SUPPLEMENT DATED AUGUST 2012
TO THE
USAA 529 COLLEGE SAVINGS PLAN™
PLAN DESCRIPTION AND PARTICIPATION AGREEMENT
DATED FEBRUARY 2012

Please file this Supplement to the USAA 529 COLLEGE SAVINGS PLAN™ Plan Description and Participation Agreement (Plan Description) with your records. All defined terms used in this Supplement have the same meanings as in the Plan Description, unless otherwise specified.

The section entitled "USAA® DISTINGUISHED VALOR MATCHING GRANT PROGRAM" beginning on page 34 is deleted in its entirety and replaced with the following:

USAA® DISTINGUISHED VALOR MATCHING GRANT PROGRAM

USAA may award a matching grant to eligible Nevada residents who have opened a USAA 529 College Savings Plan account and meet the eligibility requirements (the Matching Grant). **Account Owners may submit a USAA® Distinguished Valor Matching Grant Application between September 1 and December 15, 2012.**

To be eligible for this Matching Grant, the Account Owner, the Account Owner's spouse, and/or the designated beneficiary, as applicable, must meet all of the following requirements of the applicable category as set forth below:

Category A Applicants

With respect to a Category A applicant, the following requirements apply:

- The Account Owner or the designated beneficiary must be a Nevada resident at the time the USAA® Distinguished Valor Matching Grant Application is submitted.
- The Account Owner must serve currently on active duty in the U.S. military including the Active Reserves, Active Guard, or Nevada National Guard, and have an adjusted gross income for his or her household of less than $75,000 for the tax year prior to the year in which the USAA® Distinguished Valor Matching Grant Application is submitted.
- The designated beneficiary must be a child of the Account Owner and the child must not have attained the age of 13 by December 31 of the year in which the USAA® Distinguished Valor Matching Grant Application is submitted.
- USAA reserves the right to ask for additional documentation, including, but not limited to, evidence of applicable military service and household adjusted gross income.

Category B Applicants

With respect to a Category B applicant, the following requirements apply:

- The Account Owner or the designated beneficiary must be a Nevada resident at the time the USAA® Distinguished Valor Matching Grant Application is submitted.
- The Account Owner or the Account Owner's spouse must be the recipient of a Purple Heart for service in either Operation Enduring Freedom or Operation Iraqi Freedom (*i.e.,* for service in combat operations beginning October 7, 2001, and ending August 31, 2010) ("Eligible Service Period").
- The designated beneficiary must be a child or the spouse of such Purple Heart recipient.
- The Account Owner is required to enclose with the USAA® Distinguished Valor Matching Grant Application documentation verifying that the Account Owner or the Account Owner's spouse is the recipient of a Purple Heart for service during the Eligible Service Period, as required in the USAA® Distinguished Valor Matching Grant Program Instructions. USAA reserves the right to ask for additional documentation.

Category A and B Applicants

The following is applicable to both Category A and Category B applicants unless otherwise noted below:

Only one Matching Grant account may be opened for any designated beneficiary.

The $15 Annual USAA Minimum-balance Fee is waived with respect to all Matching Grant accounts. Additionally, the $15 Annual State Account Maintenance Fee is waived for all Matching Grant accounts. (The $15 Annual State Account Maintenance Fee is also waived for all Plan accounts owned by a Nevada resident and/or having a designated beneficiary who is a Nevada resident.)

Matching grants will be invested in eligible accounts each January following the year of the applicable Plan contribution. If an Account Owner qualifies for a USAA® Distinguished Valor Matching Grant, the award will be contributed into a Matching Grant account and will be invested according to the standing investment allocation instructions on file for the designated beneficiary per the Account Owner's Plan account. The Matching Grant account will be linked to the Plan account and shall be governed by the terms and conditions of this Plan Description and the related Participation Agreement and Supplements thereto. USAA shall retain control of the assets in the Matching Grant account until the Account Owner submits a request in good order for a qualified withdrawal. To withdraw assets from a Matching Grant account, the withdrawal must be a qualified withdrawal that is made to an Eligible Institution of Higher Education. (For further information, please see the section entitled "Procedures for Qualified Withdrawals").

