth of Pennsylvania, Pennsylvania Treasury Department (“Treasury”) and _____ (“Contractor”) sets forth additional terms and conditions with respect to information security applicable to _____ (the “Agreement”). The terms and conditions agreed to in this Addendum are the minimum required for the Agreement and shall take precedence over any term of the Agreement which attempts to reduce, waive or remove these terms and conditions.

BACKGROUND: Treasury wishes to disclose certain information to Contractor pursuant to the terms of the Agreement, and Contractor is authorized to collect and/or use certain information, pursuant to the terms of the Agreement. The parties have entered into this Addendum to protect the privacy and provide for the security and confidentiality of such information.

NOW THEREFORE, in consideration of the foregoing, and the mutual promises and undertakings hereinafter set forth, and the exchange of information pursuant to the Agreement and this Addendum, the parties agree as follows:

I. Definitions

- A. *Authorized Persons.* Authorized Persons include Contractor’s employees and subcontractors who have appropriate clearance and a specific need for such access in order to perform Contractor’s services for Treasury.
- B. *Industry Standards.* Industry Standards include National Institute of Standards and Technology (NIST) 800 Series, NIST Cybersecurity Framework and ISO 27001/2, or their generally recognized equivalents.
- C. *Treasury Data.* Treasury Data is any data or information that Contractor creates for Treasury; obtains, accesses, receives from Treasury or on behalf of Treasury; or hosts for or on behalf of Treasury. Treasury Data includes but is not limited to: computer code; Treasury or Commonwealth bank account information; investment account information; identifiers unique to Treasury; and Personally Identifiable Information.
- D. *Personally Identifiable Information or PII.* Personally Identifiable Information or PII means information or data, alone or in combination with other information, that identifies or authenticates a particular individual. PII may include, without limitation, name, date of birth, full address (e.g., house number, city, state, and/or zip code), passwords, PINs, biometric data, unique identification numbers (e.g., social security numbers, tax ID numbers, driver license numbers, credit or debit account numbers, medical record numbers), federal or state tax information, TAP/ABLE account numbers, bank account numbers, ACH information, answers to security questions or other personal identifiers, or which meets the definition ascribed to the term “Personal Information” under §6809(4) of the Gramm-Leach-Bliley Act.
- E. *Public Data.* Public Data means any specific information or data, regardless of form or format, that Treasury has actively and intentionally disclosed, disseminated, or made available to the public. No Contractor shall make a determination on Treasury’s behalf whether data is public or would be

considered public under state or federal law including the Pennsylvania Right-to-Know Law.

- F. *Multi-Factor Authentication.* Multi-Factor Authentication is the use of two or more of the Authentication Methods listed below. Two-factor would employ two of the methods; three-factor would employ one each of all three methods.
 - i. Something you know (e.g., PIN, password, shared information)
 - ii. Something you possess (e.g., token, smart card, digital certificate)
 - iii. Something you are (biometrics – e.g., fingerprint, voice, iris, face).
- G. *Services.* Services are the services pursuant to the Agreement and/or any Statement of Work (“SOW”) or any subsequent document that may detail services.
- H. *Documentation.* Documentation means all technical and user documentation provided by Contractor and any succeeding changes thereto, including, without limitation, all specifications; installation, maintenance, operating and customer manuals, instructions and diagnostics; system administrative materials; configuration guides; product guides; and other documentation provided by Contractor related to the Services.
- I. *Treasury Confidential Information.* Treasury Confidential Information means Treasury Data that is not Public Data, including but not limited to information containing Personally Identifiable Information, protected health information (“PHI”) and electronic protected health information (“ePHI”) as defined in HIPPA regulations, investment portfolio information and trade secrets.

II. Assignment.

Contractor may not assign, in whole or in part, this Agreement or Addendum or its rights, duties, obligations, or responsibilities hereunder without the prior written consent of the Treasury. Such consent may be withheld at the sole and absolute discretion of the Treasury.

III. Software/Platform/Website.

- a. **Software.** If Contractor at any time during the term of the Agreement, or during the term of any applicable license or subscription for any software under the Agreement, becomes aware of any Disabling Device in or affecting any product(s) or other items acquired by Treasury from Contractor, or a security flaw in any such software, or a flaw in such software that has the potential to cause or result in a security breach, then the Contractor shall notify Treasury within 72 hours thereafter. Any Contractor notice to Treasury shall include notifying Treasury if it has a fix for the issue, if it is working on a fix, or if it does not have a fix. Contractor shall use reasonable commercial efforts to cure or correct any such security flaw as soon as practicable. Nothing herein will limit Contractor’s indemnification obligations under the Agreement or this Addendum.
- b. **Platform and Website.** Contractor further represents and warrants that it will take appropriate and reasonable precautions, using commercial grade anti-virus and malware recognition programs, to screen any software provided to Treasury, and the platform and any websites owned or operated by Contractor to conduct, market or

promote its activities under this Agreement, for viruses and other malware, and to cause the Contractor's services, any such platform and websites to be made available to Treasury and any other Commonwealth agency free of any Disabling Devices (as defined below) or other malware. For purposes of this Addendum, "Disabling Device" means any malware or other computer code (i) that is designed to disrupt, disable, harm, or otherwise impede in any manner the operation of any software program or code, or any computer system or network (commonly referred to as "malware", "spyware", "viruses" or "worms"); (ii) that would disable or impair the operation thereof or of any software, computer system or network in any way based on the elapsing of a period of time or the advancement to a particular date or other numeral (referred to as "time bombs", "time locks", or "drop dead" devices); (iii) that is designed to or could reasonably be used to permit Contractor or any third party to access any computer system or network (referred to as "trojans", "traps", "access codes" or "trap door" devices); or (iv) that is designed to or could reasonably be used to permit Contractor or any third party to track, monitor or otherwise report the operation and use of any software program or any computer system or network by Treasury, its contractors or third parties, in a manner other than in accordance with the specifications and Documentation therefor provided by Contractor or required under applicable law or regulatory rules or requirements. Notwithstanding the foregoing, any code included or used by Contractor as part of the Contractor's services for the sole purpose of allowing Contractor to perform its obligations under this Agreement, or for operational and quality control purposes in connection with such performance, will not be considered a Disabling Device.

c. Data Security.

- i. Industry Standards. The Contractor shall ensure that Services procured under this Agreement comply with the applicable Industry Standards. In the event such standards change during Contractor's performance, and the Commonwealth requests that Contractor comply with the changed standard, then any incremental costs incurred by Contractor to comply with such changes shall be paid for pursuant to a change order to the Agreement.
- ii. Data Protection. To the extent that Contractor is charged with creating, accessing, transmitting, maintaining, hosting or using Treasury Data under the Agreement, Contractor shall preserve the confidentiality, integrity and availability of Treasury Data by implementing and maintaining administrative, technical and physical controls that conform to Industry Standards. Implemented security controls shall provide a level of security which is commensurate with the sensitivity of the data to be protected.
- iii. Data Use and Access. Contractor shall use Treasury Data only and exclusively to support the performance of Services for Treasury under the Agreement and not for any other purpose. With the exception of Public Data, absent Treasury's prior written consent, Contractor shall not at any time during or after the term of the Agreement disclose Treasury Data to any person, other than Authorized Persons and Treasury personnel in connection with the performance of the Services (except as required by law). If such disclosure is required by law, Contractor shall limit such disclosure to information required to be disclosed and shall notify Treasury as soon as practicable and prior to such disclosure, unless such notification is prohibited by law.

- iv. Data Backup. Where appropriate to protect the integrity and availability of Treasury Data, Contractor shall maintain (and cause any third-party hosting company that it uses to maintain) a means to backup and recover Treasury Data in the event that Treasury Data is lost, corrupted or improperly destroyed. Treasury shall have the right to establish its own backup security for Treasury Data and to keep such backup Treasury Data and Treasury Data files in its possession if it chooses. Contractor shall cooperate with Treasury in facilitating the establishment and maintenance of such alternative backup security. At no time may Contractor store Treasury Data outside of the United States.
- v. Return of Treasury Data. Contractor shall ensure that, upon request, Treasury can access and retrieve Treasury Data in the event the Contractor is unable to continue providing the Services under the Agreement due to termination of the Agreement or otherwise. In the event of a termination for any reason and upon Treasury's request, the Contractor will provide Treasury Data in a standard format or other mutually acceptable format. Treasury will reimburse Contractor for any costs incurred by Contractor to provide Treasury Data in a non-standard format.
- vi. Destruction of Treasury Data. Upon written request of Treasury, Contractor shall irrevocably erase or destroy in such a manner to render unrecoverable all Treasury Data in Contractor's possession that is no longer required for the performance of its duties under the Agreement. Upon Treasury's request, Contractor shall certify in writing that these actions have been completed within seven (7) days of Treasury's request.
- vii. Effect of Termination. Unless directed otherwise by Treasury, upon termination of the Agreement for any reason, Contractor shall maintain Treasury Data and continue to extend the protections of the Agreement and this Addendum to such information for a period of six months at which point it shall return (or at Treasury's request destroy) all Treasury Data received from Treasury (or created or received by Contractor on behalf of Treasury) regardless of form, and shall retain no copies of Treasury Data except as required by law. If return or destruction of all Treasury Data is not feasible, or any Treasury Data is required to be retained by Contractor under applicable law, Contractor shall continue to extend the protections of the Agreement and this Addendum to such information and limit further use of Treasury Data to those purposes that make the return or destruction of Treasury Data infeasible.

d. Contractor Security.

- i. Information Security Program. For the term of the Agreement, Contractor agrees that it has and will maintain a formal information security program which is appropriate for the types of services that it provides. Treasury has adopted the Minimum Security Requirements set forth below (Parts (IV) through (XIII)) in order to outline the security requirements which apply to all third parties, service providers, processors, and contractors (including Contractor) (collectively, "Third Parties") that process Treasury Confidential Information or who have access to Treasury systems. Treasury has identified ISO 27001 Control Requirements; however, Third Parties may identify and rely upon other controls which meet the essence of the requirements.
- ii. Contractor Personnel. Contractor agrees that it shall only use highly qualified and appropriately skilled and experienced personnel and contractors in

performing the Agreement and, to the extent not prohibited by applicable law, shall require each to pass a background check.

- iii. Acceptance of Acceptable Use Policy. Contractor shall ensure that all Contractor personnel, including employees and contractors, who access Treasury's network as a part of performing the Agreement, will agree to Treasury's Acceptable Use Policy as found in Management Directive 205.34, as it may be amended from time to time.
- iv. Multi-Factor Authentication. For services exposed to the Internet, where sensitive information is stored, processed or transmitted, Contractor will provide Multi-Factor Authentication for user authentication to the web application via workstation and mobile browsers. If the service is provided via mobile application as well, that application must also be protected by Multi-Factor Authentication.
- v. Security Awareness Training. Contractor shall ensure its personnel and partners are provided cybersecurity awareness education and are adequately trained to perform their information security-related duties and responsibilities consistent with Commonwealth of Pennsylvania IT Policies. A comprehensive compilation of these policies can be found at <https://www.oa.pa.gov/Policies/Pages/itp.aspx> or by visiting the Pennsylvania Office of Administration's website and toggling to IT Policies under the "Policies."

e. Security Incident and Breach Notification.

- i. Contractor agrees to notify Treasury upon learning of: (i) unauthorized access, loss, alteration, theft or corruption of Treasury's Confidential Information; (ii) any event that creates a substantial risk to the confidentiality, integrity or availability of Treasury Data; (iii) a breach of any of Contractor's security obligations under this Addendum; or (iv) any other event requiring notification under applicable law. In such an instance, Contractor agrees to:
 - a) Take such action as may be necessary to preserve forensic evidence and eliminate the cause of the risk or breach within Contractor's reasonable control. As soon as practicable after discovery, Contractor shall undertake a thorough forensic investigation of any compromise or improper use and provide Treasury all information necessary to enable Treasury to fully understand the nature and extent of the compromise or improper use to the extent known;
 - b) Notify Treasury by telephone at (717) 787-8726 and (717) 705-6428 and by e-mail at ITSecurity@patreasury.gov regarding such an event without undue delay and in any event within 24 hours of discovery; and
 - c) To the extent that the breach or incident was caused by Contractor's failure to comply with the requirements of the Agreement or this Addendum, or otherwise was caused by the fault of Contractor, assume the cost of informing all such affected individuals in accordance with applicable law, in addition to its other indemnification obligations under this Addendum.
- ii. Security Incident Investigations.

Contractor agrees to cooperate with Treasury in investigating a security incident, as notified by Contractor under this Addendum or declared by Treasury, and provide the name and contact information, of at least two (2) security contacts who will respond to Treasury in a timely manner, dependent on criticality, in the event that Treasury must investigate a security incident. The current security contacts are as follows:

Contact Names: _____

Phone Numbers: _____

Email Addresses: _____

f. Maintenance of Safeguards.

- i. Contractor shall maintain and follow Industry Standards with respect to any of Treasury's Confidential Information in Contractor's possession or control and protect such information against any loss, alteration, theft or corruption.
- ii. At Treasury's request, Contractor shall provide Treasury with copies of its information security policies, processes, and procedures made available by Contractor to third parties or otherwise requested by Treasury, subject to Contractor's reasonable requirements and restrictions to protect the security and confidentiality of such information. Contractor will notify Treasury of any changes to its policies, processes or procedures that relate to the security of Treasury's Confidential Information in Contractor's possession.

g. Information Security Audit.

- i. Treasury shall have the right to review Contractor's information security program prior to the commencement of Services and from time to time during the Term of the Agreement. During the performance of the Services, on an ongoing basis annually and immediately in the event of a security incident, Treasury, including its professional advisors and auditors, at its own expense, shall be entitled to perform, or to have performed, an on-site assessment of Contractor's information security program.
- ii. Treasury shall have the right to review Contractor's information security program through Contractor's annual submission to Treasury of its current SOC2 report. The report must document an assessment conducted by a qualified, independent third party. Assessment scope must address the services provided to Treasury, including but not limited to related people, processes and technology.
- iii. Upon Treasury's request, Contractor agrees to complete, within forty-five (45 days) of receipt of Treasury's request, an assessment questionnaire provided by Treasury regarding Contractor's information security program, including artifacts for a subset of controls.

h. Application Security.

In the event the Contractor conducts application software development for Treasury, Contractor will either make source code available for review by Treasury or will conduct source code scanning using a commercial security tool. Scans must be conducted annually and at any time significant code changes are made. Scan reports will be made available to Treasury within two weeks of execution. Contractor must disclose remediation timelines for high, medium and low risk security code defects. Scans must occur before code is implemented in production. High risk security code defects may not be implemented in production without written approval from Treasury's Chief Information Officer. Contractor shall not deliver any code that

provides for back door access or otherwise would constitute a Disabling Device under this Addendum, except as specified and approved by Treasury. Contractor shall comply with the software development security requirements identified under Part (VII) below and inform Treasury of any code development internal requirements, procedures and/or policies that Contractor uses to establish and verify the quality and security of Contractor's code development services.

i. Compliance with Applicable State and Federal Law.

Contractor shall comply with all applicable federal, state, and local laws concerning data protection and privacy when performing the Services and storing, handling or transmitting Treasury Data.

j. Enforcing Compliance.

Contractor shall enforce and be responsible for compliance by all its personnel and contractors with the provisions of this Information Security Addendum and all other confidentiality obligations owed to Treasury.

k. Accommodation of Additional Protections.

Contractor agrees to comply with such additional protections as Treasury shall reasonably request.

l. Termination.

A breach by Contractor of any provision of this Addendum, as reasonably determined by Treasury, shall constitute a material breach of the Agreement and shall provide grounds for immediate termination of the Agreement by Treasury pursuant to the Agreement.

m. Indemnification.

Contractor shall indemnify, hold harmless and defend Treasury from and against all claims, losses, liabilities, damages, judgments, costs and other expenses, including Treasury's costs and attorney fees, incurred as a result of, or arising directly or indirectly out of or in connection with (i) Contractor's failure to meet any of its obligations under this Addendum; (ii) any security breach or incident that was caused by Contractor's failure to comply with the requirements of the Agreement or this Addendum, or otherwise was caused by the fault of Contractor; and (iii) any claims, demands, awards, judgments, actions and proceedings made by any person or organization arising out of or in any way connected with Contractor's performance under this Addendum. Limitations on Contractor's liability, regardless of conflicting language elsewhere in the Agreement, shall not apply to claims related to Contractor's breach of the requirements of this Addendum.

n. Intellectual Property Infringement Indemnification.

Contractor shall indemnify, defend and hold Treasury harmless from any and all claims brought against Treasury alleging that the Services and/or Documentation or Treasury's use of the Services and/or Documentation, or use of any deliverables provided by Contractor, constitutes a misappropriation or infringement of intellectual property ("IP") of any Third Party. Contractor agrees to be responsible for all costs or expenses, to include reasonable attorneys' fees awarded or resulting from any claim. Treasury shall, after receiving notice of a claim, advise Contractor of such notification. Limitations on Contractor's liability, regardless of conflicting language elsewhere in any Agreement, shall not apply to claims related to Contractor's misappropriation or infringement of another's intellectual property.

o. Contractor Liability Insurance.

Treasury may require Contractor to procure, and maintain for the duration of the Agreement and a specified period thereafter, insurance against claims and damages which may arise from or in connection with the performance of its work to include IP infringement, professional liability, cybersecurity, and privacy or data breach coverage, with coverage amounts reasonably acceptable to Treasury.

p. Survival; Order of Precedence.

The provisions of this Addendum shall survive expiration or termination of the Agreement.

q. Entire Agreement.

The Agreement, including any exhibits and/or schedules thereto, and this Addendum contain the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, and all other communications between the parties relating to such subject matter.

IV. Minimum Security Requirements

The below requirements apply to all Third Parties (including Contractor) that process Treasury Confidential Information or PII on behalf of Treasury, or if they have a direct connection to the Treasury network. While ISO 27001 controls are listed, equivalent controls from other frameworks may be used in accordance with those frameworks, if they meet the essence of the requirement.

| ISO 27001 Control Requirements | | |
|---------------------------------------|--|---|
| ISO Control Ref | Control Objective | Control Description |
| 5.1.1 | Policies for information security | A set of policies for information security should be defined, approved by management, published and communicated to employees and relevant external parties. |
| 5.1.2 | Review of the policies for information security | The policies for information security should be reviewed at planned intervals or if significant changes occur to ensure their continuing suitability, adequacy and effectiveness. |
| 6.1.1 | Information security roles and responsibilities | All information security responsibilities should be defined and allocated. |
| 7.2.2 | Information Security Awareness, Education and Training | All employees of the organization and, where relevant, contractors should receive appropriate awareness education and training and regular updates in organizational policies and procedures, as relevant for their job function. |
| 8.1.1 | Inventory of Assets | Assets associated with information and information processing facilities should be identified and an inventory of these assets should be drawn up and maintained. |
| 8.1.4 | Return of Assets | All employees and external party users should return all of the organizational assets in their possession upon termination of their employment, contract or agreement. |
| 9.1.2 | Access to Networks and Network Services | Users should only be provided with access to the network and network services that they have been specifically authorized to use. |

| ISO 27001 Control Requirements | | |
|---------------------------------------|---|--|
| ISO Control Ref | Control Objective | Control Description |
| 9.2.1 | User Registration and De-Registration | A formal user registration and de-registration process should be implemented to enable assignment of access rights. |
| 9.2.2 | User Access Provisioning | A formal user access provisioning process should be implemented to assign or revoke access rights for all user types to all systems and services. |
| 9.2.3 | Management of Privileged Access Rights | The allocation and use of privileged access rights should be restricted and controlled. |
| 9.2.6 | Removal or Adjustment of Access Rights | The access rights of all employees and external party users to information and information processing facilities should be removed upon termination of their employment, contract or agreement, or adjusted upon change. |
| 9.4.1 | Information Access Restriction | Access to information and application system functions should be restricted in accordance with the access control policy. |
| 9.4.2 | Secure Log-On Procedures | Where required by the access control policy, access to systems and applications should be controlled by a secure log-on procedure. |
| 9.4.3 | Password Management System | Password management systems should be interactive and should ensure quality passwords. |
| 10.1.1 | Policy on the Use of Cryptographic Controls | A policy on the use of cryptographic controls for protection of information should be developed and implemented. |
| 11.1.1 | Physical Security Perimeter | Security perimeters should be defined and used to protect areas that contain either sensitive or critical information and information processing facilities. |
| 11.1.2 | Physical Entry Controls | Secure areas should be protected by appropriate entry controls to ensure that only authorized personnel are allowed access. |
| 11.1.3 | Securing Offices, Rooms and Facilities | Physical security for offices, rooms and facilities should be designed and applied. |
| 11.1.4 | Protecting Against External and Environmental Threats | Physical protection against natural disasters, malicious attack or accidents should be designed and applied. |
| 12.1.4 | Separation of Development, Testing and Operational Environments | Development, testing, and operational environments should be separated to reduce the risks of unauthorized access or changes to the operational environment. |
| 12.2.1 | Controls Against Malware | Detection, prevention and recovery controls to protect against malware should be implemented, combined with appropriate user awareness. |
| 12.4.1 | Event Logging | Event logs recording user activities, exceptions, faults and information security events should be produced, kept and regularly reviewed. |
| 12.4.3 | Administrator and Operator Logs | System administrator and system operator activities should be logged, and the logs protected and regularly reviewed. |

| ISO 27001 Control Requirements | | |
|---|--|---|
| ISO Control Ref | Control Objective | Control Description |
| 12.6.1 | Management of Technical Vulnerabilities | Information about technical vulnerabilities of information systems being used should be obtained in a timely fashion, the organization's exposure to such vulnerabilities evaluated and appropriate measures taken to address the associated risk. |
| 13.1.1 | Network Controls | Networks should be managed and controlled to protect information in systems and applications. |
| 13.1.3 | Segregation in Networks | Information involved in electronic messaging should be appropriately protected. |
| 14.1.3 | Protecting Application Services Transactions | Information involved in application service transactions should be protected to prevent incomplete transmission, misrouting, unauthorized message alteration, unauthorized disclosure, unauthorized message duplication or replay. |
| 14.3.1 | Protection of Test Data | Test data should be selected carefully, protected and controlled. |
| 15.1.1 | Information Security Policy for Supplier Relationships | Information security requirements for mitigating the risks associated with supplier's access to the organization's assets should be agreed with the supplier and documented. |
| 15.2.1 | Monitoring and Review of Supplier Services | Organizations should regularly monitor, review and audit supplier service delivery. |
| 15.2.2 | Managing Changes to Supplier Services | Changes to the provision of services by suppliers, including maintaining and improving existing information security policies, procedures and controls, should be managed, taking account of the criticality of business information, systems and processes involved and reassessment of risks. |
| 16.1.5 | Response to Information Security Incidents | Information security incidents should be responded to in accordance with the documented procedures. |
| 18.2.1 | Independent Review of Information Security | The organization's approach to managing information security and its implementation (i.e., control objectives, controls, policies, processes and procedures for information security) should be reviewed independently at planned intervals or when significant changes occur. |
| Network and system vulnerability assessments shall be conducted on an annual basis, at a minimum. Critical vulnerabilities shall be tracked and remediated within 30 days of identification. | | |
| Additional Requirements | | |
| Local accounts shall be disabled if not required or used and shall not be used for privileged access. | | |
| Third party shall notify Treasury of any separation or transfer of Third-Party Worker with Treasury credentials no later than the day of that event. | | |
| Accounts shall be disabled after 90 days of inactivity, at a minimum. | | |
| Treasury Confidential Information shall not be processed or stored on personal accounts or on personally owned computers, devices or media. | | |
| Third-Party shall notify Treasury within a reasonable period, in no event to exceed five (5) business days after discovery, or shorter if required by applicable law or regulation, of any potential Cybersecurity Vulnerability. Third-party shall report all critical Cybersecurity | | |

| ISO 27001 Control Requirements | | |
|--|--------------------------|---|
| ISO Control Ref | Control Objective | Control Description |
| | | Vulnerability that would have a significant adverse effect on Treasury and any Cybersecurity Vulnerability to Treasury at ITSecurity@patreasury.gov |
| Security Incident Notification Requirements | | |
| | | Third Party shall implement and maintain a written Incident Response Plan containing policies and procedures sufficient to comply with its breach notification obligations under this Agreement and applicable data protection and privacy Laws. |
| | | <p>Notification and Cooperation. Third Party shall:</p> <ul style="list-style-type: none"> • Provide Treasury with the name and contact information for any employee of Third Party who shall serve as the Treasury’s primary security contact and shall be available to assist Treasury twenty-four (24) hours per day, seven (7) days per week as a contact in resolving obligations associated with a Security Incident; • Notify Treasury and Treasury’s primary business contact within Third Party of a Security Incident as soon as practicable, but no later than twenty-four (24) hours after Third Party becomes aware of the Security Incident. Immediately following Third Party’s notification to Treasury of a Security Incident, the parties shall coordinate with each other to investigate the Security Incident. Third Party agrees to fully cooperate with Treasury in the investigation of any Security Incident, including without limitation, by assisting with any investigation, making available all relevant records, logs, files, data reporting and other materials helpful to the investigation, and providing reasonable access to Third Party’s facilities, systems, and personnel; • Maintain and preserve all documents, records and other data related to the Security Incident; • Fully cooperate, at its own expense, with Treasury in any litigation, investigation or other action deemed reasonably necessary by Treasury to protect its rights related to the Security Incident; and • Use its best efforts to prevent a recurrence of any such Security Incident. |
| | | Expenses of Remediation. Third Party shall, at its own expense, use best efforts to immediately contain and remedy any Security Incident and prevent any further Security Incident, including, but not limited to, taking any and all action necessary to comply with Applicable Law. Third Party shall reimburse Treasury for all actual costs incurred by Treasury in responding to and mitigating damages caused by any Security Incident, including all costs of notice to third parties and remediation pursuant to the following section, including, but not limited to, costs incurred by Treasury relating to forensic investigators, legal counsel, telephone call centers, notification vendors, and business disruption. |
| | | Disclosure to Third Parties. Third Party agrees that it shall not inform any third party of any Security Incident without first obtaining Treasury’s prior written consent, other than to inform a complainant that the matter has been forwarded to Treasury’s legal counsel. Further, Third Party agrees that Treasury shall have the sole right to determine: (i) whether notice of the Security Incident is to be provided to any individuals, regulators, law enforcement agencies, consumer reporting agencies or others as required by law or regulation, or otherwise in Treasury’s discretion; and (ii) the contents of such notice, whether any type of remediation may be offered to affected persons, and the nature and extent of any such remediation. |

V. Physical Security Requirements

In addition to the Minimum Security Requirements regarding Physical Security defined above (11.1.1 – 11.1.4), the below requirements apply to all Third Parties (including Contractor) that process, access, or store (physically or logically) Treasury Confidential Information or PII on behalf of Treasury, or if they have a direct connection to the Treasury network. If Treasury data is only stored or processed in a cloud environment, the identified cloud provider must be communicated to Treasury and the associated attestation reports (SOC 2 Type 1 & 2 Report, ISO 27001/2) must be provided to Treasury.

| Physical Security Control Requirements |
|---|
| For all facilities used to access, process, transmit, and/or store Treasury <u>Confidential Information or Personal Information</u> , badge readers shall be used on all entry points to ensure physical access is restricted to authorized personnel. |
| All servers and network equipment used to store and/or access Treasury <u>Confidential Information or Personal Information</u> shall be kept in a secure room with the following controls: <ol style="list-style-type: none"> 1. Additional access control mechanisms (e.g., badge, biometrics, pin, etc.) on entry doors, 2. Rooms are located on the interior of the building with no windows, unless safeguards are in place to prevent shattering, and 3. Telecommunications equipment, cabling and relays receiving data or supporting services are hidden from view to deter interception or damage. |
| For all facilities used to access, process, transmit, and/or store Treasury <u>Confidential Information or Personal Information</u> , security cameras shall be implemented to monitor the perimeter, entry/exit points, and the interior of the facility. |
| Security camera recordings shall be retained for at least 30 days. |
| For all facilities used to access, process, transmit, and/or store Treasury <u>Confidential Information or Personal Information</u> , access shall be controlled by a security guard, mantrap, or other means when entering the facility. |
| Identification badges shall be issued to all employees, contractors, and visitors and worn always. |
| Identification badges shall delineate full time employees from contractors and visitors. |
| All physical documents that contain Treasury <u>Confidential Information or Personal Information</u> shall be kept in a locked office, cabinet, or other location which is locked, and access restricted to authorized personnel only. |
| Mechanisms shall be in place to notify, investigate, and address potential physical security incidents such as physical intrusion or a stolen asset. |
| If all facilities used to access, process, transmit, and/or store Treasury <u>Confidential Information or Personal Information</u> are not staffed 24x7x365, alarms shall be installed for off-hour access monitoring. |
| If facilities used to access, process, transmit, and/or store Treasury <u>Confidential Information or Personal Information</u> are shared with other occupants (e.g. co-located data center), protective mechanisms must be implemented between occupants to prevent unauthorized access to your organization’s physical equipment (e.g. locked cage, badge access, etc.) |
| Physical access rights shall be reviewed on an annual basis (at a minimum) and updated as needed to ensure physical access to all facilities used to access, process, transmit, and/or store Treasury <u>Confidential Information or Personal Information</u> is restricted to authorized personnel. |

VI. Security Requirements When Processing Sensitive / Regulated Data

In addition to the Minimum Security Requirements defined above, the below requirements apply to all Third Parties (including Contractor) that process Treasury PII), Sensitive

Personal Information (SPI), Protected Health Information (PHI), Payment Card Information (PCI), Intellectual Property (IP) or supports Treasury mission critical business functions:

| ISO 27001 Control Requirements | | |
|---------------------------------------|--|---|
| ISO Control Ref | Control Objective | Control Description |
| 6.1.2 | Segregation of duties | Conflicting duties and areas of responsibility should be segregated to reduce opportunities for unauthorized or unintentional modification or misuse of the organization's assets. |
| 7.1.1 | Screening | Background verification checks on all candidates for employment should be carried out in accordance with relevant laws, regulations and ethics and should be proportional to the business requirements, the classification of the information to be accessed and the perceived risks. |
| 7.2.1 | Management responsibilities | Management should require all employees and contractors to apply information security in accordance with the established policies and procedures of the organization. |
| 8.3.1 | Management of removable media | Procedures should be implemented for the management of removable media in accordance with the classification scheme adopted by the organization. |
| 8.3.2 | Disposal of media | Media should be disposed of securely when no longer required, using formal procedures. |
| 8.3.3 | Physical media transfer | Media containing information should be protected against unauthorized access, misuse or corruption during transportation. |
| 9.2.4 | Management of secret authentication information of users | The allocation of secret authentication information should be controlled through a formal management process. |
| 9.2.5 | Review of user access rights | Asset owners should review users' access rights at regular intervals. |
| 9.4.5 | Access control to program source code | Access to program source code should be restricted. |
| 11.2.7 | Secure disposal or re-use of equipment | All items of equipment containing storage media should be verified to ensure that any sensitive data and licensed software has been removed or securely overwritten prior to disposal or re-use. |
| 12.1.1 | Documented operating procedures | Operating procedures should be documented and made available to all users who need them. |

| ISO 27001 Control Requirements | | |
|---------------------------------------|---|---|
| ISO Control Ref | Control Objective | Control Description |
| 12.1.2 | Change management | Changes to the organization, business processes, information processing facilities and systems that affect information security should be controlled. |
| 12.4.2 | Protection of log information | Logging facilities and log information should be protected against tampering and unauthorized access. |
| 12.5.1 | Installation of software on operational systems | Procedures should be implemented to control the installation of software on operational systems. |
| 12.6.2 | Restrictions on software installation | Rules governing the installation of software by users should be established and implemented. |
| 12.7.1 | Information systems audit controls | Audit requirements and activities involving verification of operational systems should be carefully planned and agreed to minimize disruptions to business processes. |
| 14.2.2 | System change control procedures | Changes to systems within the development lifecycle should be controlled by the use of formal change control procedures. |
| 16.1.1 | Responsibilities and procedures | Management responsibilities and procedures should be established to ensure a quick, effective and orderly response to information security incidents. |
| 16.1.2 | Reporting information security events | Information security events should be reported through appropriate management channels as quickly as possible. |
| 16.1.4 | Assessment of and decision on information security events | Information security events should be assessed, and it should be decided if they are to be classified as information security incidents. |
| 16.1.6 | Learning from information security incidents | Knowledge gained from analyzing and resolving information security incidents should be used to reduce the likelihood or impact of future incidents. |
| 18.1.4 | Privacy and protection of personally identifiable information | Privacy and protection of personally identifiable information should be ensured as required in relevant legislation and regulation where applicable. |

VII. Third Party Software Development

In addition to the Minimum Security Requirements defined above, the below requirements apply to all Third Parties (including Contractor) that develop software specific to Treasury's needs or host applications that Process Treasury Confidential Information or PII with no Trusted Third-Party Network connectivity to Treasury:

| ISO 27001 Control Requirements | | |
|---|--------------------------------|---|
| ISO Control Ref | Control Objective | Control Description |
| 14.2.1 | Secure development policy | Rules for the development of software and systems should be established and applied to developments within the organization. |
| 14.2.6 | Secure development environment | Organizations should establish and appropriately protect secure development environments for system development and integration efforts that cover the entire system development lifecycle. |
| 14.2.7 | Outsourced development | The organization should supervise and monitor the activity of outsourced system development. |
| 14.2.8 | System security testing | Testing of security functionality should be carried out during development. |
| 14.2.9 | System acceptance testing | Acceptance testing programs and related criteria should be established for new information systems, upgrades and new versions. |
| Additional Requirements | | |
| Third Party may not use offshore developers or outsourced developers without the written approval of the Treasury Chief Information Security Officer. | | |
| Third Party shall provide all developers application security training. | | |
| All confirmed critical/high vulnerabilities (mediums and low depending on impact) found during testing shall be remediated and retested within 30 days of identification and prior to moving code to production. A formal report including the scope and results of security testing (including any issues/exceptions) shall be provided to Treasury upon request. | | |
| Any software developed for Treasury shall not contain any software (proprietary or open source) developed or sold by an entity other than Third Party unless approved by Treasury. | | |
| All software delivered to Treasury shall be free of defects/vulnerabilities identified as "critical" or "high" risk. If software shall be delivered with critical or high-risk vulnerabilities, approval from the Treasury business application owner shall be obtained. | | |
| Information security checkpoints shall be incorporated into the software development lifecycle including, but not limited to: <ul style="list-style-type: none"> • Risk assessment process • Documented security requirements • Secure coding guidelines and checklists • Secure design/architecture review • Source code review • Security testing | | |
| If the Third-Party hosted application undergoes significant changes or enhancements, Treasury has the option to perform a technical penetration test (manual and/or automated) prior to the changes being implemented in production. In cases deemed acceptable by Treasury, a Third | | |

| ISO 27001 Control Requirements | | |
|---|-------------------|---|
| ISO Control Ref | Control Objective | Control Description |
| | | Party's penetration test results shall be leveraged if the report meets Treasury's quality standards and was conducted within the last 12 months. |
| | | All Third-Party hosted applications shall be reassessed every two years. Reassessment includes but is not limited to a technical penetration test (manual and/or automated). |
| Third Party Software Developer with Trusted Network Connectivity to Treasury | | |
| | | Third Party shall have a designated application security representative that acts as the primary liaison between Third Party and Treasury in matters related to secure application development, ensuring that Third Party development teams meet all Treasury requirements for secure application development, and provides to Treasury, upon request, evidence of compliance with requirements listed in this section. |
| | | Prior to the initiation of any project, Third Party shall request the application's risk classification (Critical vs. non-Critical) and network exposure designation (External or Internal facing) from the Treasury application owner. These risk factors shall be determined prior to the initiation of code development. |
| | | Documented security requirements shall be formally defined for all new development of applications including projects involving significant changes to existing applications with the Treasury designation of "Critical" and/or "External facing". These requirements shall be developed in collaboration with the Treasury application owner and other key stakeholders as necessary. All secure design requirements shall be documented and maintained with the broader set of application requirements. |
| | | Software development teams shall use Treasury-provided version control processes and tools. |
| | | Application development shall take place in a secured development environment. The development environment shall incorporate the following controls: Access Control, Offsite backup, Logical separation between different development environments (e.g. development, staging, testing, etc.), change control for associated systems supporting development environments, approval process for code changes of the application prior to production release, specific permissions and logging of approvals associated with movement of code and test data into and out of the environment. |

