

Enrollment Brochure

SCHOLARS CHOICE[®]

COLLEGE SAVINGS

PROGRAM

The 529 plan with the Legg Mason difference



INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE



COLLEGE IS WITHIN YOUR REACH. YOU JUST NEED THE RIGHT PARTNER.

With the Scholars Choice 529 plan, we'll show you how easy it is to start saving. You'll be able to choose from a wide range of investment options. And when the college years come, Scholars Choice will be there to help you through them.



THE MOST IMPORTANT PART OF SAVING FOR COLLEGE? STARTING NOW.

College will be here faster than you think. Whether your child will be going to college in 18 years or three, don't wait to save — it can cost you.

The cost of waiting adds up¹

Assuming your child will attend a private university in 18 years at a cost of approximately \$483,000:

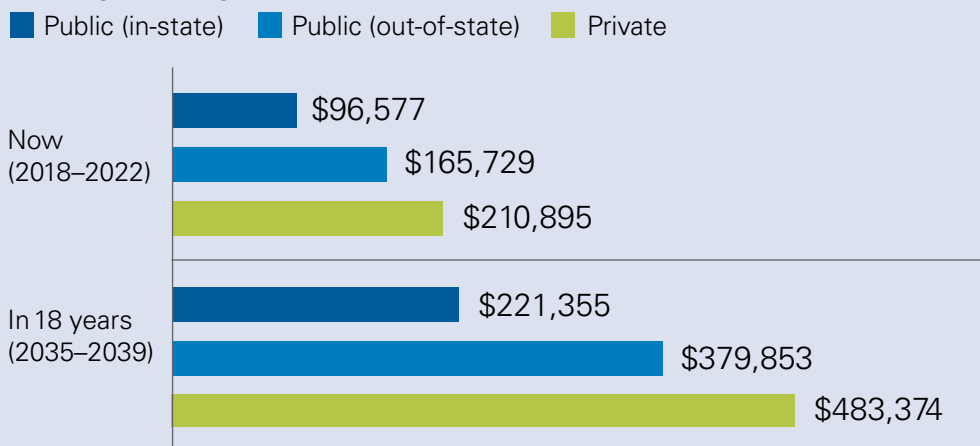
If you start saving ...	Your monthly contribution will be ...	Additional cost
now	\$1,384	none
in 5 years	\$2,206	1.6 times more
in 10 years	\$4,105	3.0 times more
in 15 years	\$12,473	9.0 times more

For illustrative purposes only.

How much should I save?

To plan for your child's education, you'll need a dependable estimate of how much the college of your choice will cost. Look at these projections for both public and private schools.

Looking at College Costs²



For illustrative purposes only.

¹ Source: Legg Mason. Assumes a hypothetical 5.0% rate of education inflation over 18 years. Your monthly contribution assumes a hypothetical investment growth rate of 5.0% assuming no additional contributions or withdrawals and all earnings are reinvested. Your investment will vary and may perform better or worse than these examples, which are for illustrative purposes only and do not represent any specific investment.

² Based on the average annual cost of attendance, adjusted for a hypothetical 5.0% rate of education inflation over four years (labeled as "Now") and 18 years (labeled as "In 18 years"), with an expected four years of attendance for each scenario. The hypothetical also assumes a 1% contribution from savings to help cover the expected costs. Source: ©2017 The College Board, collegeboard.org.

ENJOY VALUABLE TAX ADVANTAGES AND BROAD FLEXIBILITY



Favorable tax treatment

Tax-deferred growth

Your investments will grow tax-deferred as long as the money remains in your Scholars Choice account.

Tax deductions for Colorado taxpayers

If you're a Colorado taxpayer, every dollar you contribute can be deducted from your Colorado taxable income.

Tax-free withdrawals

Withdrawals used to pay for qualified higher education expenses, including tuition, room and board, books and required supplies, are not subject to federal income tax, and they're excluded from state income tax in nearly all states.³ And now, 529 plan withdrawals can also be used to pay for up to \$10,000/year of tuition at private or religious elementary or secondary schools (K-12).

The earnings portion of a non-qualified withdrawal is subject to federal income taxes, any applicable state and local income taxes, and an additional 10% federal tax.

Estate planning benefits

Account contributions are considered completed gifts and, in general, will be excluded from your federal taxable estate.⁴ This makes Scholars Choice an important estate planning tool for both parents and grandparents. Grandparents often find that 529 contributions reduce their taxable estate, while leaving an important legacy for their grandchildren.