Under certain circumstances, the Matching Grant and any earnings may be fully or partially forfeited and the Matching Grant account could be closed. These circumstances include:

- The Account Owner changes the designated beneficiary and the new designated beneficiary: (a) previously has received a Matching Grant; (b) with respect to Category A applicants, the child already had attained the age of 13 by December 31 of the year in which the USAA® Distinguished Valor Matching Grant Application is submitted; or (c) with respect to Category B applicants, is not a child or the spouse of a Purple Heart recipient.
- The designated beneficiary dies or becomes disabled and cannot attend school, unless the Account Owner changes the designated beneficiary to a Member of the Family. (For further information, please see the section entitled "Member of the Family").
- Non-qualified withdrawal or Rollover from your Plan account and your remaining Plan account balance falls below the balance in the Matching Grant account unless the balance in your Plan account is increased as described below.
- USAA determines that the eligibility requirements set forth herein had not been met and, therefore, the Account Owner and/or the designated beneficiary was ineligible to have received the Matching Grant.
- Account Owners may submit a USAA® Distinguished Valor Matching Grant Application between September 1 and December 15, 2012. If such Application is approved by USAA, such Account Owner is eligible to receive matching funds for contributions to a Plan account made in the same calendar year and for the four following calendar years, up to a lifetime maximum of $1,500 over the five-year period. For example, an Account Owner submitting a USAA® Distinguished Valor Matching Grant Application between September 1 and December 15, 2012, that is approved by USAA is eligible to receive matching funds for contributions to a Plan account made from January 1, 2012, through December 31, 2016.

In the event of a Rollover to another state's 529 plan or non-qualified withdrawal resulting in the Account Owner having a lower balance in the Plan account than in the Matching Grant account, the Account Owner will have a period of eighteen (18) months to contribute to his or her Plan account to prevent forfeiture for that portion of the Matching Grant that does not have an equivalent balance in such Plan account.

The Matching Grant program is designed so that the Matching Grant, together with any earnings used for qualified higher education expenses, will not be subject to federal income tax. It is possible that future changes in law may cause a Matching Grant to be taxable, or that the Internal Revenue Service may take the position that a Matching Grant is taxable, in the year the grant is awarded or distributed.

The Account Owner is responsible for determining the effect of the Matching Grant account on his or her specific situation (including, but not limited to, the effect on the Account Owner's or the designated beneficiary's eligibility for public assistance programs and/or other financial aid). Therefore, the Account Owner should consult his or her tax advisor regarding the Account Owner's specific situation.

Please note that USAA® Distinguished Valor Matching Grants are dependent upon funding limitations. USAA and the Board of Trustees of the College Savings Plans of Nevada reserve the right to modify the eligibility requirements for the USAA® Distinguished Valor Matching Grant Program and/or to terminate such Program at any time.

For more information about the USAA® Distinguished Valor Matching Grant Program, please call 1-800-292-8825 or visit www.usaa.com/matchinggrant to request or download the USAA® Distinguished Valor Matching Grant Application and Instructions, which contain important information about eligibility requirements as well as limitations.

USAA 529
COLLEGE SAVINGS PLAN™

Plan Description and Participation Agreement
February 2012

Sponsored by the State of Nevada

Kate Marshall

Nevada State Treasurer

Investment Products Offered

- Are Not FDIC Insured
- May Lose Value
- Are Not Bank Guaranteed

The information shown in the Plan Highlights is only a summary of the USAA 529 College Savings Plan (Plan). More detailed information about the Plan, including the Portfolios (defined below) and the underlying funds in which they invest, investment risks, tax consequences, and how to invest, are described in the pages that follow. Please read this entire Plan Description before investing.

PLAN HIGHLIGHTS	
Minimum Initial Contribution Minimum Subsequent Contribution	$250 or $50 with the establishment of a $50 monthly automatic investment plan or payroll deduction, through Ugift, $15 (*See "Contributions" on page 11 for details.*)
Maximum Contribution Limit	$370,000 Maximum Contribution Limit (For purposes of the Maximum Contribution Limit, balances for all accounts for the same designated beneficiary under all 529 savings plans sponsored by the State of Nevada are aggregated.) (*See "Maximum Contribution" on page 16 for details.*)
Nevada Residency Requirement	None
Age Limits	None — the designated beneficiary may be any age, from newborn to adult.
School Eligibility	Savings may be used at any eligible post-secondary school in the United States or abroad.
Tax Advantages	**This Program Description does not contain tax advice. You should consult your tax advisor for more information.** • Federal tax-deferred growth. • No federal tax on qualified withdrawals. • No gift tax on contributions up to $65,000 ($130,000 for spouses electing to split gifts) — prorated over five years. • Contributions are considered completed gifts for federal gift and estate tax purposes. (*See "Federal Taxation of Section 529 — Plan Contributions and Withdrawals" on page 35 for details. Also, see "State Taxes and Other Considerations" on page 38 and the discussion generally in "Tax Treatment of Investments and Withdrawals" beginning on page 35.*)
Qualified Withdrawals	Use your savings to pay for qualified higher education expenses including tuition, certain room and board, expenses, fees, supplies, and equipment required for enrollment by a designated beneficiary at any accredited school in the United States or abroad (including expenses for special needs services for a special needs beneficiary incurred in connection with such attendance). In the event of a withdrawal, the net asset value of the withdrawal is calculated at the next close of business of the NYSE after the Program Manager's receipt of the request in good order (as determined by the Program Manager). *(See "Withdrawals" on page 28 for details.)*