VIII. Cloud Security

In addition to the Minimum Security Requirements defined above, the below requirements apply to all Third Parties (including Contractor) that host a cloud computing application (in a SaaS, PaaS, IaaS, or DRaaS environment) that Processes Treasury Confidential Information or PII), or the Third Party provides a cloud computing platform that allows Treasury to develop, run, and manage applications, or the Third Party is responsible for the management of virtual machine image and/or hypervisor on behalf of Treasury:

| Cloud Security Requirements |
|--|
| Root/administrator access to the management console shall require multi-factor authentication. |
| Dedicated secure networks shall be separate from customer production infrastructure, leveraged to provide management access to the cloud infrastructure. |
| Third Party shall have the ability to provide logs which are specific to the instances used for Treasury or the Treasury engagement. |
| Third Party shall enable console and resource level logging across regions in the cloud infrastructure. |
| All logs in the cloud environment shall feed into a central log aggregation tool. |

| |
|--|
| Third Party shall regularly back up application configuration, data within the application, database and configuration of systems within cloud infrastructure to ensure that data can be restored if needed. |
| Third Party shall retain the original structure and format of data residing within the cloud application for easy movement to another cloud solution / cloud service provider. |
| Third Party shall support federated authentication (e.g.: SAML) or standards-based identity protocols (e.g., OpenID Connect, OAuth2, etc.) leveraged for propagating and enforcing identity controls through the SaaS and API. |
| Third Party shall have cryptographic controls implemented to make sure that Treasury data at rest within cloud infrastructure is always encrypted (e.g.: AES-256). |
| Third Party shall have mechanisms in place to control encryption key generation, distribution, storage, access and destruction. |
| Third Party shall have access to management consoles and cloud application(s) restricted through Role Based Access Control & based on the least privilege principle. |
| If keys (e.g.: access key, secret key for cloud accounts or SSH keys used for managing cloud instances) are used for managing the cloud infrastructure; the Third Party shall keep in a protected vault with access controls. |
| Third Party shall have a cyber incident management program in place wherein the cyber events/incidents are evaluated, contained, remediated, and responded to. |
| Third Party shall have a patch management process for identifying and applying all relevant vendor patches and security updates within 30 days of release by vendor. |
| Third Party shall have the root/administrator account credentials vaulted. |
| A web application vulnerability assessment or penetration test shall be performed on the cloud application(s) hosting, storing, processing and/or transmitting Treasury data, in the last 12 months. |
| A network vulnerability assessment shall be performed on the cloud instances and systems (servers, databases, networking components/devices) which store, process, host, or transmit Treasury data within the last 12 months. |
| Third Party shall have application support for both single tenancy and multi-tenancy deployment. |
| Third Party shall support web application firewall (WAF) implementations which comply at minimum with the OWASP top 10 risks. |
| Third Party shall have controls in place to ensure non-public exposure of data, including but not limited to S3 buckets and Elasticsearch. |
| Third Party shall have audits to monitor for configuration drift. |
| Third Party shall have controls to automatically shut down publicly exposed data. |

IX. Software as a Service (SaaS) Security

In addition to the Minimum Security Requirements and the Cloud Security Requirements defined above, the below requirements apply to all Third Parties (including Contractor) that hosts a cloud computing application that Processes Treasury Confidential Information or PII on behalf of Treasury:

| SaaS Security Requirements |
|---|
| SaaS provider is accountable for maintaining compliance with relevant regulations and legal requirements for its services. |
| SaaS provider shall provide documentation to tenants regarding the following: <ul style="list-style-type: none"> • Roles and responsibilities matrix between cloud service provider and Treasury for each platform/service offering (e.g., incident response, infrastructure support, access |

| |
|--|
| <p>management, etc.). Methods for maintaining segregation of duties within the cloud service offering shall also be included.</p> <ul style="list-style-type: none"> • Scenarios in which the cloud service provider may access tenant data and metadata. • Installation, configuration, and use of products/services/features. • Known issues with products/services of the cloud offering. • Transport routes of data between systems and governing procedures for data migration to and from cloud service offering(s). • How system (e.g., network, storage, memory, I/O, etc.) oversubscription is maintained and under what circumstances/scenarios. • List of Third Parties (sub processors or joint controllers) that have access to Treasury Confidential Information or manage aspects of the application, database, server operating system, etc. |
| <p>Configuration of the SaaS shall adhere to a minimum baseline of security configuration settings for role, scope and location of the services.</p> |
| <p>SaaS provider that directly provides services to Treasury is solely accountable for the platform and infrastructure security. If the provider uses other cloud or Third-Party service vendors, the provider is accountable for ensuring the security arrangement meets Treasury contractual requirements.</p> |
| <p>Integration of the SaaS with Treasury resources shall leverage Treasury pre-approved integration architecture pattern(s).</p> |
| <p>All service endpoints shall be signed by a trust authority or there must be another mechanism of establishing trust available.</p> |
| <p>SaaS provider shall ensure data portability among different cloud services by supporting standardized file format, import/export functionality, etc.</p> |
| <p>SaaS provider shall support standard based identity protocols and enforcement such as OpenID Connect (OIDC), Security Assertion Markup Language (SAML) and OAuth2 for propagating and enforcing identity controls through SaaS and Application Programming Interfaces (API).</p> |
| <p>SaaS provider shall have the capability to support tenant-generated and stored encryption keys.</p> |
| <p>Access to management consoles for entitlement and policy management shall be secure and restricted through Role Based Access Control (RBAC) and be based on the least privilege principle. Credential(s) for privileged accounts, including root or administrator accounts, shall be vaulted and multi factor authentication shall be implemented.</p> |
| <p>Upon request, SaaS provider shall inform Treasury of application user access that has been provisioned and de-provisioned for the Treasury account.</p> |
| <p>SaaS provider shall have the capability to provide secure data disposal at Treasury's request and ensure data is not recoverable by any computer forensic means.</p> |
| <p>SaaS provider shall triage threats and security related events in multi-tenant environments on a global scale and ensure timely and thorough incident management.</p> |
| <p>SaaS providers shall demonstrate compliance with information security and confidentiality, service definitions, and service level agreements. SaaS provider reports, records, and services shall undergo audit and review at planned intervals to govern and maintain compliance with the service delivery agreements.</p> |
| <p>SaaS provider shall use dedicated secure networks to provide management access to cloud service infrastructure that is separate from the customer (tenant) production infrastructure.</p> |
| <p>SaaS provider shall permit tenants to perform independent vulnerability assessments of the customer (tenant) production infrastructure.</p> |
| <p>SaaS provider shall allow tenants to opt-out of having their data/metadata accessed via inspection technologies.</p> |
| <p>SaaS provider shall have an option for customers to opt-in or opt-out of specific features in SaaS releases.</p> |

| |
|---|
| SaaS provider shall have the capability to logically segment and recover data for a specific customer in the case of a failure or data loss. |
| SaaS provider logging and monitoring framework shall allow isolation of an incident to specific tenants. Upon request, SaaS provider shall provide Treasury with platform management logs, application logs, API activity logs. |
| Upon request, SaaS provider shall have the capability to restrict the storage of Treasury Data to specific countries or geographic locations. |
| A web application vulnerability assessment or penetration test shall be performed on the cloud application(s) in the last 12 months. |

X. Data Center Security

In addition to the Minimum Security Requirements defined above, the below requirements apply to all Third Parties (including Contractor) that provide data center facility services to Treasury:

| ISO 27001 Control Requirements | | |
|--------------------------------|---|--|
| ISO Control Ref | Control Objective | Control Description |
| 11.1.4 | Protecting against external and environmental threats | Physical protection against natural disasters, malicious attack or accidents should be designed and applied. |
| 11.1.6 | Delivery and loading areas | Access points such as delivery and loading areas and other points where unauthorized persons could enter the premises should be controlled and, if possible, isolated from information processing facilities to avoid unauthorized access. |
| 11.2.1 | Equipment siting and protection | Equipment should be sited and protected to reduce the risks from environmental threats and hazards, and opportunities for unauthorized access. |
| 11.2.2 | Supporting utilities | Equipment should be protected from power failures and other disruptions caused by failures in supporting utilities. |
| 11.2.4 | Equipment maintenance | Equipment should be correctly maintained to ensure its continued availability and integrity. |
| 17.2.1 | Availability of information processing facilities | Information processing facilities should be implemented with redundancy sufficient to meet availability requirements. |

| Additional Requirements |
|--|
| Data center walls shall be resistant to fire or explosions. |
| Data centers with glass windows are not allowed unless shatter proof and impact resistant barriers are in place. |

| |
|---|
| Physical data center access rights shall be reviewed at a minimum quarterly using a documented process. |
| All data centers shall have professionally installed intrusion alarm systems monitored by either a contracted security monitoring service or by members of the local security team within the building. All ingress points shall be alarmed and monitored. The alarm system shall be capable of continuous operation in the event of a loss of power. |
| Emergency doors shall have audible alarms and display appropriate signage. |
| Upon entrance to the data center, access shall be restricted to only the areas the person needs access to. Both ingress and egress points shall be controlled and monitored 24x7x365 to minimize tailgating and provide detailed location logging. Logs shall be retained for a minimum one year from time of event or logging, except where prohibited or otherwise required by applicable laws and regulations. Logs relevant to pending or foreseeable litigation, investigation or audit (even when not subject to a formal document retention notice) shall be preserved as directed by Treasury. Visitors shall be escorted or observed at all times. |
| Closed-Circuit Television (CCTV) systems and appropriate signage shall be in place on the exterior and all datacenter floor entry points. Cameras shall be monitored during operational hours and be retained for a minimum 30 days. |
| Management of security alarms, entrance control, environmental controls, and CCTV systems shall be physically and logically restricted to staff responsible for these functions. |
| All entrances of the building containing the data center shall be designed to block entering the building interior or boarding elevators without first undergoing a manned identification check. The main entrance accessible to the public shall be manned 24/7. Multiple secured entrances shall exist between public and data center floor area. |
| Assets containing Treasury Confidential Information shall be caged off physically from the rest of the data center. The cage shall utilize the main security card access control system with multi factor authentication or a controlled key process. Cages shall be real floor to real ceiling to prevent unauthorized entry. Cages shall be designed to prevent intrusion or breach from outside of the cage. Finally, cages shall have a camera covering the entrance and be wired into the internal 24x7x365 CCTV system. |
| Anyone requiring badge access to any computer room shall follow a defined procedure approved by the third party including the badge holder's name, badge number, computer room location, reason access is needed, and termination date for a fixed duration. The Third-Party security office shall not configure any badge for computer room access without being authorized by the Third Party or designated team members. |
| The building exterior shall be periodically checked by scheduled security walk-throughs. Suspicious packages, activities, vehicles and/or people shall be investigated. |
| Data center parking area shall have physical obstacles in place to reduce risk of vehicle or car bomb penetrating exterior walls. |
| All data center workers shall be trained in control and storage of combustible materials (including paper and cardboard), and on the correct processes to follow when detecting a fire. |
| Server rooms shall not be used for storage and shall be clear of all unnecessary equipment and material not in use. |
| Detective monitoring and controls shall be implemented to mitigate the risk of overhead water sources impacting the IT equipment. Water detection shall be placed near air conditioners and any other water sources at the lowest level of the room. |
| Multiple methods of early fire detection shall be implemented and monitored 24X7x365 including smoke and temperature detection. |
| All data centers shall have a fire suppression system. |
| Loading bays and docks shall have CCTV coverage that provides a clear head-on view of the vehicle. This view shall be positioned to enable recognition of the driver, make of vehicle and registration number plate. The doors from the holding area into the data center shall conform |

| |
|---|
| to the interior security requirements for entrance to the data center. The movement, delivery or removal of any material or equipment into and out of the facility shall be recorded. |
| All switches and/or controls, which permit emergency shutdown of vital systems, shall have physical protection, audible alarm and signage to avoid accidental activation. |
| Third Party shall ensure that all computer devices are connected to surge protectors to protect them against spikes and surges in the electrical power supply. |
| Third Party shall ensure that backup power supply is available in the form of local generator(s). |
| Third Party shall ensure that all electrical and mechanical infrastructures are maintained per manufacturer specifications. |
| Emergency lighting, powered by a supply other than the main power, shall be implemented throughout the data center in accordance with local fire and health and safety regulations. Emergency lighting shall be activated when the fire alarm is raised, or when a degradation of power prevents the standard lights from operating. |
| The data center shall have systems in place to control and monitor temperature and humidity, air conditioning system to control air quality and minimize contamination. Server room temperature shall be controlled and monitored. Server room humidity shall be controlled and monitored within the range of 40-60% relative humidity. |
| The data center shall have air conditioning systems with separate zones for standard working areas, and areas containing equipment such as server rooms. |
| The air conditioning system supporting server rooms shall have dust filtration systems in place and shall be reviewed periodically to ensure air quality does not degrade / contamination increases. |
| Server rooms shall have positive pressurization to minimize contaminants entering these areas. |
| A process shall be in place for scheduled testing and maintenance of all critical data center infrastructure including security, power and environmental systems. Repairs or modification to facility security components (e.g., doors, locks, walls, hardware) shall be documented. |
| Critical data center infrastructure including power and environmental systems shall be engineered to function through an operational interruption. IT equipment with multiple power supplies shall leverage the redundant power infrastructure. |
| The data center access control system, and doors, shall be designed to maintain operation during scenarios such as: The failure of the access control application or hardware platform and a utility power outage. |
| All Treasury equipment shall be properly mounted in appropriately sized racks which are ground and/or ceiling mounted in accordance with local earthquake guidelines. Racks shall be labeled. Equipment in racks as well as cables into racks shall also have labels. |
| New equipment shall be stored in a secured area. Third Party personnel shall inspect the box for tampering before opening. Movement of used equipment containing Treasury data shall be done under the supervision of third-party personnel via a security approved process. |
| Third party shall have a documented equipment or media delivery or handling process. |
| Data centers shall have a disaster recovery plan for the facility and environmental that at least identifies and mitigates risks to Treasury services in the event of a disaster. The plan shall provide for contingencies to restore facility service if a disaster occurs, such as identified alternate data center sites. The plan shall be shared with Treasury to ensure Treasury can coordinate with its own DRP. |
| Data centers shall conduct an electrical blackout test, at least annually, to validate continue functionality through an operational interruption. Additionally, the data center shall participate and support Treasury DRP and associated testing. |
| All Treasury equipment shall be completely network segregated from non-Treasury parts of the data center. |

XI. Direct, Trusted, Network Connection to Treasury

In addition to the Minimum Security Requirements defined above, the below requirements apply to all Third Parties (including Contractor) that have a direct, trusted network connection to Treasury:

| Direct, Trusted, Network Connection Requirements |
|---|
| Third party shall use only Treasury managed devices or sessions, a Treasury Virtual Private Network (VPN) with two-factor authentication, or Virtual Desktop Infrastructure (VDI) with two-factor authentication to directly connect to Treasury resources. |
| Treasury conducts periodic scans on all Treasury owned IP addresses. If Treasury notifies the third party of any confirmed high or critical vulnerability found, the third party shall remediate the confirmed vulnerability within 30 days. |
| Remote access to a trusted Third-Party network is only allowed through the Treasury Virtual Private Network (VPN) with two-factor authentication. |

XII. System and Data Availability

In addition to the Minimum Security Requirements defined above, the below requirements apply to all Third Parties (including Contractor) that manage, support, maintain systems or process, access, or store data that has high availability requirements, or the Third Party's service / application has high availability requirements as defined by Treasury:

| ISO 27001 Control Requirements | | |
|---------------------------------------|--|---|
| ISO Control Ref | Control Objective | Control Description |
| 12.1.1 | Documented operating procedures | Operating procedures should be documented and made available to all users who need them. |
| 12.1.3 | Capacity management | The use of resources should be monitored, tuned and projections made of future capacity requirements to ensure the required system performance. |
| 12.3.1 | Information backup | Backup copies of information, software and system images should be taken and tested regularly in accordance with an agreed backup policy. |
| 17.1.1 | Planning information security continuity | The organization should determine its requirements for information security and the continuity of information security management in adverse situations, e.g., during a crisis or disaster. |
| 17.1.2 | Implementing information security continuity | The organization should establish, document, implement and maintain processes, procedures and controls to ensure the required level of continuity for information security during an adverse situation. |

| ISO 27001 Control Requirements | | |
|--------------------------------|---|--|
| ISO Control Ref | Control Objective | Control Description |
| 17.1.3 | Verify, review and evaluate information security continuity | The organization should verify the established and implemented information security continuity controls at regular intervals in order to ensure that they are valid and effective during adverse situations. |

| Additional Requirements |
|---|
| Third Party shall maintain a Disaster Recovery Plan (DRP) for all locations and applications used to provide services to Treasury. The DRP shall include the following elements: <ul style="list-style-type: none"> • Documented critical business functions, applications and supporting technologies. • Document what factors trigger a disaster, who is authorized to declare a disaster, and the communication plan, including notification to Treasury. • Identify alternate locations with the necessary infrastructure to support the recovery needs. • Document the management and membership of the disaster response and recovery teams. • Document service level, RTO's and RPO's. • Document the required recovery actions, identify and ensure the availability of required resources, and compile this information as the recovery plan. • Identify critical technology service provider dependencies and recovery support capability. |
| If Third Party provides a SaaS service, Third Party shall provide Treasury with geographically resilient hosting options. Third Party shall have more than one provider for each service for which there is a service delivery dependency |
| The disaster recovery plan must be reviewed and signed off every 12 months. Lessons learned should be captured as part of the disaster recovery exercise. |
| All data retention requirements should be documented and approved by Treasury. |

XIII. PaaS Security

In addition to the Minimum Security Requirements and the Cloud Security Requirements defined above, the below requirements apply to all Third Parties (including Contractor) that provide a cloud computing platform to Treasury to develop, run, and manage applications:

| PaaS Requirements |
|---|
| Maintain effective policies, guidelines, and processes to govern and control Virtual Machine (VM) lifecycle management, including self-service and automated scripts / DevOps tools. |
| Control the creation, storage, use, retirement and destruction of VM images with a formal change management process and tools and approve additions only when necessary. |
| Keep a small number of known-good and timely patched images of a guest operating system separately and use them for fast recovery and restoration of systems to the desired baseline. |
| Discover virtual systems, including dormant VMs and the applications running on them, regularly. |
| Use virtualization products with management solutions to examine, patch, and apply security configuration changes to VMs. |

Maintain policies to restrict storage of VM images and snapshots. If it is necessary to store images and snapshots, proper authorization, such as secondary level of approval, shall be obtained and corresponding monitoring and control processes shall be established.

Control the backup, archiving, distribution, and restart of VMs with effective policies, guidelines, and processes such as suitably tagging the VM based on sensitivity / risk level.

Create a controlled environment to apply security patches and control policies to an offline or dormant VM.

Regularly monitor virtual appliances that provide critical infrastructure, management, and security services.

Ensure proper hardening and protection of VM instances through VM guest hardening.

Appendix D

PROPOSAL COVER SHEET: RFP26-002 Actuarial Services

This cover sheet must be included with your submittals no later than 5PM on Monday, March 9, 2026, to the Issuing Office via email to RFP26-002@patreasury.gov.

If you have any questions, please email RFP26-002@patreasury.gov

Submitted by:

(legal name of
entity) _____

**Authorized
Signature:** _____

Date: _____

**Print Name
and Title:** _____

Address: _____

**City/ State/
Zip:** _____

Email address: _____

Telephone No: _____

**This entity is
incorporated
in:** _____

**County
Located** _____

Federal ID# _____

This entity is a: (check the applicable option)

- | | |
|--|---|
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Unincorporated Association |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship |

This entity is claiming status as: Small Diverse Business Veteran Business Enterprise
and has submitted proper proof as required in Part II of this RFP.

Is the Offeror authorized to transact business in the state of Pennsylvania? _____

Please complete this form. This form and all required submissions must be received no later than **Monday, March 9, 2026, by 5PM EST**. Late bids will not be considered regardless of the reason.

Please return your proposals to:
RFP26-002 Issuing Office
via email to RFP26-002@patreasury.gov

Appendix E

COST PROPOSAL

COST PROPOSAL/ADDITIONAL INFORMATION - Please complete cost proposal utilizing the units described. Do not alter the cost submission sheet; if alterations appear it could be cause for disqualification of the individual submission. Offerors may add lines as needed on a separate page, maintaining the format given.

| Actuarial Services | Annual Report* | Quarterly Reports* | Monthly Reports* | Consultative Services | Other Services as Required by Treasury |
|---------------------------|-----------------------|---------------------------|-------------------------|------------------------------|---|
| Year 1 | | | | | |
| Year 2 | | | | | |
| Year 3 | | | | | |
| Year 4 | | | | | |
| Year 5 | | | | | |
| Number of hours* | | | | | |

*If costs are provided on a per hour rate, please state the number of hours required to perform the annual, quarterly, and monthly reports.

(Service provider agrees that this cost proposal will remain valid for no less than 150 days from date of proposal submittal.)

Protest Procedures For Request for Proposals (RFP)

I. Who May File the Protest. An offeror or prospective offeror or prospective contractor who is aggrieved in connection with the request for proposals (RFP) or award of the contract may file a protest. No protest may be filed if the request for proposals (RFP) is cancelled or if all proposals received in response to the RFP are rejected.

II. Place for Filing. A protest must be filed with the Issuing Office identified in the RFP.

III. Time for Filing.

A. A prospective offeror who is considering filing a proposal must file the protest within seven (7) days after the prospective offeror knew or should have known of the facts giving rise to the protest, but in no event later than the proposal submission deadline specified in the RFP.

B. A protest filed by an offeror who submits a proposal must be filed within seven (7) days after the protesting offeror knew or should have known of the facts giving rise to the protest, but in no event may an offeror file a protest later than seven (7) days after the date the notice of award of the contract is posted on the Treasury Departments website.

C. The date of filing is the date of receipt of the protest.

D. Commonwealth agencies are required by law to disregard any protest received beyond the deadlines established in this Section III.

IV. Contents of Protest.

A. A protest must be in writing.

B. A protest shall state all grounds upon which the protesting party asserts the RFP or contractor selection was improper.

C. The protesting party may submit with the protest any documents or information it deems relevant.

V. Notice of Protest.

A. The Issuing Office will notify the successful offeror of the protest if contractor selection has already been made.

B. If the Issuing Office receives the protest before selection, and it determines that substantial issues are raised by the protest, the Issuing Office will notify all offerors who appear to have a substantial and reasonable prospect of selection.

C. Any offeror notified of a protest pursuant to this Section V. may file its agreement/disagreement with the Issuing Office within the time period specified in the acknowledgement of protest letter sent by the Issuing Office.

VI. Stay of Procurement.

A. The agency head or designee will promptly decide upon receipt of a timely protest whether or not the award of a contract shall be delayed, or if the protest is timely received after the award, whether the performance of the contract should be suspended.

B. The Issuing Office shall not proceed further with the RFP unless the agency head or designee, in consultation with the using agency where applicable, makes a written determination that the protest is clearly without merit or that award of the contract without delay is necessary to

protect the substantial interests of the Commonwealth.

VII. Response and Reply.

A. Within 15 days of receipt of the protest, the Issuing Officer may submit to the agency head or designee and to the protesting party a response to the protest.

B. The protesting party may file a reply to the Issuing Officer's response within ten days of the date of the response.

VIII. Procedures.

A. The agency head or designee shall review the protest and any response or reply.

B. The agency head or designee may decide the merits of the protest on the written, submitted documentation; request and review any additional documents or information deemed necessary to render a determination; or, in his sole discretion, conduct a hearing.

IX. Determination. The agency head or designee shall promptly, but in no event later than 60 days from the filing of the protest unless both parties agree to an extension, issue a written determination. The determination shall:

A. State the reason for the decision, and

B. If the determination is a denial of the protest, inform the protesting contractor of its right to file an action in the Commonwealth Court within fifteen (15) days of the determination mailing date.

The agency head or designee shall send a copy of the determination to the protesting party and any other person determined by the agency head or designee to be affected by the determination.



(A SECTION 529 QUALIFIED TUITION PROGRAM)
GUARANTEED SAVINGS PLAN
DISCLOSURE STATEMENT

APRIL 2022



SUPPLEMENT DATED JANUARY 2026 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

PA 529 GSP Account Owner,

The following information describes important changes and is supplemental to the PA 529 GSP Disclosure Statement dated April 2022. Please keep this supplement with your plan documents.

The following replaces the second paragraph of Part 2.B.4. on page 10:

Accounts that have reached the Maximum Contribution Limit may continue to grow and accrue earnings, but any additional contribution that would cause the Account balance to exceed the Maximum Contribution Limit will not be accepted or, if accepted, will be returned to the contributor without any earnings. The Commonwealth, the Department, the PA 529, or any of its contractors will not be responsible for any loss, damage, or expense in connection with a rejected or returned contribution.

The following is added as Part 2.B.7.g. on page 12 and all subsequent sections are renumbered accordingly:

g. Contributions through Gift of College

Friends and family may contribute to your PA 529 GSP Account by using a Gift of College gift card. Digital gift cards may be purchased at PA529.com/gift in denominations ranging from \$25 to \$200. A distribution and processing charge ranging from \$3.95, for a \$25 gift card, to \$5.95, for a \$100-\$200 gift card, is assessed at the time of purchase.

To redeem a gift card, Account Owners may simply visit PA529.com/gift to get started.

The following is added as the last paragraph in Part 2.D.1. on page 19:

Once a request for a withdrawal has been received and entered into the processing system, the withdrawal or any portion of the withdrawal may not be rescinded or voided unless the request for or amount of the withdrawal was a result of a mistake on the part of the Pennsylvania Treasury Department or any of its vendors or was due to circumstances beyond the control of the Account Owner or Beneficiary including, but not limited to, incorrect tuition bills, class cancellation, or overcharges issued by third-party payees. The Pennsylvania Treasury Department, in its sole discretion, will determine if an entered withdrawal request or amount of the withdrawal is due to a mistake by Treasury or its vendors or to circumstances beyond the control of the Account Owner or Beneficiary and may require documentation from the Account

Owner in support of a request to rescind or void a withdrawal or portion of a withdrawal. An Account Owner may re-contribute a withdrawal or portion of a withdrawal that cannot be rescinded or voided; however, it will be treated as a new contribution as of the date the request to re-contribute is received. For tax purposes, any withdrawal that is recontributed, including a withdrawal that was rescinded or voided, might be considered a non-qualified withdrawal subject to income tax and an additional federal tax of 10% (see Parts 2.D.7. and 2.D.8.) unless the re-contribution qualifies as an Account Transfer (see Part 2.D.3), Plan Transfer (see Part 2.D.4) or rollover from the PA 529 GSP Account (see Parts 2.D.5).

The following replaces Part 2.D.7.a. on page 23:

7. Rollovers from a PA 529 GSP Account to a Roth Individual Retirement Account (IRA)

a. How to Request

You may withdraw assets from your PA 529 GSP Account and place them in a previously established Roth IRA. The following restrictions apply:

- Your PA 529 GSP Account must be open for 15 or more years.
- Contributions and associated earnings that you transfer to the Roth IRA must be in your PA 529 GSP Account for more than 5 years.
- IRS regulations permit a lifetime maximum amount of \$35,000 per designated beneficiary to be rolled over from all 529 accounts to Roth IRAs.
- The Beneficiary of your PA 529 GSP Account from which funds are being rolled over must be the beneficiary of the Roth IRA into which the rollover is occurring.
- PA 529 GSP Account assets must be sent directly to the Roth IRA.
- The Roth IRA contribution is subject to the Roth IRA contribution limit for the taxable year applicable to the designated beneficiary for all individual retirement plans maintained for the benefit of the designated beneficiary.
- Rollover amounts cannot exceed the Roth IRA beneficiary's annual earned income in the tax year in which the rollover is made.

First, you should contact your Beneficiary's Roth IRA provider to determine if you are eligible to make the rollover. You may then complete the "Direct 529 to Roth IRA Rollover Form", which may be found at PA529.com. You may not make a withdrawal to yourself or another person and then deposit the funds into a Roth IRA (indirect rollover). If you need assistance in determining how long your Account has been open or the age of contribution(s) and associated earnings, please contact the PA 529 GSP at 800-440-4000. If you have any Roth IRA-specific questions, you may wish to consult your financial or tax advisor and your Roth IRA provider. You may wish to consult your financial, tax, or legal advisor and your Roth IRA provider for more guidance.

The following replaces Part 2.D.7.c. on page 24:

c. Tax Consequences

For Specific Non-qualified Withdrawals, the earnings portion of the withdrawal will be subject to federal income taxes at the ordinary income tax rate of the Account Owner or, in the case of the Beneficiary's death, the Beneficiary or the Beneficiary's estate. The additional federal 10% tax described in Section 4.A.2. does not apply to Specific Nonqualified Withdrawals. For withdrawals due to the Beneficiary's death, the additional federal 10% tax does not apply only if the withdrawal is made to the Beneficiary's estate. The PA 529 GSP will issue to you or the Beneficiary an IRS Form 1099-Q for the withdrawal that will specify the principal and earnings portions of the total withdrawal. If you or the Beneficiary is a Pennsylvania taxpayer, the entire withdrawal, including both principal and earnings, might be subject to Pennsylvania income tax. The rules governing this are explained in the Pennsylvania Department of Revenue's Personal Income Tax Bulletin 2006-04, which is available at www.revenue.pa.gov by clicking on "I'm Looking For", "Law, Policies, and Bulletins", "Tax Bulletins", and then searching for "Personal Income Tax Bulletin 2006-04 – Qualified Tuition Programs". You may wish to consult a tax advisor on this matter.

You should keep appropriate records to substantiate to the Internal Revenue Service that the withdrawal was because of the Beneficiary's death, disability, or receipt of a scholarship, tuition waiver, or appointment to a U.S. military academy.

The following replaces Part 4.A.2. on page 29:

2. Taxation of Earnings

During the time contributions are held in an Account, their earnings are not subject to federal taxes; that is, they are tax deferred. Whether and how the earnings are taxed when a withdrawal is made depends on the type of withdrawal being made (see Part 2.D.). With limited exceptions, the earnings portion of a Qualified Withdrawal is not subject to federal taxes; that is, Qualified Withdrawals are tax exempt. If applicable requirements are met, the earnings portion of the following withdrawals is exempt from federal taxation: Account Transfers, Plan Transfers, and Rollovers. The earnings portion of Specific Non-qualified Withdrawals and General Non-qualified Withdrawals is subject to federal income tax as ordinary income (not capital gains). However, the earnings portion of General Non-qualified Withdrawals is subject to an additional 10% federal tax. Withdrawals because of the Beneficiary's death are exempt from the additional 10% tax only if they are paid in the name of the Beneficiary.

The Internal Revenue Service currently requires the PA 529 GSP to issue a Form 1099-Q for all withdrawals (excluding Account Transfers and Plan Transfers), regardless of whether the earnings are taxable. The Form 1099-Q will be issued: (1) to the Beneficiary if a Withdrawal has been paid to the Eligible Educational Institution, to the Beneficiary, or the Beneficiary's estate; and (2) to the Account Owner for all other withdrawals.

Federal taxation of the earnings on Qualified Withdrawals may be impacted if other federal tax benefits for education (such as Coverdell Education Savings Accounts or the American Opportunity Credits) are used for the same Qualified Expenses. Consult IRS Publication 970 (available at www.irs.gov/pub/irs-pdf/p970.pdf) or a tax advisor to determine how the various programs interact and how best to use them. For tax-advantaged withdrawals (Qualified Withdrawals, Account Transfers, Plan Transfers, Rollovers, Specific Non-qualified Withdrawals), you should keep appropriate records to substantiate to the Internal Revenue Service that the requirements for benefiting from the tax advantage were met. If you use other federal tax benefits in the same tax year that you use your Account, you should keep appropriate records to substantiate the expenses for which each were used.

The following replaces Part 4.D. on page 31:

D. Tax Reports

The PA 529 GSP will report withdrawals and other matters to the Internal Revenue Service, the Account Owner or Beneficiary, and other persons, if any, to the extent required pursuant to federal, state, or local law, regulation, or ruling. Under federal law, IRS Form 1099-Q will be filed by the PA 529 Program with the Internal Revenue Service reporting withdrawals, whether taxable or tax-exempt (excluding Account Transfers and Plan Transfers). The form will also be sent to the Account Owner or Beneficiary, as appropriate, reflecting, among other information, the earnings portion withdrawn during the calendar year. The Internal Revenue Service currently requires the PA 529 GSP to issue IRS Form 1099-Q to: (1) the Beneficiary if distributions are from a UGMA or UTMA account or a withdrawal has been paid to the Eligible Educational Institution, the Beneficiary, or the Beneficiary's estate; and (2) the Account Owner for all other withdrawals.

**SUPPLEMENT DATED JULY 2025 TO THE PENNSYLVANIA GUARANTEED
SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.**

PA 529 GSP Account Owner,

The following information describes important changes and is supplemental to the PA 529 GSP Disclosure Statement dated April 2022. Please keep this supplement with your plan documents.

GENERAL CHANGES

All references to “Qualified Expenses” are changed to “Qualified Education Expenses”.

Credential Programs

Effective for withdrawals made after July 4, 2025, tuition, fees, books, supplies and equipment required for a post-secondary credential program are considered qualified 529 expenses.

Credential programs authorized under the Workforce Innovation and Opportunity Act (WIOA), credentials approved by a state or the federal government, military credentials, and credentials authorized by certain recognized providers are included in this expansion. Some examples of qualifying credentialing programs may be HVAC and cosmetology certifications as well as attorney’s licenses.

Also included as qualified expenses are costs associated with testing related to credentialing programs and associated preparation courses as well as costs related to maintaining the credential, e.g. continuing education.

Elementary and Secondary School Expenses

Effective for withdrawals made after July 4, 2025, the list of qualified K-12 expenses is expanded to include curriculum and curriculum materials, books or other instructional materials, costs associated with tutoring or other classes outside the home, fees for certain exams, dual enrollment, and educational therapies for students with disabilities.

Effective January 1, 2026, the annual limit for K-12 expenses is increased from \$10,000 to \$20,000 per beneficiary per year.

SPECIFIC CHANGES

The first, second, and third paragraphs under the heading What schools and what expenses can an Account be used for in Part 1.A. on page 4 are replaced with the following:

What schools and what expenses can an Account be used for? An Account can be used to pay for “Qualified Education Expenses” including “Elementary and Secondary Qualified Expenses” and “Post-Secondary Qualified Education Expenses”. The definition of Qualified Education Expenses differs depending on if the expenses are for elementary and secondary education or post-secondary education. “Elementary and Secondary Qualified Education Expenses” include expenses related to enrollment or attendance at an elementary or secondary public, private, or religious school and are limited to \$20,000 per Beneficiary per year **effective January 1, 2026**. It is the responsibility of the Account Owner to ensure that no more than \$20,000 per year per Beneficiary is withdrawn for Elementary and Secondary Qualified Education Expenses.

Please note that the \$20,000 Elementary and Secondary Qualified Education Expense Qualified Withdrawal limit is effective January 1, 2026. Until then the Elementary and Secondary Qualified Education Expense limit remains \$10,000 per beneficiary per year.

Account Owners who are taxpayers in states other than Pennsylvania should note that those states may not consider elementary and secondary education expenses to be qualified. Please consult with the individual state to learn more.

Elementary and Secondary Qualified Education Expenses include:

- Tuition,
- Curriculum and curricular materials,
- Books and other instructional materials,
- Online educational materials,
- Tuition for tutoring or educational classes outside of the home, but only if the tutor or instructor is not related to the Beneficiary and is either a licensed teacher in any State, has taught at an Eligible Educational Institution, or is a subject matter expert in the relevant subject,
- Fees for a nationally standardized norm-referenced achievement test, an advanced placement examination, or any examinations related to college or university admission,
- Fees for dual enrollment in an institution of higher education,
- Educational therapies for students with disabilities provided by a licensed or accredited practitioner or provider, including occupational, behavioral, physical, and speech-language therapies

“Post-Secondary Qualified Education Expenses” generally include: tuition, mandatory fees, required books, supplies and equipment, computers and peripheral equipment, computer software, Internet access and related services (as long as such equipment, software, and services are used primarily by the Beneficiary while enrolled at an Eligible Educational Institution), certain room and board, and special needs services for special needs students. Post-Secondary Qualified Education Expenses also include expenses that require special attention:

- Tuition, fees, books, supplies and equipment, or any other expense that would be required for enrollment or attendance in a “Recognized Post-Secondary Credential Program” as well as fees associated with testing and continuing education that are required to obtain and maintain a “Recognized Post-Secondary Credential”.

Recognized Post-Secondary Credential Programs include:

- Programs included on a list created by a State under Section 122(d) of the Workforce Innovation and Opportunity Act,
- Programs listed in the public directory of Web Enabled Approval Management System of the Veterans Benefits Administration,
- An examination (developed or administered by an organization widely recognized as providing reputable credentials in the occupation) is required to obtain or maintain such credential and such organization recognizes such program as providing training or education which prepares individuals to take such examination, or
- Programs recognized by the United States Secretary of the Treasury in consultation with the United States Secretary of Labor as being a reputable program for obtaining a recognized post-secondary credential.

Recognized Post-Secondary Credentials include:

- Any occupational or professional license issued or recognized by a State or the Federal Government,
- Any post-secondary employment credential that is industry recognized and is:
 - Issued by a program accredited by the Institute for Credentialing Excellence, the National Commission on Certifying Agencies, or the American National Standards Institute,
 - Included in the Credentialing Opportunities On-Line (COOL) directory maintained by the United States Department of Defense or any branch of the United States Armed Forces,
 - Identified by the United States Secretary of the Treasury in consultation with the United States Secretary of Labor as being a Recognized Post-Secondary Credential.
- Tuition, fees, books, supplies, and equipment required for the participation of a Beneficiary in an apprenticeship program registered and certified with the United States Secretary of Labor under the National Apprenticeship Act (29 U.S.C. § 50) as well as fees associated with testing and continuing education required for obtaining a certificate of completion for such an apprenticeship program. For more information about certified apprenticeship programs, please visit www.apprenticeship.gov/apprenticeship-finder.