Reduced gift tax

While gifts over \$15,000 each year generally are subject to gift tax, contributions made to a 529 plan benefit from a special gift tax provision. You may contribute up to \$75,000 (\$150,000 per couple) per beneficiary in a single year. However, you must treat the contribution as a gift spread over five years in order to avoid incurring federal gift tax or reducing your unified estate and gift tax credit. This benefit can allow you to get a significant head start on your goal and give your investment more time to grow.⁴

³ Please see Program Disclosure Statement for more complete information and consult with your Tax or Financial Advisor.

⁴ Contributions to an account for a beneficiary between \$15,000 and \$75,000 made in one year can be prorated over a five-year period without incurring federal gift taxes or reducing an investor's unified estate and lifetime gift tax credit. If the account owner dies before the end of the five-year period, a prorated portion of the contribution amount will be included in his or her taxable estate.



Significant flexibility

Account owner control

Unlike certain other types of college vehicles, Scholars Choice allows you to maintain ownership and control over your account. The beneficiary of the account cannot make a withdrawal without your consent.

A plan for anyone

One of the many benefits of the Scholars Choice 529 plan is its versatility. Any U.S. resident — parents, grandparents, relatives, even friends of the family — can open accounts for the benefit of anyone. You can even open an account for yourself, and change the beneficiary at any time to another qualified family member.

Remember, the most important step to take in saving for college is just to get started.

WHY SCHOLARS CHOICE FOR 529?

Active, multi-manager approach

At the heart of Scholars Choice is QS Investors, who perform ongoing:

- Fund selection
- Portfolio construction
- Asset allocation
- Performance monitoring for the plan

The Scholars Choice Portfolio Management Team employs the QS process — a big-picture focus that dynamically shifts market exposure based on insights into investor behavior.

Meticulous, open-minded and innovative, QS's oversight has been a key strength in delivering solid, long-term risk-managed returns for Scholars Choice account owners.

Scholars Choice offers a wide variety of investment options, tapping into the proven expertise of award-winning, independent investment managers in Legg Mason's globally diversified family — plus non-proprietary managers Franklin Templeton Investments and Thornburg Investment Management — all employing active management.

Legg Mason Affiliate Managers



Low fees

Keeping our fees low helps families maximize returns. Scholars Choice has the third-lowest asset-based fees among all actively managed, advisor-sold plans.⁵

Competitive pricing

- Class A: Low up-front (maximum) sales charge of 3.5%⁶
- Class C: No back-end CDSC

Colorado home-state advantage

- If you have a CO client, please know that Colorado is the home state of the Scholars Choice College Savings Program. Colorado state taxpayers enjoy an annual state income tax deduction to the extent of the contributor's Colorado taxable income for that year.

These benefits make Scholars Choice the 529 plan with the Legg Mason difference.

Non-Proprietary Managers



FRANKLIN TEMPLETON
INVESTMENTS



⁵ Source: Strategic Insight "529 College Savings Quarterly Fee Analysis – First Quarter 2018."

⁶ Breakpoints for Class A units: Initial sales charges and selling commission for Class A units are based upon the aggregate amount invested. Instead of a flat rate of 3.5%, the initial sales charge applicable to the purchase of Class A units will be based on a schedule that provides for a reduced initial sales charge rate as the size of an account owner's aggregate amount invested in Scholars Choice increases to certain levels called "breakpoints." The PDS also describes the circumstances in which multiple purchases of units of the portfolios, by persons other than the account owner and/or based on future expected purchases, may be combined to take advantage of such breakpoints.