Non-qualified Withdrawals	An account owner (Account Owner) may make withdrawals from his or her account or close his or her account by notifying the Program Manager, although under federal law, the earnings portion of non-qualified withdrawals will be subject to an additional 10 percent federal tax on earnings, in addition to federal and any applicable state taxes that may otherwise be due. In the event of a withdrawal, the net asset value of the withdrawal is calculated at the next close of business of the NYSE after the Program Manager's receipt of the request in good order (as determined by the Program Manager). *(See "Non-Qualified Withdrawals" on page 30 for details.)*
Transfers	Transfers to a Plan account of a new designated beneficiary who is a member of the family of the original designated beneficiary will not be subject to federal income tax or penalty if made within 60 days of distribution. Direct transfers within the Plan for the benefit of the same designated beneficiary will be treated as a nontaxable reallocation allowance only once per calendar year rather than as a tax-free Rollover or transfer. *(See "Rollover Contributions and Other Transfers" on page 14 for details.)*
Fees and Expenses	Total Annual Asset-Based Fees of each Portfolio consist of the Portfolio's pro rata share of the expenses of the underlying fund(s) in which the Portfolio invests, excluding the Annual State Account Maintenance Fee and the Annual USAA Minimum-balance Fee. All accounts are subject to a $15 Annual State Account Maintenance Fee, unless the Account Owner or designated beneficiary is a Nevada resident, in which case, the Annual State Account Maintenance Fee is waived for such Plan account. Some accounts may also be assessed a $15 Annual USAA Minimum-balance Fee. (*See "Plan Fees and Expenses" on page 38 for details.*)
Investment Options and Performance	Account Owners can choose from eight different investment options -- one of six Fixed Allocation options (each a Portfolio), an Age-Based option, and a Preservation of Capital option (a Portfolio) -- or a combination of these options. The Fixed Allocation Options are: • Aggressive Growth Portfolio • Growth Portfolio • Moderate Portfolio • Balanced Portfolio • Conservative Portfolio • In College Portfolio Age-Based Option (*See "Investment Options" on page 18 for details.*)

Plan and Portfolio Risks	The USAA 529 College Savings Plan is an investment vehicle. Accounts in the Plan are subject to certain risks. In addition, certain Portfolio options carry more and/or different risks than others. Account Owners should weigh such risks with the understanding that they could arise at any time during the life of an account. Such risks include, but are not limited to, (i) the risk of investment losses; (ii) the risk of federal tax law changes; (iii) the risk of state tax law changes; (iv) the risk of Plan changes including changes in fees and/or expenses; and (v) the risk that contributions to the Plan may adversely affect the eligibility of the designated beneficiary and/or the Account Owner for financial aid or other benefits, *e.g.*, Medicaid or other state and federal benefits. *(See "Plan and Portfolio Risks" on page 41 for details.)*
Who's Who in the USAA 529 College Savings Plan	The State of Nevada sponsors the USAA 529 College Savings Plan, which is offered by The Nevada College Savings Trust. The Trust is administered by the Board of Trustees of the College Savings Plan of Nevada (the Board), which is chaired by Nevada State Treasurer Kate Marshall. The Plan is administered by Upromise Investments, Inc. USAA Investment Management Company provides investment management services to the Portfolios, and markets and distributes the Plan. The Program Management Agreement between Upromise Investments, Inc. and its affiliates and the Board expires in 2032.
Contact Information	USAA 529 College Savings Plan P.O. Box 55354 Boston, MA 02205-5354 usaa.com 1-800-292-8825

IMPORTANT NOTICES

Interests in the Plan are municipal fund securities issued by the Nevada College Savings Trust Fund (Trust) administered by the Board of Trustees of the College Savings Plans of Nevada (Board), which is chaired by Nevada State Treasurer Kate Marshall. The Plan, which is within the Trust, is administered by the Board and is managed by Upromise Investments, Inc. (Upromise). Interests in the Plan (Trust Interests) are sold exclusively by USAA Investment Management Company (USAA). Trust Interests in the Plan have not been registered with the Securities and Exchange Commission or any other federal or state governmental agency.