SUPPLEMENT DATED SEPTEMBER 2024 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

PA 529 GSP Account Owner,

The following information describes important changes and is supplemental to the PA 529 GSP Disclosure Statement dated April 2022. Please keep this supplement with your plan documents.

GENERAL CHANGES

529 to Roth IRA Rollovers

Due to a change in Pennsylvania state law, properly executed rollovers from a PA 529 GSP account to a Roth IRA made after July 10, 2024 are not subject to Pennsylvania state income tax.

Employer Tax Credit

On July 11, 2024 Governor Josh Shapiro signed legislation providing for a Pennsylvania state tax credit for employers who make matching contributions to employees' 529 accounts. The amount of the tax credit is equal to 25% of the employers total matching contributions made in a tax year up to \$500 per employee. Employers may take advantage of this tax credit for matching contributions made after December 31, 2024.

SPECIFIC CHANGES

All references to the expiration date of the Pennsylvania Treasury Department's contract with Ascensus College Savings Recordkeeping Services, LLC is changed to June 30, 2028.

The following is added as Part 2.A.4. on page 9:

4. Plan Communications

In addition to quarterly statements, PA 529 GSP Disclosure Statement supplements, and transaction and profile confirmations, Account Owners may receive other PA 529 GSP communications including, but not limited to, notifications of special promotions, offers of additional services, and reminders of important contribution timeframes.

The following is added as Part 2.B.7.n. on page 14:

n. Employer Matching Contributions

Employers may be eligible to claim a tax credit against their Pennsylvania state tax liability for making matching contributions to employees' 529 accounts. The following conditions apply:

- An employer may claim the tax credit for matching contributions to its employees' 529 accounts made after December 31, 2024.
- An employer may claim a tax credit equal to 25% of its aggregate matching contribution made in a tax year up to a maximum of \$500 per employee.
- To receive the tax credit, an employer must provide the Pennsylvania Department of Revenue (Revenue) with proof of qualifying matching contributions at time of filing its Pennsylvania state tax return. Revenue has not yet issued regulations regarding the type of evidence that employers will be required to provide. Employers should consult with Revenue for more information.
- Employees are required to provide to their employers evidence of the total amount deposited into their 529 accounts during the previous tax year. Employers may prescribe the manner in which employees provide this information.
- If the amount of an employer's approved tax credit exceeds its tax liability in a tax year, the tax credit may be carried forward for up to three years to reduce the employer's tax liability during those tax years.
- Employer matching contributions may be considered taxable on both the federal and state level. Employees should consult with a tax advisor.
- The ability to receive this tax credit is scheduled to expire on December 31, 2029.

Employers may wish to consider consulting with a financial, tax, legal, or employee benefits advisor for more guidance.

The following replaces Part 2.D.7.c. on page 24:

c. Tax Consequences

If a rollover meets the requirements stated in Part 2.D.7.a., it is not a taxable event for federal or Pennsylvania state income tax purposes. Nevertheless, the PA 529 GSP is required by federal law to issue you an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. You should keep appropriate records to substantiate to the Internal Revenue Service that the requirements stated in Part 2.D.7.a. were met.

Before making such a transfer, you may wish to consult with a tax advisor and your Beneficiary's Roth IRA provider.

SUPPLEMENT DATED FEBRUARY 2024 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

PA 529 GSP Account Owner,

The following information describes important changes and is supplemental to the PA 529 GSP Disclosure Statement dated April 2022. Please keep this supplement with your plan documents.

GENERAL CHANGES

The Pennsylvania Department of Revenue has determined that rollovers from a PA 529 GSP Account to a Roth IRA are subject to Pennsylvania state income tax. If Account Owners have questions regarding Pennsylvania tax treatment of rollovers from a PA 529 GSP Account to a Roth IRA, please contact the Pennsylvania Department of Revenue at 717-787-8201.

SPECIFIC CHANGES

The following replaces Part 2.D.7.c. on page 24:

c. Tax Consequences

If a rollover meets the requirements stated in Part 2.D.7.a., it is not a taxable event for federal income tax purposes. Nevertheless, the PA 529 GSP is required by federal law to issue you an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. You should keep appropriate records to substantiate to the Internal Revenue Service that the requirements stated in Part 2.D.7.a. were met.

If you are a Pennsylvania taxpayer, the entire withdrawal, including both principal and earnings, may be subject to Pennsylvania state income tax. The rules governing this are explained in the Pennsylvania Department of Revenue's Personal Income Tax Bulletin 2006-04, which is available at www.revenue.pa.gov by clicking on "I'm Looking For", "Law, Policies, and Bulletins", "Tax Bulletins", "Personal Income Tax Bulletins", then "Personal Income Tax Bulletin 2006-04 – Qualified Tuition Programs". You may wish to consult a tax advisor on this matter. If you have any questions regarding Pennsylvania tax treatment of rollovers from a PA 529 GSP Account to a Roth IRA, please contact the Pennsylvania Department of Revenue at 717-787-8201.

SUPPLEMENT DATED DECEMBER 2023 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

THE FOLLOWING INFORMATION DESCRIBES IMPORTANT CHANGES AND IS SUPPLEMENTAL TO THE PA 529 GSP DISCLOSURE STATEMENT DATED APRIL 2022. PLEASE KEEP THIS SUPPLEMENT WITH YOUR PLAN DOCUMENTS.

GENERAL CHANGES

Roth IRA Rollovers

Effective January 1, 2024, Account Owners are permitted to transfer funds from their PA 529 GSP Account into a Roth Individual Retirement Account (Roth IRA) without incurring federal income tax or penalties subject to the following conditions:

- Your PA 529 GSP Account must be open for 15 or more years.
- Contributions and associated earnings that you transfer to the Roth IRA must be in your PA 529 GSP Account for more than 5 years.
- IRS regulations permit a lifetime maximum amount of \$35,000 per designated beneficiary to be rolled over from all 529 accounts to Roth IRAs.
- The Beneficiary of your PA 529 GSP Account from which funds are being rolled over must be the beneficiary of the Roth IRA into which the rollover is occurring.
- PA 529 GSP Account assets must be sent directly to the Roth IRA.
- The Roth IRA contribution is subject to the Roth IRA contribution limit for the taxable year applicable to the designated beneficiary for all individual retirement plans maintained for the benefit of the designated beneficiary.

The Pennsylvania Department of Revenue has not determined whether a rollover from the PA 529 GSP to a Roth IRA is subject to Pennsylvania state income tax. PA 529 will inform Account Owners when that determination is made. If Account Owners have questions regarding Pennsylvania tax treatment of rollovers from a PA 529 GSP Account to a Roth IRA, please contact the Pennsylvania Department of Revenue at 717-787-8201.

A number of questions exist regarding the requirements that your PA 529 GSP be open for 15 or more years (15 year requirement) and that the contributions and associated earnings must be in the PA 529 Account for more than 5 years (5 year requirement).

PA 529, as part of the College Savings Plan Network (CSPN), a network of the National Association of State Treasurers, submitted a letter to the United States Department of the Treasury (U.S. Treasury) seeking clarification on these points. This letter also stated CSPN's interpretation of these requirements.

Regarding the 15 year requirement, CSPN explained to U.S. Treasury that it believes that account changes including, but not limited to, beneficiary changes, account owner changes, and rollovers between 529 plans should not "reset" the 15 year requirement.

Likewise, CSPN, in its letter, opined that a change in beneficiary or account owner would not “reset” the 5 year requirement.

THESE INTERPRETATIONS MUST NOT BE TAKEN AS LEGAL OR TAX ADVICE AND U.S. TREASURY MAY ULTIMATELY DISAGREE WITH THEM. THE ACCOUNT OWNER IS SOLELY RESPONSIBLE FOR ENSURING COMPLIANCE WITH THE REQUIREMENTS DETAILED IN THIS SUPPLEMENT.

Pennsylvania State Tax Deduction

Effective January 1, 2024, all references to the Pennsylvania state tax deduction for Pennsylvania 529 Guaranteed Savings Plan contributions are changed from \$17,000 for single filers (\$34,000 if married and filing jointly) to \$18,000 for single filers (\$36,000 if married and filing jointly).

Gift Tax Exclusion

Effective January 1, 2024, the federal annual gift tax exclusion will increase to \$18,000 for a single individual (\$36,000 for married couples filing jointly). For 529 plans, contributions of up to \$90,000 for a single contributor (or \$180,000 for married couples filing jointly) can be made in a single year and applied against the annual gift tax exclusion equally over a five-year period. Accordingly, all references to the exclusion of contributions from federal gift tax are updated to reflect these increased amounts.

SPECIFIC CHANGES

The following replaces the third paragraph of Part 2.D.2.a. on page 20:

Your Qualified Withdrawal may be paid directly to the school, to you, to the Beneficiary, or to a third party you designate, such as a landlord. If the withdrawal is for elementary or secondary education, the withdrawal cannot be paid to the Beneficiary. If the withdrawal is paid directly to the school, it will be mailed to the address on file in a school address list maintained by the PA 529 GSP. By signing the paper form or completing the online withdrawal process, you certify that the requested withdrawal will be used for the Qualified Expenses of the Beneficiary. **The request must be accompanied by a tuition bill that is sufficient for the PA 529 GSP to determine the proper Tuition Level.** For online withdrawals, the tuition bill must be in an electronic format. A request for a Qualified Withdrawal cannot be processed without the certification and the tuition bill. The PA 529 GSP reserves the right to require documentation showing that claimed expenses meet the criteria for Qualified Expenses.

The following replaces Part 2.D.6.c. on page 23:

c. Tax Consequences

If an ABLERollover, when added to all other contributions made to an ABLER account, does not exceed the annual contribution limit for ABLER accounts (\$18,000 as of January 1, 2024), it is not a taxable event for federal and Pennsylvania income tax purposes. Nevertheless, the PA 529 GSP is required by federal law to issue you an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. You should keep

appropriate records to substantiate to the Internal Revenue Service and/or the Pennsylvania Department of Revenue that the above requirements were met. Additionally, if the Beneficiary of the ABLE account is different than the Beneficiary of the PA 529 GSP Account, it might be considered a gift from one Beneficiary to the other for federal gift and generation-skipping transfer tax purposes. Before making such a transfer, you may wish to consult with a tax advisor.

The following is added as Part 2.D.7. on page 23. All subsequent sections are renumbered accordingly:

7. Rollovers from a PA 529 GSP Account to a Roth Individual Retirement Account (IRA)

a. How to Request

You may withdraw assets from your PA 529 GSP Account and place them in a previously established Roth IRA. The following restrictions apply:

- Your PA 529 GSP Account must be open for 15 or more years.
- Contributions and associated earnings that you transfer to the Roth IRA must be in your PA 529 GSP Account for more than 5 years.
- IRS regulations permit a lifetime maximum amount of \$35,000 per designated beneficiary to be rolled over from all 529 accounts to Roth IRAs.
- The Beneficiary of your PA 529 GSP Account from which funds are being rolled over must be the beneficiary of the Roth IRA into which the rollover is occurring.
- PA 529 GSP Account assets must be sent directly to the Roth IRA.
- The Roth IRA contribution is subject to the Roth IRA contribution limit for the taxable year applicable to the designated beneficiary for all individual retirement plans maintained for the benefit of the designated beneficiary.

First, you should contact your Beneficiary's Roth IRA provider to determine if you are eligible to make the rollover and if the Roth IRA provider has a process to initiate the rollover. If the Roth IRA provider does have such a process, PA 529 will accept the provider's form as long it includes the PA 529 Account Owner's signature or is submitted to the PA 529 with a letter signed by the PA 529 Account Owner.

If the Roth IRA provider does not have a process in place, you may complete the Direct 529 to Roth IRA Rollover Form, which may be found at PA529.com. You may not make a withdrawal to yourself or another person and then deposit the funds into a Roth IRA (indirect rollover).

If you need assistance in determining how long your Account has been open or the age of contribution(s) and associated earnings, please contact the PA 529 GSP at 800-440-4000.

If you have any Roth IRA-specific questions, you may wish to consult your financial or tax advisor and your Roth IRA provider.

You may wish to consult your financial, tax, or legal advisor and your Roth IRA provider for more guidance.

IT IS THE RESPONSIBILITY OF THE ACCOUNT OWNER TO ENSURE THAT THE REQUIREMENTS SURROUNDING A ROLLOVER FROM A PA 529 GSP ACCOUNT TO A ROTH IRA ARE MET.

b. Valuation

For purposes of a Rollover from a PA 529 GSP Account to a Roth IRA, the value is the lesser of (1) the Tuition Inflation Value of the mature contributions plus the Sum of Contributions for non-mature contributions or (2) the Investment Performance Value. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be paid. The Investment Performance Value will be calculated as of the day that the request is processed, generally within three business days of the request being received in good order.

c. Tax Consequences

If a rollover meets the requirements stated in Part 2.D.7.a., it is not a taxable event for federal income tax purposes. Nevertheless, the PA 529 GSP is required by federal law to issue you an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. You should keep appropriate records to substantiate to the Internal Revenue Service that the requirements stated in Part 2.D.7.a. were met.

As of the date of this Disclosure Statement Supplement, the Pennsylvania Department of Revenue has not determined whether a rollover from the PA 529 GSP to a Roth IRA is subject to Pennsylvania state income tax. If Account Owners have questions regarding Pennsylvania tax treatment of rollovers from a PA 529 GSP Account to a Roth IRA, please contact the Pennsylvania Department of Revenue at 717-787-8201.

Before making such a transfer, you may wish to consult with a tax advisor and your Beneficiary's Roth IRA provider.

SUPPLEMENT DATED JANUARY 2023 TO THE PENNSYLVANIA GUARANTEED SAVINGS PLAN DISCLOSURE STATEMENT DATED APRIL 2022.

THE FOLLOWING INFORMATION DESCRIBES IMPORTANT CHANGES AND IS SUPPLEMENTAL TO THE PA 529 GSP DISCLOSURE STATEMENT DATED APRIL 2022. PLEASE KEEP THIS SUPPLEMENT WITH YOUR PLAN DOCUMENTS.

GENERAL CHANGES

All references to the Pennsylvania state tax deduction for Pennsylvania 529 Guaranteed Savings Plan contributions are changed from \$16,000 for single filers (\$32,000 if married and filing jointly) to \$17,000 for single filers (\$34,000 if married and filing jointly).

All references to the gift tax exclusion for contributions are changed from \$80,000 for single filers (\$160,000 if married and filing jointly) to \$85,000 for single filers (\$170,000 if married and filing jointly).

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION TO BE CONSIDERED BEFORE MAKING A DECISION TO CONTRIBUTE TO THE PENNSYLVANIA 529 GUARANTEED SAVINGS PLAN ("PA 529 GSP") UNDER THE PENNSYLVANIA 529 COLLEGE AND CAREER SAVINGS PROGRAM ("PA 529"), INCLUDING INFORMATION ABOUT RISKS, FEES, AND EXPENSES. IT SHOULD BE READ THOROUGHLY AND RETAINED FOR FUTURE REFERENCE. NO ONE IS AUTHORIZED TO PROVIDE INFORMATION THAT IS DIFFERENT FROM THE INFORMATION IN THIS DISCLOSURE STATEMENT.

ACCOUNTS GUARANTEED ONLY BY GSP FUND AND NOT INSURED

ACCOUNTS ESTABLISHED UNDER THE PA 529 GSP, INCLUDING BOTH CONTRIBUTIONS AND GROWTH ON THOSE CONTRIBUTIONS, IF ANY, ARE NOT INSURED OR GUARANTEED BY THE COMMONWEALTH OF PENNSYLVANIA, THE PENNSYLVANIA TREASURY DEPARTMENT, PA 529, OR ANY CONSULTANT, CONTRACTOR, OR ADVISOR RETAINED BY THE COMMONWEALTH, THE TREASURY DEPARTMENT, OR PA 529. THE PAYMENT OF PA 529 GSP OBLIGATIONS WILL BE MADE ONLY FROM THE GUARANTEED SAVINGS PROGRAM FUND (THE "GSP FUND"). ANY CLAIM AGAINST THE PA 529 GSP, THE COMMONWEALTH, OR THE DEPARTMENT PURSUANT TO A PA 529 GSP CONTRACT WILL BE MADE SOLELY AGAINST THE ASSETS OF THE GSP FUND AND NOT AGAINST ANY OTHER FUNDS OR SOURCES OF THE COMMONWEALTH, THE TREASURY DEPARTMENT, CONSULTANT, CONTRACTOR, OR ANY OTHER PERSON OR ENTITY. IN THE EVENT THAT THE GSP FUND WOULD NOT GENERATE AN ADEQUATE RETURN, THE PA 529 GSP MIGHT NOT BE ABLE TO MEET ALL OF ITS FUTURE LIABILITIES.

ACCOUNT OWNERS IN THE PA 529 GSP ASSUME INVESTMENT RISK, INCLUDING THE POTENTIAL LOSS OF CONTRIBUTIONS AND LIABILITY FOR ADDITIONAL INCOME TAXES OR PENALTIES SUCH AS THOSE LEVIED FOR NON-QUALIFIED WITHDRAWALS.

INVESTMENT PRODUCT NOT REGISTERED

THESE INVESTMENT PRODUCTS HAVE NOT BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION OR WITH ANY STATE SECURITIES COMMISSION. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED INTERESTS IN THE PA 529 GSP OR PASSED ON THE ADEQUACY OF THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TAX AND OTHER ADVANTAGES OF HOME STATE PROGRAMS

FOR RESIDENTS OF STATES OTHER THAN PENNSYLVANIA, IF YOUR STATE OR THE BENEFICIARY'S STATE OF RESIDENCY (IF DIFFERENT) SPONSORS A 529 PLAN, THAT PLAN MAY OFFER STATE INCOME TAX AND OTHER BENEFITS NOT AVAILABLE TO YOU THROUGH THE PA 529 GSP. IF YOU ARE NOT A PENNSYLVANIA TAXPAYER OR RESIDENT, PLEASE CONSULT YOUR FINANCIAL ADVISOR, TAX ADVISOR, OTHER ADVISOR, OR YOUR HOME STATE'S 529 PROGRAM TO LEARN MORE ABOUT HOW STATE-BASED BENEFITS (OR ANY LIMITATIONS) WOULD APPLY TO YOUR SPECIFIC CIRCUMSTANCES.

OTHER PLANS AVAILABLE FROM THE COMMONWEALTH OF PENNSYLVANIA

THIS DISCLOSURE STATEMENT PERTAINS TO THE PA 529 GSP. THE COMMONWEALTH OF PENNSYLVANIA ALSO OFFERS THE PA 529 INVESTMENT PLAN (THE "PA 529 IP"). THE PA 529 IP AND THE PA 529 GSP OFFER SIMILAR BENEFITS AND TAX ADVANTAGES. THEIR PRIMARY DIFFERENCE IS THEIR METHOD OF GROWTH. GROWTH ON A PA 529 GSP ACCOUNT, WHEN USED FOR QUALIFIED EDUCATION EXPENSES, IS BASED ON POSTSECONDARY TUITION INFLATION, WHEREAS THE RETURN ON A PA 529 IP ACCOUNT IS BASED ON INVESTMENT PERFORMANCE. THE TWO PLANS ASSESS DIFFERENT FEES. FOR DETAILS ABOUT THE PA 529 IP, PLEASE OBTAIN AND CAREFULLY READ THE SEPARATE DISCLOSURE STATEMENT FOR THE PA 529 IP, WHICH MAY BE OBTAINED BY CALLING CUSTOMER SERVICE AT 800-440-4000 OR ONLINE AT PA529.COM.

INFORMATION IN THIS DISCLOSURE STATEMENT IS BELIEVED TO BE ACCURATE AS OF THE DATE OF THIS DISCLOSURE STATEMENT AND IS SUBJECT TO CHANGE WITHOUT PRIOR NOTICE.

PENNSYLVANIA 529 GUARANTEED SAVINGS PLAN ("PA 529 GSP")

TABLE OF CONTENTS

| | |
|--|----------|
| PA 529 GSP – AT A GLANCE | 1 |
| Part 1. General Description of the Pennsylvania 529 Guaranteed Savings Plan | 3 |
| A. Program Summary | 3 |
| B. Role of Department | 5 |
| Part 2. How the PA 529 GSP Works | 5 |
| A. Opening and Maintaining Your PA 529 GSP Account..... | 5 |
| 1. The Enrollment Process..... | 5 |
| 2. The Account Owner and Related Designations | 7 |
| a. The Initial Account Owner | 7 |
| b. Granting Others ("Authorized Agents") Access to the Account..... | 7 |
| c. Successor Owner and Change of Ownership Upon Death or Incapacity of Account Owner..... | 7 |
| d. Change of Ownership by Agreement..... | 8 |
| e. Ownership of an Account Established Under UTMA or UGMA | 8 |
| 3. The Beneficiary..... | 8 |
| a. The Initial Beneficiary | 8 |
| b. Change of Beneficiary | 8 |
| c. Member of the Family..... | 9 |
| B. Making Contributions..... | 9 |
| 1. Initial Contribution..... | 9 |
| 2. Additional and Minimum Contributions | 9 |
| 3. Significance of August 31 for Making Contributions | 9 |
| 4. Maximum Contribution Limit..... | 9 |
| 5. Pennsylvania Tax Deductibility of Contributions..... | 10 |
| 6. Special Federal Gift Tax Provision for Contributions | 10 |
| 7. Methods of Contributing | 10 |
| a. Checks and Money Orders..... | 10 |
| b. Electronic Bank Transfer (EBT)..... | 11 |
| c. Automatic Investment Plan (AIP)..... | 11 |
| d. Payroll Deduction | 12 |
| e. Contributions of Upromise® Earnings | 12 |
| f. Contributions Through Ugift® | 12 |
| g. Rollover from an Out-of-State 529 Plan Account..... | 12 |
| h. Reallocation of Assets from a PA 529 IP Account – Plan Transfer..... | 13 |
| i. Transfer of Contributions between PA 529 GSP Accounts – Account Transfer | 13 |
| j. Contribution of the Proceeds from a Coverdell Education Savings Account | 13 |
| k. Contribution of the Proceeds from Certain U.S. Savings Bonds..... | 14 |
| l. Contributions from UGMA/UTMA Custodial Accounts..... | 14 |
| m. Contributions from a Pennsylvania Personal Income Tax Refund | 14 |

| | | |
|-------|---|----|
| C. | How Contributions Grow..... | 15 |
| 1. | General Description..... | 15 |
| 2. | “Sum of Contributions”..... | 15 |
| 3. | “Investment Performance Value”..... | 15 |
| 4. | “Tuition Inflation Value”..... | 15 |
| a. | Overview..... | 15 |
| b. | Tuition Levels..... | 16 |
| (i) | Designating and Changing a Tuition Level..... | 16 |
| (ii) | Currently Available Tuition Levels..... | 16 |
| (iii) | Future Tuition Levels..... | 16 |
| c. | GSP Credit Rates and Premiums..... | 17 |
| d. | GSP Credits and the Significance of 96 GSP Credits..... | 17 |
| e. | The Tuition Inflation Value Calculation..... | 18 |
| (i) | In General..... | 18 |
| (ii) | Maturity Period for GSP Credits..... | 18 |
| (iii) | Difference in Tuition Inflation Value for Qualified Withdrawals and Non-qualified Withdrawals..... | 18 |
| (iv) | Impact of Premiums and Fees on Tuition Inflation Value..... | 19 |
| (v) | Impact of Changing Tuition Levels on Tuition Inflation Value..... | 19 |
| D. | Making Withdrawals..... | 19 |
| 1. | In General..... | 19 |
| 2. | Qualified Withdrawals..... | 20 |
| a. | How to Request..... | 20 |
| b. | Valuation..... | 20 |
| c. | Tax Consequences..... | 20 |
| 3. | Transfers between PA 529 GSP Accounts – Account Transfer..... | 21 |
| a. | How to Request..... | 21 |
| b. | Valuation..... | 21 |
| c. | Tax Consequences..... | 21 |
| 4. | Transfers from a PA 529 GSP Account to a PA 529 IP Account – Plan Transfer..... | 21 |
| a. | How to Request..... | 21 |
| b. | Valuation..... | 21 |
| c. | Tax Consequences..... | 21 |
| 5. | Rollovers from a PA 529 GSP Account..... | 22 |
| a. | How to Request..... | 22 |
| b. | Valuation..... | 22 |
| c. | Tax Consequences..... | 22 |
| 7. | Rollovers from a PA 529 GSP Account to an ABLE Account..... | 22 |
| a. | How to Request..... | 22 |
| b. | Valuation..... | 23 |
| c. | Tax Consequences..... | 23 |
| 7. | Specific Non-qualified Withdrawals..... | 23 |
| a. | How to Request..... | 23 |
| b. | Valuation..... | 23 |
| c. | Tax Consequences..... | 24 |
| 8. | General Non-qualified Withdrawals..... | 24 |
| a. | How to Request..... | 24 |
| b. | Valuation..... | 24 |
| c. | Tax Consequences..... | 24 |
| 9. | Withdrawals upon Voluntary Termination..... | 24 |
| 10. | Withdrawals upon Involuntary Terminations..... | 25 |
| 11. | How Withdrawals are Impacted by Other Tax Benefits for Education..... | 25 |
| E. | Risk of Account Transactions and Changes..... | 25 |
| F. | Account Security..... | 26 |
| 1. | In General..... | 26 |
| 2. | Online Account Security..... | 26 |
| G. | The Guarantee of the PA 529 GSP and the GSP Fund..... | 26 |

| | |
|---|-----------|
| Part 3. Expenses and Fees | 27 |
| A. Expenses..... | 27 |
| B. Fees..... | 27 |
| 1. Account Maintenance Fee..... | 27 |
| 2. Insufficient Fund Fees..... | 28 |
| Part 4. Tax Information | 28 |
| A. Federal Tax Treatment..... | 29 |
| 1. Tax Provisions Related to Contributions..... | 29 |
| a. In General..... | 29 |
| b. Federal Transfer Taxes (Gifts, Generation-Skipping Transfer and Estate Taxes)..... | 29 |
| 2. Taxation of Earnings..... | 29 |
| B. Pennsylvania Tax Treatment..... | 30 |
| 1. Tax Provisions Related to Contributions..... | 30 |
| 2. Taxation of Earnings..... | 30 |
| 3. Taxation of Transfers Including Inheritance Tax..... | 30 |
| C. Other States' Tax Treatment..... | 31 |
| D. Tax Reports..... | 31 |
| Part 5. Risk Factors | 31 |
| A. Qualifying Tuition Plan..... | 31 |
| B. Investment Risks..... | 31 |
| C. Cybersecurity Risks..... | 32 |
| D. Plan Structure..... | 32 |
| E. Change in Federal and State Law..... | 33 |
| F. Impact on Eligibility for Financial Aid..... | 33 |
| G. No Guarantee of Admittance..... | 33 |
| H. No Indemnification..... | 33 |
| I. Impact on Medicaid and other Federal and State Benefits..... | 33 |
| J. No Security Registration..... | 34 |
| Part 6. Scholarship Accounts | 34 |
| A. Establishment..... | 34 |
| B. Holding Account..... | 34 |
| C. Terms and Conditions..... | 34 |
| Part 7. Programs to Augment Your Savings | 34 |
| A. SAGE Scholars Tuition Rewards..... | 34 |
| B. Upromise®..... | 35 |
| Part 8. Additional Legal and Administrative Information | 36 |
| A. The Investment Guidelines..... | 36 |
| B. PA 529 GSP Procedures and Requirements..... | 36 |
| C. Account Restrictions..... | 36 |
| D. Availability of Financial Statements and Other Reports..... | 36 |
| E. Federal Bankruptcy Protection for Certain Contributions to Accounts..... | 36 |
| F. Abandoned or Unclaimed Accounts..... | 36 |
| G. Limitation on Pledges, Assignments, and Loans..... | 37 |
| H. Information Subject to Change..... | 37 |
| I. Important Reference Material..... | 37 |
| J. Conflicts..... | 37 |
| Appendix A: PA 529 GSP Participation Agreement | 38 |

PA 529 GSP – AT A GLANCE

| | |
|--------------------------------|--|
| Nature of the PA 529 GSP | The PA 529 GSP is one of two Section 529 college savings plans offered by the Commonwealth of Pennsylvania to assist individuals and families in saving for education in a tax-advantaged way. Account growth, when used for qualified education expenses, is based on postsecondary tuition inflation rather than performance of investments. See Part 1.A. |
| Role of PA Treasury | The PA 529 is administered by the Pennsylvania Treasury Department. The Department oversees all investments and provides marketing and customer service for the Plan. Pursuant to a contract expiring in May 2023, the Pennsylvania Treasury Department serves as Program Manager, and Ascensus College Savings Recordkeeping Services, LLC (“Ascensus”) serves as the Recordkeeping and Servicing Agent. See Part 1.B. |
| Account Owner | The PA 529 is open to all U.S. citizens and resident aliens, 18 years or older, who have a Social Security Number or other taxpayer identification number and have a U.S. permanent address that is not a P.O. Box. Corporations and certain other types of entities may participate in the Plan. See Part 2.A.2. |
| Beneficiary | The Beneficiary may be a U.S. citizen or resident alien, with a Social Security Number or individual taxpayer identification number, of any age, from newborn to adult. You can only change the Beneficiary or transfer a portion of the Account to a different Beneficiary if the two Beneficiaries are specified members of the same family. There are no adverse tax consequences as a result of such a change. See Part 2.A.3. |
| Residency | At the time the Account is opened, either the Account Owner or Beneficiary must be a resident of Pennsylvania. A subsequent change of residency does not affect the Account. |
| Contributions | Anyone may make contributions, regardless of the contributor’s income. <u>Initial Contribution:</u> An initial contribution is not required to open an account. <u>Additional Contributions:</u> \$1 minimum. You may also receive a minimum contribution of \$25 through Ugift®. <u>Maximum Contribution Limit:</u> \$511,758 – Accounts for the same Beneficiary that have reached the Maximum Contribution Limit may continue to accrue earnings, but additional contributions are prohibited. See Part 2.B.1., 2., and 4. |
| The “Guarantee” | If the Account is used for qualified higher education expenses, the PA 529 GSP guarantees that growth will keep pace with postsecondary tuition inflation (subject to fees and Premiums). For withdrawals used for other purposes, the PA 529 GSP guarantees that, at a minimum, the amount of unused contributions will be refunded. These guarantees are the obligation of the GSP Fund only and not the Commonwealth of Pennsylvania or any other entity. See Part 2.G. |
| Risk Factors of the PA 529 GSP | Saving in the PA 529 GSP involves certain risks, including (1) the possibility that the GSP Fund may not be able to meet all of its obligations, in which case you may not receive all the funds to which you are entitled, (2) the risk of federal and/or state tax law changes, (3) the risk of any PA 529 GSP changes, including changes in fees, and (4) the risk that contributions to an Account may adversely affect the eligibility of the Beneficiary or the Account Owner for federal financial aid or other benefits. See Part 5. |
| Fees and Charges | Asset-based management fee: 0.40% with a maximum annual fee of \$500; 0.30% for Account Owners who establish electronic delivery with a maximum annual fee of \$250. Accounts are subject to a minimum annual fee of \$5.00. See Part 3. |

| | | | |
|---|--|---|--|
| Tax Advantages | <ul style="list-style-type: none"> Earnings accrue free from federal income tax, and there is no federal income tax on Qualified Withdrawals. (The earnings portion of Non-qualified Withdrawals is subject to federal income tax and may be subject to a 10% federal tax penalty.) For Pennsylvania taxpayers, earnings on Qualified Withdrawals are not subject to Pennsylvania income tax. (Non-qualified Withdrawals are likely to be subject to Pennsylvania state income tax.) Depending upon the state where you live or pay state income tax, your earnings may or may not be subject to state income tax. Up to a \$16,000 per year deduction from Pennsylvania state taxable income for single filers (\$32,000 if married filing jointly provided that each spouse has taxable income of at least \$16,000) per Beneficiary. No gift tax on contributions up to \$80,000 (single) and \$160,000 (married filing jointly) — prorated over five years. <p>Note: Contributions to any 529 college savings plan are not deductible for federal income tax purposes. See Part 4.</p> | | |
| Exclusive PA Home State Advantages | <p>If you are a Pennsylvania resident, there are several advantages to saving in the PA 529 GSP that are not available to you if you use an out-of-state 529 plan. These include having the assets in your Account:</p> <ul style="list-style-type: none"> Excluded when your student's state financial aid is determined. Excluded from Pennsylvania Inheritance Tax. Protected from creditors of you or the Beneficiary. Be the basis for earning guaranteed tuition discounts for your student at over 400 private schools that participate in SAGE Scholars. See Part 1.A. | | |
| Qualified Withdrawals | <p>Your Account can be used to pay for the following expenses if required for the enrollment or attendance at any eligible postsecondary school in the United States or abroad: tuition, books, supplies, computers and related equipment and services, fees, and expenses for special-needs services for a special-needs Beneficiary; and room and board expenses (with limitations). It can also be used to pay for fees, books, supplies, and equipment required for participation in certain apprenticeship programs. Additionally, it can be used to pay a Beneficiary's (or a Beneficiary's sibling's) principal or interest on qualified educational loans up to a lifetime limit of \$10,000 per Beneficiary or sibling. Finally, it can be used for elementary and secondary school tuition up to \$10,000 per Beneficiary per year. See Part 1.A. and Part 2.D.2.</p> | | |
| Account Control | <p>As Account Owner you:</p> <ul style="list-style-type: none"> Always retain control of how and when the money is used even though the assets are not part of your estate for federal estate tax purposes. Can change the Beneficiary without paying federal income tax or a penalty, if the new Beneficiary is a qualifying Family Member of the former Beneficiary. Can take the money back, at any time for any reason, subject to applicable federal taxes on earnings and a 10% federal penalty tax on earnings. State income tax may also apply. The value you receive might be less than if used for Qualified Withdrawals. See Part 2.A.2. | | |
| Online Applications and Account Information | <ul style="list-style-type: none"> Account Owners may enroll online or obtain an Enrollment Form at PA529.com or by mail. Account Owners may choose to receive some or all Account correspondence online, rather than in paper format. Most Account activities can be completed online, including Account maintenance. See Part 2.A.1. and 2.E. | | |
| Privacy Policy | <p>All information you provide to PA 529 GSP is treated confidentially. Ascensus is obligated to treat the information you provide to PA 529 GSP confidentially. Our Privacy Policy may be found at PA529.com or by calling 800-440-4000.</p> | | |
| Contact Information | <p style="text-align: center;">Pennsylvania 529 Guaranteed Savings Plan</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"> <p>Office: 613 North Drive-G-06 Harrisburg, PA 17120-0600</p> </td> <td style="width: 50%; border: none;"> <p>Processing Center: P.O. Box 55463 Boston, MA 02205-8114</p> </td> </tr> </table> <p>Website: PA529.com E-mail: PAGSP@patreasury.gov Phone: 800-440-4000</p> | <p>Office: 613 North Drive-G-06 Harrisburg, PA 17120-0600</p> | <p>Processing Center: P.O. Box 55463 Boston, MA 02205-8114</p> |
| <p>Office: 613 North Drive-G-06 Harrisburg, PA 17120-0600</p> | <p>Processing Center: P.O. Box 55463 Boston, MA 02205-8114</p> | | |

Part 1. General Description of the Pennsylvania 529 Guaranteed Savings Plan

A. Program Summary

This Program Summary provides a general overview of the Pennsylvania 529 Guaranteed Savings Plan (the “PA 529 GSP”). The topics discussed in this Program Summary are discussed in more detail later in this Disclosure Statement. Before investing, please read the entire Disclosure Statement carefully to ensure that you fully understand the PA 529 GSP.

What is the PA 529 GSP? The PA 529 GSP is one of two Plans in the Pennsylvania 529 College and Career Savings Program (the “PA 529”), which is a tax-advantaged college savings program created under the authority of the laws of the Commonwealth of Pennsylvania (“Enabling Law”) that is designed to help people save for the costs of education after high school – including college, trade schools, career schools, and graduate and professional schools nationwide and even some abroad. Pursuant to the Enabling Law, the Pennsylvania Treasury Department (the “Department”) administers the PA 529. The other Plan offered by the PA 529 is the Pennsylvania 529 Investment Plan (the “PA 529 IP”). Both Plans are designed to be qualified tuition programs under Section 529 (“Section 529”) of the Internal Revenue Code of 1986, as amended (the “Tax Code”). Both offer similar benefits and tax advantages. Their primary difference is their method of growth. Contributions to a PA 529 GSP Account (“Account”), when used for Qualified Education Expenses, grow based on postsecondary tuition inflation. In contrast, contributions to a PA 529 IP Account have returns (which may include losses) based on investment performance. This Disclosure Statement covers only the PA 529 GSP. For a Disclosure Statement for the PA 529 IP, call Customer Service at 800-440-4000 or go online at PA529.com.