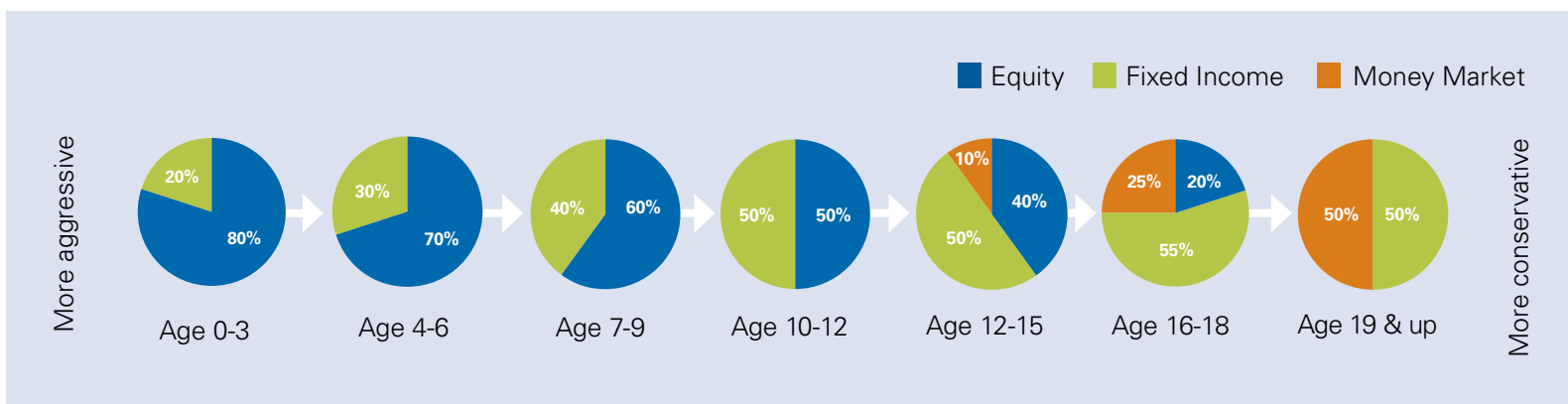
EVERYONE SAVES A LITTLE DIFFERENTLY. THAT'S WHY WE HAVE CHOICES.

Our investment choices⁷ vary based on investment approach and degree of risk, so you can choose what feels most comfortable.

Automatic Allocations

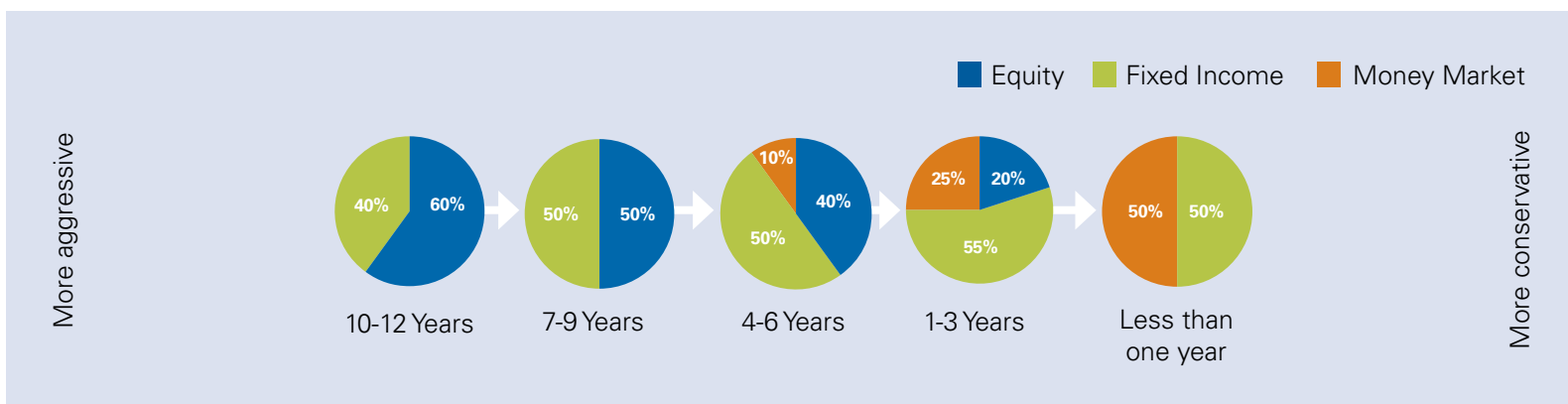
Age-Based

- Investments are determined based on your child's age.
- Asset allocations⁸ are adjusted according to a predetermined schedule, gradually shifting from more aggressive in the early years to more conservative as your child gets older.



Years to Enrollment

- Investments are determined based on the number of years to the beneficiary's enrollment date.
- Asset allocations are adjusted according to a predetermined schedule, gradually shifting from more aggressive to more conservative as college enrollment nears.