Trust Interests in the Plan are not guaranteed by the State of Nevada, the Board or any other governmental entities, or any USAA or Upromise entities.

Privacy Policy — USAA Investment Management Company

USAA considers the privacy and security of the nonpublic, personal information it holds concerning each Account Owner and designated beneficiary of the Plan a top priority. USAA provides marketing, sales, and related support for the Plan. USAA will not disclose nonpublic, personal information to anyone except as permitted by law. USAA may share certain nonpublic information it collects with affiliates, as well as with non-affiliated third parties in certain limited instances; and you are afforded an opportunity to opt out of certain sharing or use, all of which is more fully described in USAA's Privacy Promise, which is included with the account opening materials.

Privacy Policy — Board of Trustees of the College Savings Plans of Nevada and Upromise

The Board considers the privacy and security of the nonpublic, personal information it holds concerning each Account Owner and designated beneficiary of this Plan a top priority. The Board has also received an assurance from Upromise, its Program Manager, that it is also a top priority for Upromise. Specifically, the Board and Upromise adhere to the following privacy policy for the benefit of current and past Account Owners and designated beneficiaries:

The types of nonpublic, personal information collected by the Board and Upromise may include:

- Information the Account Owner or designated beneficiary provides to the Plan on the application or otherwise, such as name, address, and Social Security number;
- Information the Board, Upromise and USAA may acquire as a result of administering an account, such as transactions (contributions or distributions) or account balances; and
- Information from third parties, such as credit agencies.

Neither the Board nor Upromise will disclose such nonpublic, personal information to anyone except as permitted by law. The Account Owner should also carefully review the privacy policy of USAA, which is referenced above and more fully described in the account opening materials and the privacy policy of Upromise below. Privacy policies may be modified or supplemented at anytime.

Privacy Policy — Upromise

Under the terms of the Direct Program Management Agreement between Upromise and the Board, Upromise is required to treat all Account Owner and beneficiary information confidentially. Upromise is prohibited from using or disclosing such information, except as may be necessary to perform its obligations under the terms of its contract with the Board, or if required by applicable law, by court order, or other such order.

Security

The Board, Upromise, and USAA maintain appropriate physical, electronic, and procedural safeguards to protect this nonpublic, personal information about Account Owners and beneficiaries.

Individual Advice

No investment recommendation or advice received by the Account Owner from USAA or any other person is provided by, or on behalf of, the State of Nevada, the Board, the Plan, or Upromise entities.

Tax Considerations

Depending upon the laws of your home state or the home state of the designated beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in 529 college savings plans may be available only if you invest in the home state's college savings plan. Since different states have different tax provisions, this Plan Description contains limited information about the state tax consequences of investing in the Plan. Therefore, you should consult with your financial, tax, or other adviser to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state's 529 plan(s), or any other 529 plan, to learn more about those plans' features, benefits and limitations. Keep in mind that any state-based benefit offered with respect to a particular 529 college savings plan should be one of many appropriately weighted factors to be considered in making an investment decision.

Tax Disclaimer

In order to comply with Treasury Department regulations, we advise you that this Plan Description is not intended to constitute, nor does it constitute, legal or tax advice. This Plan Description was developed to support the marketing of the USAA 529 College Savings Plan and cannot be relied upon for purposes of avoiding the payment of federal tax penalties. You should consult your legal or tax advisor about the impact of these rules on your individual situation.

Plan Description Information

The information in this Plan Description is believed to be accurate as of the cover date, but is subject to change without notice. Account Owners should rely only on the information contained in this Plan Description. No one is authorized to provide information that is different from the information in the most current form of this Plan Description.

Statements contained in this Plan Description that involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. This Plan Description does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of a security in the Plan by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation, or sale.

Investment Risk

Plan accounts involve investment risk, including the possible loss of principal.