The fundamental concept of the PA 529 GSP is that if you save enough for postsecondary tuition today (whether it is a credit, a semester, or four years, for example) at the school or type of school for which you choose to save (your “Tuition Level” (see Part 2.C.4.b.)), you will have enough to cover that amount of tuition at that Tuition Level in the future – no matter when or how much postsecondary tuition has gone up in the meantime. Your contributions to an Account are placed in the Guaranteed Savings Program Fund (the “GSP Fund”), a separate state fund held by the Treasury Department that is dedicated to the PA 529 GSP. The assets in the GSP Fund are invested by professional investment managers in stocks, bonds, and other appropriate vehicles included in the GSP Fund Investment Guidelines with the goal of ensuring that the growth of the GSP Fund meets or exceeds postsecondary tuition increases. The Investment Guidelines are available at PATreasury.gov or by calling Customer Service at 800-440-4000. When your Account is used to pay for Qualified Education Expenses, however, the growth you receive is not determined by the investment performance that the GSP Fund achieved on your contributions. Rather, your contributions grow based on the rate of postsecondary tuition increases at your chosen Tuition Level from the time the contribution was made until the academic semester for which the Account is used.

What is the “guarantee” of the PA 529 GSP? The “guarantee” of the PA 529 GSP depends on whether or not the Account is used for Qualified Education Expenses. If used for eligible expenses, as stated above, the growth on your contributions is based on postsecondary tuition increases, and not on the investment performance that the GSP Fund achieved on those contributions. So, if during the time your money has been in the PA 529 GSP, postsecondary tuition increases have been greater than investment performance – even if the investment value of your contributions has actually gone down – the GSP Fund is still obligated to pay for your college expenses at the tuition-inflation value. If your Account is not used for eligible postsecondary expenses, you are entitled, at a minimum, to a refund of your remaining contributions. So, if you make a withdrawal for any reason other than paying for eligible expenses, the GSP Fund is obligated to pay you, at a minimum, what was put into your Account (minus any fees or previous withdrawals).

It is important to note, however, that these guarantees are NOT a promise by the Commonwealth or any state agency that it will stand behind the GSP Fund if the Fund were to run out of money to meet the guarantees. The guarantee is NOT backed by the full faith and credit of the Commonwealth and is not the obligation of the Commonwealth, the Treasury Department, or any consultant, contractor, or entity other than the GSP Fund. In the event that the GSP Fund would not generate an adequate return, the PA 529 GSP might not be able to meet all of its future obligations and the GSP Fund might not be able to pay Account Owners the amounts to which they would be entitled. That is, Account Owners might not receive the full value to which they would be entitled.

What are the tax advantages? There are numerous federal and state tax advantages, which are described in more detail later in this Disclosure Statement. Briefly, the federal tax advantages are that the growth, if any, on

contributions is tax-deferred and, if used for Qualified Education Expenses, is tax exempt. There are also specific federal gift and estate tax provisions and generation-skipping transfer tax advantages and consequences. For Pennsylvania taxpayers, the growth is tax-deferred for state income tax purposes and, if used for Qualified Education Expenses, tax exempt. Additionally, within limits, contributions made into an Account may be deducted from your Pennsylvania taxable income.

What benefits are exclusive to the PA 529? Several benefits are available to you only if the Section 529 college savings plan you use is a Pennsylvania plan – either the PA 529 GSP or PA 529 IP. These exclusive benefits include:

- **Pennsylvania state financial aid protection.** Assets held in a PA 529 Account – no matter how large – are not counted in determining Pennsylvania state financial aid. Assets of a parent or student held in any other 529 plan are counted.
- **Pennsylvania inheritance tax exclusion.** Assets held in a PA 529 Account are not included in a deceased's assets for Pennsylvania inheritance tax purposes. Assets held in any other 529 plan are fully counted – regardless of the size of the deceased's assets. The inheritance tax rate varies depending on the relationship between the deceased and the heir; for children or grandchildren, it is currently 4.5% of the entire value of the asset – not just the growth.
- **Protection from creditors.** In Pennsylvania state proceedings, assets held in a PA 529 Account are protected from creditors of the Account Owner or Beneficiary. Assets in an out-of-state 529 plan have no such protection.
- **SAGE Tuition Rewards.** Savings in a PA 529 Account can earn SAGE Tuition Rewards, which provide student tuition discounts at over 400 private colleges nationwide, with over 50 in Pennsylvania. Discounts are earned at the rate of 2.50% of the value of the Account quarterly (about 10% annually) with a minimum quarterly earning worth \$250 in discounts. Each participating college sets the maximum discount that it will honor – typically one year of tuition spread over four years. As of December 2021 this ranges from \$7,188 to \$60,280.

Who can open an Account and for whose benefit? Any adult (18 or older) who is a U.S. citizen or resident alien and who has a Social Security Number or taxpayer identification number and a permanent U.S. address can open a PA 529 GSP Account to save for the future education expenses of any person, including himself or herself. At the time the Account is opened, however, either the Account Owner or the Beneficiary of the Account (the "Beneficiary") must be a Pennsylvania resident. A subsequent change of state residency, however, does not affect the Account. The Account Owner can change the Beneficiary at any time, as long as the new Beneficiary is a Family Member (see definition at Part 2.A.3.c.) of the previous Beneficiary.

What schools and what expenses can an Account be used for? An Account can be used to pay for "Qualified Education Expenses" required for enrollment or attendance at "Eligible Educational Institutions". For ease of reference, these combined requirements are referred to throughout this Disclosure Statement as "Qualified Expenses". These terms are defined by the Tax Code. The definition of "Qualified Education Expenses" differs depending on if the expenses are for elementary and secondary education or post-secondary education. Elementary and Secondary Qualified Education Expenses include only tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school and are limited to \$10,000 per Beneficiary per year. It is the responsibility of the Account Owner to ensure that not more than \$10,000 per year per Beneficiary is withdrawn for Elementary and Secondary Qualified Education Expenses. Account Owners who are taxpayers in states other than Pennsylvania should note that those states may not consider elementary and secondary education expenses to be qualified. Please consult with the individual state to learn more.

Post-Secondary Qualified Education Expenses generally include: tuition, mandatory fees, required books, supplies and equipment, computers and peripheral equipment, computer software, Internet access and related services (as long as such equipment, software, and services are used primarily by the Beneficiary while enrolled at an Eligible Educational Institution), certain room and board, and special needs services for special needs students. Post-Secondary Qualified Education Expenses also include two expenses that require special attention:

- Fees, books, supplies, and equipment required for the participation of a Beneficiary in an apprenticeship program registered and certified with the United States Secretary of Labor under the National Apprenticeship Act (29 U.S.C. § 50). For more information about certified apprenticeship programs, please visit www.apprenticeship.gov/apprenticeship-finder.
- Repayment of qualified educational loans (as defined in 26 U.S.C. § 221(d)(1)) for a Beneficiary or sibling (brother, sister, stepbrother, stepsister, half-brother, or half-sister) of a Beneficiary, not to exceed a lifetime limit of \$10,000 per Beneficiary or sibling. In order to be considered qualified, an educational loan must be incurred for the payment of Qualified Education Expenses, on behalf of a student who is enrolled in a degree or certificate program

at an eligible institution of higher education. For more information on the requirements that constitute a qualified educational loan, please review 26 U.S.C. § 221 (d)(1). The valuation of this type of withdrawal will be calculated as explained in Part 2.D.2.e.

Please note that repaying student loans with assets from a 529 account may reduce the amount of educational loan interest that can be deducted on your federal tax return. Please consult with a tax advisor for more information.

There are limitations and conditions in order for room and board to be a Qualified Expense. The Beneficiary must be at least a half-time student (generally taking six or more academic credits). If living on campus, the full amount charged by the school is a Qualified Expense. If living off campus, the amount is limited to the room and board cost used by the school being attended in its cost of attendance calculation.

“Eligible Educational Institutions” include any elementary or secondary public, private, or religious school and most American and many foreign colleges and universities, for undergraduate and graduate programs, and many career and trade schools. The determining criterion for Post-Secondary Schools is that the school must be eligible to participate in the U.S. Department of Education’s student financial aid programs. A search for such schools is available at www.studentaid.gov. Withdrawals made to pay for Qualified Expenses are called “Qualified Withdrawals.”

Can an Account be used for other purposes? Yes. You can access your Account at any time for any reason. Withdrawals used to move your funds to another 529 plan are “Transfers” or “Rollovers.” Withdrawals used for any other purpose are called “Non-qualified Withdrawals.” Before taking a Rollover, Transfer, or Non-qualified Withdrawal, you should consider several consequences. First, the growth on contributions used for these types of withdrawals is calculated differently and may be less than the growth on contributions used for Qualified Withdrawals. Second, there may be federal and state income tax consequences for Transfers or Rollovers that are not consistent with federal requirements and for Non-qualified Withdrawals. Additionally, the number of Rollovers, Transfers, and Non-qualified Withdrawals that may be taken in a given period of time may be limited. (See Part 2.D.)

529 plans are intended to be used only to save for Qualified Education Expenses. 529 plans are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

What are the fees? There is an annual asset-based Account maintenance fee. As of the date of this Disclosure Statement, the fee is 40 basis points annually (\$4.00 on \$1,000) with a minimum fee of \$5.00 and a maximum annual fee of \$500. The fee is discounted to 30 basis points (\$3.00 on \$1,000) for those Account Owners who establish email delivery of quarterly statements, PA 529 GSP Disclosure Statement updates, and transaction and profile confirmations with a minimum fee of \$5.00 and a maximum annual fee of \$250. The asset-based fee is subject to change. Additionally, the PA 529 GSP reserves the right to charge you (or deduct from your Account) any expenses it incurs as a result of any check, automatic investment, or Electronic Bank Transfer being returned unpaid by the financial institution upon which it is drawn. (See Part 3.B. for more details.)

B. Role of Department

The Department is responsible for all aspects of the PA 529 GSP. Among the Department’s major responsibilities are: establishing investment guidelines for the GSP Fund, investing or overseeing the investments of the GSP Fund, annually setting PA 529 GSP Credit Rates, accepting and crediting contributions, processing requests for withdrawals, providing customer service, and marketing the Plan. Pursuant to its authority to contract with other entities to perform services for the PA 529 GSP, the Department has contracted with Ascensus to perform recordkeeping and processing services.

Part 2. How the PA 529 GSP Works

A. Opening and Maintaining your PA 529 GSP Account

1. The Enrollment Process

To open a PA 529 GSP Account, you must complete and submit an Enrollment Form. An initial contribution is not required if you establish an Automatic Investment Plan (AIP), initiate payroll deduction, or indicate you will be making a Rollover from another 529 account and initiate the Rollover process. (See Part 2.B.7.c., d., g., h., and i.) The

quickest and easiest way to open an account is to complete the enrollment process online at PA529.com, including making an initial contribution, if desired. Otherwise, you may mail your Enrollment Form and initial payment, if desired. A paper Enrollment Form to complete and mail can be downloaded from PA529.com or obtained by calling Customer Service at 800-440-4000. By signing and submitting the Enrollment Form, you agree that your Account is subject to the terms and conditions of the PA 529 GSP Contract, of which this Disclosure Statement and the PA 529 GSP Participation Agreement (Appendix A) are a part. On the Enrollment Form, you must provide information and make several required designations. You must designate a "Beneficiary," who is the future student, and the "Tuition Level," which is the school or type of school for which you are saving. These designations can be changed, at any time, subject to some limitations. (See Part 2.A.3.b. and Part 2.C.4.b.) You also specify the date that you anticipate your Beneficiary will start college – the "Projected College Enrollment Date." This date is used by the PA 529 GSP to determine when you should be contacted with information about how to use your Account and in determining the actuarial soundness of the Plan. You may change this date at any time by calling Customer Service at 800-440-4000 or through "My Account" at PA529.com. To access your Account online, you simply register your Account by setting up a user name and password. Once you have web registered, you can obtain Account information at any time and make some changes to your Account. Web registering helps you get the most out of your Account.

Your initial contribution, if any, will be credited to your Account when the Enrollment Form is received and all required information has been completed in good order. If you overlook completing certain items, the PA 529 GSP will do so on your behalf: (1) if you do not specify a Tuition Level, the GSP will deem you to have selected the State System of Higher Education Average Tuition Level; (2) if you do not specify a residency level, the GSP will deem you to have selected an in-state or in-district residency level, as applicable; and (3) if you do not specify the Beneficiary's Projected College Enrollment Date, the PA 529 GSP will deem such projected enrollment date to be the August immediately after the date the Beneficiary reaches 18 years of age.

You must provide a permanent U.S. address, which may not be a Post Office Box. You must also provide a mailing address, which may be different than your permanent address. Any subsequent permanent or mailing address changes can be made by accessing "My Account" at PA529.com, by calling Customer Service at 800-440-4000, or by submitting a signed written request. Additionally, on a periodic basis, the PA 529 GSP may utilize the National Change of Address (NCOA) database maintained by the U.S. Postal Service to verify the accuracy of Account addresses. The PA 529 GSP may contact the Account Owner in order to verify the correct address and reserves the right to conform the Account record to the NCOA database information.

Whenever a mailing address is changed, a confirmation of the change will be mailed to both the old and new addresses unless the change has been made utilizing NCOA. When NCOA is used, notification of the change will be included with the next quarterly statement. Whenever a permanent address is changed, a confirmation of the change will be mailed to the mailing address of record.

If you own more than one PA 529 Account and you change your permanent or mailing address on some but not all of your Accounts, the PA 529 GSP reserves the right to change the address on all your Accounts to conform to the address most recently given.

If the PA 529 GSP sends a mailing (including, but not limited to, quarterly statements and confirmations) to the Account Owner's mailing address of record and that mailing is returned because the mailing address is incorrect, the PA 529 GSP will place a "stop mail hold" on the Account. An Account on stop mail hold will receive no mailings from the PA 529 GSP until the mailing address of record is corrected.

In the event that the Account Owner's mailing address of record becomes invalid, the PA 529 GSP reserves the right to use reasonable methods to find the correct mailing address including, but not limited to, utilizing internet-based informational databases and contacting other individuals whose information has been provided to the PA 529 GSP including Beneficiary, Successor Owner, and Authorized Agent. If the current mailing address is found through any of these means, the PA 529 GSP reserves the right to change the Account Owner's mailing address of record to the current mailing address.

On the Enrollment Form, you may also make other optional designations, including naming a Successor Owner and/or Authorized Agents, and enrolling in SAGE Scholars Tuition Rewards. See below for more details about these optional designations.

2. The Account Owner and Related Designations

a. The Initial Account Owner

To open an Account, an individual must (1) be a U.S. citizen or resident alien, (2) be 18 years of age or older, (3) have a Social Security Number or other taxpayer identification number, and (4) have a U.S. permanent address that is not a Post Office Box. A corporation, association, partnership, trust, or other legal entity also may establish an Account. At the time an Account is established, either the Account Owner or Beneficiary must be a resident of Pennsylvania. A subsequent change in residency does not affect the Account. If an Account Owner is not a natural person and the Beneficiary is not a Pennsylvania resident at the time the Account is opened, the Account Owner must have an office or place of business in Pennsylvania. Persons opening an Account on behalf of an entity must provide documentation of the person's authority to act for the entity. Trustees opening an Account on behalf of a trust must be a resident of Pennsylvania. State or local government organizations and tax-exempt organizations described in Section 501(c)(3) of the Tax Code may also open PA 529 GSP Accounts as part of a scholarship program.

The PA 529 GSP obtains from each person who opens an Account certain personal information – including name, street address, Social Security Number or other taxpayer identification number, and date of birth, among other information – that will be used to verify identity. If you do not provide this information, an Account will not be opened for you. If the PA 529 GSP is unable to verify your identity, the PA 529 GSP reserves the right to close your Account or take other steps it deems reasonable.

The Account Owner controls the Account, making any required designations, permitted changes, and withdrawal requests. Contributions made to the Account by any others, while considered gifts to the Beneficiary under federal law, come under the control of the Account Owner.

b. Granting Others (“Authorized Agents”) Access to the Account

Only one person can be the Account Owner and that person has control of the Account. While joint owners are not permitted, the Account Owner can grant other individuals the ability to access information about the Account and/or to take specified actions on the Account. If you wish, you may allow an individual(s) to have any one of four levels of access to or control of the Account:

- Level 1: Access information and Account statements only.
- Level 2: Level 1 permissions plus permission to make electronic contributions and change Tuition Levels.
- Level 3: Level 2 permissions plus permission to authorize withdrawals (both Qualified and Non-qualified).
- Level 4: Have full control.

You may call Customer Service at 800-440-4000 to designate an Authorized Agent at Level 1. For all other Levels, you must complete the Limited Power of Attorney/Agent Authorization form (for Levels 2 or 3) or the Power of Attorney form (for Level 4). These forms are available at PA529.com or by calling Customer Service at 800-440-4000. Please note that for Levels 2-4, the form must be notarized. Your designations may be changed or revoked at any time over the phone for Level 1 and in writing for Levels 2-4.

Please note that if the power of attorney that was executed more than 180 days before being presented to the PA 529 GSP, it must be accompanied by an affidavit attesting that the power of attorney is in full force and effect. A template affidavit may be obtained by calling 800-440-4000.

c. Successor Owner and Change of Ownership Upon Death or Incapacity of Account Owner

You may designate a Successor Owner who will become the owner of your Account upon your death or incapacity, to the extent permitted by applicable law or court order to the contrary, upon submission of documentation of your death or disability and completion of an Enrollment Application. The Successor Owner will take ownership of the Account once this paperwork has been received in good order and processed. Since laws vary from state to state, you may wish to consult a lawyer to determine the precise effect of such a designation. You may designate a Successor Owner by completing the appropriate section of the Enrollment Form. Additionally, you can add, change, or revoke a Successor Owner at any time by submitting a Services for Your Account Form or through “My Account” access on PA529.com.

If you do not designate a Successor Owner and you die, ownership of the Account will be determined by your will. If you die without a will, pursuant to the terms of your PA 529 GSP Contract, if permitted by applicable law: (1) ownership will pass to your surviving spouse; (2) if there is no surviving spouse, ownership will pass to the Beneficiary if he or she has reached the age of majority (the age of majority in Pennsylvania for these purposes is 18 years of age as of the date of this Disclosure Statement); and (3) if there is no surviving spouse and the Beneficiary is a minor, ownership will pass pursuant to the laws governing property of a person who dies without a will.

In the event of your death or incapacity, the Successor Owner or, if you do not designate one, the person to whom ownership of your Account is transferred as specified above, will be entitled to exercise all of the rights of an Account Owner, including the right to make Non-qualified Withdrawals and change the Beneficiary. If you wish to ensure that, in the event of your death or incapacity, the Account will be applied to pay the Qualified Education Expenses of the Beneficiary you have designated, you should consult a legal advisor.

d. Change of Ownership by Agreement

The Account Owner may select a replacement Account Owner if the proposed replacement Account Owner meets the criteria for opening an account (see Part 2.A.2.a.) and the following four requirements are met: (1) The Account Owner to be named, if a natural person, has attained the age of 18; (2) a written statement signed by the Account Owner to be named is submitted stating that he or she agrees to be bound by the terms of the PA 529 GSP Plan Contract; (3) the existing and replacement Account Owner each certify that the change is made without consideration (that is, nothing is given in exchange for the Account ownership being changed); and (4) if the Beneficiary is not a resident of Pennsylvania at the time of the requested change and was not a resident of Pennsylvania at the time he or she first became the Beneficiary, the Account Owner to be named is a resident of Pennsylvania. The Department, in its sole discretion, may waive the fourth requirement if it determines that the change is not being requested to circumvent the intent of the Enabling Law regarding residency. Such a change may only be requested in writing, signed by the original Account Owner, with a signature guarantee, and the proposed new Account Owner. The written request must include representations that each of the four conditions described above have been met. The Services for Your Account Form, available at PA529.com, may be used for this purpose.

e. Ownership of an Account Established under UTMA or UGMA

If a PA 529 GSP Account is established for a minor under the Uniform Transfer to Minors Act (UTMA) or the Uniform Gifts to Minors Act (UGMA), the minor is both the Account Owner (through the custodian) and the Beneficiary. The minor must remain the Beneficiary of the Account at all times; unlike other PA 529 Accounts, the Account Owner may not change the Beneficiary. In addition, when the minor attains the age of majority specified by applicable state law, the custodian will cease to have any control over the Account and the former minor will control the Account. Also, the minor will be treated as the owner of the Account at all times, so that any taxable distribution from the Account will be treated as income of the minor (except to the extent, if any, that applicable law requires that such distribution be treated as income of the custodian).

If the custodian fails to direct the PA 529 GSP to transfer ownership of the Account when the designated beneficiary is legally entitled to take control of the Account assets, the PA 529 GSP may freeze the Account and/or refuse to allow the custodian to transact on the Account. Some UGMA/UTMA laws allow for more than one age at which the custodianship terminates ("Age of Termination"). The PA 529 GSP may freeze the account based on the youngest allowable Age of Termination of the custodianship according to the UGMA/UTMA laws where the custodianship account was established, based on the PA 529 GSP's records. The custodian may be required to provide documentation to the PA 529 GSP if the Age of Termination of the custodianship account is other than the youngest allowable age under the applicable UGMA/UTMA law or if the applicable UGMA/UTMA law differs from PA 529 GSP records.

3. The Beneficiary

a. The Initial Beneficiary

You designate the Beneficiary when you open the Account. Your Beneficiary must be a natural person of any age and need not be related to you. Anyone, including you, the Account Owner, can be a Beneficiary. At the time a PA 529 GSP Account is established, the Beneficiary does not have to be a Pennsylvania resident, provided the Account Owner is a Pennsylvania resident. A subsequent change in residency does not affect the Account. Each Account may have only one named Beneficiary.

If the Account is being opened as a Scholarship Account, a Beneficiary does not need to be designated.

Except for Accounts established under UTMA or UGMA, the Account belongs to the Account Owner and not to the Beneficiary; the Beneficiary has no vested rights in the Account.

b. Change of Beneficiary

The Account Owner can change the Beneficiary (unless the Account was established under UTMA or UGMA) at any time. However, the new Beneficiary must be a Family Member of the prior Beneficiary, as that term is defined below. Also, a change of Beneficiary cannot be made if other PA 529 Accounts for the new Beneficiary already exist and the change would cause the total value of all Accounts (if used for Qualified Expenses) for the new Beneficiary to exceed the Maximum Contribution Limit (currently \$511,758). State residency might also be a factor. If the Account Owner was not a Pennsylvania resident at the time the Account was opened, the new Beneficiary must be a Pennsylvania

resident; however, the PA 529 GSP, in its sole discretion, may waive this requirement if it determines that the change is not being requested to circumvent the intent of the Act regarding residency.

A change in Beneficiary might be treated as a gift from the previous Beneficiary to the new Beneficiary in certain circumstances, and therefore may have federal gift or generation-skipping transfer tax implications. (See Part 4.A.1.b.)

The Account Owner may request to change the Beneficiary by submitting a Services for Your Account Form, which may be found at PA529.com.

c. Member of the Family

The term “member of the family” (“Family Member”) is defined by Section 529 of the Tax Code as follows:

- Father, mother, or ancestor of either;
- Son, daughter, or a descendant of either;
- Stepfather or stepmother;
- Stepson or stepdaughter;
- Brother, sister, stepbrother, stepsister, half-brother, or half-sister;
- 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 of the Beneficiary or of any of the individuals listed above; or
- First cousin.

For the purpose of this definition, a legally adopted child or foster child of an individual is treated as the child of that individual by blood.

B. Making Contributions

1. Initial Contribution

No initial contribution is required to open an Account. Account Owners may submit an initial contribution by check or money order with your paper Enrollment Form or you may establish an automatic bank withdrawal referred to as an Automatic Investment Plan (AIP), initiate payroll deduction, whereby your employer directs an amount you specify from your pay directly to the PA 529 GSP, or initiate a Rollover at the time of enrollment.

The Department, at its discretion, may change the initial contribution requirement at any time.

2. Additional and Minimum Contributions

You may make additional contributions to your Account at any time. The minimum additional contribution is \$1. However, many people find that the most convenient way to save is through automatic contributions through payroll deduction or AIP.

Contributions made through the Ugift® platform (“Ugift”) (see Part 2.B.7.f.) must be a minimum of \$25.

Others may make contributions to your Account if they provide your PA 529 GSP Account number along with the contribution. Others contributing to your Account should understand that in doing so, they relinquish control of the contribution and its growth, if any, to you. If they choose, others may make contributions to your Account through various contribution methods listed below, including Ugift. (See Part 2.B.7.)

The Department, at its discretion, may change minimum contribution requirements at any time.

3. Significance of August 31 for Making Contributions

Contributing before August 31 of each year may be a significant benefit. Because postsecondary tuition inflation is ordinarily applied on September 1, contributions made by August 31 receive the postsecondary tuition inflation on September 1. While contributions must be held approximately one year before they and their growth can be used (see Part 2.C.4.e.(ii)), a contribution made by August 31 of one year can be used as early as for the Summer semester of the next calendar year and receive the benefit of either one or two years of postsecondary tuition inflation (depending on the tuition rates charged by the postsecondary school being attended) or for the Fall semester of the next calendar year and receive the benefit of two years of postsecondary tuition inflation.

4. Maximum Contribution Limit

Contributions to an Account may be made until the Maximum Contribution Limit is reached. Currently, the Limit is \$511,758, but is subject to change by the PA 529. To determine whether the Maximum Contribution Limit has been

reached, the value of all PA 529 (both PA 529 GSP and PA 529 IP) Accounts for a Beneficiary, regardless of whether they have different Account Owners, are added together. For purposes of this addition, the value if used for Qualified Expenses is used for PA 529 GSP Accounts and the market value is used for PA 529 IP Accounts.

Accounts that have reached the Maximum Contribution Limit may continue to grow and accrue earnings, but the excess portion of any additional contribution that would cause the Account balance to exceed the Maximum Contribution Limit will not be accepted or, if accepted, will be returned to the contributor without any earnings. The Commonwealth, the Department, the PA 529, or any of its contractors will not be responsible for any loss, damage, or expense in connection with a rejected or returned contribution.

No assurances can be given that the amount held in all PA 529 Accounts for a Beneficiary, even if they are at the Maximum Contribution Level, will be sufficient to pay the Qualified Education Expenses of the Beneficiary.

5. Pennsylvania Tax Deductibility of Contributions

Contributions made to a PA 529 GSP are deductible from the contributor's Pennsylvania taxable income, within limits. Currently, each taxpayer may deduct up to \$16,000 for each Beneficiary each year. The deductible amount will increase with any changes in the amount excludable for federal gift tax purposes under the Tax Code. There is no limit on the number of Beneficiaries for which one taxpayer may contribute. However, the total deductions taken by one taxpayer cannot reduce the contributor's taxable income to less than zero. Married taxpayers filing jointly may each take the \$16,000 per Beneficiary deduction, as long as each has taxable income of at least the amount being deducted.

The deduction may be taken by the contributor regardless of who owns the Account. Deductions can be taken for contributions made by any method listed below (see Part 2.B.7.), except Rollovers from out-of-state 529 plan accounts, Transfers between PA 529 GSP Accounts ("Account Transfers"), reallocations from a PA 529 IP account ("Plan Transfers"), the earnings portion of the proceeds of certain U.S. Savings Bonds, or the government match of a Family Savings Account contribution.

The contribution must be made within the tax year or by check dated by December 31 of the tax year in which the deduction is taken. The deduction is claimed on the contributor's Pennsylvania income tax return (PA-40).

If you are not a Pennsylvania resident, you may want to investigate whether your state offers a 529 plan with tax advantages and other benefits to its residents.

6. Special Federal Gift Tax Provision for Contributions

Special federal gift tax provisions allow larger contributions to an Account to be made in a single year without adverse federal gift tax consequence. For federal tax purposes, contributions to a PA 529 GSP Account generally are considered completed gifts to the Beneficiary. This means that, as with other gifts, a contribution to the Account is eligible for the applicable annual exclusion from federal gift and generation-skipping transfer taxes (as of 2021, \$16,000 for an individual or \$32,000 for a married couple). However, a special federal tax provision, applicable only to contributions to 529 plans, allows the contributor to choose to give up to five times the annual exclusion (\$80,000 for an individual and \$160,000 for a married couple) in one year and apply the contribution against the annual exclusion equally over a five-year period. For a fuller discussion of this tax advantage, see Part 4.A.1.b. below.

7. Methods of Contributing

Contributions can be made to your Account through any of the methods listed below. They may not be made with cash, stocks, securities, or other nonbank account assets.

a. Checks and Money Orders

Personal checks, cashier's checks, certified checks, and money orders may be used. Third-party checks up to \$10,000 will be accepted. Checks should be payable to "PA 529 GSP" and include the PA 529 GSP Account number. PA 529 GSP will not accept the following: starter checks, bank courtesy checks, instant loan checks, credit card checks, traveler's checks, foreign checks not in U.S. dollars, checks dated more than 180 days before receipt, postdated checks, checks with unclear instructions, or any other check the PA 529 GSP deems unacceptable.

If your check or money order is received at the physical location of our Processing Center (not just at its Post Office Box) in good order on a business day prior to the close of the New York Stock Exchange (NYSE), your contribution will be processed as of that day; if it is received after the close of the NYSE or on a non-business day, it will be processed on the next business day.

b. Electronic Bank Transfer (EBT)

You may contribute to your Account by making a one-time EBT from your bank checking or savings account when you enroll online or any time after that by accessing "My Account" at PA529.com or, if the bank account information has already been established on your PA 529 account, by calling Customer Service at 800-440-4000. Before making an initial EBT, you must provide certain information about the bank account from which money will be withdrawn.

If you, the PA 529 Account Owner, are not the owner or a joint-owner of the bank account, you must first provide a signature of the individual who is the bank account owner with a signature guarantee from the bank before the EBT is made. The signature guarantee box is provided on the appropriate PA 529 GSP form. Once the signature guarantee is on file in your PA 529 account records, you will be able to make an EBT from the account as if you were the bank account owner.

PLEASE NOTE: If you are not the owner or joint-owner of the bank account from which a EBT contribution has been made, the PA 529 GSP reserves the right to provide to the bank account owner(s), information related to contributions from that bank account and/or to remove the bank account information from the PA 529 account records upon receiving a request accompanied by a signature guarantee from any owner of the bank account.

PA 529 GSP places a limit on the total dollar amount per day that you may contribute to your Account by EBT, which as of December 31, 2021 was \$160,000 but is subject to change without further notice. Contributions in excess of the limit will be rejected. If you plan to contribute more than \$160,000 to your Account by EBT, please contact Customer Service at 800-440-4000 to inquire about the current limit prior to making your contribution.

EBT contributions that are initiated and in good order before 10 p.m., Eastern Time, on a business day will be credited to your PA 529 GSP Account effective the following business day but will be debited from your bank account on the second following business day. EBT contributions that are initiated and in good order after 10 p.m., Eastern Time, or on a non-business day will be credited to your PA 529 GSP Account effective the second following business day but will be debited from your bank account on the third following business day.

If the EBT contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information, the PA 529 GSP reserves the right to suspend processing future EBT contributions.

c. Automatic Investment Plan (AIP)

You may contribute to your Account through periodic automated debits from a bank checking or savings account, if the bank is a member of the Automated Clearing House. You can initiate an AIP during enrollment by completing the appropriate section of the online or paper enrollment. Or, you may set up an AIP after enrolling by accessing "My Account" at PA529.com or by submitting the appropriate form.

If you are not the owner or a joint-owner of the bank account, you must first provide a signature of an individual who is the bank account owner with a signature guarantee from the bank before the AIP can be established. The signature guarantee box is provided on the appropriate PA 529 GSP form.

PLEASE NOTE: If you are not the owner or joint-owner of the bank account from which an AIP contribution has been made, the PA 529 GSP reserves the right to provide to the bank account owner(s), information related to contributions from that bank account and/or to remove the bank account information from the PA 529 account records and discontinue the AIP upon receiving a request accompanied by a signature guarantee from any owner of the bank account.

The bank account will be debited on the date you designate unless it falls on a weekend or a holiday; in which case it will be on the next business day. The AIP contribution will be credited to your PA 529 GSP Account on the same business day as the day the bank debit is scheduled to occur. There must be at least three business days between when your AIP form or online information is received and the first AIP debit. Quarterly AIP investments will be made on the date you designate every three months, not on a calendar quarter basis. If no date is designated, your bank account will be debited on the 20th of the month. (If the 20th is not a business day, the debit will be made on the next business day.) Authorization for the AIP contribution will remain in effect until the PA 529 GSP has received notification that it has been revoked. Changes to, or revocation of, an AIP must occur at least five business days before an AIP debit is scheduled to be deducted from the bank account and are not effective until received and processed by the PA 529 GSP.

If the AIP contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information or for any other reason, the PA 529 GSP reserves the right to suspend processing future AIP contributions.

The PA 529 GSP reserves the right to refuse to allow an Account Owner to establish an AIP.

d. Payroll Deduction

Depending on your employer, you may be able to have contributions made automatically from your paycheck. To do so, your employer must agree and be able to meet PA 529 GSP operational and administrative requirements. Most employers agree to process automatic paycheck contributions in the same manner that direct deposit of paychecks to employees' bank accounts are made. If your employer permits this, forms for setting up your payroll deduction are available at PA529.com or by calling Customer Service at 800-440-4000. If your employer does not permit direct deposits from your paycheck to the PA 529 GSP, there may be alternative methods for making payroll deductions; please call Customer Service at 800-440-4000 for assistance. Payroll deductions are generally credited to your Account as of your pay date.

Please note that even when contributions are made by payroll deduction, they are made from your after-tax earnings.

e. Contributions of Upromise® Earnings

You may make a contribution to your PA 529 GSP Account with the savings you earn through the Upromise rewards ("Upromise"). (For details on the Upromise, see Part 7.B.) If you link your Upromise account to your PA 529 Account, your Upromise earnings will automatically be contributed to your PA 529 GSP Account on a periodic basis as long as the Upromise earnings not yet contributed reach a minimum amount required for transfer. Go to www.upromise.com for more information on transfer minimums. Upromise contributions made to your Account may be deducted from your Pennsylvania taxable income (see Part 2.B.5.).

f. Contributions through Ugift®

You may invite family and friends to contribute to your PA 529 GSP Account through Ugift to provide a gift to the Account Owner's Beneficiary. You provide a unique contribution code to selected family and friends and gift givers can either contribute online through a one-time or recurring electronic bank transfer or by mailing in a gift contribution coupon with a check made payable to "Ugift-PA 529 GSP". The Minimum Ugift contribution is \$25 and Maximum Contribution Limits apply. The gift giver may deduct the amount of the Ugift from his or her Pennsylvania taxable income (see Part 2.B.5.).

Gift contributions received in good order will be held for approximately five (5) business days before being transferred into your PA 529 GSP Account. Gift contributions will be invested according to the allocation on file for your PA 529 GSP Account at the time the gift contribution is transferred. There may be potential tax consequences of gift contributions invested in your PA 529 GSP Account. You and the gift giver should consult a tax advisor for more information. Ugift is an optional service, is separate from PA 529 GSP, and is not affiliated with the Treasury or the Commonwealth. For more information, please see our website at PA529.com or by calling Customer Service at 800-440-4000. See Part 4.A.1.b. for information on the federal gift tax exclusion.

g. Rollover from an Out-of-State 529 Plan Account

You can contribute to your PA 529 GSP Account by moving funds you have in a 529 plan other than the PA 529 (a "Rollover"). The Rollover is not subject to federal or Pennsylvania tax consequences when made if the following requirements are met: (1) if the Beneficiary of the out-of-state 529 plan is the same as the Beneficiary of your PA 529 GSP Account and it has been more than 12 months since any previous Rollover for that Beneficiary; and (2) your Rollover contribution to the PA 529 GSP is made within 60 days of your withdrawal from the out-of-state 529 plan. If, when you make the Rollover, you are also changing the Beneficiary, there is no restriction on the number of times within a 12-month period that you can make the Rollover. Remember, however, that the new Beneficiary must be a Family Member of the old Beneficiary. Under federal law, a 529 plan Rollover that does not meet these criteria will be considered a Non-qualified Withdrawal and will be subject to adverse federal and Pennsylvania income tax consequences.

You can withdraw your funds from the out-of-state plan yourself and then contribute them to your PA 529 GSP within 60 days (an "Indirect Rollover"). Or, you can request that your out-of-state plan transmit your funds directly to the PA 529 GSP plan (a "Direct Rollover"). Not all states permit Direct Rollovers. In addition, some states may impose state income tax consequences and/or penalties on Rollovers of either type from their 529 plans.

Whether your Rollover is Direct or Indirect, the PA 529 GSP must be provided with acceptable documentation from the distributing, out-of-state 529 plan indicating the distribution of the Rollover money between earnings and principal. Until the PA 529 GSP receives this documentation, the entire amount of your Rollover contribution will be treated as earnings, which would be subject to taxation if you were to take a Non-qualified Withdrawal before the earnings and principal documentation were received.

Forms for requesting a Rollover from an out-of-state 529 plan account are included with the PA 529 GSP enrollment materials and are available at PA529.com. If you need assistance in making a rollover, please contact Customer Service at 800-440-4000.