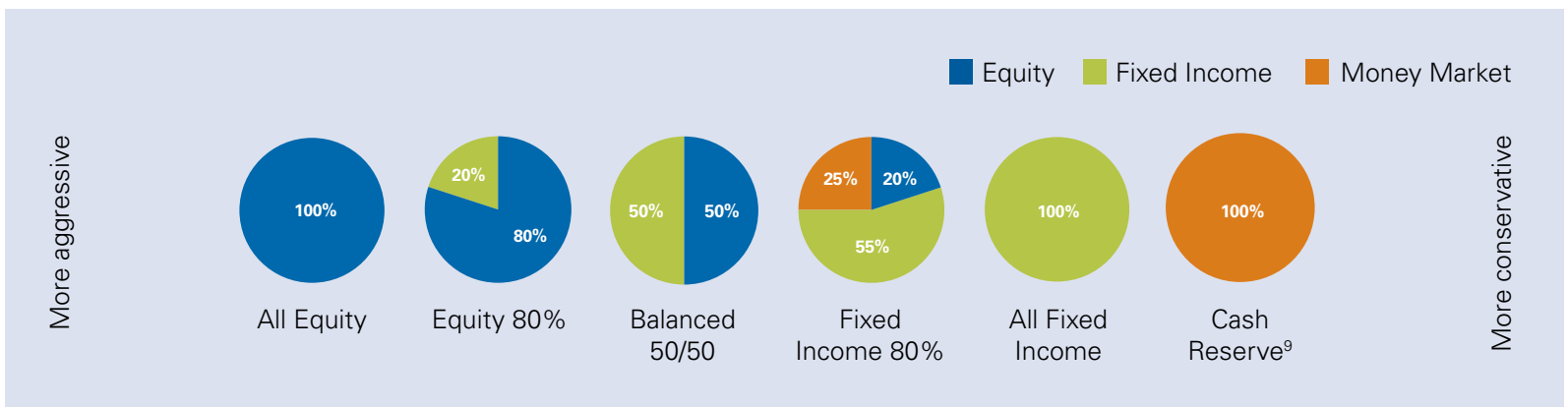
⁷ Investment options and portfolios in addition to those referenced in this brochure may be available under the Program. Please refer to the Program Disclosure Statement for more information.

⁸ Asset allocation does not assure a profit or protect against market loss.

Static Multi-Fund Allocations

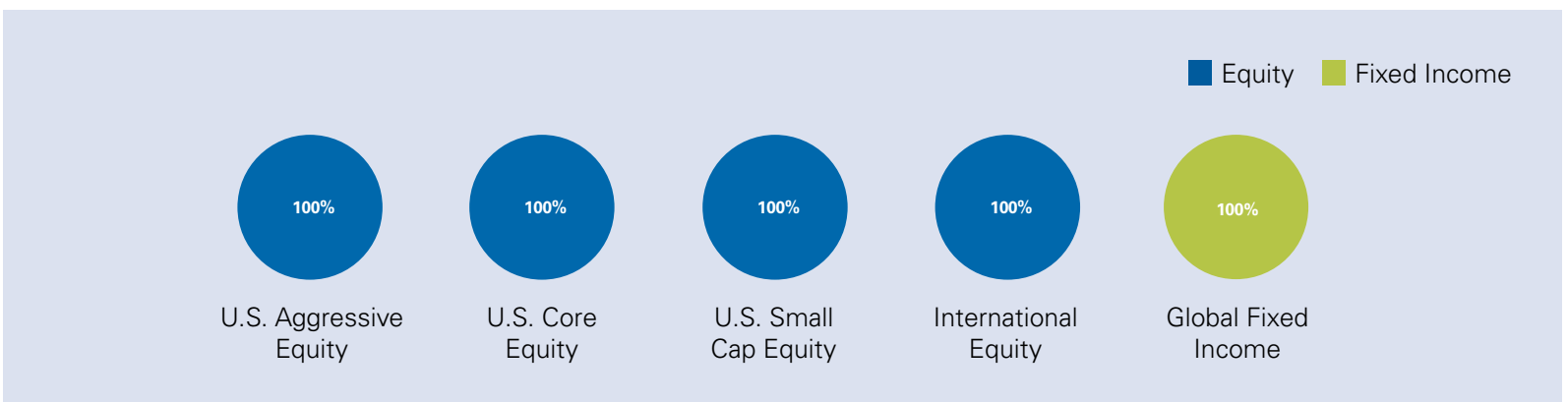
With Static Multi-Fund Allocations, you determine your investment strategy. Your account's asset allocation will stay the same as long as you remain invested, unless you change the portfolio you have selected.