Account Owner Interest

Account Owners and designated beneficiaries do not have access or rights to any assets of the State of Nevada or any assets of the Trust other than assets credited to the account of that Account Owner for that designated beneficiary. *See "Plan and Portfolio Risks" on page 41.*

Special Considerations

The Board 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 for up to seven calendar days (this generally applies only to very large redemptions without notice or during unusual market conditions).
- Suspend or postpone payment of the proceeds of withdrawal requests when the New York Stock Exchange (NYSE) is closed for any reason other than its usual weekend or holiday closings, when the Securities and Exchange Commission (SEC) restricts trading, or when any emergency circumstances exist.
- Change the Plan's fees and charges.
- Add, subtract, terminate or merge Portfolios, or change the Portfolios included in the Age-Based and Fixed Allocation Options, the asset allocation of the Portfolios, or the underlying funds in which any Portfolio invests.
- Terminate an account if the Board determines that the Account Owner or the designated beneficiary has provided false or misleading information to the Board, the Program Manager, USAA or an eligible institution of higher education.
- Add a new, or replace the current, Program Manager.

Read this Plan Description and Participation Agreement carefully before you invest or send money. This Plan Description contains information you should know before participating in the Plan, including information about fees and risks. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this Plan Description. Any representation to the contrary is a criminal offense.

This Plan Description contains important information concerning the following topics:
(i) fees and costs *(See page 38 for details.)*;
(ii) investment options and investment managers and how and when the Board may change these *(See page 18 for details.)*;
(iii) Portfolio investment performance *(See page 27 for details.)*;
(iv) federal and state tax considerations *(See page 35 for details.)*;
(v) risk factors (*See page 41 for details.)*; and
(vi) limitations or penalties imposed by the Plan upon transfers between investment options, transfers to other Nevada sponsored plans, transfers to other Section 529 Plans or non-qualified distributions generally *(See pages 15 and 30 for details. Also, see "State Taxes and Other Considerations" on page 38 and the discussion generally in "Tax Treatment of Investments and Withdrawals" beginning on page 35.)*.

TABLE OF CONTENTS

INTRODUCTION

The Nevada College Savings Trust Fund (Trust) is a trust created under Chapter 353B of the Nevada Revised Statutes, as amended in 2001 (Act), which includes the USAA 529 College Savings Plan (Plan). The Trust is administered by the Board, which is chaired by Nevada State Treasurer Kate Marshall. The Plan is also administered by the Board, and is designed to satisfy the requirements of Section 529 of the Internal Revenue Code of 1986, as amended from time to time (Code), and any regulations and other guidance issued thereunder (collectively referred to as Section 529). The Plan is designed as a savings vehicle for qualified higher education expenses. Account Owners purchase interests issued by the Trust (Trust Interests) in exchange for contributions. Trust Interests are municipal fund securities.

The Trust includes (a) the Plan described in this Plan Description and (b) several other Nevada sponsored plans that may have different program managers, investment managers, investment options, fees and sales commissions and may be marketed differently from the USAA 529 College Savings Plan. Please go to www.nevadatreasurer.gov/college for information and materials that describe other 529 Plans sponsored by Nevada. The Board previously operated the Plan with a different program manager. Upromise Investments, Inc. did not act as Program Manager for the Plan prior to August 13, 2004. This Plan Description addresses only the Plan and not any other plan within the Trust. **Under the Direct Program Management Agreement between Upromise and the Board (which expires in 2032 and may be terminated sooner under certain circumstances, including in response to a material breach of the contract by either Upromise or the Board, after providing notice and an opportunity to cure, or in the event the Board is no longer authorized to administer 529 plans including the USAA 529 College Savings Plan as a result of any legislation or regulation changes), the Board may hire new or additional entities in the future to manage all or part of the Plan's assets.**

The U.S. Department of the Treasury (Treasury Department) has issued proposed regulations ("Proposed Regulations") and an advance notice of proposed rulemaking describing new regulations that the Treasury Department expects to propose under Section 529. As of the date of this Plan Description, taxpayers may rely upon the Proposed Regulations until final regulations are issued or further action is taken by the Treasury Department. The Plan, as described in this Plan Description, is designed to comply with the Proposed Regulations (except to the extent that provisions in the Proposed Regulations have been superseded by legislative and/or administrative changes), as well as with certain other guidance issued by the Internal Revenue Service (IRS) under Section 529. However, there is no assurance that the Proposed Regulations will become the final regulations or that the IRS will not issue other guidance interpreting Section 529. In any event, an Account Owner should consult with a qualified tax adviser as to the effect any change in the law could have on his or her account.