Contributions made by Rollovers may not be deducted from your Pennsylvania taxable income.

h. Reallocation of Assets from a PA 529 IP Account – Plan Transfer

You can contribute to your PA 529 GSP Account by transferring funds you have in a PA 529 IP Account (a “Plan Transfer”). This is considered a “reallocation” of assets within the PA 529 not subject to federal or Pennsylvania taxation when made, if the Beneficiary of the PA 529 IP is the same as the Beneficiary of your PA 529 GSP Account and there has been no more than one previous reallocation (including reallocation among investment options within the PA 529 IP) within the same calendar year. If, when you make the reallocation, you are also changing the Beneficiary, there is no restriction on the number of times within the calendar year that you can make the reallocation. Remember, however, that the new Beneficiary must be a Family Member of the old Beneficiary. You may not reallocate assets to a new Beneficiary if doing so would cause the Maximum Contribution Limit for the receiving Beneficiary to be exceeded.

Reallocation contributions may not be deducted from Pennsylvania taxable income.

i. Transfer of Contributions between PA 529 GSP Accounts – Account Transfer

You can contribute to your PA 529 GSP Account by transferring some or all previous contributions made to a different PA 529 GSP Account for a different Beneficiary (an “Account Transfer”) (unless you are a custodian of an Account established under UTMA or UGMA). The growth attributable to the contribution is transferred with the contribution. As is the case with changing Beneficiaries, the Beneficiary of the PA 529 GSP Account receiving the transferred contributions must be a Family Member of the Beneficiary of the Account from which the contributions are transferred. Contributions are transferred on a “first in first out” basis. A Transfer does not affect the Maturity Period (see below) related to the transferred contribution. You may not transfer the contributions if doing so would cause the Maximum Contribution Limit for the receiving Beneficiary to be exceeded.

A transfer of contributions between PA 529 Accounts must be requested in writing and signed by the Account Owner. In making the request, the Account Owner must specify the relationship between the Beneficiaries of the Accounts. If there is no existing PA 529 GSP Account for the new Beneficiary, a new Enrollment Form must be completed to establish the Account and transfer the funds.

Transfer contributions may not be deducted from Pennsylvania taxable income.

j. Contribution of the Proceeds from a Coverdell Education Savings Account

You may make a contribution to your PA 529 GSP Account with the proceeds obtained by selling a “Coverdell Education Savings Account” (formerly an “Education IRA”) established under Section 530 of the Tax Code. The Coverdell Education Savings Account proceeds are not subject to federal taxation when sold if your sale and contribution meet the following requirements: (1) the Beneficiary of the PA 529 GSP Account to which the proceeds are moved is the same as the Beneficiary of the Coverdell Education Savings Account and (2) the sale of the Coverdell Education Savings Account and the contribution to the PA 529 GSP Account occur in the same tax year. After the contribution to the PA 529 GSP Account has been made, all the rules governing the PA 529 GSP Account apply, including those on changing the Beneficiary. Contributions from the proceeds of a Coverdell Education Savings Account are deductible from Pennsylvania taxable income.

You must provide the PA 529 GSP with acceptable documentation from the custodian for the Coverdell Education Savings Account indicating how the proceeds are distributed between earnings and principal. Until the PA 529 GSP receives this documentation, the entire amount of your contribution will be treated as earnings, which would be subject to taxation if you took a Non-qualified Withdrawal before the earnings and principal documentation were received.

Even though contributing proceeds from a Coverdell Education Savings Account to a PA 529 GSP Account may be federally non-taxable when made, it may be treated as a taxable distribution for purposes of Pennsylvania income taxes or other applicable state income taxes. Contact your tax advisor for more information about state tax treatment. Call Customer Service at 800-440-4000 for more information about how to make a sale and contribute proceeds from a Coverdell Education Savings Account.

As with the growth on any contribution, if not used for Qualified Expenses, the growth on the proceeds and any subsequent growth once contributed to the PA 529 GSP would be subject to federal taxation.

k. Contribution of the Proceeds from Certain U.S. Savings Bonds

You may make a contribution to your PA 529 GSP Account with the proceeds obtained by cashing in certain U.S. Savings Bonds. The Savings Bonds proceeds are not subject to federal taxation when redeemed if your sale and contribution meet the following requirements: (1) the bonds are series EE bonds issued after 1989 or series I bonds; (2) the bond owner was at least 24 years old on the date the bonds were issued; (3) the Beneficiary of the PA 529 GSP Account is the Savings Bonds owner, or the Savings Bonds owner's spouse or dependent, and (4) the Savings Bonds owner meets certain income restrictions. You should consult a financial or tax advisor to determine whether you qualify.

To take advantage of this opportunity, you cash in the bonds and send a contribution to your PA 529 GSP Account for the amount of the proceeds. You need to provide the PA 529 GSP with acceptable documentation indicating the contribution's distribution between earnings and principal, such as Form 1099-INT from the financial institution that redeemed the bonds. Until the PA 529 GSP receives this documentation, the entire amount of your contribution will be treated as earnings, which would be subject to taxation if you took a Non-qualified Withdrawal before the earnings and principal documentation were received.

Additionally, the bond owner needs to record certain information from the bonds (Internal Revenue Form 8818 is available for this purpose) that must be reported to the Internal Revenue Service later. The taxpayer must file an Internal Revenue Service Form 8815 in the tax year in which the bonds are cashed in and placed in the PA 529 GSP Account.

Only the principal portions of contributions from the proceeds of qualified Savings Bonds are deductible from Pennsylvania taxable income. The interest portion of the contribution is not deductible.

As with the growth on any contribution, if not used for Qualified Expenses, the growth on the proceeds and any subsequent growth once contributed to the PA 529 GSP would be subject to federal taxation.

l. Contributions from UGMA/UTMA Custodial Accounts

The custodian for a minor under the UGMA or UTMA may liquidate the assets in the UGMA/UTMA account and contribute them to a PA 529 GSP Account. However, there is no special Tax Code or Pennsylvania tax laws for doing so. Accordingly, the minor and/or the minor's parent may incur capital gains (or losses) from the sale of noncash assets held by a UGMA/UTMA account. Additionally, even when placed in the PA 529 GSP, the assets are still governed by the UGMA/UTMA provision. Please contact a tax professional to determine how to transfer UGMA/UTMA custodial assets, and what the implications of such a transfer may be.

Contributions from the liquidation of a UGMA/UTMA account may be deducted from Pennsylvania taxable income.

UGMA/UTMA custodians should consider the following before contributing UGMA/UTMA assets to a PA 529 GSP:

- The custodian may make withdrawals only as permitted under UGMA/UTMA regulations and the PA 529 GSP;
- The custodian may not change the Beneficiary of the Account except as permitted under the UGMA/UTMA;
- The custodian should not change the Account Owner to anyone other than a successor custodian during the term of the custodial account under the UGMA/UTMA;
- When the custodianship terminates because the Beneficiary has reached the age of majority, the Beneficiary takes control of the Account and becomes the Account Owner subject to the provisions of the PA 529 GSP that are applicable to Accounts established or funded with non-UGMA/UTMA assets, if applicable; and
- Additional contributions of money not previously gifted to the Beneficiary under the UGMA/UTMA that are made to the PA 529 GSP Account to which the UGMA/UTMA assets were contributed will be subject to the UGMA/UTMA restrictions listed above. To avoid this, these new non-UGMA/UTMA contributions can be made to a separate and noncustodial 529 plan account. A noncustodial 529 plan account will allow the Account Owner to retain control of the assets and make Beneficiary changes.

None of the Commonwealth, the Treasury Department, the PA 529 GSP, or any other entity will be liable for any consequences related to a custodian's improper use, transfer, or characterization of custodial funds.

m. Contributions from a Pennsylvania Personal Income Tax Refund

Pennsylvania state taxpayers may contribute all or a portion of their Pennsylvania Personal Income Tax Refunds directly to a PA 529 GSP Account. To do so, enter the appropriate code and amount which you wish to contribute on either Line 32, 33, 34, 35, or 36 of Form PA-40, Pennsylvania Income Tax Return. You must also complete PA Schedule P and submit it with your Form PA-40. For more information, please visit the Pennsylvania Department of Revenue at www.revenue.pa.gov and click "FORMS AND PUBLICATIONS", "FORMS FOR INDIVIDUALS", "PERSONAL INCOME TAX FORMS".

C. How Contributions Grow

1. General Description

The growth earned on contributions in your Account depends on whether the funds withdrawn are used for a Qualified Withdrawal – a withdrawal used for Qualified Education Expenses at an Eligible Educational Institution. If so, the growth is based on postsecondary tuition inflation, and the value of the contributions along with their growth is the “Tuition Inflation Value.” If not used for a Qualified Withdrawal, the value received may be based on the investment performance attributable to the contributions in your Account (the “Investment Performance Value”), the amount of the contributions remaining in your Account (the “Sum of Contributions”), or the Tuition Inflation Value. For a detailed discussion of the circumstances determining which of these values will be applicable, see Part 2.D. For each PA 529 GSP Account, all three values are calculated and maintained. The method of calculating each of these three values is described below.

2. “Sum of Contributions”

An Account’s Sum of Contributions is the sum of the dollar value of each contribution at the time it was made (including any Premiums; see Part 2.C.4.c.) that remains in the Account when the valuation is made. It does not include growth of any kind. The Sum of Contributions of an Account changes each time a contribution is made to, or a withdrawal or fee is taken from, the Account.

3. “Investment Performance Value”

An Account’s Investment Performance Value (referred to as the “Value of the Account” in the Enabling Law) is based on the investment performance of the GSP Fund. To calculate an Account’s Investment Performance Value, the actual Net Earnings Rate of the GSP Fund is applied on a daily compounded basis to each separate contribution (including any Premium) that remains in the Account at the time of the valuation from the date of the contribution through the date of the calculation. However, growth reflected in an Account’s Investment Performance Value will only be available on a Non-qualified Withdrawal if the contribution generating the growth has been held in the Account for at least one year; that is, the contribution is “mature.”

An Account’s Investment Performance Value might fluctuate daily based on the investment performance of the GSP Fund. An Account’s Investment Performance Value could be more or less than its Sum of Contributions or its Tuition Inflation Value.

Due to market uncertainties, the Investment Performance Value of your Account may exhibit volatility and could be subject to wide fluctuations in response to factors, including but not limited to regulatory or legislative changes, worldwide political uncertainties, and general economic conditions (such as including inflation and unemployment rates), acts of God, acts of civil or military authority, acts of government, accidents, environmental disasters, natural disasters or events, fires, floods, earthquakes, hurricanes, explosions, lightning, suspensions of trading, epidemics, pandemics, public health crises, quarantines, wars, acts of war (whether war is declared or not), terrorism, threats of terrorism, insurrections, embargoes, cyber attacks, riots, strikes, lockouts or other labor disturbances, disruptions of supply chains, civil unrest, revolutions, power or other mechanical failures, loss or malfunction of utilities or communications services, delays or stoppage of postal or courier services, delays in or stoppages of transportation, and any other events or circumstances beyond our reasonable control whether similar or dissimilar to any of the foregoing (“Force Majeure”).

In the event of Force Majeure, we may experience processing delays, which may affect your Investment Performance Value. In those instances, Non-Qualified Withdrawal amounts that are calculated using Investment Performance Value may be processed later than it would have otherwise, which may negatively affect the value of your Account. (See Part 2.D. for more information).

4. “Tuition Inflation Value”

a. Overview

An Account’s “Tuition Inflation Value” (referred to as the “Value of the Credits” in the Enabling Law) is based on postsecondary tuition increases. In general, it is the value of the contributions that remain in the Account at the time of the valuation increased by the percentage that actual postsecondary tuition increases at the postsecondary school or type of school for which you are saving or at which your Beneficiary attends (Tuition Level) between the time the contribution is made and when the valuation is made (adjusted for Premiums (see below) and fees). For example, if you contribute enough for some amount of postsecondary tuition (e.g., a credit, semester, year, or four years) today at the University of Pittsburgh or West Chester University, your Tuition Inflation Value in the future will be the value that school charges for that same amount of tuition (assuming you separately pay any fees). Three interrelated

concepts are used in calculating the Tuition Inflation Value: the “Tuition Level,” the “GSP Credit Rates,” and the “GSP Credits”. Each of these concepts and how they are used in calculating the Tuition Inflation Value is described below.

b. Tuition Levels

- (i) **Designating and Changing a Tuition Level.** A “Tuition Level” is the school or type of school for which you are saving. When you open a PA 529 GSP Account, you will be asked to designate a Tuition Level. However, you may change your choice at any time and the change is made retroactively to the time each contribution is made. The change can be made by calling Customer Service at 800-440-4000, by submitting a written form signed by the Account Owner, or through “My Account” access on [PA529.com](https://www.pa529.com). Additionally, if an Account is used for a Beneficiary attending a specific Pennsylvania Public Institution (see Part 2.C.4.b.(ii)), the PA 529 GSP is required by law to change the Tuition Level to the school being attended (including campus, residency, major, and class year, if applicable). See Part 2.C.4.e.(v) for the impact changing a Tuition Level has on the calculation of the Tuition Inflation Value.
- (ii) **Currently Available Tuition Levels.** The current Tuition Levels from which you may choose include five average levels as well as a number of specific publicly-funded postsecondary schools.

The five average Tuition Levels are:

State-Related University Average, which is based on the average tuition at the four State-Related universities: The University of Pittsburgh, Pennsylvania State University (including its affiliate, the Pennsylvania College of Technology), Temple University, and Lincoln University;

State System of Higher Education Average, which is based on the average tuition at 10 of the universities that comprise Pennsylvania’s State System of Higher Education: Bloomsburg, California, Cheyney, Clarion, Edinboro, Kutztown, Lock Haven, Mansfield, Slippery Rock, and West Chester (excludes East Stroudsburg, Indiana, Millersville, and Shippensburg Universities for the 2021-2022 academic year but may change in subsequent years);

Community College Average, which is based on the average tuition at Pennsylvania’s 14 Community Colleges: Allegheny County, Beaver County, Bucks County, Butler County, Delaware County, Harrisburg Area, Lehigh-Carbon County, Luzerne County, Montgomery County, Northampton County, Pennsylvania Highlands, Philadelphia, Reading Area, and Westmoreland Area;

Ivy League School Average, which is based on tuition at the eight Ivy League schools: Brown, Columbia, Cornell, Dartmouth, Harvard, Princeton, University of Pennsylvania, and Yale; and

Private Four-Year College Average, which is based on average tuition at four-year private colleges located in Pennsylvania (excluding nursing schools). Although the Private Four-Year College Average is calculated by reference to Pennsylvania colleges, as with any Tuition Level, contributions and growth designated for this Tuition Level may be used at any Eligible Educational Institution, whether or not it is located in Pennsylvania.

The specific publicly-funded schools you may choose among are any one of the State-Related Schools, State System of Higher Education Schools, Community Colleges listed above or the Thaddeus Stevens College of Technology (collectively, the “Pennsylvania Public Institutions”). For several of these schools, you may also choose Tuition Levels for specific branch campuses, programs of study, and/or the student’s class year (i.e., Freshman, Sophomore, Junior, or Senior). A list of Tuition Levels is provided in the PA 529 GSP Credit Rate Schedule, which is updated annually effective September 1. The most current GSP Credit Rate Schedule is incorporated in this Disclosure Statement by reference. It is included with the PA 529 GSP enrollment materials and is available by calling 800-440-4000 or at [PA529.com](https://www.pa529.com).

- (iii) **Future Tuition Levels.** The PA 529 GSP may add a new Tuition Level for any reason including, but not limited to, a Pennsylvania Public Institution setting a separate tuition rate for a campus or program of study not previously specified or changing its tuition structure, the creation of a new Pennsylvania Public Institution, or the PA 529 GSP’s creation of a new Average Private Institution Tuition Level. If a new Tuition Level is added, the PA 529 GSP may limit contributions being made into the new Tuition Level to those contributions made on or after the new Tuition Level was added. If such a limitation is imposed, for a contribution made before the new Tuition Level was created, on a Tuition Level-by-Tuition Level basis, the PA 529 GSP may permit retroactive conversion for Accounts whose Beneficiaries are actually enrolled in the academic program associated with the new Tuition Level. If a retroactive conversion is permitted, the PA

529 GSP will construct an actual tuition history and a PA 529 Credit Rate history for the new Tuition Level based on tuition information that, in the PA 529 GSP's sole discretion, is the most relevant and comparable for the new Tuition Level.

The PA 529 GSP may eliminate a Tuition Level for any reason, such as a Pennsylvania Public Institution no longer setting a separate undergraduate tuition rate for a campus or program of study previously specified, an institution ceasing to be a Pennsylvania Public Institution, or the elimination of a previously created Average Private Institution Tuition Level. In the event a Tuition Level is eliminated, Account Owners who have designated that Tuition Level will be contacted and asked to designate a different Tuition Level. If the Account Owner fails to designate a different Tuition Level, the State System of Higher Education Average Tuition Level will be used for his or her Account. Additionally, the PA 529 GSP reserves the right to close any Tuition Level to new contributions.

c. *GSP Credit Rates and Premiums*

For each Tuition Level, a "GSP Credit Rate" is set by the PA 529 GSP each academic year. This Rate is used to determine the number of GSP Credits attributable to a contribution (see Part 2.C.4.d.). The GSP Credit Rates for the specific Pennsylvania Public Institutions are based on the actual postsecondary tuition at those schools. However, for schools that have different actual tuition rates depending on the class year of the student (i.e., Freshman, Sophomore, Junior, or Senior) ("Class-Level Tuition Rates"), the GSP Credit Rates are based on the mathematical average (mean) of those different rates. Currently two schools have such Class-Level Tuition Rates for some Tuition Levels: Penn State University and Temple University. The GSP Credit Rates for the Average Tuition Levels are based on the mean of the actual tuition at the schools comprising each Average Tuition Level. But, in order to maintain the fiscal integrity of the GSP Fund, the PA 529 GSP is authorized to set GSP Credit Rates that are more (contain Premiums) than actual postsecondary tuition or actual average postsecondary tuition. The PA 529 GSP is also authorized to set GSP Credit Rates that are less (contain discounts) than actual postsecondary tuition or actual average postsecondary tuition, although it has never been done.

GSP Credit Rates are generally in effect from September 1 of one year to August 31 of the following year. However, the PA 529 GSP may change any GSP Credit Rate during this time period if the school or a school included in the average changes its postsecondary tuition rates in the same time period. Additionally, the PA 529 GSP may alter the GSP Credit Rate based on the time of year in which the contribution is made. While the PA 529 GSP has not exercised this authority, it reserves the right to do so.

The GSP Credit Rates are published annually (effective September 1) in the GSP Credit Rate Schedule. In those Schedules, the dollar amount of the Premium, if any, is included in the GSP Credit Rate. The amount of the Premium is also noted in endnotes on the Schedule as a percentage over the actual or average actual postsecondary tuition.

The GSP Credit Rate Schedule for the most current academic year is incorporated by reference into this Disclosure Statement. It is included in the PA 529 GSP enrollment materials and is available by calling Customer Service at 800-440-4000 or online at PA529.com. For academic year 2021-22, none of the GSP Credit Rates include Premiums.

d. *GSP Credits and the Significance of 96 GSP Credits*

For each contribution made to an Account, the number of "GSP Credits" attributable to that contribution is calculated by dividing the contribution by the GSP Credit Rate in effect for the designated Tuition Level. For example, if a contribution of \$1,000 were made at Tuition Level I with a GSP Credit Rate of \$500, the contribution would equal 2 GSP Credits at that Tuition Level. (\$1,000 contribution divided by \$500 GSP Credit Rate = 2 GSP Credits.) Each time a new contribution is received, this calculation is made, and the number of GSP Credits in the Account accumulates.

A GSP Credit is not the same as an academic credit. An academic credit is a measure of a student's progress toward completion of a program of study. For most Tuition Levels comprised of four-year schools, 96 GSP Credits will cover four years of postsecondary tuition. Most of these schools have a semester rate that permits a full-time student to take between 12 and 18 credits in an academic semester and pay the equivalent of 12 credits. For those schools 12 GSP Credits will cover the semester regardless of how many academic credits the Beneficiary takes within this range. This means that, if a Beneficiary takes an average of 15 academic credits per semester, in eight semesters they will have taken the 120 academic credits needed for most four-year degrees but will have used the equivalent of 96 GSP Credits. Currently, Indiana University of Pennsylvania, Millersville University, the Pennsylvania College of Technology, and Shippensburg University are four-year publicly-funded schools that do not offer a semester rate. Those schools charge per academic credit taken and 120 GSP Credits would be needed to pay for 120 academic credits. It is possible that, in the future, other four-year schools could discontinue their semester rates and charge by the credit. In that event one GSP Credit would be needed to pay for each academic credit taken.

Likewise, some Community Colleges charge for each academic credit. For those schools one GSP Credit is needed to pay for each academic credit taken. However, other Community Colleges charge a semester rate that generally allows the student to take between 12 and 18 credits but is the equivalent of 15 credits. For those schools, 15 GSP Credits would be needed to pay for between 12 and 18 academic credits. For details of how many GSP Credits may be needed at specific State System of Higher Education universities, specific Community Colleges, the Pennsylvania College of Technology, and the Thaddeus Stevens School of Technology, please see the GSP Credit Rate Schedule available by calling Customer Service at 800-440-4000 or at PA529.com.

To cover non-tuition Qualified Education Expenses, such as room and board, GSP Credits in addition to those needed to cover tuition would be needed.

e. The Tuition Inflation Value Calculation

- (i) **In General.** The Tuition Inflation Value is calculated by multiplying the number of GSP Credits, if mature (see Part 2.C.4.e.(ii)), by the actual per-credit postsecondary tuition being charged by the school corresponding to the designated Specific School Tuition Level or average actual per-credit tuition being charged by the schools corresponding to the designated Average Tuition Levels in effect for the academic year for which the valuation is being made. For example, if a contribution of \$1,000 were made at Tuition Level I with a GSP Credit Rate of \$500, the contribution would equal 2 GSP Credits at that Tuition Level (\$1,000 contribution divided by \$500 GSP Credit Rate = 2 GSP Credits); if five years later, the actual per-credit postsecondary tuition at Tuition Level I were \$625, the Tuition Inflation Value of the Account would be \$1,250 (2 GSP Credits x \$625 (actual tuition) = \$1,250 Tuition Inflation Value).

For schools that have Class-Level Tuition Rates, the Tuition Inflation Value will be calculated by multiplying the number of GSP Credits, if mature (see Part 2.C.4.e.(ii)), by the average actual per-credit postsecondary tuition of the Class-Level Tuition Rates being charged by the school corresponding to the designated Tuition Level.

The Tuition Inflation Value increases only when postsecondary tuition increases occur at the school or schools comprising the selected Tuition Level. Generally, this occurs only once a year (effective September 1 or for payments made for the Summer or Fall Semesters before September 1) and there is no incremental growth in the Tuition Inflation Value during the period between postsecondary tuition increases.

(ii) **Maturity Period for GSP Credits**

In order for a GSP Credit to be valued at the Tuition Inflation Value, the contribution on which the GSP Credit is based must be held in the Account for the "Maturity Period." If the Tuition Inflation Value is being calculated for Non-qualified Withdrawal purposes, the maturity period is one year. If it is being calculated for Qualified Withdrawal purposes, the period ranges from approximately 9 to 18 months. Specifically, GSP Credits obtained by contributions made to an Account between January 1 and August 31 of one calendar year will be available at their Tuition Inflation Value for use beginning with the Summer semester of the following calendar year, and GSP Credits obtained by contributions made to an Account between September 1 and December 31 of one calendar year will be available at their Tuition Inflation Value for use beginning with the Spring semester two calendar years later. Because of the different Maturity Periods, the Tuition Inflation Value of an Account may be different when calculated for a Qualified Withdrawal than when calculated for a Non-qualified Withdrawal.

(iii) **Difference in Tuition Inflation Value for Qualified Withdrawals and Non-qualified Withdrawals**

In addition to the Maturity Period, there are two other circumstances that may result in the Tuition Inflation Value of an Account being different for Qualified Withdrawals than for Non-qualified Withdrawals. The first

is Accounts in which the designated Tuition Levels are ones for which a school has Class-Level Tuition Rates. For those Accounts, Tuition Inflation Value for Qualified Withdrawals for some Beneficiaries are based on the actual per-credit postsecondary tuition being charged by the school for the class-level of the Beneficiary, while for others it is based on the average of the actual per-credit tuition of the Class-Level Tuition Rates (see Part 2.C.4.e.(i)). However, the Tuition Inflation Value for Non-qualified Withdrawals for all Beneficiaries (regardless of class-level) is the average of the actual per-credit postsecondary tuition of the Class-Level Tuition Rates. The second is Accounts which have contributions resulting from a Treasury-sponsored contest or contribution match program such as Fund my Future. See Part 7.D. These contributions are available for Qualified Withdrawals but not Non-qualified Withdrawals.

(iv) **Impact of Premiums and Fees on Tuition Inflation Value**

Premiums impact the Tuition Inflation Value of an Account by reducing the actual postsecondary tuition inflation rate that is applied to your Account by a percentage somewhat greater than the percentage of the Premium (due to compounding and the mathematical formula for calculating percentage of increases). (Premiums do not impact the Sum of Contribution Value or Investment Performance Value.)

Fees that are taken from the contributions in your Account reduce the number of GSP Credits attributable to those contributions, which, in turn, reduces the Tuition Inflation Value. You can protect the number of GSP Credits in your Account and maintain the Tuition Inflation Value to the amount before the fees were taken by making a contribution(s) before August 31 in the dollar amount of the fees taken between the previous September 1 and August 31.

(v) **Impact of Changing Tuition Levels on Tuition Inflation Value**

When a Tuition Level is changed, the GSP Credits in the Account will be recalculated as if the new Tuition Level had been selected for all remaining contributions in the Account from the day the Account was opened. Changing the Tuition Level will result in a recalculation of the number and value of the GSP Credits attributable to all contributions. For example, if a contribution of \$1,000 were made at Tuition Level I with a GSP Credit Rate of \$500, the contribution would equal 2 GSP Credits at Tuition Level I; if, five years later, the Account Owner changes to Tuition Level II, which at the time the contribution was originally made had a GSP Credit Rate of \$250, the recalculation would result in 4 GSP Credits at Tuition Level II. (\$1,000 contribution divided by \$250 GSP Credit Rate = 4 GSP Credits.) The 4 Credits at Tuition Level II would likely have a different value (higher or lower) than the 2 Credits at Tuition Level I because of their different actual postsecondary tuition increases from when the contribution was made to five years later as well as the different Premiums, if any, included in the GSP Credit Rate in the year of contribution.

D. Making Withdrawals

1. In General

An Account Owner, Level 3 or 4 Authorized Agent, or UGMA or UTMA custodian may request a withdrawal at any time for any reason. However, there are several different types of withdrawals, which are determined by the purpose and/or reason for the withdrawal. These are as follows:

- “Qualified Withdrawals” – withdrawals taken to pay for Qualified Expenses.
- “Account Transfers” – withdrawals taken to be placed in a different PA 529 GSP Account.
- “Plan Transfers” – withdrawals taken to be placed in a PA 529 IP Account.
- “Rollovers” — withdrawals taken to be placed in a non-Pennsylvania 529 plan.
- “Specific Non-qualified Withdrawals” – withdrawals taken because the Beneficiary has died, become disabled, or received a scholarship, tuition waiver, or appointment to a U.S. military academy.
- “General Non-qualified Withdrawals” – withdrawals taken for any purpose or reason other than those listed above.

The method of requesting the withdrawal, necessary forms, needed documentation, the Account valuation, permissible payees, limitations, and the federal and Pennsylvania state tax consequences depend on which type of withdrawal is being taken.

When a withdrawal is made, the amount of the contribution as well as the GSP Credits (at the applicable Tuition Level) attributable to the contribution needed to generate the dollar amount of the requested withdrawal are deducted from the Account. Requested withdrawals are taken from your Account on a “first in first out” basis. That is, your oldest contributions are the first to be withdrawn. There must be a minimum of seven business days from the time a contribution by check is received until that contribution can be withdrawn. For contributions by AIP or EBT the holding period is five business days. Additionally, a withdrawal to an Account Owner or Beneficiary will not be processed within nine business days after a change of the Account Owner’s or Beneficiary’s (whoever is the payee) address of record on the Account.

Please allow at least ten business days to receive your distribution. During periods of high withdrawal activity, withdrawal requests may take longer to process.

2. Qualified Withdrawals

a. How to Request

There are two ways to request a Qualified Withdrawal: online and by written request.

To make your Qualified Withdrawal request online go to PA529.com, log onto your PA 529 GSP Account through "My Account," then click "Account Management" and "Make a Withdrawal." You may not make a Qualified Withdrawal in excess of the total amount of your Qualified Expenses. You may only make one online Qualified Withdrawal per academic semester and may not make an online Qualified Withdrawal for a semester for which you have already made a Qualified Withdrawal by written request. Subsequent withdrawals for a semester for which an online withdrawal has been previously processed may only be made by written request.

To make a Qualified Withdrawal by written request, submit a Payment Authorization Form, which is available at PA529.com by clicking on "My Account," then "Account Overview" and "Payment Authorization Form," or by calling Customer Service at 800-440-4000. A copy may also be mailed to you. On the form, you will specify the Qualified Expenses you request to be paid and to whom.

Your Qualified Withdrawal may be paid directly to the school, to you, to the Beneficiary, or to a third party you designate, such as a landlord. If the withdrawal is paid directly to the school, it will be mailed to the address on file in a school address list maintained by the PA 529 GSP. By signing the paper form or completing the online withdrawal process, you certify that the requested withdrawal will be used for the Qualified Expenses of the Beneficiary. **The request must be accompanied by a tuition bill that is sufficient for the PA 529 GSP to determine the proper Tuition Level.** For online withdrawals, the tuition bill must be in an electronic format. A request for a Qualified Withdrawal cannot be processed without the certification and the tuition bill. The PA 529 GSP reserves the right to require documentation showing that claimed expenses meet the criteria for Qualified Expenses.

b. Valuation

If your Beneficiary is attending a Pennsylvania Public Institution, the Account valuation will be the Tuition Inflation Value of mature credits at the specific Tuition Level corresponding to your Beneficiary's enrollment (including campus, major, residency, year of study, etc.) plus the sum of contributions of non-mature credits. If your beneficiary's enrollment has changed, the Tuition Level will be automatically changed (see Part 2.C.4.e.(v)). If your Beneficiary is not attending a Pennsylvania Public Institution, the Account valuation will be the Tuition Inflation Value of mature credits at the Tuition Level you designate plus the sum of contributions of all non-mature credits. Unlike payment for Pennsylvania Public Institutions, the PA 529 GSP does NOT provide that the Account's growth will keep pace with tuition inflation (adjusted for Premiums and fees) at the specific school your Beneficiary attends.

In rare situations, the Tuition Inflation Value of mature PA 529 GSP Credits plus the Sum of Contributions for non-mature Credits might be less than the Sum of Contributions. This could occur, for example, if actual tuition at a Tuition Level decreased or if the amount of the Premium for a Tuition Level exceeded actual tuition increases. When the overall Account's Tuition Inflation Value plus the Sum of Contributions for non-mature Credits is less than its overall Sum of Contributions, the value of the withdrawal will be based on the Sum of Contributions.

c. Tax Consequences

When withdrawn and used for Qualified Expenses, the earnings on contributions to your PA 529 GSP are exempt from both federal and Pennsylvania state income tax. Nevertheless, the PA 529 GSP is required by federal law to issue an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. If the withdrawal was paid to the school or to the Beneficiary, or was from an Account that is designated as an UGMA or UTMA account, the 1099-Q will be issued to the Beneficiary; otherwise, it will be issued to the Account Owner. You and/or your Beneficiary should keep appropriate records to substantiate to the Internal Revenue Service and/or the Pennsylvania Department of Revenue that the withdrawal was used for Qualified Expenses.

In the event that a school sends to the Beneficiary a refund of funds previously withdrawn from a PA 529 GSP Account, that refund will not be subject to federal or state income tax provided that it is recontributed to a 529 account within 60 days of the date of the refund but only to the extent such re-contribution does not exceed the refunded amount. This refund will be treated as a new contribution.

The PA 529 GSP reserves the right to require, at the end of the year in which a Qualified Withdrawal, which is subsequently refunded, is made and at the end of the following year, the Beneficiary or the Account Owner to provide the PA 529 GSP with a signed statement identifying the amount of any refund received from the school if the source of the original payment to the school was a PA 529 GSP Account.

3. Transfers between PA 529 GSP Accounts – Account Transfer

a. How to Request

You may withdraw contributions from your PA 529 GSP Account and transfer them to another PA 529 GSP Account for a different Beneficiary (“Account Transfer”). However, the Beneficiary of the Account to which the contributions are being transferred must be a Family Member of the Beneficiary of the Account from which they are being withdrawn. If you are the owner of the receiving Account, your request must be in writing signed by you. If someone else is the owner of the receiving Account, the procedures for changing Account ownership must be followed and the request must specify the relationship between the Beneficiaries of both Accounts.

b. Valuation

When an Account Transfer is made, the contributions are credited to the receiving Account just as they were in the Account from which they were transferred. They are credited as of the original effective date.

c. Tax Consequences

An Account Transfer is not a taxable event for federal or Pennsylvania income tax purposes, and the PA 529 GSP does not issue an IRS Form 1099-Q for this type of withdrawal. However, for federal gift and generation-skipping transfer tax purposes, the transfer might be considered a gift from one Beneficiary to the other. Before making such a transfer, you may wish to consult with a tax advisor.

4. Transfers from a PA 529 GSP Account to a PA 529 IP Account – Plan Transfer

a. How to Request

You may withdraw contributions from your PA 529 GSP Account and transfer them to your previously established PA 529 IP Account (“Plan Transfer”). If the Beneficiary of the PA 529 GSP and the PA 529 IP are the same, you may make a Plan Transfer only twice in a calendar year (and any other PA 529 IP asset changes for the same Beneficiary must be made at the same time). If the Beneficiaries are different, there is no limit on how many transfers may be made. However, the Beneficiary of the PA 529 IP must be a Family Member of the Beneficiary of the PA 529 GSP. Your request must be in writing signed by you and, if the Beneficiaries are different, must include their relationship.

b. Valuation

For purposes of a Transfer from a PA 529 GSP Account to a PA 529 IP Account, the value transferred is the lesser of (1) the Tuition Inflation Value of mature contributions plus the Sum of Contributions for non-mature contributions or (2) the Investment Performance Value. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be transferred. The Investment Performance Value will be calculated as of the day that the request is processed, generally within three business days of the request being received in good order.

If the Account Owner has changed the Tuition Level one or more times within 12 months of an Account Owner’s request for a Plan Transfer being received, the Tuition Level used in determining the Tuition Inflation Value will be the most recent Account owner-designated Tuition Level or the Tuition Level that was in effect 12 months before the date the Plan Transfer request was received, whichever results in a lesser Tuition Inflation Value. As an exception to this rule, if the Tuition Level at the time the request for a Plan Transfer is made is one at which a Qualified Withdrawal was taken in the 12-month period, the Plan Transfer will be processed at the Tuition Level at the time the request is made.

c. Tax Consequences

If a Plan Transfer is made no more than twice per calendar year or when the Beneficiary is changed, it is not a taxable event for federal or Pennsylvania income tax purposes and an IRS Form 1099-Q is not issued. However, if the Beneficiary is different, it might be considered a gift from one Beneficiary to the other for federal gift and generation-skipping transfer tax purposes. Before making such a transfer, you may wish to consult with a tax advisor.

5. Rollovers from a PA 529 GSP Account

a. How to Request

You may withdraw contributions from your PA 529 GSP Account in order to place them in a non-Pennsylvania 529 account ("Rollover"). If the Beneficiary of the PA 529 GSP and the non-Pennsylvania plan are the same, you may make a Rollover only once in a 12-month period. If the Beneficiaries are different, there is no limit on how many Rollovers may be made. However, the Beneficiary of the non-Pennsylvania plan must be a Family Member of the Beneficiary of the PA 529 GSP.

There are two ways to make a Rollover. One is to obtain a form from the 529 plan that will receive the funds, on which that plan indicates that you have an account there and wish the PA 529 GSP to forward your funds to them. Your non-Pennsylvania 529 plan will send that form to the PA 529 GSP and, once the form is received, the PA 529 GSP will send the funds directly to the non-Pennsylvania plan (called a "Direct Rollover"). When the PA 529 GSP sends your funds to the receiving plan, it will include notification of the principal and earnings portions of the total amount. The payee will be the receiving plan "for the benefit of" you or your Beneficiary. The second method of making a Rollover is simply to request a General Non-qualified Withdrawal and, once you receive the funds, contribute them to the non-Pennsylvania plan within 60 days of the withdrawal (called an "Indirect Rollover"). If you use this method, you will be the payee. Unless you provide the receiving plan with documentation of the principal and earnings breakdown, that plan will treat the entire Rollover amount as earnings, which would be subject to taxation if you took a Non-qualified Withdrawal from that plan.

b. Valuation

For purposes of a Rollover from a PA 529 GSP Account to a non-Pennsylvania 529 account, the value is the lesser of (1) the Tuition Inflation Value of the mature contributions plus the Sum of Contributions for non-mature contributions or (2) the Investment Performance Value. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be paid. The Investment Performance Value will be calculated as of the day that the request is processed, generally within three business days of the request being received in good order.