Your portfolio choices range from an aggressive, all-equity allocation to a more-conservative money market allocation.



Individual Fund Portfolios

Want to build your own portfolio, or complement another strategy by emphasizing a particular asset class? Consider our Individual Fund portfolios, each of which invests 100% of its assets in a single underlying fund.¹⁰



⁹ While the Cash Reserve Option will invest all of its assets in a money market mutual fund and will value its units based on the underlying money market fund share value, the Cash Reserve Portfolio itself is not a money market mutual fund. The Cash Reserve Option will not seek capital appreciation and may underperform other investment options. You could lose money by investing in this investment option. Although the money market fund in which your investment option invests (the "underlying fund") seeks to preserve its value at \$1.00 per share, the underlying fund cannot guarantee it will do so. An investment in this investment option is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The underlying fund's sponsor has no legal obligation to provide financial support to the underlying fund, and you should not expect that the sponsor will provide financial support to the underlying fund at any time.

¹⁰Note: An Individual Fund portfolio's underlying fund is subject to change.

FREQUENTLY ASKED QUESTIONS



Can I transfer assets from a Uniform Transfers/Gifts to Minors Act (UTMA/UGMA) or a Coverdell Education Savings Account into a Scholars Choice account?

Yes. You may liquidate all or part of the assets in one of these accounts and invest the proceeds in a Scholars Choice account. The liquidation of UTMA/UGMA assets for contribution to a Scholars Choice account may be a taxable transaction. Distributions from a Coverdell ESA that are invested in a Scholars Choice account are not subject to federal income tax.

What if my beneficiary receives a scholarship?

You can change the beneficiary on your account to another qualified family member.

Non-qualified withdrawals from Scholars Choice that can be attributed to certain scholarships are not subject to the additional 10% federal tax generally applicable to non-qualified withdrawals. However, the earnings portion of the withdrawal must be reported on federal and state (if applicable) tax returns. You can also use your account balance to pay for qualified expenses not covered by the scholarship, such as room and board, books and required supplies.¹¹

What if my beneficiary doesn't attend college?

You can wait, change the beneficiary on your account to another qualified family member, or make a non-qualified withdrawal. Your financial advisor can help you determine the most suitable route for your unique circumstances.

How will my Scholars Choice account affect my child's eligibility for financial aid?

Being the account owner or beneficiary of a Scholars Choice account may impact the ability to receive financial aid or other benefits or the amount of such aid or benefits. You should consult a qualified advisor to determine how an account may affect financial aid eligibility under federal, state or institutional loan, grant or other financial assistance programs.

¹¹ Certain restrictions and tax consequences may apply. Please see the Program Disclosure Statement for more complete information.



www.scholars-choice.com

Visit our Tools section online at www.scholars-choice.com for more ways to compare college savings vehicles, determine your goals, and prepare for smart saving at any stage.

About Legg Mason www.leggmason.com

- A leading global investment company, with over \$754 billion* in assets invested worldwide, focused on long-term, actively managed strategies
- A diverse family of specialized investment managers, each with its own independent approach to research and analysis
- Over a century of experience in identifying opportunities and delivering astute investment solutions to clients in equities, fixed income and alternatives

About CollegenInvest www.collegeinvest.org

CollegenInvest is a not-for-profit division of the Colorado Department of Higher Education, and a trusted resource providing 529 college savings plans, financial education and scholarships for higher education.

Where can I find more information?

Visit www.scholars-choice.com.

*As of March 31, 2018.

An investor should consider the Program's investment objectives, risks, charges and expenses before investing. The Program Disclosure Statement at scholars-choice.com/PDS, which contains more information, should be read carefully before investing. If an investor and/or an investor's beneficiary are not Colorado taxpayers, they should consider before investing whether their home states offer 529 plans that provide state tax and other benefits such as financial aid, scholarship funds and protection from creditors that are only available to state taxpayers investing in such plans.

Investments in the Scholars Choice College Savings Program are not insured by the FDIC or any other government agency and are not deposits or other obligations of any depository institution. Investments are not guaranteed by the State of Colorado, CollegenInvest, QS Investors, LLC, Legg Mason Investor Services, LLC, or Legg Mason, Inc., or its affiliates and are subject to risks, including loss of principal amount invested.

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