The Program Manager of the Plan is Upromise Investments, Inc. Upromise[1] provides administration, recordkeeping, and transfer agency services for the Plan. USAA[2] and, with respect to certain mutual funds, one or more subadvisers (subject to oversight by USAA and the applicable USAA mutual fund's board of directors/trustees) provide investment management for certain mutual funds held in each

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[1] "Upromise" is used to refer collectively or individually, as the case requires, to Upromise Investments, Inc. and its affiliates, Upromise Investment Advisors, LLC, and Upromise, Inc.

[2] "USAA" is used to refer collectively or individually, as the case requires, to USAA Investment Management Company and its affiliates.

investment Portfolio. USAA also provides marketing and customer services for the Plan.

USAA responds to investors' financial needs through a variety of investment products ranging from a diversified family of no-load mutual funds, brokerage services, fee-based discretionary asset management, and a professionally managed mutual fund investment program.

Tax Disclaimer. In order to comply with Treasury Department regulations, we advise you that this Plan Description is not intended to constitute, nor does it constitute, legal or tax advice. This Plan Description was developed to support the marketing of the USAA 529 College Savings Plan and cannot be relied upon for purposes of avoiding the payment of federal tax penalties. You should consult your legal or tax advisor about the impact of these rules on your individual situation.

529 Plans are intended to be used only to save for qualified higher 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.

Upromise Service
Upromise manages a loyalty program (the Upromise service) which enables participants in the Upromise service to earn rebates and other cash awards from participating merchants. These rebates can be used to make contributions to an account under the Plan. The Upromise service is offered by Upromise, Inc. and is a separate service from the Plan. This Plan Description provides information concerning the Plan, but is not intended to provide detailed information concerning the Upromise service. The Upromise service is administered in accordance with the terms and procedures set forth in the Upromise Member Agreement (as amended from time to time), which is available on the Upromise Web site. For more information about the Upromise service, please visit www.upromise.com. Once you enroll in the Plan, your Upromise account and your Plan account can be linked so that your rewards dollars are automatically transferred to your Plan account on a periodic basis. The minimum amount for an automatic transfer from a Upromise account to an account with the Plan is $50.

THE APPLICATION PROCESS

To establish an account in the Plan, the Account Owner, who must either be (1) a natural person of legal age who is either a U.S. citizen or resident alien and has a valid Social Security number (or taxpayer identification number) with the authority to open an individual account, or (2) a natural person of legal age with the authority to act as a custodian for a UGMA/UTMA account or as a trustee for a trust. The Account Owner must (i) complete and sign an Application or (ii) complete and sign an Application on the Plan's Web site, and complete and sign any other documents required by the Board, Program Manager or USAA. At the time of enrollment, the Account Owner must designate a beneficiary for the account. Accounts will not be established until the Program Manager accepts a signed properly completed Application. There may only be one Account Owner and one designated beneficiary per account. The designated beneficiary is not required to be related to the Account Owner. One Account Owner may have multiple accounts for different designated beneficiaries. Also, different Account Owners may have accounts for the same designated beneficiary within the Plan. An Account Owner may name a successor Account Owner to assume control of the account in the event of the original Account Owner's death or legal incompetence. A valid Social Security number (or taxpayer identification number) must be provided for the Account Owner and the designated beneficiary. **Before investing in a 529 Plan, you should consider whether the state(s) where you or**

the beneficiary live or pay state income tax sponsors a 529 Plan that offers you or the beneficiary state income tax or other benefits not available to you or the beneficiary through the USAA 529 College Savings Plan. Investors should consider the structure of the Plan and the different investment strategies employed by and risks of the Portfolio investment options before opening an account.

At the time of enrollment, the Account Owner must choose an investment Portfolio(s) for the account. Although Account Owners may choose to invest new contributions in any of the Plan's investment options, they may only change how previous contributions (and any earnings thereon) have been allocated among the available Portfolio options for all accounts for the same designated beneficiary once per calendar year, and at any time with a change in designated beneficiary of the account. The Account Owner maintains control over the account and is responsible for directing any withdrawals. The designated beneficiary has no control over the assets of the account and may not direct withdrawals from the account, unless he or she is also the Account Owner.

The custodian for a minor under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act (UGMA/UTMA) may open an account that is subject to additional limitations, such as the inability to change the designated beneficiary and certain restrictions on withdrawals *(see page* 32). A custodian should consult his or her tax adviser for additional information concerning these restrictions before opening an account.