If the Account Owner has changed the Tuition Level one or more times within 12 months of an Account Owner's request for a Rollover being received, the Tuition Level used in determining the Tuition Inflation Value will be the most recent Account owner-designated Tuition Level or the Tuition Level that was in effect 12 months before the date the Rollover request was received, whichever results in a lesser Tuition Inflation Value. As an exception to this rule, if the Tuition Level at the time the request for a Rollover is made is one at which a Qualified Withdrawal was taken in the 12-month period, the Rollover will be processed at the Tuition Level at the time the request is made.

c. Tax Consequences

If a Rollover is made once in a 12-month period or when the Beneficiary is changed, it is not a taxable event for federal or Pennsylvania income tax purposes. Nevertheless, the PA 529 GSP is required by federal law to issue you an IRS Form 1099-Q for the withdrawal. The 1099-Q specifies the principal and earnings breakdown of the withdrawal amount. You should keep appropriate records to substantiate to the Internal Revenue Service and/or the Pennsylvania Department of Revenue that the above requirements were met. Additionally, if the Beneficiary is different, it might be considered a gift from one Beneficiary to the other for federal gift and generation-skipping transfer tax purposes. Before making such a Rollover, you may wish to consult with a tax advisor.

6. Rollovers from a PA 529 GSP Account to an ABLE Account

a. How to Request

ABLE is a qualified disability savings program created under Section 529A of the Internal Revenue Code of 1986, as amended. You may withdraw assets from your PA 529 GSP Account and, within 60 days of the withdrawal, place them in a previously established PA ABLE Savings Account or non-Pennsylvania ABLE account for the same Beneficiary as your PA 529 GSP Account or a Family Member of the PA 529 GSP Account Beneficiary ("ABLE Rollover"). Please note that you may not make an ABLE Rollover for an amount which, when added to all other contributions made to the ABLE account, exceeds the annual contribution limit for ABLE accounts (\$16,000 as of the date of this Disclosure Statement). Please read the PA ABLE Savings Program Disclosure Statement at www.PAABLE.gov or by calling 855-529-ABLE (2253) for more information. To make an ABLE Rollover, please call the PA 529 GSP at 800-440-4000.

b. Valuation

For purposes of a Rollover from a PA 529 GSP Account to an ABLE account, the value is the lesser of (1) the Tuition Inflation Value of the mature contributions plus the Sum of Contributions for non-mature contributions or (2) the Investment Performance Value. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be paid. The Investment Performance Value will be calculated as of the day that the request is processed, generally within three business days of the request being received in good order.

If the Account Owner has changed the Tuition Level one or more times within 12 months of an Account Owner's request for a Rollover being received, the Tuition Level used in determining the Tuition Inflation Value will be the most recent Account owner-designated Tuition Level or the Tuition Level that was in effect 12 months before the date the Rollover request was received, whichever results in a lesser Tuition Inflation Value. As an exception to this rule, if the Tuition Level at the time the request for a Rollover is made is one at which a Qualified Withdrawal was taken in the 12-month period, the Rollover will be processed at the Tuition Level at the time the request is made.

c. Tax Consequences

If an ABLE Rollover, when added to all other contributions made to an ABLE account, does not exceed the annual contribution limit for ABLE accounts (\$16,000 as of the date of this Disclosure Statement), it is not a taxable event for federal and Pennsylvania income tax purposes. However, if the Beneficiary of the ABLE account is different than the Beneficiary of the PA 529 GSP Account, it might be considered a gift from one Beneficiary to the other for federal gift and generation-skipping transfer tax purposes. Before making such a transfer, you may wish to consult with a tax advisor.

7. Specific Non-qualified Withdrawals

a. How to Request

A request for a withdrawal because your Beneficiary has died, become disabled, received a scholarship to an Eligible Educational Institution, or an appointment to a U.S. military academy can be made by submitting a signed letter indicating the reason for the withdrawal. Documentation of the reason must be submitted with the letter as follows:

- Death: a death certificate or similar document;
- Disability: a written document signed by a medical professional that indicates the Beneficiary is unable to engage in any substantial activity because of a medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration;
- Scholarship or tuition waiver: documentation from the awarding entity indicating the amount of the scholarship and the academic period for which it is awarded; or
- An appointment to a U.S. military academy: the letter of appointment and an indication of your Beneficiary's acceptance.

If adequate documentation is not submitted, the withdrawal may be treated as a General Non-qualified Withdrawal.

A withdrawal because of the Beneficiary's death will be issued in the name of the Beneficiary or the estate of the Beneficiary. Other Specific Non-qualified Withdrawals will be payable to you, the Account Owner.

For all Specific Non-qualified Withdrawals except those requested because the Beneficiary has died, you can also make an online request by accessing and completing the Online Withdrawal process at [PA 529.com](http://PA529.com), by logging onto your PA 529 GSP Account through "My Account" then clicking "Account Management" and "Make a Withdrawal." A Specific Non-qualified Withdrawal may be made online only once per semester and may not be made for a semester for which you have already made a Qualified Withdrawal online or by written request.

b. Valuation

For death or disability, the Investment Performance Value is paid. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be paid. The Investment Performance Value generally will be calculated as of two business days before the request is received. For death or disability, the entire value in the Account must be withdrawn. However, you may make a partial rollover or transfer to another beneficiary prior to the withdrawal, subject to the rules and restrictions specified in Sections 2.D.3., 4., and 5.

For a scholarship, tuition waiver, or appointment to a U.S. military academy, the Tuition Inflation Value (plus the Sum of Contributions for non-mature contributions) for the academic period covered by the scholarship will be paid. And, only an amount not exceeding the amount of the scholarship or tuition waiver, or value of the Qualified Education Expenses at the military academy for the academic period, may be withdrawn.

c. Tax Consequences

For Specific Non-qualified Withdrawals, the earnings portion of the withdrawal will be subject to federal income taxes at the ordinary income tax rate of the Account Owner or, in the case of the Beneficiary's death, the Beneficiary or the Beneficiary's estate. The additional federal 10% tax described in Section 2.D.7.a. does not apply to Specific Non-qualified Withdrawals. The PA 529 GSP will issue to you or the Beneficiary's estate an IRS Form 1099-Q for the withdrawal that will specify the principal and earnings portions of the total withdrawal. If you or the estate is a Pennsylvania taxpayer, the entire withdrawal, including both principal and earnings, might be subject to Pennsylvania income tax. The rules governing this are explained in the Pennsylvania Department of Revenue's Personal Income Tax Bulletin 2006-04, which is available at www.revenue.pa.gov by clicking on "I'm Looking For", "Law, Policies, and Bulletins", "Tax Bulletins", "Personal Income Tax", then "Personal Income Tax Bulletin 2006-04 – Qualified Tuition Programs". You may wish to consult a tax advisor on this matter.

You should keep appropriate records to substantiate to the Internal Revenue Service that the withdrawal was because of the Beneficiary's death, disability, or receipt of a scholarship, tuition waiver, or appointment to a U.S. military academy.

8. General Non-qualified Withdrawals

a. How to Request

A request for a withdrawal other than for the purposes or reasons discussed in 1-7 above can be made by submitting a signed letter, by calling Customer Service at 800-440-4000 or online at PA529.com; click on "My Account," then "Account Management" and "Make a Withdrawal." A withdrawal of the full amount in the Account may be taken anytime. A Non-qualified Withdrawal of less than the full amount can be taken only once in a year (a 12-month period). The withdrawal will be payable to you, the Account Owner.

b. Valuation

For purposes of a General Non-qualified Withdrawal, the value is the lesser of (1) the Tuition Inflation Value of the mature contributions plus the Sum of Contributions for non-mature contributions or (2) the Investment Performance Value. However, if that value is less than the Sum of Contributions, the Sum of Contributions will be paid. The Investment Performance Value generally will be calculated as of two business days before the request is received.

If the Account Owner has changed the Tuition Level one or more times within 12 months of an Account Owner's request for a General Non-qualified Withdrawal being received, the Tuition Level used in determining the Tuition Inflation Value will be the most recent Account owner-designated Tuition Level or the Tuition Level that was in effect 12 months before the date the Non-qualified Withdrawal request was received, whichever results in a lesser value. As an exception to this rule, if the Tuition Level at the time the request for a Non-qualified Withdrawal is made is one at which a Qualified Withdrawal was taken in the 12-month period, the Non-qualified Withdrawal will be processed at the Tuition Level at the time the request is made.

c. Tax Consequences

For General Non-qualified Withdrawals, the earnings portion of the withdrawal will be subject to federal income taxes at the ordinary income tax rate of the Account Owner and an additional federal tax of 10%. The PA 529 GSP will issue to you a Form 1099-Q for the withdrawal that will specify the principal and earnings portions of the total withdrawal. If you are a Pennsylvania taxpayer, the entire withdrawal, including both principal and earnings, might be subject to Pennsylvania income tax. The rules governing this are explained in the Pennsylvania Department of Revenue's Personal Income Tax Bulletin 2006-04, which is available at www.revenue.pa.gov by clicking on "I'm Looking For", "Law, Policies, Bulletins & Notices", "Tax Bulletins", "Personal Income Tax", then "Personal Income Tax Bulletin 2006-04 – Qualified Tuition Programs". You may wish to consult a tax advisor on this matter.

9. Withdrawals upon Voluntary Termination

You can terminate your PA 529 GSP Plan Contract and close your Account at any time by written notice to the PA 529 GSP or when making an online withdrawal of all funds in your Account. The resulting withdrawal will constitute a General Non-qualified Withdrawal except to the extent that the withdrawal qualifies as another type of withdrawal as discussed above. If the reason you wish to terminate your Account is that your Beneficiary has graduated from an Eligible Educational Institution or has decided not to attend one, you may want to consider alternatives to terminating your Account. These include changing the Beneficiary to a Family Member of the former Beneficiary — for example, a younger sibling; or keeping the Account open to pay in the event that the Beneficiary later decides to pursue further education, such as a graduate or professional degree. In making your decision, please consider that the value you will get on a Non-qualified Withdrawal may be less than for a Qualified Withdrawal and will be taxable.

10. Withdrawals upon Involuntary Terminations

The PA 529 GSP may terminate any Account if: (1) the PA 529 GSP finds that the Account Owner or the Beneficiary has provided false or misleading information, for example, by misrepresenting that they are a Pennsylvania resident; (2) the Account Owner has violated the terms of the PA 529 GSP Plan Contract – for example, by failing to pay required fees; (3) no contributions to the PA 529 GSP Account were made within six months of the date on which such Account was established; (4) if the Tuition Inflation Value is \$0 on the date of termination and the Account has been opened for a minimum of six months; or (5) the PA 529 GSP, in its sole discretion, finds that termination is in the best interest of the PA 529 GSP and its Account Owners.

Additionally, the PA 529 GSP may be required to close an Account deemed by the laws of the state of the Account Owner's residence to be abandoned or unclaimed and relinquish the assets to that state. (See Part 8.E. for more information.)

In the case of a termination because the Account Owner or the Beneficiary has provided false or misleading information or has violated the terms of the PA 529 GSP Contract, the Account will be paid to the Account Owner as a General Non-qualified Withdrawal except that the PA 529 GSP may, in its discretion, withhold, and the Account Owner and the Beneficiary shall forfeit, all earnings on contributions accumulated in the Account, or such lesser amount as the PA 529 GSP deems necessary in the PA 529 GSP's discretion in light of such false or misleading information. In addition to any withholding, any fees paid on the PA 529 GSP Account will not be refunded and will be forfeited by the Account Owner.

11. How Withdrawals are Impacted by other Tax Benefits for Education

Section 529 plans are one of several different tax benefits for education provided in the Tax Code. Taking a Qualified Withdrawal from your PA 529 GSP Account may impact other federal tax benefits available to you and, conversely, taking other benefits might impact on whether the IRS will consider your 529 withdrawal to be non-taxable, taxable with the 10% additional tax, or taxable without the 10% additional tax. The other federal tax benefits for education and the interplay between them and Section 529 plans is discussed in IRS Publication 970, which is available at www.irs.gov/pub/irs-pdf/p970.pdf. Please consult that publication and/or a tax advisor.

E. Risk of Account Transactions and Changes

You will receive quarterly Account statements indicating, for the applicable time period: (1) contributions made to the Account, (2) withdrawals made from the Account, and (3) fees withdrawn. Additionally, shortly after any transaction or changes to your Account, you will be sent confirmations (except for contributions made by automatic deductions from your bank account, by payroll deduction, or from your Upromise account).

You are encouraged to opt to receive your statements, confirmations, and all other PA 529 GSP communications by e-delivery in order to receive the discounted Annual Account Maintenance Fee (see Part 3.B.1). (You may choose paper delivery of tax forms and still receive the discounted fee.) You can choose e-delivery when opening an account online. At any later time, you can elect e-delivery by going to PA529.com, clicking on "My Account" and, after logging on, clicking on "Access Management" and then "Edit Delivery Method" or by contacting the Program at 800-440-4000.

You can securely access and manage your Account information – including quarterly statements, transaction confirmations, and tax forms – through "My Account" access at PA529.com. If you open an Account online, the PA 529 GSP requires you to select a user name and password right away. If you open an Account by submitting a paper application, you may establish a user name and password at any time.

The PA 529 GSP uses reasonable procedures to confirm that transaction requests are genuine. However, you may be responsible for losses resulting from fraudulent or unauthorized instructions received by the PA 529 GSP, provided the Plan reasonably believed the instructions were genuine. To safeguard your Account, please keep your information confidential. Contact Customer Service at 800-440-4000 immediately if you believe there is a discrepancy between a transaction you requested and your confirmation or quarterly statement, or if you believe someone has obtained unauthorized access to your Account. If you receive a confirmation or quarterly statement that you believe does not accurately reflect your instructions, you have 60 days from the date of the confirmation or statement to notify the PA 529 GSP of the error. If you do not notify the PA 529 GSP within 60 days, you will be considered to have approved the information in the confirmation and to have released the PA 529 GSP and its contractors from all responsibility for matters covered by the confirmation or statement.

F. Account Security

1. In General

Please keep your personal information, including your Account number, confidential. This information can be used to access and make changes to your Account via phone or through paper forms. PA 529 GSP will honor instructions from any person who provides correct identifying information, and is not responsible for fraudulent transactions it believes to be genuine according to these procedures. Accordingly, Account Owners bear the risk of loss if unauthorized persons obtain their personal information and conduct any transaction on their behalf. Account Owners can reduce this risk by checking their account information regularly which will give them an opportunity to prevent multiple fraudulent transactions.

2. Online Account Security

If you choose to access your Account online, please keep your username and password confidential. The PA 529 GSP will honor instructions from any person who provides correct identifying information, and is not responsible for fraudulent transactions it believes to be genuine according to these procedures. Accordingly, Account Owners bear the risk of loss if unauthorized persons obtain their username and password and conduct any transaction on their behalf. Account Owners can reduce this risk by checking their account information regularly which will give them an opportunity to prevent multiple fraudulent transactions. Account Owners should avoid using passwords that can be guessed and should consider changing their password frequently. PA 529 GSP employees or representatives will not ask Account Owners for their password. Contact Customer Service at 800-440-4000 immediately if you believe that your online account has been accessed in an unauthorized manner or your username and/or password have been released to an unauthorized individual.

G. The Guarantee of the PA 529 GSP and the GSP Fund

For Qualified Withdrawals, the guarantee of the PA 529 GSP is that your contributions will grow with postsecondary tuition inflation (adjusted for Premiums and fees). This means that even if your Investment Performance Value is lower than your Tuition Inflation Value, when you take a Qualified Withdrawal, it will be at the Tuition Inflation Value. For Non-qualified Withdrawals, the guarantee is that you will get back at least the Sum of Contributions, even if that is more than your Investment Performance Value. However, both of these are obligations of the GSP Fund only and no other entity, including the Commonwealth of Pennsylvania and the Treasury Department.

The GSP Fund was established by state law and is independent from other state funds. PA 529 GSP-generated assets in the GSP Fund cannot be used for any purpose other than the payment of amounts due under GSP Plan Contracts, payment of the expenses of administering the PA 529 GSP, and the funding of Keystone Scholars. Assets of the GSP Fund are not available for the payment of obligations relating to the PA 529 IP, and assets of the PA 529 IP are not available for the payment of obligations under PA 529 GSP Plan Contracts.

The payment of obligations under a PA 529 GSP Plan Contract will be made solely from the GSP Fund. Any claim against the PA 529 GSP or the Department pursuant to a GSP Plan Contract will be made solely against the assets of the GSP Fund and not against any other funds or sources of the Commonwealth, the Department, the Pennsylvania 529 College and Career Savings Program, or any consultant or contractor of the PA 529 GSP. The PA 529 GSP is not backed by the full faith and credit of the Commonwealth.

The payment of obligations under PA 529 GSP Plan Contracts is dependent upon the GSP Fund generating adequate investment earnings to offset postsecondary tuition inflation and the expenses of the Plan as well as upon the annual GSP Credit Rates. In the event that the GSP Fund does not generate an adequate return, the PA 529 GSP might not be able to meet all of its future liabilities. However, the Enabling Law contains several safeguards to protect the viability of the GSP Fund. The actuarial assumptions for the GSP Fund are provided by an independent actuary and are adjusted annually to reflect the actual experience. Each year the actuarial assumptions are reviewed. The PA 529 GSP may adjust fees and adjust GSP Credit Rates. The Treasurer and the TAP Advisory Board are required to submit annual reports to the Governor and General Assembly that specifically address the financial stability of the GSP Fund. The most recent annual report is available at PA529.com or by calling Customer Service at 800-440-4000.

The most recent annual Actuarial Report (June 30, 2021) states that the GSP Fund is 143.46% funded. The actuarial analysis is a snapshot of future liabilities over approximately 25 years compared to the value of future assets over the same period. As such, it assumes that the PA 529 GSP will not accept any additional contributions. This is a limitation that provides a static view of the Plan as of June 30, 2021. A dynamic view of the Plan, which would include a reasonable projection of future contributions, provides a view of the Plan more in line with the Plan's current intention of continuing to accept contributions. Future actual experience could vary from the actuarial assumptions

used in the Actuarial Report. If, for example, postsecondary tuition inflation were to be less than assumed and/or investment returns were to be more than assumed, the funded status could be better. On the other hand, if postsecondary tuition inflation were to be more than assumed and/or investment returns were to be less than assumed, it could be worse. For details about the actuarial status of the GSP Fund, please read the full Actuarial Report, which is available at PA529.com or by calling Customer Service at 800-440-4000.

If, at the end of a fiscal year, the GSP Fund were to have assets greater than necessary to meet all of its future obligations and expenses and to maintain its fiscal soundness and strength, the PA 529 GSP has discretion to distribute the excess or any portion thereof among all eligible PA 529 GSP Accounts. To be eligible, an Account would need to have been opened as of the end of the applicable fiscal year and remained open through the date of the determination to make a distribution. Funds may be distributed to an Account as a contribution at the designated Tuition Level. As of the date of this Disclosure Statement, PA 529 GSP has never considered the GSP Fund to be sufficient to warrant a disbursement. It is unlikely that such a disbursement will be made in the near future.

Part 3. Expenses and Fees

A. Expenses

While the PA 529 GSP is administered by the Treasury Department, pursuant to its Enabling Law, the Plan is intended to be self-sufficient. That is, the expenses of the PA 529 GSP are to be paid from the Plan's assets, including earnings and fees. The expenses include operating expenses, investment management expenses, and marketing expenses. These expenses generally do not directly affect the Tuition Inflation Value or Sum of Contribution Value of an Account. However, these expenses are taken into consideration in evaluating the actuarial soundness of the GSP Fund and, in turn, may affect the Plan's decisions on fees and Premiums. These expenses do affect the Investment Performance Value of an Account.

B. Fees

1. Account Maintenance Fee

An asset-based Account maintenance fee is assessed on all Accounts except for Family Savings Accounts (see Part 7.C.) and Scholarship Accounts (see Part 6). The fee is collected by PA Treasury and is used to pay for the Program's administrative costs. The Account maintenance fee is currently approximately 40 basis points annually (\$4.00 on \$1,000) with an annual maximum fee of \$500 (\$125 per quarter) for all Accounts that have not established email delivery of quarterly statements, PA 529 GSP Disclosure Statement updates, transaction confirmations, and profile confirmations.

For Accounts that have established email delivery of quarterly statements, PA 529 GSP Disclosure Statement updates, transaction confirmations, and profile confirmations, the Account maintenance fee is currently approximately 30 basis points annually (\$3.00 on \$1,000) with an annual maximum fee of \$250 (\$62.50 per quarter).

The fee is assessed on the Tuition Inflation Value plus the Sum of Contributions for contributions that are not mature ("Asset Value") as of the 20th of the last month of each quarter and taken between the 20th and the last day of the last month of each quarter. If the 20th is a non-business day, the fee will be assessed as of the previous business day. The Account maintenance fee is calculated by multiplying the Asset Value on the 20th of the last month of each quarter (or previous business day if the 20th is a non-business day) by 0.0010 for Accounts that are assessed a 40 basis point Account maintenance fee and by 0.00075 for Accounts that are assessed a 30 basis point Account maintenance fee.

Your fee is subject to a minimum that will be assessed on your Account each quarter, which currently is \$1.25.

The Account maintenance fee is subject to change.

The approximate cost of a \$10,000 investment, assuming a 5% annual tuition inflation increase, is illustrated in the chart below.

| Total Annual Asset-Based Fee | Approximate Cost of a \$10,000 Investment Assuming a 5% Return | | | |
|------------------------------|---|----------|----------|----------|
| | 1 Year | 3 Year | 5 Year | 10 Year |
| 40 Basis Points | \$40.93 | \$128.67 | \$224.85 | \$507.85 |
| 30 Basis Points | \$30.71 | \$96.65 | \$169.08 | \$382.94 |

Your statement for each quarter will show the dollar value of the fee taken, the number of your GSP Credits subtracted in order to deduct the fee, and the GSP Credit Rate used in determining the number of GSP Credits deducted. The PA 529 GSP reserves the right to take a prorated fee on all Qualified and Non-qualified Withdrawals taken during any quarter.

If you wish to restore the number of GSP Credits to the amount in your Account before fees were taken, prior to the following August 31, you would need to make a contribution in the total amount of the fees for all four previous quarters. This process, however, might affect the maturity of your GSP Credits.

2. Insufficient Fund Fees

The PA 529 GSP reserves the right to charge you (or deduct from your Account) any expenses it incurs as a result of any check, automatic investment, or Electronic Bank Transfer being returned unpaid by the financial institution upon which it is drawn. If charged, this charge may be automatically deducted from the most recent contribution that has successfully cleared, at the time a withdrawal is made, or at any other time.

Part 4. Tax Information

The federal tax treatment of a PA 529 GSP Account depends on the PA 529 GSP being a “qualified tuition program” under Section 529 of the Tax Code. The tax rules applicable to Section 529 plans are complex, have not been finalized, and are, in some respects, open to different interpretations. The discussion of the federal tax treatment in this Disclosure Statement is not exhaustive; it is intended to provide general information as understood by the PA 529 based on the Tax Code, proposed regulations, and Internal Revenue Service announcements. The discussion of the Pennsylvania tax treatment is based on the Program’s understanding of Pennsylvania tax law, and Revenue Department bulletins and information.

In addition, Section 529 and federal and Pennsylvania tax laws in general are subject to legislative changes, regulatory changes, and court interpretations. Any of these could eliminate, reduce, or improve the tax advantages of the PA 529 GSP or require changes in the structure of the Plan that may restrict or otherwise affect the use of your Account.

Withdrawals may be comprised of: (1) principal, which is not subject to federal income tax when distributed but may be subject to Pennsylvania state income tax (see Part 3.B.), and (2) earnings, if any, which may be subject to federal and Pennsylvania state income tax. The PA 529 GSP determines the earnings portion based on IRS rules and report to the IRS and the recipient. However, the PA 529 GSP does not report whether the withdrawal is a Qualified Withdrawal or a Non-Qualified Withdrawal. The earnings portion of a withdrawal will generally be calculated on an Account-by-Account basis. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax directly to the IRS.

This Plan Disclosure Statement is not intended to constitute, nor does it constitute, legal or tax advice. You should consult your own legal or tax advisor for more information on the tax implications to you of investing in the PA 529 IP based on your own particular circumstances. The PA 529 strongly encourages Account Owners and Beneficiaries to consult with their tax advisors regarding the tax consequence of contributing money to, or withdrawing money from, a PA 529 GSP Account.

A. Federal Tax Treatment

1. Tax Provisions Related to Contributions

a. In General

For federal tax purposes, contributions to an Account are made on an after-tax basis. That is, in the year the contribution is made, an Account Owner may not deduct the contribution from income for purposes of determining federal income taxes. Contributions to an Account do not result in taxable income to the Beneficiary. However, they may be considered gifts to the Beneficiary subject to the federal gift and generation-skipping transfer taxes discussed below (see Part 4.A.1.b.).

As discussed above (see Part 2.B.7.), contributions from the proceeds of (1) a Coverdell Education Savings account described in Section 530 of the Tax Code; (2) the redemption of certain U.S. Savings Bonds described in Section 135 of the Tax Code; or (3) another Section 529 plan may be made without adverse federal income tax consequences if the applicable requirements are met. However, when contributions from any of these sources are made, the PA 529 GSP must be provided with the breakdown of the principal and earnings portion of the contribution so that when the IRS Form 1099-Q for a subsequent withdrawal is issued, the principal and earnings prior to the contribution can be included. If the PA 529 GSP is not provided with the breakdown, it is required to treat the entire contribution as earnings.

b. Federal Transfer Taxes (Gift, Generation-Skipping Transfer and Estate Taxes)

For federal tax purposes, contributions to a PA 529 GSP Account are generally considered completed gifts to the Beneficiary (even though the Account Owner controls them and can make a Non-qualified Withdrawal and use it for any purpose). This means contributions are potentially subject to federal gift tax. Additionally, if the Beneficiary is two or more generations below the old Beneficiary, federal generation-skipping transfer taxes might also apply. Generally, if a contributor's contributions, together with all other gifts by that contributor to the Beneficiary during a calendar year, are less than the gift tax annual exclusion amount, no federal gift tax or generation-skipping transfer tax will be imposed. The gift tax annual exclusion is currently \$16,000 for an individual (\$32,000 for a married couple that elects to split gifts) and is periodically adjusted for inflation. If all gifts to the Beneficiary (including the contribution to the Account) are that amount or less, the contributor is not required to file a federal gift tax return, unless an election to split gifts is to be made.

A special federal gift tax provision unique to Section 529 plan contributions, however, allows contributions up to five times the federal gift tax annual exclusion (currently \$80,000 for an individual and \$160,000 for a married couple) to be given in one year without gift or generation-skipping transfer tax consequences if the contributor elects to treat the contributions as having been made ratably over a five-year period. The five-year period begins in the calendar year the contribution is made. The amount of contributions in excess of the five-year exclusion amount cannot be treated ratably and is considered a gift, subject to federal gift and generation-skipping taxes in the year of the contribution. If the \$16,000 gift tax annual exclusion is increased during the five-year period, an additional contribution can be made in the remaining years without gift or generation-skipping tax consequences up to the difference between the new exclusion amount and the yearly prorated amount. The five-year election is made on a Federal Gift Tax Return (Form 709) by a contributor (and his or her spouse if gift-splitting has been elected) for the calendar year in which the contribution is made. If the contributor dies during the five-year ratable period, the portion of the contribution allocable to the remaining years (not including the year of death) would be included in computing the contributor's gross estate for federal estate tax purposes. Except for contributions of a contributor who dies during an elected five-year ratable period, assets in an Account are considered to be assets of the Beneficiary for federal estate tax purposes.

Even if a contribution exceeds the gift tax annual exclusion or, if elected, the five-year ratable gift tax exclusion, gift and generation-skipping taxes might not be owed. The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Authorization Act signed into law on December 17, 2010, provides for a unified gift and estate tax exclusion of \$5 million (made permanent by the American Taxpayer Relief Act of 2012). This means that if gifts given during the contributor's lifetime combined with the value of his or her estate upon death are less than \$5 million, they are not subject to transfer taxes. Accordingly, while gift tax returns are required for gifts in excess of the \$16,000 (subject to adjustment for inflation) gift tax annual exclusion, no actual gift tax will be due until the applicable exemption amounts have been exhausted.

2. Taxation of Earnings

During the time contributions are held in an Account, their earnings are not subject to federal taxes; that is, they are tax deferred. Whether and how the earnings are taxed when a withdrawal is made depends on the type of

withdrawal being made (see Part 2.D.). With limited exceptions, the earnings portion of a Qualified Withdrawal is not subject to federal taxes; that is, Qualified Withdrawals are tax exempt. If applicable requirements are met, the earnings portion of the following withdrawals is exempt from federal taxation: Account Transfers, Plan Transfers, and Rollovers. The earnings portion of Specific Non-qualified Withdrawals and General Non-qualified Withdrawals is subject to federal income tax as ordinary income (not capital gains). However, the earnings portion of General Non-qualified Withdrawals is subject to an additional 10% federal tax. Withdrawals because of the Beneficiary's death are exempt from the additional 10% tax only if they are paid in the name of the Beneficiary or to the Beneficiary's estate.

The Internal Revenue Service currently requires the PA 529 GSP to issue a Form 1099-Q for all withdrawals (excluding Account Transfers and Plan Transfers), regardless of whether the earnings are taxable. The Form 1099-Q will be issued: (1) to the Beneficiary if a Withdrawal has been paid to the Eligible Educational Institution or to the Beneficiary; (2) to the Beneficiary's estate if the withdrawal was paid to the estate; and (3) to the Account Owner for all other withdrawals.

Federal taxation of the earnings on Qualified Withdrawals may be impacted if other federal tax benefits for education (such as Coverdell Education Savings Accounts or the American Opportunity Credits) are used for the same Qualified Expenses. Consult IRS Publication 970 (available at www.irs.gov/pub/irs-pdf/p970.pdf) or a tax advisor to determine how the various programs interact and how best to use them. For tax-advantaged withdrawals (Qualified Withdrawals, Account Transfers, Plan Transfers, Rollovers, Specific Non-qualified Withdrawals), you should keep appropriate records to substantiate to the Internal Revenue Service that the requirements for benefiting from the tax advantage were met. If you use other federal tax benefits in the same tax year that you use your Account, you should keep appropriate records to substantiate the expenses for which each were used.

B. Pennsylvania Tax Treatment

1. Tax Provisions Related to Contributions

Pennsylvania law provides that, for individuals subject to Pennsylvania income tax, contributions made to an Account may be deducted from taxable income on the contributor's annual personal income tax return for the year in which the contribution was made. The maximum annual amount that may be deducted is limited to the amount of the federal gift tax annual exclusion, which is currently \$16,000 per Beneficiary per taxpayer. Married couples filing jointly can deduct up to \$32,000 provided each spouse has taxable income of at least \$16,000. The deductible amount will increase with any changes in the federal gift tax annual exclusion. The deduction cannot result in the taxable income being less than zero. Contributions that are Rollovers to the PA 529 GSP from non-Pennsylvania 529 plans, Plan Transfers (reallocations of assets from the PA 529 IP), Account Transfers (transfers of contributions between PA 529 GSP accounts), the interest portion of redemption of qualified U.S. Savings Bonds, or the government match of a Family Savings Account contribution are not eligible for the deduction.

2. Taxation of Earnings

During the time contributions are held in an Account, their earnings are not subject to Pennsylvania income taxes; that is, they are tax deferred. Additionally, when withdrawn, the earnings are Pennsylvania income tax exempt if they are federally tax exempt. This means that Qualified Withdrawals, Rollovers from the PA 529 GSP to a non-Pennsylvania 529 plan, Account Transfers, and Plan Transfers are not subject to Pennsylvania income tax if the applicable federal restrictions are met.

Non-qualified Withdrawals, both Specific and General, are subject to Pennsylvania income tax. Because contributions are income tax deductible as discussed above, if not used for Qualified Expenses, the entire withdrawal, both principal and earnings, might be subject to Pennsylvania income tax. Rules governing Pennsylvania taxation of Non-qualified Withdrawals are provided in the Pennsylvania Department of Revenue Personal Income Tax Bulletin 2006-04, which is available at www.revenue.pa.gov by clicking on "I'm Looking For", "Law, Policies, and Bulletins", "Tax Bulletins", "Personal Income Tax", then "Personal Income Tax Bulletin 2006-04 – Qualified Tuition Programs". You may wish to consult a tax advisor on this matter.

3. Taxation of Transfers Including Inheritance Tax

The transfer of any legal interest in an Account, whether during life or as a result of death of the Beneficiary or Account Owner, is exempt from all Pennsylvania taxation under certain conditions. This means that the assets in a PA 529 GSP Account are generally not subject to Pennsylvania inheritance tax. Additionally, the designation of a new Beneficiary or the designation of a new Account Owner is not subject to Pennsylvania state or local taxes provided that the requirements for change of Beneficiary or Account Owner are met.

C. Other States' Tax Treatment

This Disclosure Statement summarizes the federal and Pennsylvania tax laws applicable to the PA 529 GSP. Other states' tax treatment may differ based on the state or states in which you pay taxes. You should consult with your tax advisor about any state or local taxes, including income, gift, estate, inheritance, and generation-skipping transfer taxes. If you are not a Pennsylvania taxpayer, consider before investing whether your or the Beneficiary's home state offers a qualified tuition program that provides its taxpayers with favorable state tax or other benefits (including financial aid, scholarship funds, and protection from creditors) that may only be available through investment in the home state's 529 plan. Please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact your home state's qualified tuition program[s], or any other qualified tuition program, to learn more about those plans' features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

D. Tax Reports

The PA 529 GSP will report withdrawals and other matters to the Internal Revenue Service, the Account Owner or Beneficiary, and other persons, if any, to the extent required pursuant to federal, state, or local law, regulation, or ruling. Under federal law, IRS Form 1099-Q will be filed by the PA 529 Program with the Internal Revenue Service reporting withdrawals, whether taxable or tax-exempt (excluding Account Transfers and Plan Transfers). The form will also be sent to the Account Owner or Beneficiary, as appropriate, reflecting, among other information, the earnings portion withdrawn during the calendar year. The Internal Revenue Service currently requires the PA 529 GSP to issue IRS Form 1099-Q to: (1) the Beneficiary if distributions are from a UGMA or UTMA account or a withdrawal has been paid to the Eligible Educational Institution or to the Beneficiary; (2) to the Beneficiary's estate if the withdrawal was paid to the estate; and (3) to the Account Owner for all other withdrawals.

Part 5. Risk Factors

The PA 529 GSP is designed to help families save for future Eligible Expenses in a lower-risk and tax-advantaged way. However, as is the case with most financial products, there are various risks associated with making contributions to a PA 529 GSP Account. This section describes some of the principal risks, but does not constitute an exhaustive list of the factors you should consider before making a contribution. You may wish to consult your financial advisor before making a contribution.

A. Qualifying Tuition Plan

The Department intends to run the PA 529 GSP in accordance with the requirements of Section 529 of the Tax Code. In the event that the PA 529 GSP does not meet the requirements of Section 529, however, the tax advantages described in this Disclosure Statement may not be available to Account Owners or Beneficiaries, and there may be other adverse tax consequences as well. A potential Account Owner may wish to consult with a tax advisor.

B. Investment Risks

The GSP Fund can lose money investing the GSP Fund's assets even when following its Investment Guidelines. The Investment Guidelines are subject to change by the Department in its sole discretion.

The obligations of the PA 529 GSP are not insured by the Commonwealth of Pennsylvania, the Treasury Department, or any entity other than the PA 529 GSP. The PA 529 GSP is not backed by the full faith and credit of the Commonwealth.

There is no guarantee that the GSP Fund's investment results will be adequate to meet the GSP Fund's obligations. In the event the GSP Fund is unable to meet its obligations, the amount that may be realized by the Account Owner may be less than the amount to which the Account Owner is entitled and may be less than the amount contributed to the Account. The GSP Fund was 143.46% funded as of June 30, 2021.

In addition to the PA 529, there are other ways to save for college, including non-Pennsylvania 529 plans, Coverdell Education Savings Accounts, as well as other education savings and investment alternatives. These alternative programs may offer different investment vehicles, and may result in different tax and other consequences. They may have different eligibility requirements and other features, as well as fees and expenses that may be more or less than those charged by the PA 529 GSP. You should consider other investment alternatives before establishing a PA 529 GSP Account.

C. Cybersecurity Risks

The PA 529 GSP is highly dependent upon the computer systems of its service providers and their subcontractors. This makes the PA 529 GSP susceptible to operational and information security risks resulting from cyber threats and cyber-attacks which may adversely affect your PA 529 GSP Account and cause it to lose value. For instance, cyber threats and cyber-attacks may interfere with your ability to access your PA 529 GSP Account, make contributions or exchanges, request and receive distributions; they may also impact the ability to calculate net asset values and/or impede trading.

Cybersecurity risks include security or privacy incidents, such as human error, unauthorized release, theft, misuse, corruption, and destruction of Account data maintained online or digitally by the PA 529 GSP. Cybersecurity risks also include denial of service, viruses, malware, hacking, bugs, security vulnerabilities in software, attacks on technology operations, and other disruptions that could impede the PA 529 GSP's ability to maintain routine operations.