Personal Information
The Program Manager acts in accordance with a customer identification program and obtains certain information from you in order to verify your identity. If you do not provide the following information for the Account Owner as requested on the account application — full name; date of birth of the Account Owner and the designated beneficiary; taxpayer identification number of the Account Owner and the designated beneficiary (*e.g.*, Social Security number or employer identification number); and street address — the Program Manager may refuse to open an account for you. If reasonable efforts to verify this information are unsuccessful, the Program Manager may take certain actions regarding your account without prior notice to you, including among others, rejecting contribution, distribution, and transfer requests, suspending account services, or closing the account. Trust Interests redeemed as a result of closing an account will be valued at the net asset value next calculated after the Program Manager decides to close the account, and the risk of market loss, tax implications, and any other expenses, as a result of the liquidation, will be solely your responsibility.

CONTRIBUTIONS

The Board will establish minimum initial contribution limits as it deems appropriate. The minimum initial contribution to the Plan is $250 per account with $50 minimum subsequent contributions, except for contributions through Ugift, the minimum contribution is $15. However, the minimum initial contribution is $50 if the Account Owner elects to have electronic monthly contributions of at least $50 through an Automatic Investment Plan (AIP) or through payroll deduction. In the future, the minimum initial contribution to the Plan may be higher or lower (or may be waived from time to time), and is subject to change at any time by the Board. In general, contributions may only be made in "cash form" by check, Automatic Investment Plan (AIP), payroll deduction including government allotments, electronic funds transfer (EFT), or federal wire. However, Account Owners who are members of the Upromise service may also make additional contributions through the Upromise service with a minimum transfer amount of $50. The Plan does not accept the following contribution methods: starter or counter checks, credit card or bank courtesy checks, travelers checks, cash, foreign checks, instant loan checks, third-party personal check in an amount greater than $10,000, check dated earlier than 180 days from the date of receipt, or any other check the Plan deems unacceptable. Program manager reserves the right to make an exception to any of the above of contribution methods. No securities will be accepted as contributions. An Account Owner may allocate his or her contributions among as many Portfolios as the Account Owner desires, except that the minimum allocation per selected Portfolio is 5 percent of the contribution amount.

Please note that any contribution to the Plan referencing an old account number established prior to August 13, 2004, on the check or submitting an old contribution form will be invested according to the Account Owner's current Portfolio allocations on file.

METHODS OF CONTRIBUTION

Contributions by Check
An Account Owner making an initial contribution by check or money order must send an initial minimum contribution of at least $250 with his or her account application. Contributions made by check or money order, must be written in U.S. dollars and drawn on a U.S. bank. However, the minimum initial contribution is $50 if the Account Owner elects to have electronic monthly contributions of at least $50 through an AIP or payroll deduction. This check should be made payable to USAA 529 College Savings Plan. Subsequent contributions must be at least $50.

Automatic Investment Plan (AIP)[3]
The Account Owner may authorize the Program Manager to perform periodic automated debits to contribute to his or her account from a checking or savings account if your bank is a member of the Automated Clearing House, subject to certain processing restrictions. To initiate an AIP, the Account Owner must either (i) complete the Automatic Investment Plan section of the account application and provide 9-digit routing number, bank account number, name of bank and type of bank account; (ii) submit an Account Change Request Form and provide 9-digit routing number, bank account number, and type of bank account after the account has been established; or (iii) complete the Automatic Investment Plan section on the Plan's Web site. Automated contributions must be at least $50. An authorization to perform automated, periodic contributions will remain in effect until the Program Manager has received notification of its termination. The Account Owner or the Program Manager may terminate the enrollment in the Plan's AIP at any time. Your bank account will be debited on the day you designate, provided the day is a regular business day. If the day you designate falls on a weekend or a holiday, the AIP debit will occur on the next business day. You will receive a trade date of one business day prior to the day the bank debit occurs. If you indicate a debit date that is within the first four days of the month, there is a chance that your investment will be credited on the last business day of the previous month. Please note that AIPs with a debit date of January 1st, 2nd, 3rd, or 4th will be credited in the same year as the debit date. The first debit of an AIP must be at least three days from the receipt of the AIP request. Automated Quarterly contributions must be at least $150. Quarterly AIP investments will be made on the day indicated every three months, not on a calendar quarterly basis. If your 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 if the transaction would violate processing restrictions, the Plan reserves the right to suspend processing of

[3] A *program of regular investment cannot assure a profit or protect against a loss in a declining market.*

future AIP contributions. Changes to, or termination of, an AIP must occur at least three (3) business days before the cycle date (the cycle date is the day of the month that the AIP is regularly scheduled to occur), and will become effective as soon as the Program Manager has had a reasonable amount of time to act on it provided the day is a regular business day. If the cycle date falls on a weekend or a holiday, the AIP debit will occur on the next business day. If no date is indicated, debits will be made on the 15th of the month. There is no charge for enrolling in the Plan's AIP.