Although the PA 529 GSP undertakes efforts to protect its computer systems from cyber threats and cyber-attacks, including internal processes and technological defenses that are preventative in nature, and other controls designed to provide a multi-layered security posture, there are no guarantees that the PA 529 GSP, the Commonwealth of Pennsylvania, the Treasury Department, Ascensus, or your PA 529 GSP Account will avoid losses due to cyber-attacks or cyber threats.

D. Plan Structure

Federal law restricts the frequency with which you may make an Account Transfer, Plan Transfer, or Rollover. You do not control the investment instruments or asset allocation used. Your savings are considered less liquid than some other types of investments (for example, bank savings accounts) because the circumstances in which you may withdraw funds without a penalty or adverse tax consequences are more limited and because the number of Non-qualified Withdrawals of less than the full amount in your Account that you may make is limited to one per year.

The Tuition Inflation Value of an Account increases only once a year if and when postsecondary tuition increases occur at the institution or institutions comprising the Tuition Level, and there is no incremental growth in the Tuition Inflation during the period between such postsecondary tuition increases. In calculating the Tuition Inflation Value and the Investment Performance Value, contributions are subject to a Maturity Period before the growth thereon may be withdrawn.

If your Beneficiary does not attend a Pennsylvania Public Institution, or if you use your PA 529 Account to pay for elementary or secondary education, the costs associated with an apprenticeship program, or repayment of a student loan, the growth in your designated Tuition Level may not match the increase in postsecondary tuition costs at the particular institution attended by your Beneficiary. Tuition represents only a portion of the cost of higher education; there is no assurance that the growth in the Tuition Levels will equal or exceed the growth in non-tuition costs at the particular institution selected by your Beneficiary, including but not limited to Pennsylvania Public Institutions.

Any Premium included in a GSP Credit Rate for a Tuition Level and any fees taken from your accounts will reduce the effective growth rate of contributions relative to the increase in the cost of postsecondary tuition at the institution or institutions represented in such Tuition Level.

Even if you have reached the Maximum Contribution Limit for a Beneficiary, the balance in your Account may not be enough to cover all of the Beneficiary's Qualified Expenses. Future inflation in Qualified Expenses is uncertain.

If you take a General Non-qualified Withdrawal, for federal tax purposes, the earnings will be taxable as ordinary income plus an additional federal tax of 10%; if you take a Specific Non-qualified Withdrawal, the earnings will be taxable as ordinary income without the additional federal tax of 10%. For Pennsylvania tax purposes, if the contributions were previously deductible (whether or not actually deducted) from Pennsylvania state income tax, the entire value of a General or Specific Non-qualified Withdrawal will be subject to Pennsylvania state income tax. (See Part 2.D.)

The amount of Qualified Expenses incurred by your Beneficiary could be less than the total value of your Account. If so, and if you do not or cannot change your Account to another Beneficiary, you will only be able to access the remaining value of your Account through a General or, if available, Specific Non-qualified Withdrawal, and thus incur the adverse tax consequences noted in the previous paragraph.

The Department has the right to change your PA 529 GSP Participation Agreement unilaterally and, in some instances, without prior notice to you, which could result in terms and conditions less favorable to the Account Owner and/or Beneficiary.

As permitted by the state law creating the PA 529 GSP, the Department may change certain aspects of the PA 529 GSP. For example, the Department may change the PA 529 GSP's fees and charges; add a new Tuition Level; or restrict participation in a Tuition Level. Depending on the nature of the change, Account Owners may be required to participate in, or be prohibited from participating in, the change with respect to Accounts established before the change. Ascensus may not necessarily continue as Recordkeeping and Servicing Agent.

E. Change in Federal and State Law

Federal and state law and regulations governing Section 529 plans could change in the future. In addition, federal and state laws on related matters, such as the treatment for financial aid and bankruptcy, are subject to change. It is unknown what effect any future changes could have on an Account. The PA 529 GSP reserves the right to modify the Plan as it deems necessary in its sole discretion, for such reasons as, but not limited to, ensuring compliance with state or federal laws and regulations, preserving the fiscal integrity of the PA 529 GSP, and preserving the Plan's status as a "qualified tuition program."

F. Impact on Eligibility for Financial Aid

An Account will not affect your Beneficiary's eligibility for Pennsylvania state financial aid – primarily grants provided through the Pennsylvania Higher Education Assistance Agency (PHEAA). However, having an Account may impact the determination of federal financial aid or financial aid determinations made by an Eligible Educational Institution.

For federal financial aid purposes, an Account owned by a parent or dependent student is considered an asset of the parent and is treated as other parental assets, such as savings accounts or mutual fund holdings. On average, about 6% of parental assets are considered in determining the "expected family contribution." If an independent student is the Account Owner, assets in the 529 account are treated as the student's assets and about 20% are considered in determining "expected family contribution." Independent students are defined as "any individual who (1) is 24 years of age or older; (2) is an orphan or ward of the court or was a ward of the court until the individual reached the age of 18; (3) is a veteran of the Armed Forces of the United States or is currently serving on active duty in the Armed Forces for other than training purposes; (4) is a graduate or professional student; (5) is a married individual; (6) has legal dependents other than a spouse; or (7) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances." An Account owned by a third party (someone other than a parent or the student) may impact the student's federal financial aid in the academic year two academic years after the academic year in which the Account has been used. For example, if a Qualified Withdrawal is made from an Account owned by a third party in academic year 2022, the withdrawal may affect the student's federal financial aid in academic year 2024.

An Account Owner should consult a qualified financial aid advisor for further information on the impact of a 529 plan account on federal financial aid and on other forms of financial aid, including financial aid of states other than Pennsylvania and financial aid provided by educational institutions.

Financial aid rules are subject to change. The procedures and rules in effect when a Beneficiary applies for aid may be different than those described above.

G. No Guarantee of Admittance

Having a PA 529 GSP Account does not guarantee that your Beneficiary will be admitted to, be allowed to continue to attend, or receive a degree from any educational institution or will be considered a resident for tuition purposes.

H. No Indemnification

The Commonwealth, Treasury Department, PA 529, or Ascensus or any of its affiliates, will not indemnify any Account Owner or Beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of a Commonwealth employee or arising from the acts, negligent or otherwise, of Ascensus or any service providers authorized by the PA 529 GSP and retained by Ascensus.

I. Impact on Medicaid and other Federal and State Benefits

The effect of an Account on eligibility for Medicaid or other state or federal benefits is uncertain. It is possible that an Account will be viewed as a "countable resource" in determining an individual's financial eligibility for Medicaid. Withdrawals from an Account during certain periods also may have the effect of delaying the disbursement of Medicaid payments. You should consult a qualified advisor to determine how a 529 plan account may affect eligibility for Medicaid or other state and federal benefits.

J. No Security Registration

There has been no registration in connection with the PA 529, the PA 529 GSP, or the PA 529 IP with the U.S. Securities and Exchange Commission or with any state securities commission.

Part 6. Scholarship Accounts

A. Establishment

The Commonwealth of Pennsylvania (including its agencies), any political subdivision thereof, and any organization that is exempt from federal income taxation under Section 501(a) and described in Section 501(c)(3) of the Internal Revenue Code may open a PA 529 GSP Account for the purpose of providing a scholarship. Before a PA 529 GSP Account intended to be such a Scholarship Account is opened, the prospective Account Owner must register its scholarship program with the PA 529 GSP. To register, the Account Owner must provide a description of the scholarship program including, but not limited to, the criteria established by the prospective Account Owner for its future selection of the Beneficiary and any other information that the PA 529 GSP requires.

B. Holding Account

The PA 529 GSP may permit an entity establishing a Scholarship Account to have one "Holding Account" in which contributions for more than one future Beneficiary (to be chosen at a later date) may be held. At the time a scholarship is awarded, the sponsoring entity Account Owner may open a separate Account for the then-identified scholarship recipient and transfer contributions (and attendant growth) from the holding Account to the Account designating the recipient as the Beneficiary.

C. Terms and Conditions

All terms and conditions for a non-scholarship GSP Account shall be the same for a "Scholarship Account" with the following exceptions:

- (1) The Beneficiary does not need to be designated when the PA 529 GSP Account is opened but must be designated no later than the time the PA 529 GSP Account is used to pay Qualified Education Expenses. The designation of a Beneficiary for one academic period does not give that Beneficiary any entitlement to use the Scholarship Account for any other academic period. The Account Owner may designate different Beneficiaries for different academic periods.
- (2) The Maximum Contribution applicable to a non-scholarship account does not apply.
- (3) The account maintenance fee is waived.
- (4) Depending on individual circumstances, use of a Scholarship Account for Qualified Education Expenses may constitute receipt of a scholarship that, under Internal Revenue Service rules, may exempt the Beneficiary from paying federal income tax on any part of the PA 529 GSP Account that is used for such purpose, whether or not the amounts so used would be exempt from federal income tax at such time in the case of a non-scholarship PA 529 GSP Account.

Part 7. Programs to Augment Your Savings

A. SAGE Scholars Tuition Rewards

SAGE Scholars Tuition Rewards ("SAGE") is a free scholarship program available to those who use the PA 529 GSP to save for college. Based on the value of your PA 529 GSP Account, you earn Tuition Reward Points that can reduce undergraduate level tuition at SAGE participating private colleges and universities.

Points are earned each calendar quarter in an amount equal to 2.5 percent times the value of the Account on the day the calculation is made, which will be between the 20th and last day of the last month of each calendar quarter. An Account will earn a minimum of 250 Points per quarter. SAGE may, from time to time, in its sole discretion, increase the earnings percentage. Points accumulate from quarter to quarter. If the Beneficiary attends one of the SAGE member schools starting with the freshman year, earned Tuition Reward Points entitle the Beneficiary to a discount in tuition of \$1.00 per Point. The maximum discount that will be honored varies by school but is generally one year of tuition spread evenly over four years. Currently, there are over 400 SAGE participating schools. As of December 2021, the discounts are between \$7,188 to \$60,280.

To participate, your Beneficiary must be enrolled in SAGE prior to August 31 of the year that the student begins 12th grade. Tuition Reward Points stop accumulating one year before the Projected College Enrollment Date (generally the Beneficiary's senior year in high school). You may enroll in SAGE on the PA 529 GSP Enrollment Form, by submitting a

written form signed by the Account Owner, or through “My Account” access on PA529.com. When you enroll in SAGE, your SAGE account will be credited with 500 Tuition Reward Points for each of your PA 529 GSP Accounts that you enroll. You may earn another 500 Points (per Account Owner, not per Account) by registering with SAGE at its website. Once registered with SAGE, you will be able to track the accumulation of your Tuition Reward Points at that website.

By enrolling in SAGE through PA 529 GSP, you give the Plan permission to provide SAGE with information from your Account so that your Tuition Reward Points may be calculated and credited to your SAGE account.

To claim your discount, when you apply at a SAGE participating school, you must notify the school of your enrollment in SAGE and submit your student’s Reward Points. You must also be registered with SAGE through its website. A SAGE participating college may not take your enrollment in SAGE into consideration – either positively or negatively – when making its admission decision. **However, the school may consider the tuition discounts to which you are entitled in making its financial aid award decisions. The school, at its sole discretion, may add the SAGE tuition discounts on top of the aid you would have received without it or may reduce the aid, if any, you would have received by the amount of your SAGE tuition discounts.**

The SAGE Scholars Tuition Rewards program is offered and administered by SAGE Scholars, Inc., a private for-profit corporation. SAGE Tuition Reward Points are offered to PA 529 GSP Account Owners pursuant to a contract between SAGE and the Pennsylvania Treasury. SAGE is not sponsored by or affiliated with Ascensus.

SAGE Scholars, Inc., has contractual agreements with each SAGE participating school through which the school agrees to provide tuition discounts based on the amount a family has saved in certain approved savings vehicles. The PA 529 GSP is one of the approved savings vehicles. The total tuition discount under SAGE used by one student may not exceed the maximum tuition discount amount honored by the particular SAGE participating school attended by the student regardless of the number of SAGE Scholars, Inc., approved savings vehicles that have been used by the Account Owner.

SAGE Scholars, Inc., provides SAGE participating colleges the names and contact information of the student Beneficiaries enrolled in SAGE so that each participating school may contact them to encourage consideration of attending that school. When you enroll in SAGE through the PA 529 GSP, you are granting the PA 529 GSP permission to provide information on your Beneficiaries to SAGE Scholars, Inc., so that it may provide that information to SAGE participating schools.

SAGE tuition discounts earned through the PA 529 GSP can be transferred from one Beneficiary to another Beneficiary by an Account Owner if the receiving Beneficiary is a Family Member of the Beneficiary from whom the tuition discounts are being transferred and the receiving Beneficiary has not yet entered his or her senior year in high school. SAGE and the PA 529 reserve the right to waive these restrictions on transfers for good cause. If a transfer is made between Beneficiaries, the 500-point SAGE student bonus given at enrollment may not be transferred, but the 500 points given to the Account Owner for registering at the website may be. Once a PA 529 GSP Account is closed, unused SAGE tuition discounts may not be transferred.

Your enrollment in the SAGE Scholars Program through the PA 529 GSP is subject to the terms and conditions of participation in the SAGE Scholars Program, which may be changed from time to time. These terms and conditions as well as other information on the SAGE Scholars Program, including the current list of SAGE participating schools and the maximum tuition discount honored by each participating school, can be obtained online at www.tuitionrewards.com.

B. Upromise®

Upromise is a free cash-back rewards program for college savers designed to help families earn extra money for college. Upromise members get back a percentage of their qualifying purchases with hundreds of America’s leading companies. When you sign up for Upromise, you can earn a percentage back by shopping online, eating out, buying groceries, purchasing travel, and more.

You can join Upromise online at the conclusion of completing your online enrollment for the PA 529 GSP or by going directly to the Upromise website, www.upromise.com/PA. Once you enroll in both Upromise and the PA 529 GSP, your accounts can be linked so that the savings in your Upromise account is automatically transferred to your PA 529 GSP Account on a periodic basis (generally monthly) subject to transfer minimums. Please visit www.Upromise.com for more information on transfer minimums. Contributions made from Upromise to your PA 529 GSP may be deducted from your Pennsylvania taxable income subject to the total dollar limitation of the Pennsylvania tax deduction.

Upromise is offered by Upromise, LLC. This Disclosure Statement provides information concerning the PA 529 GSP, and is not intended to provide detailed information concerning Upromise. Upromise is an optional service, is

separate from the PA 529, and is not affiliated with the Commonwealth of Pennsylvania or the Treasury Department. Terms and conditions apply to Upromise. Participating companies, contribution levels, and terms and conditions are subject to change at any time without notice. Go to www.Upromise.com/PA to learn more.

Part 8. Additional Legal and Administrative Information

A. The Investment Guidelines

The Investment Guidelines applicable to the GSP Fund are contained within the general investment policy of the Treasury Department and may be changed by the Department at any time. The current Investment Guidelines are available by calling 800-440-4000 or at PATreasury.gov.

B. PA 529 GSP Procedures and Requirements

Your Account and your PA 529 GSP Contract are subject to all procedures and requirements adopted by the PA 529 GSP from time to time. Additionally, the PA 529 GSP reserves the right to:

- Refuse, change, discontinue, or temporarily suspend Account services, including accepting contributions and processing withdrawal requests, for any reason.
- Delay sending out the proceeds of a withdrawal request.
- Refuse, following receipt of a contribution, withdrawal requests relating to that contribution for up to 13 days.
- Suspend the processing of withdrawal requests or postpone sending out the proceeds of a withdrawal request under any emergency circumstances.

C. Account Restrictions

In addition to rights expressly stated elsewhere in this Disclosure Statement, the PA 529 GSP reserves the right to (i) freeze an Account and/or suspend Account services when the PA 529 IP has received reasonable notice of a dispute regarding the assets in an account, including notice of a dispute in account ownership or when the PA 529 GSP reasonably believes a fraudulent transaction may occur or has occurred; (ii) freeze an Account and/or suspend Account services upon the notification to the PA 529 GSP of the death of an Account Owner until the PA 529 GSP receives required documentation in good order and reasonably believes that it is lawful to transfer Account ownership to the Successor Owner; (iii) close an account, without the Account Owner's permission, in cases of threatening conduct or suspicious, fraudulent or illegal activity; and (iv) reject a contribution for any reason, including contributions for the PA 529 GSP that the PA 529 GSP believe are not in the best interests of the PA 529 GSP, the GSP Fund, or the Account Owners. The risk of market loss, tax implications, penalties, and any other expenses, as a result of such an account freeze or redemption will be solely the Account Owner's responsibility.

D. Availability of Financial Statements and Other Reports

Upon request, Account Owners will be sent the annual audited financial report of the GSP Fund, the annual report to the Governor and General Assembly and/or the annual Actuarial Report of the GSP Fund, and any other official documents and reports issued by the PA 529 GSP, if any. These may also be available at the PA529.com website. Clifton Larson Allen, LLP, an independent registered public accounting firm, prepares the audited financial report of the PA 529 GSP.

E. Federal Bankruptcy Protection for Certain Contributions to Accounts

Federal bankruptcy laws protect from an Account Owner's creditors certain funds contributed to an account under a Section 529 qualified state tuition program. The amount protected is (i) up to \$6,425 contributed to the account at least 365 days and within 720 days before the bankruptcy filing and (ii) all contributions and associated earnings (up to the maximum contribution amount which is currently \$511,758) made more than 720 days before the bankruptcy filing, providing in both cases that the Beneficiary of the Account during the tax year in which the contribution was made was a child, stepchild, grandchild, or step-grandchild of the Account Owner.

F. Abandoned and Unclaimed Accounts

States' unclaimed property laws may require the PA 529 GSP to turn over certain Accounts deemed to be abandoned or unclaimed to the custody and control of the state of the last known residence of the Account Owner. Unclaimed property laws vary by state including the circumstances under which an Account is deemed to be abandoned or unclaimed and the consequences of such a designation. If the PA 529 GSP is required to turn over an Account as abandoned or unclaimed property, depending on the law of the applicable state, the PA 529 GSP may need to liquidate the Account, the value at such liquidation might be less than the value if the Account were used for qualified

expenses and, once liquidated, there might be no additional growth on the Account. If an Account is turned over, in order to reclaim the Account, the Account Owner would need to follow the receiving state's procedures for claiming abandoned or unclaimed property.

G. Limitation on Pledges, Assignments, and Loans

Your PA 529 GSP Account may not be pledged as security for a loan or debt. You may not borrow amounts in your Account.

H. Information Subject to Change

The information in this Disclosure Statement is believed to be accurate as of the cover date but is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Disclosure Statement and any amendments to this Disclosure Statement.

I. Important Reference Material

Please keep this Disclosure Statement for future reference. This document gives you important information about the PA 529 GSP, including information about the limitation of the guarantee, investment risks, and the terms under which you agree to participate in the PA 529 GSP.

J. Conflicts

In the event of any conflicts, the Pennsylvania Statutes, the U.S. Internal Revenue Code, and any regulations promulgated pursuant to those laws shall prevail over this Disclosure Statement.

Appendix A: PA 529 GSP Participation Agreement

1. I hereby agree that by opening a Pennsylvania 529 Guaranteed Savings Plan Account, I am entering into a contract (the "Contract") with the Commonwealth of Pennsylvania, Treasury Department (the "Department"), the Pennsylvania 529 College and Career Savings Program ("PA 529"), and the Pennsylvania 529 Guaranteed Savings Plan ("PA 529 GSP") as authorized by the Tuition Account Programs and College Savings Bond Act, Act of 1992, April 3, P.L. 28, No. 11, 24 P.S. 6901.101, et seq., as amended (the "Enabling Law"). The Contract includes this Participation Agreement, the PA 529 GSP Disclosure Statement, the enrollment form, and the annual GSP Credit Rate Schedules. By signing and submitting the Enrollment Form, I am agreeing to the terms and conditions set forth in these documents. I acknowledge that each capitalized term used but not defined in this Participation Agreement has the same meaning as it has in the PA 529 GSP Disclosure Statement ("Disclosure Statement") and/or the Enabling Law.
2. I have received and have had an opportunity to read the Disclosure Statement. I have been given the opportunity to obtain answers to all of my questions concerning the PA 529, the PA 529 GSP, My Account, and the Contract. I understand that the Contract shall become effective upon the opening of the Account. In making a decision to open an Account and enter into this Contract, I have not relied upon any representations or other information, whether oral or written, other than as set forth in this Contract.
3. I understand that, subject to all applicable state and federal laws, rules, and regulations, the Contract is the complete and exclusive statement of the agreement between the Department, the PA 529, the PA 529 GSP, and me. I understand that the Contract supersedes any prior agreement, oral or written, and any other communications between the Department (through any means and by any individuals) relating to the subject matter of the PA 529 GSP. The Department and the PA 529 GSP make every effort to ensure that all documentation about the PA 529 GSP is accurate. If, however, there is a conflict between any such documentation and the Contract, the terms described in the Disclosure Statement shall take precedence followed by the PA 529 GSP Participation Agreement.
4. I understand that the qualification of the PA 529 GSP as a "qualified tuition plan" under Section 529 of the Internal Revenue Code and the preservation of the fiscal integrity of the GSP Fund are critical to the PA 529 GSP and its participants, and agree that the Contract may be amended by the Department or the PA 529 GSP at any time without my consent or prior notice if the Department or PA 529 GSP determines that such an amendment is required for the PA 529 GSP to be qualified or to preserve its fiscal integrity.
5. I understand and agree that the Department and the PA 529 GSP reserve the right, upon written notice and without my consent, to modify the Contract, as deemed necessary by the Department in its sole discretion, for such reasons as, but not limited to, ensuring compliance with state or federal laws and regulations and ensuring the proper administration of the PA 529 GSP. To the extent, if any, that the Contract references procedures, the Department and the PA 529 GSP reserve the right to change those procedures.
6. I certify that I am opening and contributing to my Account to provide funds for the Qualified Education Expenses of the Beneficiary. I understand that any contribution, or portion of such contribution, that causes the total Account balance in the aggregate for all Accounts (regardless of who owns the Accounts) for the same Beneficiary both in the PA 529 GSP and the Pennsylvania 529 Investment Plan ("PA 529 IP") to exceed the applicable Maximum Contribution Limit (currently \$511,758 but subject to change) will be rejected and returned. I understand that taking a withdrawal for any reason other than the payment of Qualified Expenses may result in my receiving a lesser value as well as being subject to federal and Pennsylvania state taxes and penalties.
7. I recognize that saving in the PA 529 GSP involves certain risks, and I have taken into consideration and understand the risks including, but not limited to, those set forth in the Disclosure Statement.
8. I understand that **THE PA 529 GSP ACCOUNT, INCLUDING BOTH CONTRIBUTIONS AND GROWTH ON CONTRIBUTIONS, IF ANY, IS NOT INSURED OR GUARANTEED BY THE COMMONWEALTH OF PENNSYLVANIA, THE DEPARTMENT, THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC), OR BY ANY CONSULTANT, CONTRACTOR, OR ADVISOR RETAINED BY THE COMMONWEALTH.** The only entity obligated under the PA 529 GSP is the GSP Fund. Should the GSP Fund fail to generate an adequate return, the GSP Fund would not be able to meet all of its future

liabilities. The Account Owner assumes all risk of an investment in the PA 529 GSP, including the failure of the GSP Fund and the potential loss of contributions and liability for penalties that are assessable in connection with a distribution of amounts invested under the PA 529 GSP. Any claim against the PA 529 or the Department pursuant to a PA 529 GSP Plan Contract may be made solely against the assets of the GSP Fund and not against any other funds or sources of the Commonwealth. The Account Owner further acknowledges that neither the Department nor the TAP Advisory Board may pledge the credit or taxing power of the Commonwealth. Nothing in the Contract shall be deemed or construed as an express or implied waiver of the sovereign immunity of the Commonwealth of Pennsylvania, the Department, the PA 529, or the PA 529 GSP, or as a pledge of the full faith and credit of the Commonwealth.

9. I understand that none of the Commonwealth, the Department, or any consultant, advisor, or other entity retained by the Commonwealth or the Department has any debt to me, the Beneficiary, a contributor to an Account, or any other person as a result of the establishment of a PA 529 GSP Account, and that none of such parties assumes any risk or liability for funds contributed to the PA 529 GSP.
10. I understand that I have no authority to direct the investment of any contributions made to the PA 529 GSP Account and that, while I may move my contributions and any growth to other 529 plans, including the PA 529 IP, and between PA 529 GSP Accounts, without incurring federal and/or Pennsylvania tax consequences and penalties, there are restrictions and limitations on my doing so.
11. I acknowledge and agree that no PA 529 GSP Account may be used as collateral for any loan. Any attempted use of a PA 529 GSP Account as collateral for a loan shall be void.
12. I acknowledge and agree that I may not assign or transfer any interest in any PA 529 GSP Account except as provided in the Contract or as required by law (including transfers of record ownership from a custodian of an Account established for a minor under UGMA or UTMA when the minor reaches the age of majority). Any other attempted assignment or transfer of such interest shall be void.
13. I acknowledge and agree that the PA 529 GSP is established and maintained by the Commonwealth and the Department pursuant to the Enabling Law and other applicable laws and is intended to qualify for certain federal income tax consequences under Section 529 of the Internal Revenue Code. I further acknowledge that such federal and state laws are subject to change, sometimes with retroactive effect, and that none of the Commonwealth, the Department, the PA 529, the PA 529 GSP, the GSP Fund, contractor, or any advisor, consultant, or other entity retained by any such party makes any representation that such state or federal laws will not be changed or repealed or that the terms and conditions of the PA 529 GSP will remain as currently described in the Contract.
14. I certify that all information provided by me or on my behalf in the enrollment form, any supplement thereto, or to any other portion of the PA 529 GSP Plan Contract, and in any documents, notices, or certifications delivered under the PA 529 GSP Plan Contract, is and will be true and correct. I will promptly notify the PA 529 GSP of any changes to any such information.
15. I understand and acknowledge that there is no guarantee or commitment whatsoever from the Commonwealth of Pennsylvania, the Department, the PA 529, the PA 529 GSP, or any other person or entity that (a) actual education expenses will be equal to projections and estimates provided by the PA 529 GSP, (b) the Beneficiary will be admitted to any institution (including an Eligible Educational Institution), (c) upon admission to an institution, the Beneficiary will be permitted to continue to attend, (d) upon admission to an institution, state residency will be created for tuition, tax, financial aid eligibility, or any other purpose for the Beneficiary, (e) the Beneficiary will graduate or receive a degree from any institution, or (f) contributions and investment returns in this Account will be sufficient to cover the Qualified Education Expenses of the Beneficiary even if they meet or exceed the Maximum Contribution Limit.
16. To the extent, if any, that I am entering into the Contract in a representative or fiduciary capacity, I have full power and authority to enter into and perform the Contract.
17. I understand that I may cancel the Contract at any time by written notice to the PA 529 GSP and that if, in doing so, I take a Qualified Withdrawal or Non-qualified Withdrawal, the provisions governing those will be applicable.

18. I understand that any contractor engaged by the Department or the PA 529 GSP in fulfillment of its powers and duties under the Enabling Law is a third-party beneficiary of my statements, agreements, representations, warranties, and covenants in the Contract.
19. I recognize that the establishment of any PA 529 GSP Account will be based upon my statements, agreements, representations, warranties, and covenants set forth in the Contract, and I agree to indemnify and hold harmless the Commonwealth, the Department, the GSP Fund, the PA 529, the PA 529 GSP, a contractor, and any representatives or contractors of any such party from and against any and all loss, damage, liability, or expense, including costs of reasonable attorney's fees, to which they may be put or which they may incur by reason of, or in connection with, any misstatement or misrepresentation made by me or a Beneficiary, any breach by me of the acknowledgments, representations, or warranties contained in the PA 529 GSP Participation Agreement, any failure to fulfill any covenants or agreements set forth herein, or any action taken by such party in accordance with the terms of the Contract. If the indemnification provided for in this paragraph is unavailable, in whole or in part, or is insufficient to hold an indemnitee harmless, then I agree to contribute to the amount paid or payable by the indemnitee in such proportion as is appropriate to reflect the relative benefits received by the indemnitee and me in connection with my PA 529 GSP Account(s) or, if such allocation is not permitted by applicable law, in such proportion to reflect not only the relative benefits received but also the relative fault of the indemnitee and me. The relative benefits received by a party shall be the total revenue derived by each party from the transaction(s) underlying the claim subject to indemnification or contribution. The relative fault shall be determined by reference to the act or acts committed by each party in the transaction(s) underlying the claim subject to indemnification or contribution and the parties' relative intent, knowledge, access to information, and opportunity to prevent or correct the act or acts committed by each party in the transaction(s) underlying the claim subject to indemnification or contribution. All of my statements, representations, warranties, or covenants, and this paragraph, shall survive the termination of the Contract.
20. I acknowledge and agree that the PA 529 GSP may at any time, and from time to time, be suspended or terminated. But, except as otherwise expressly provided herein, the Account may not be diverted from me or my Beneficiary's exclusive benefit. Nothing contained in the Contract shall constitute an agreement or representation by the Department, the PA 529, the PA 529 GSP, or any other party that the PA 529 GSP will be maintained indefinitely. Any amendments to statutes or regulations governing the PA 529 GSP automatically amend the Contract, and any amendments to operating procedures and policies of the PA 529 GSP will amend the Contract when such amendments become effective. Nothing in the Enabling Law or the PA 529 GSP Plan Contract may be construed to give a Beneficiary any rights or legal interest in a PA 529 GSP Account unless the Beneficiary is also the Account Owner.
21. All factual determinations regarding Resident Status, a Beneficiary's Disability, Family Members, Material Misrepresentations, and any other factual determinations regarding the Contract will be at the sole discretion of the Department or the PA 529 GSP.
22. The Contract will be construed in accordance with the laws of the Commonwealth of Pennsylvania.
23. In the event that any clause or portion of the Contract is found to be invalid or unenforceable by a court of competent jurisdiction, at the option of the Department or the PA 529 GSP, the Contract may be deemed void, or that clause or portion found to be invalid will be severed from the Contract and the remainder of the Contract will continue in full force and effect as if such clause or portion had never been included.
24. Any controversy or claim arising out of or relating to the PA 529 GSP or the Enrollment Application, or the breach, termination, or validity of the Guaranteed Savings Plan or the Enrollment Application, to the extent allowed under the Commonwealth's statutory waiver of Sovereign Immunity, shall be brought via a Petition for Review before a Pennsylvania Treasury Hearing Officer. A Petition for Review may be filed with the Prothonotary of the Pennsylvania Treasury Department via email at prothonotary@patreasury.gov or via mail at:

Prothonotary
Office of Chief Counsel
Pennsylvania Treasury Department
127 Finance Building
Harrisburg, PA 17120

Please be advised email is preferred.

If you file a Petition for Review, an administrative hearing will be scheduled with a Treasury hearing officer. You may present your case pro se (represent yourself) or have an attorney represent you at the hearing. Petitions must contain your GSP account number and the following information:

1. The petitioner's name, address, and telephone number (where you can be reached between 9:00am and 5:00pm).
2. The name, address, and telephone number of the authorized representative, if any.
3. A detailed statement in separately numbered paragraphs of the facts and grounds relied upon. If based upon a written document, a copy of document, or material part of the document shall be attached.
4. A statement specifying the relief to which the petitioner deems itself entitled, which shall cite the legal authority relied upon.
5. A statement that either (A) a hearing is requested or (B) the right to a hearing is waived and the petitioner is resting the case on the petition and record, with or without a brief.
6. A signed statement certifying that the facts contained in the petition are true and correct to the petitioner's knowledge and belief, and that the petition is not made for purposes of delay.

If the matter is not able to be resolved by a Pennsylvania Treasury Hearing Officer, I understand that I may appeal to the Commonwealth Court of Pennsylvania

**Pennsylvania 529 Guaranteed Savings Plan
Room G-06
613 North Drive
Harrisburg, PA 17120-0600**

**Processing Center
P.O. Box 55463
Boston, MA 02205-8114**

**PA529.com
PAGSP@patreasury.gov
1.800.440.4000**

**PENNSYLVANIA
529 GUARANTEED SAVINGS PLAN**

**Annual Actuarial Report on the Pennsylvania 529
Guaranteed Savings Plan Fund**

June 30, 2025

Prepared by
John T. Condo, FSA, MAAA, Ph.D.
Actuarial Resources Corporation of GA



4080 McGinnis Ferry Road, Suite 901 • Alpharetta, GA 30005-4143
PH: (770) 752 - 5656 • FAX: (770) 752 - 5650

August 14, 2025

The Honorable Stacy Garrity
Treasurer, Commonwealth of Pennsylvania
State Finance Building, Room 129
Harrisburg, PA 17120

Dear Treasurer Garrity:

We have completed our actuarial analysis of the Fund ("the Fund") for the Pennsylvania Tuition Account Guaranteed Savings Plan ("the Plan") as of June 30, 2025. This report presents our findings with respect to the Fund's expected cash flows and status of the Fund.

This report also presents our analysis of Plan Credit Rates effective September 1, 2025 through August 31, 2026.

The analysis of the funding of the Plan was prepared for the Pennsylvania Treasury ("Treasury") for the purpose of assessing the status of the Fund in accordance with Section 306(b)(3) of Act 11 of 1992. The analyses have been prepared in accordance with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

The rates for Plan Credits for September 1, 2025 through August 31, 2026 are self-supporting. That is, contributions made at these rates are anticipated to generate an additional amount of actuarial reserve.

Currently the expected value of liabilities is \$1,804,182,508 and the value of assets plus projected future fees is \$2,637,242,690, for a difference of \$833,060,182 or 46.17% of liabilities. For comparison purposes, the corresponding amounts from June 30, 2024 were expected value of liabilities of \$1,759,484,859 and value of assets plus projected future fees of \$2,431,105,983, for a difference of \$671,621,124 and a ratio of 38.17% of liabilities.

In determining the amounts for June 30, 2025, we made one change to assumptions. The portion of appropriated expenses allocated to GSP work and new business has decreased.

Subsequent to the date of this analysis, account fees will be waived for the 2025-2026 academic year. The fee waiver for 2025 - 2026 will decrease the actuarial reserve by \$3,867,529 to \$829,192,653 which is 45.96% of liabilities.

* * * * *

We appreciate the opportunity to serve the Commonwealth of Pennsylvania. Any questions about the report should be directed to me at (770) 752-5656.

Very truly yours,



John T. Condo, FSA, MAAA, Ph.D.
Vice President

TABLE OF CONTENTS

| REPORT SECTION | PAGE |
|--|-------------|
| <i>I. Executive Summary</i> | 1 |
| <i>II. Reliances & Compliance With Actuarial Standards of Practice</i> | 4 |
| <i>III. Plan Credit Rates September 1, 2025 Through August 31, 2026</i> | 5 |
| <i>IV. Description of the Plan</i> | 6 |
| <i>V. Summary of Contract Data and Current Assets</i> | 9 |
| <i>VI. Actuarial Methods and Assumptions</i> | 11 |
| <i>VII. Status of the Fund as of June 30, 2025</i> | 16 |
| <i>VIII. Sensitivity Testing</i> | 20 |
| <i>IX. Stochastic Analysis</i> | 21 |
| <i>X. Changes in Actuarial Assumptions</i> | 23 |
| <i>XI. Expected Use of Funds</i> | 24 |

I. EXECUTIVE SUMMARY

The following are the key findings of our analysis.

New Rates

Rates for Plan Credits for September 1, 2025 through August 31, 2026 are equal to the cost of academic credits at each of the participating colleges and universities. Our analysis shows that these rates produce a positive actuarial reserve equal to 9.23% of deposits.

Status of the Fund

As of June 30, 2025, the Fund's assets exceed its liabilities by \$833,060,182.

| Value as of June 30, 2025 | Assets and Liabilities |
|---|-----------------------------------|
| Cash & Invested Assets | \$2,602,208,763 |
| Value of Future Revenues ¹ | \$35,033,927 |
| Total Liabilities | \$1,804,182,508 |
| Actuarial Reserve | \$833,060,182 |
| Actuarial Reserve as a Percent of Liabilities | 46.17% |

Methodology

In making our projections of the actuarial reserve in the table immediately above, we assume that the Plan will not accept any additional contributions. This is a conservative limitation that provides a static "snapshot view" of the Plan as of June 30, 2025.

A dynamic view of the Plan, which would include a reasonable projection of future contributions, provides a more realistic view of the Plan since the Plan is run with the intention of continuing to accept contributions.

¹ Future revenues are the annual account maintenance fees assessed against GSP accounts. Treasury personnel have informed us that the fees are assessed against the tuition value of each account.

Investment Strategy

The investment strategy of the Fund is designed to enable Treasury to meet the actuarially determined Plan liabilities. The market value composition of the Fund as of June 30, 2025 is 47% fixed income including cash and cash equivalent, 39% equities, 13% Real Estate, and 1% alternative investments. Treasury utilizes index vehicles to invest the majority of the funds, in an effort to lower costs and better control risk exposures. Outside managers are used to invest a portion of the portfolio, and PA Treasury manages funds held for liquidity purposes and select portfolios in house.

By law, Treasury is allowed to direct investments under the "prudent person" rule. This rule allows discretion in determining asset allocation and in choosing particular securities.

The objective of the allocation of roughly half of the portfolio to equity, real estate, and alternative investments is to provide higher portfolio returns than would be available from a portfolio consisting mainly of fixed income investments. We have not reviewed the strategy nor are we expressing an opinion on the strategy.

Assumptions

Key economic assumptions are listed below.

| Key Assumptions | |
|---|-------|
| Net Yield on Investments | |
| All future years | 5.50% |
| Tuition Inflation | |
| Keystone Accounts | 3.75% |
| Community Colleges | 4.00% |
| SSHE | 3.75% |
| The Pennsylvania State University - Main Campus | 4.75% |
| The Pennsylvania State University - Branch Campuses | 3.00% |
| University of Pittsburgh | 4.50% |
| University of Pittsburgh - Branch Campuses | 3.50% |
| Pennsylvania College of Technology | 4.75% |
| Temple University | 4.00% |
| Lincoln University | 4.25% |
| State Related Average | 4.50% |
| Thaddeus Stevens College of Technology | 4.00% |
| Pennsylvania Private Colleges & Universities | 5.25% |
| Ivy League Universities | 5.25% |

The tuition inflation assumptions are based on a combination of statistical models of tuition increases, actuarial judgment and input from Treasury personnel regarding the likely trajectory of tuition increases.

II. RELIANCES & COMPLIANCE WITH ACTUARIAL STANDARDS OF PRACTICE

In making the projections on which this report is based, we relied on the following information supplied to me as indicated below.

- Tuition amounts at Pennsylvania colleges and universities, public, private and State-Related, supplied by the staff of the Pennsylvania Treasury Department,
- Tuition amounts at Ivy League universities, supplied by staff of the Pennsylvania Treasury Department,
- Market value of assets of the Plan's fund, supplied by the staff of the Pennsylvania Treasury Department,
- Inventory of Plan credits by institution, year sold and anticipated matriculation year, supplied by staff of the Pennsylvania Treasury Department,
- Assumptions regarding future investment returns on the Plan's fund, supplied by Treasury based on consultation with the Plan's Investment Advisor,
- Assumptions regarding the Plan's anticipated asset allocation, supplied by Treasury based on consultation with the Plan's Investment Advisor, and
- Information on expenses of the Plan, supplied by the staff of the Pennsylvania Treasury Department based on consultation with the Plan's investment advisor.

There are no actuarial standards of practice that apply specifically to prepaid tuition plans or guaranteed college savings programs. However, there are two general standards that we believe apply:

- Actuarial Standard of Practice #23 "Data Quality". This standard sets guidelines on review of data supplied by a third-party. We have performed reasonableness and consistency checks on the data supplied to us by personnel of the Plan and by the records administrator, and are in compliance with this standard. Our review of the data was not an audit of the data.
- Actuarial Standard of Practice #41 "Actuarial Communications". This standard sets general guidelines for actuarial communications. This report is in compliance with this standard.

III. PLAN CREDIT RATES - SEPTEMBER 1, 2025 THROUGH AUGUST 31, 2026

The Pennsylvania Guaranteed Savings Plan allows account owners to save for future “qualified higher education expenses” with a guarantee that their savings, adjusted by any applicable premiums and fees, will at least keep pace with tuition inflation at one of several tuition levels designated by the account owner. Contributions into an account are divided by the Plan Credit Rate for the designated tuition level for the academic year in which the contribution is made to determine the number of Plan Credits attributable to the contribution. The annual Plan Credit Rates are recommended by us and approved by Treasury. We recommend that prices for 2025/26 be set at current tuition.

Adequacy Analysis

We have projected financial results for a hypothetical cohort of GSP credits purchased from September 1, 2025 through August 31, 2026. For these credits we included no premiums.

Our projection shows that these credits are anticipated to generate a positive actuarial reserve of 9.23% of deposits.

IV. DESCRIPTION OF THE PLAN

The Plan was created in 1992 by the Pennsylvania Legislature to provide for the advance purchase of tuition as both a means and an incentive to provide for future higher education expenses. By Act 2000-58, effective August 21, 2000, it was amended, making the Plan a guaranteed college savings Plan with growth indexed to tuition inflation. The Plan is administered by the Tuition Account Programs Bureau ("the Bureau"), within the Pennsylvania State Treasury. The Plan is summarized below. This summary is provided for explanation purposes only, and the Plan will be governed by the provisions of the enabling legislation and Bureau procedures.

Contributions

Contributions may be made in any amount of \$1 or more. At the time of joining the Plan, the account owner must designate a beneficiary and the anticipated date of matriculation into postsecondary education.

All contributions for a specific beneficiary are accumulated in an account ("the Account"). The Investment Performance Value of the Account is the sum of all contributions times the actual annual net earnings rate of the fund compounded annually. The Tuition Credit Value of the Account is based on tuition inflation.

Categories of Credits Available

An account owner can save at any one of the following five "average" tuition levels:

- Community Colleges,
- Universities in the State System of Higher Education,
- State Related Universities, defined as the following schools:

Pennsylvania State University, including the Pennsylvania College of
Technology

University of Pittsburgh

Temple University

Lincoln University

Any other postsecondary school which is later designated "state-related" by the
Commonwealth.

- Ivy League Colleges or
- Private Four-Year Colleges.

Additionally, an account owner can save at the tuition level for any one of the “public institutions.” An account owner may, however, change the designated tuition level at any time and the change is made retroactive for each contribution made to the account.

Additionally, for specific “public institutions” and public institutions average tuition levels, there are separate Plan Credit Rates for state residents/out-of-state residents and, in the case of community colleges, for district and out-of-district residents.

Residency Requirements

There is also a residency requirement associated with joining the Plan. Either the account owner or the beneficiary must be a resident of the Commonwealth of Pennsylvania at the time the account is opened.

Using the Account

Contributions must be in the Plan account for approximately one year before any growth related to the contribution may be used for higher education expenses. If the beneficiary is attending a public institution, the tuition level is converted, if necessary, to that of the specific public institution branch campus and/or major of the beneficiary; and payouts from the account will be made at the actual tuition rates charged. If the beneficiary is attending a private or out-of-state institution of higher education, or an elementary or secondary school, pay-outs from the account will be based on the designated tuition level; specifically, if the tuition level is a specific public institution, payment will be made at the actual tuition of that institution; if the tuition level is one of the average levels, payment will be made at the average actual tuition of the schools used to determine the Plan Credit Rate for that Tuition Level.

Refunds

If the beneficiary dies or becomes disabled, the Investment Performance Value of the account, but not less than the amount contributed less fees, will be returned to the account owner.

If the beneficiary is awarded a scholarship, the account owner may obtain a refund equal to the amount that could have been paid from the account had the scholarship not been awarded. Provided, however, that the refund for any one year may not exceed the amount of the scholarship. Requested transfers from the Guaranteed Savings Plan to the Pennsylvania 529 Investment Plan, as well as rollovers to other Section 529 plans, are calculated in the same manner as at-will terminations as discussed below.

If the beneficiary decides at the time of matriculation not to attend school, or if the beneficiary does not gain admission to an eligible institution, or if the contract is

terminated for any other reason, it is considered an “at-will” termination. These at-will terminations receive refunds that are the lesser of the Investment Performance Value of the Account and the Tuition Credit Value of the Account, but in no event less than the sum of the contributions.

Change of Beneficiary

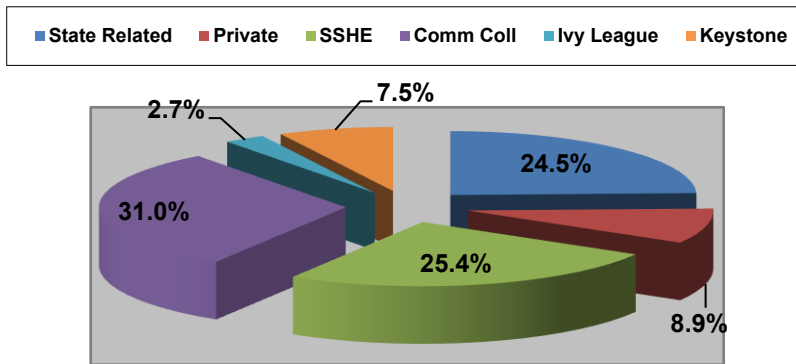
An account owner may request a change of beneficiary to a substitute who is a family member of the immediately-preceding beneficiary.

V. SUMMARY OF CONTRACT DATA AND CURRENT ASSETS

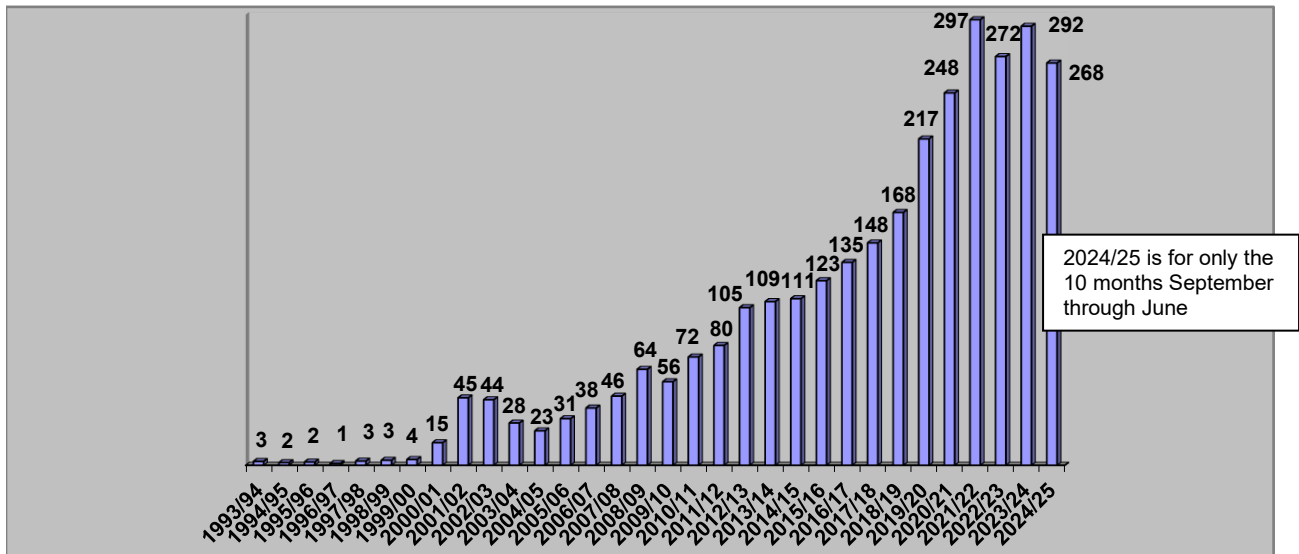
Contract Data

Data on the number of outstanding contracts, contributions, Plan Credit equivalents and beneficiary account values was provided by the Bureau. This data was divided by residency status, tuition level, and year of matriculation. The graphs below summarize the data provided concerning these Plan Credits.

Distribution of Credits by Institution Type



Distribution of Credits by Year of Contribution (000's)



Current Assets

The assets currently held by the Fund are an important part of the determination of the actuarial status of the Plan. The investment strategy for those assets is also critical to

the yield and to the vulnerability of the Plan's actuarial status to changes in the return earned on investments.

Fund Investments

Treasury administers assets of the Fund and has outside investment managers invest a large portion of the Fund, except for liquidity funds and several select portfolios that are invested by Treasury. The total market value of assets held as of June 30, 2025 is \$2,602,208,763. The allocation between asset classes is shown in the table below.

| Market value of assets held as of June 30, 2025 | | |
|--|-----------------------|-------------------|
| | <u>Amount (000's)</u> | <u>% Of Total</u> |
| Equities | 1,027,147 | 39% |
| Real Estate | 334,078 | 13% |
| Alternative Investments | 30,845 | 1% |
| Fixed Income (Including cash & cash equivalents) | 1,210,139 | 47% |
| TOTAL | 2,602,209 | 100.0% |

Investment Strategy

The investment strategy is designed to achieve a rate of return in excess of anticipated increases in tuition rates at each tuition level. The Fund's asset allocation anticipates that the amount invested in equities, real estate, and alternative investments will remain in the range of 50% - 60% of total assets. The Plan's investment authority is governed by the "prudent person" rule rather than by statutory limitations on various classes of investments.

VI. ACTUARIAL METHODS AND ASSUMPTIONS

Methods

The actuarial method for the determination of the status of the Fund consists of projecting future tuition rates, future expenses based on the average anticipated number of Plan Credits and future utilization of Plan Credits. Future benefits and expenses are discounted using the assumed investment yield as the interest discount rate. The assumed discount rate is based on the current and anticipated mix of assets of the Fund.

For the projection of future benefits, the analysis proceeds as follows:

- Project future tuition rates for all years under consideration. Future tuition is based on the assumptions for tuition inflation. These assumptions vary by postsecondary school.
- Determine the nominal cost of future use of accounts based on the assumptions regarding utilization of accounts and the length of time the average beneficiary will take to complete his college education.
- Determine the nominal value of administrative expenses pertinent only to the ongoing administration of existing contracts.
- Determine the present value of future account usage and future expenses based on the investment yield assumptions.
- Perform projections for all of the Plan's beneficiaries to determine if the Fund is adequate in the aggregate, and make sufficient provision for overhead expenses.
- In making our projections of the actuarial reserve, we assume that the Plan will not accept any additional contributions. This is a conservative limitation that provides a static "snapshot view" of the Plan as of June 30, 2025.

Assumptions

Actuarial assumptions used to determine financial soundness of programs are of two general types: economic and demographic. Demographic assumptions determine the expected exposure to financial claims and generally answer the question "How and when will people use their account?" Economic assumptions are concerned with the expected level of account usage and answer the question "What is the expected value of account usage?" The assumptions that we used were those that were approved by the Pennsylvania Treasury, after consultation with us.

Economic Assumptions

Economic assumptions are used to estimate the annual tuition rates at two and four year colleges, increases in Fund expenses, and Fund earnings on assets invested. Because inflation is a major component of the rate of increase in tuition rates and of investment returns, we considered these rates together. We believe that the difference in these rates is more important than the absolute level of the rates. The following paragraphs describe the economic assumptions used in this study.

Federal Income Tax

We assumed that Fund earnings are exempt from Federal Income Tax.

Annual Tuition Rates

Tuition increases vary at the different participating institutions. Accordingly, our assumptions vary by institution. Our assumptions were guided by our observations of historic tuition increases, trends in postsecondary enrollment in Pennsylvania and the level of legislative appropriations for postsecondary schools in Pennsylvania.

The assumptions for the different categories of institutions are shown in the table below.

| Tuition Inflation | |
|---|-------|
| Keystone Accounts | 3.75% |
| Community Colleges | 4.00% |
| SSHE | 3.75% |
| The Pennsylvania State University - Main Campus | 4.75% |
| The Pennsylvania State University - Branch Campuses | 3.00% |
| University of Pittsburgh | 4.50% |
| University of Pittsburgh - Branch Campuses | 3.50% |
| Pennsylvania College of Technology | 4.75% |
| Temple University | 4.00% |
| Lincoln University | 4.25% |
| State Related Average ² | 4.50% |
| Thaddeus Stevens College of Technology | 4.00% |
| Pennsylvania Private Colleges & Universities | 5.25% |
| Ivy League Universities | 5.25% |

These rates are based on statistical models built with 30 years of historical tuition increases, combined with our professional judgment regarding future increases, as well as input from Treasury staff regarding likely trajectories of tuition increases.

Fund Earnings Rate

Our investment yield assumption, net of fees, is as follows:

5.50% for all future years.

This assumption was agreed to by Treasury based upon the recommendation of the Fund's Investment Advisor. Although we do not expect the Fund to realize this exact return in any year, we believe it represents a reasonable earnings rate over the time horizon of this report. In some years the Fund will have yields in excess of the assumed rate, while in other years the Fund will earn less than this rate.

Annual Expenses

Appropriations for expenses in fiscal year 2025/26 are \$3,339,000. This includes marketing and non-GSP expenses in the amount of \$2,417,000. As our projections do not include provisions for non-GSP work or new business, these expenses can be excluded leaving \$922,000 to be included in our analysis. For projection purposes, we

² The State Related Average is calculated from the results of all other State Related campuses rather than projected directly from assumptions.

have assumed that \$300,000 of this annual total is fixed, while the balance is variable in proportion to the number of outstanding Plan Credits. That is, we project that the variable portion attributable to the existing Plan Credits will decline in the future proportionately with the projected decline in the number of Plan credits.

The Plan also incurs expenses to pay its administrative services provider. The administrative services provider charges a fee of 0.13% of assets under management on an annual basis.

We have included these expenses in our projections.

As the investment earned rate assumption is now reported net of expenses, investment expenses are no longer part of this analysis.

Demographic Assumptions

The demographic assumptions used in this report are based on our experience with similar types of liabilities. Our choice of assumptions is based on recent experience and our best estimates as to future events. These assumptions are as follows:

Mortality and Disability

We assumed that there would be no contract cancellations due to mortality or disability.

At-Will Termination of Contract

Because individual accounts are under no obligation to make additional contributions, we anticipate low termination rates. We have assumed that at-will terminations are 1.0% each year. This assumption is supported by at-will termination experience.

Matriculation Percent

All beneficiaries are assumed to matriculate at the matriculation date specified in the application, except for those who are projected to terminate.

Utilization of Benefits

Because account owners have flexibility in how much they contribute to their accounts over time, the utilization of accounts once the beneficiaries enroll in college will vary. Even if all account owners contributed the same amount, the utilization of the Plan would vary since students progress through college at different rates, depending on their course load, attendance during the Summer semester, and whether any sabbaticals are taken during postsecondary education.

Our assumptions for utilization of accounts are based on judgmental factors and on review of actual benefit payouts.

Account usage for those saving at Community College tuition levels are assumed to be 70% in the first year and 30% in the second year. Usage at all other tuition levels are assumed to be 30% first year, 25% second year, 20% third year, 15% fourth year and 10% fifth year.

Within an academic year, account usage is assumed to be 50% for the Fall semester, 40% for the Spring semester and 10% for the Summer semester.

Dropout Rate

All beneficiaries are assumed to use 100% of their account once they have enrolled in college.

Frequency of Beneficiary Replacement

Since all surviving beneficiaries are expected to matriculate and are expected to use their accounts until completion, the assumption is made that no replacement of beneficiaries will occur.

VII. STATUS OF THE FUND AS OF JUNE 30, 2025

In determining the status of the Fund, we estimated the future disbursements for higher education expenses of beneficiaries, expenses and refunds for terminated contracts. We also projected the future assets based on current assets and expected earnings on assets. We believe these estimates are reasonable based on the information available and our past experience and judgment.

The estimates of the prospective assets and liabilities of the Fund are summarized in the table on the following page and demonstrate the financial position of the Fund. The value of all assets is \$2,637,242,690 while the expected value of all liabilities is \$1,804,182,508. The expected present value of the excess of assets over liabilities is \$833,060,182.

The Plan's actuarial reserve is the amount of funds over and above that amount which is necessary to meet account usage and expenses on our baseline assumptions.

The actuarial reserve will change from year to year due to positive and negative cash flows and due to the change in the present value of future account usage and expense payments because of the passage of time. The actuarial reserve will also change due to the variance of experience from the assumptions. These variances include tuition increases, investment income and expenses.

The actuarial reserve will also change due to the growth of the Plan and due to the updating of the assumptions to reflect the Plan's emerging experience. The changes for the year ending June 30, 2025 are summarized in the table below.

| Progression of Actuarial Reserve | |
|---|---------------|
| Actuarial Reserve at June 30, 2024 | \$671,621,124 |
| Projected Increase to June 30, 2025 | 24,674,056 |
| Gain from Favorable Tuition Inflation | 28,785,539 |
| Gain due to Favorable Investment Experience | 89,152,408 |
| Gain due to Additional Contributions | 18,110,815 |
| Loss Due to Change In Assumptions | 716,240 |
| Actuarial Reserve at June 30, 2025 | \$833,060,182 |

Our determination of the status of the Fund is based on the asset and contract information provided by Treasury and on the stated assumptions. Because of the uncertainty of the future, actual events are almost certain to vary from our assumptions. These differences may be material.

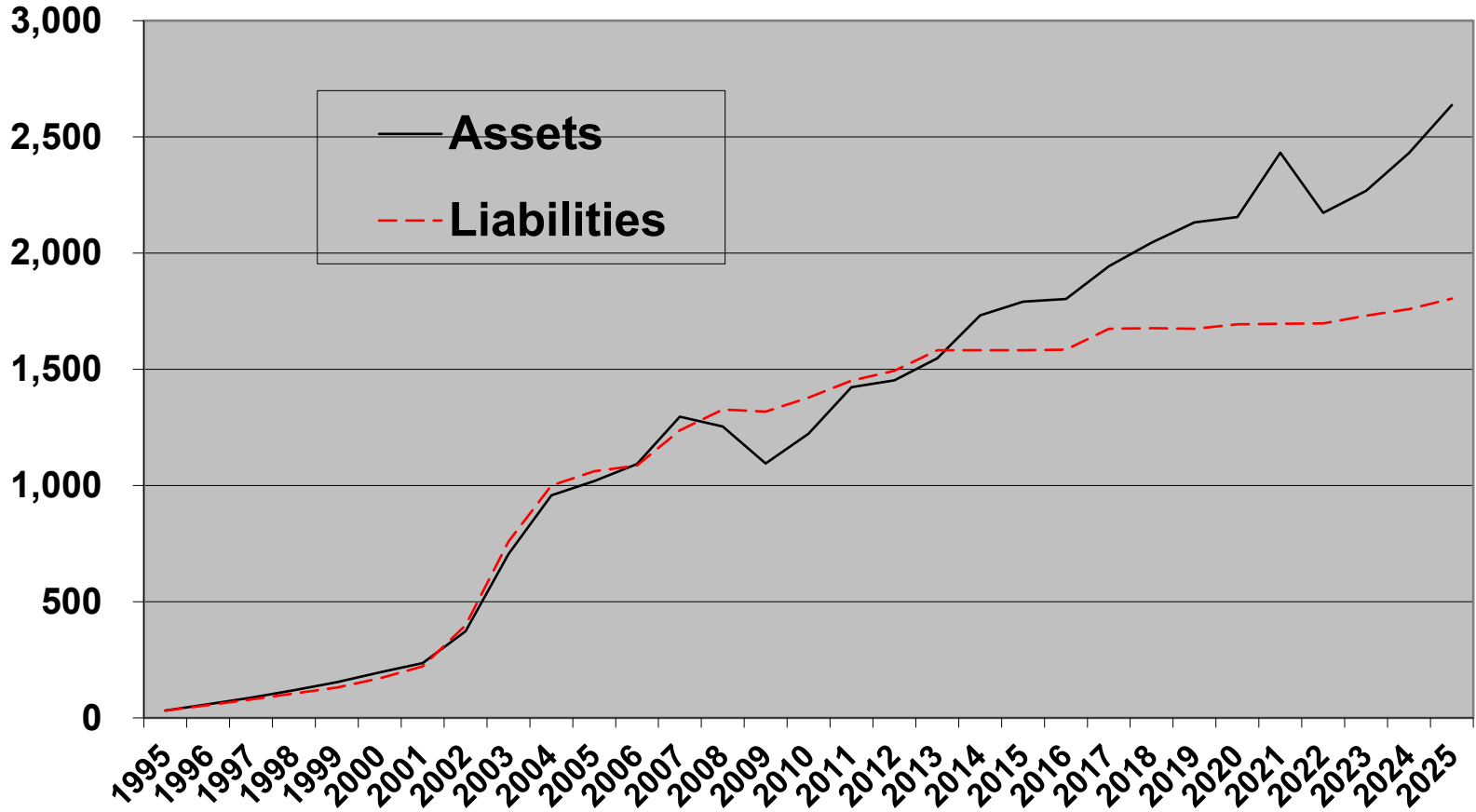
In the chart immediately below, we show the value of expected future account usage, expected future payments, current assets and expected actuarial reserve as of the end of each future year for contributions made through June 30, 2025.

PRESENT VALUE OF ASSETS AND LIABILITIES

| Fiscal Year Ending | Value of Assets | Present Value of Future Account Usage And Expenses | Actuarial Reserve |
|-----------------------|--------------------|--|----------------------|
| 2025 | 2,637,242,690 | 1,804,182,508 | 833,060,182 |
| 2026 | 2,456,484,908 | 1,592,769,085 | 863,715,824 |
| 2027 | 2,347,787,087 | 1,436,566,893 | 911,220,194 |
| 2028 | 2,274,065,000 | 1,312,727,695 | 961,337,305 |
| 2029 | 2,208,603,835 | 1,194,392,978 | 1,014,210,857 |
| 2030 | 2,151,468,719 | 1,081,476,265 | 1,069,992,454 |
| 2031 | 2,098,318,366 | 969,476,327 | 1,128,842,039 |
| 2032 | 2,064,188,601 | 873,260,250 | 1,190,928,351 |
| 2033 | 2,042,990,043 | 786,560,633 | 1,256,429,410 |
| 2034 | 2,032,369,062 | 706,836,034 | 1,325,533,028 |
| 2035 | 2,031,334,731 | 632,897,387 | 1,398,437,344 |
| 2036 | 2,041,052,561 | 565,701,163 | 1,475,351,398 |
| 2037 | 2,059,637,385 | 503,141,660 | 1,556,495,725 |
| 2038 | 2,086,288,765 | 444,185,775 | 1,642,102,990 |
| 2039 | 2,118,579,990 | 386,161,335 | 1,732,418,654 |
| 2040 | 2,155,924,221 | 328,222,541 | 1,827,701,680 |
| 2041 | 2,199,054,264 | 270,828,992 | 1,928,225,273 |
| 2042 | 2,249,307,684 | 215,030,022 | 2,034,277,663 |
| 2043 | 2,308,893,736 | 162,730,802 | 2,146,162,934 |
| 2044 | 2,381,169,434 | 116,967,538 | 2,264,201,895 |
| 2045 | 2,470,320,635 | 81,587,635 | 2,388,733,000 |
| 2046 | 2,576,099,921 | 55,986,606 | 2,520,113,315 |
| 2047 | 2,697,697,929 | 38,978,382 | 2,658,719,547 |
| 2048 | 2,833,104,162 | 28,155,039 | 2,804,949,122 |
| 2049 | 2,980,724,277 | 21,502,953 | 2,959,221,324 |
| 2050 | 3,139,333,633 | 17,355,137 | 3,121,978,497 |
| 2051 | 3,307,329,398 | 13,642,084 | 3,293,687,314 |
| 2052 | 3,484,412,319 | 9,572,203 | 3,474,840,116 |
| 2053 | 3,670,994,377 | 5,038,055 | 3,665,956,323 |

Historical TAP Assets and Liabilities

Millions



VIII. SENSITIVITY TESTING

We believe that when there is a significant amount of uncertainty about conditions prevailing in the future it is important to test for status under other possible assumptions.

We investigated the effect of variances in both university inflation and investment yield assumptions from those anticipated by the status test assumptions. For these projections, we assumed no future contributions. These scenarios are described below.

- 1) Tuition inflation lower than status test assumptions by 0.25% every year.
- 2) Tuition inflation higher than status test assumptions by 0.25% every year.
- 3) Investment yields higher than status test assumptions by 0.25% every year.
- 4) Investment yields lower than status test assumptions by 0.25% every year.
- 5) Tuition inflation lower and investment yields higher than status test assumptions by 0.25% every year.
- 6) Tuition inflation higher and investment yields lower than status test assumptions by 0.25% every year.

The actuarial reserve for each of these scenarios is shown below.

| Sensitivity Testing Results | |
|------------------------------------|--------------------------|
| <u>Scenario</u> | <u>Actuarial Reserve</u> |
| 1 | \$854,021,384 |
| 2 | \$811,632,035 |
| 3 | \$855,057,384 |
| 4 | \$810,469,732 |
| 5 | \$875,508,689 |
| 6 | \$788,499,132 |

IX. STOCHASTIC ANALYSIS

We have retained the same model for stochastic projections as we used last year. We have updated the beginning values to reflect 2025 actual results, but otherwise have left the same structure and parameters in place.

As in prior years, we ran 10,000 scenarios with varying tuition inflation and investment returns. The results are summarized in the table below and shown graphically in the chart at the end of this section

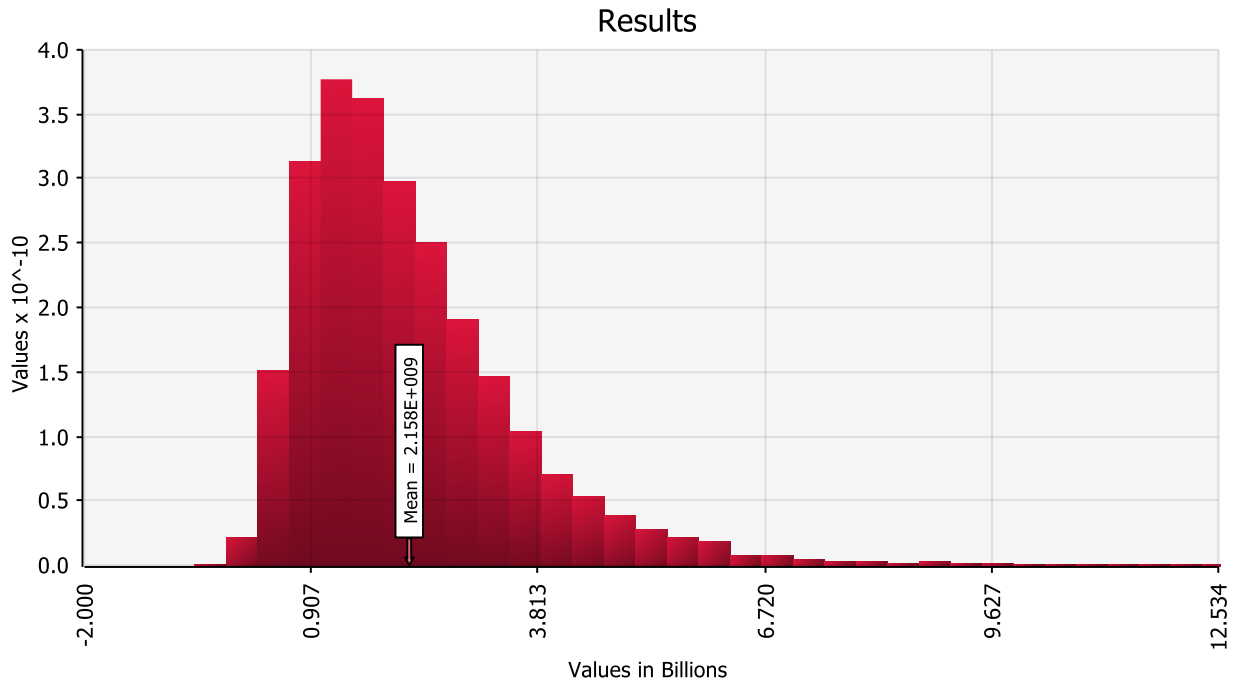
| | |
|--|----------------|
| Proportion with positive Actuarial Reserve | 99.8% |
| 25% of results are better than: | 2,802,239,779 |
| 50% of results are better than: | 1,848,048,097 |
| 75% of results are better than: | 1,175,504,821 |
| Largest Actuarial Reserve | 15,562,808,877 |
| Smallest Actuarial Reserve | (593,606,938) |
| Mean Actuarial Reserve | 2,157,555,106 |

The most important measures from the table immediately above are the Proportion with positive Actuarial Reserve and the 50% Results. The Proportion with positive Actuarial Reserve probability of 99.8% indicates that there is a better than 9/10 likelihood that the Program will have a surplus.

The 50% Results measure is a “best-estimate” measure of results. If our assumptions are neither conservative (that is they understate results) nor aggressive (that is they overstate results) then the 50% Results measure should be close to our projected result of \$833,060,182. The table above indicates that our assumptions are more conservative in aggregate than the historical values on which the stochastic analysis was based.

The Smallest Actuarial Reserve indicates what happens if economic events continue adversely for the lifetime of the current GSP Credits -high tuition increases, coupled with negative returns in the equity market until the end of the projection horizon. On the other hand, the Largest Actuarial Reserve indicates what happens if economic conditions are favorable for the remaining lifetime of the current GSP credits.

Stochastic Results



X. CHANGES IN ACTUARIAL ASSUMPTIONS

We made one assumption change for our projections this year. The portion of appropriated expenses allocated to GSP work and new business has decreased.

Appropriated Expenses

Total appropriated expenses are \$3,339,000. The portion allocated to GSP work and new business has decreased from \$1,055,000 last year to \$922,000 this year.¹

Effect of Change in Assumptions

If assumptions had been the same as last year, the Plan's actuarial reserve and funded status would have been:

\$832,343,942 Reserve

46.12% Funded Status

The change increased the actuarial reserve by \$716,240 and the funded status by 0.05%.

The component of the change is:

- Change in Allocated Expenses \$ 716,240 improvement of results

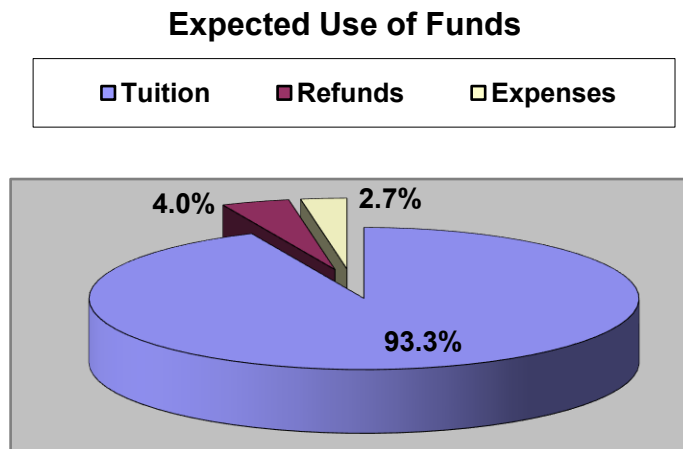
¹. The portion not allocated to GSP work includes expenses related to advertising, consulting, postage and printing, telecommunications, plus two new categories that are material this year, travel and vehicle rentals.

XI. EXPECTED USE OF FUNDS

The Fund, which is comprised of contributions, fees, all interest and earnings, and any other money appropriated or made available to Treasury, is expected to pay benefits and expenses in the following proportions:

- Tuition payments - 93.3%
- Expenses - 2.7%
- Payments of refunds to account owners - 4.0%

These results are shown graphically below.





4080 McGinnis Ferry Road, Suite 901 • Alpharetta, GA 30005
PH: (770) 752 - 5656 • FAX: (770) 752 - 5650

January 22, 2026

The Honorable Stacy Garrity
Treasurer, Commonwealth of Pennsylvania
State Finance Building, Room 129
Harrisburg, PA 17120

Dear Treasurer Garrity:

We have completed our calculation of the actuarial reserve for the Pennsylvania Tuition Account Program as of December 31, 2025, the actuarial reserve is \$947,582,636 or 52.33% of liabilities. This amount is comprised of the following:

| | |
|--|-----------------|
| Value of cash, investments, and future revenue: | \$2,758,296,222 |
| Actuarial value of future benefits and expenses: | \$1,810,713,586 |
| Actuarial reserve (excess of assets over payouts): | \$ 947,582,636 |

These results are based on assumptions used at June 30, 2025.

For comparison purposes, the corresponding amounts from June 30, 2025 were actuarial value of future benefits and expenses \$1,804,182,508, value of assets plus future revenues \$2,637,242,690, an actuarial reserve of \$833,060,182 and a ratio of 46.17% of liabilities.

We appreciate the opportunity to serve the Commonwealth of Pennsylvania. Any questions about the report should be directed to me at (770) 752-5656.

Very truly yours,

John Condo, FSA, MAAA



4080 McGinnis Ferry Road, Suite 901 • Alpharetta, GA 30005
PH: (770) 752 - 5656 • FAX: (770) 752 - 5650

December 10, 2025

The Honorable Stacy Garrity
Treasurer, Commonwealth of Pennsylvania
State Finance Building, Room 129
Harrisburg, PA 17120

Dear Treasurer Garrity:

We have completed our calculation of the actuarial reserve for the Pennsylvania Tuition Account Program as of November 30, 2025, the actuarial reserve is \$945,335,512 or 52.10% of liabilities. This amount is comprised of the following:

| | |
|--|-----------------|
| Value of cash, investments, and future revenue: | \$2,759,859,289 |
| Actuarial value of future benefits and expenses: | \$1,814,523,777 |
| Actuarial reserve (excess of assets over payouts): | \$ 945,335,512 |

These results are based on assumptions used at June 30, 2025.

For comparison purposes, the corresponding amounts from June 30, 2025 were actuarial value of future benefits and expenses \$1,804,182,508, value of assets plus future revenues \$2,637,242,690, an actuarial reserve of \$833,060,182 and a ratio of 46.17% of liabilities.

We appreciate the opportunity to serve the Commonwealth of Pennsylvania. Any questions about the report should be directed to me at (770) 752-5656.

Very truly yours,

John Condo, FSA, MAAA