Direct Deposits from Payroll
An Account Owner may be eligible to make automatic, periodic contributions to his or her account by payroll deduction (if an Account Owner's employer offers such a service), including government allotments. The minimum initial contribution is $250 and the subsequent minimum payroll deduction contribution is $50. However, the minimum initial contribution is $50 if the Account Owner elects to have electronic monthly contributions of at least $50 through payroll deduction. Contributions by payroll deduction will only be permitted from employers able to meet the Program Manager's operational and administrative requirements for Section 529 program payroll contributions.

To set-up a Payroll Deduction, the Account Owner can: (1) access the Plan account on usaa.com, then Select Funding and Select Payroll Deduction. (2) download the Payroll Deduction/Government Allotment Instruction Form on the Plan's Website and then complete and submit the Form to the Program Manager; or (3) call USAA for the Form at 1-800-292-8825. After the Form is processed the Account Owner will be mailed payroll instructions to provide to their payroll department.

Electronic Funds Transfer (EFT)
The Account Owner may authorize the Program Manager to withdraw funds by EFT from a checking or savings account, subject to certain restrictions, by calling a USAA member service representative at 1-800-292-8825 or from the Plan's Web site. To use the EFT option, an Account Owner must either (i) select the EFT option on the new account application and submit a voided check or deposit slip, or (ii) submit an Account Change Request Form and a voided check or deposit slip after the account has been established. EFT purchase requests that are received prior to 10 p.m., Eastern time, will receive a trade date of the next business day after the date of the request and will be effected at that day's closing price for Trust Interests of the applicable Portfolio. In such cases, the EFT debit will occur on the second business day after the request is made. EFT purchase requests that are received after 10 p.m., Eastern time, will receive a trade date of the second business day after the date of the request, and will be effected at that day's closing price for Trust Interests of the applicable Portfolio. In such cases, the EFT debit will occur on the third business day after the request is made. Your trade date will be the business day prior to your debit date. If your EFT cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete or inaccurate information, or if the transaction would violate processing restrictions, the Plan reserves the right to suspend processing of future EFT contributions. You may only contribute up to $130,000 per account per day by EFT. EFT contributions in excess of $130,000 per account per day will be returned.

As a result of new, federally–mandated processing requirements for ACH transactions, the Plan will not facilitate contributions and withdrawals via an electronic funds transfer involving a bank or other financial services company, including any branch of office thereof, located outside the territorial jurisdiction of the United States.

All Account Owners that add new banking information, or update existing banking information, will be required to certify that their banking instructions will not be used as part of a foreign transaction. Account Owners that do not agree to the certification terms will not be allowed to add banking instructions to their account or update their existing instructions.

Ugift – Give College Savings
Account Owners may invite family and friends to contribute to their accounts through Ugift – Give College Savings, a Plan feature, by either sending an email invitation or providing a gift contribution coupon to family and friends, either in connection with a special event or to just provide a gift to the Account Owner's account for the designated beneficiary. The gift givers fill in their name and gift contribution amount on the contribution coupon provided and mail a check for that amount along with the contribution coupon to the address provided. The minimum Ugift contribution is $15 by check made payable to Ugift – USAA 529 College Savings Plan. An optional gift certificate can be completed by the gift giver and presented to let the Account Owner know a gift contribution has been made to the Account Owner's account.

Gift contributions associated with a special event will be held by Upromise upon receipt and transferred into the applicable Account Owner's account approximately five business days after the special event. If the gift contribution is received less than two business days prior to the special event, or if the gift contribution is not associated with a special event, then the gift contribution will be held for approximately seven business days before being transferred into the applicable Account Owner's account. Gift contributions will be invested according to the Portfolio allocation on file for the account at the time the gift contribution is transferred into the applicable Account Owner's account. Gift contributions through Ugift are subject to the general contribution limitations. There may be potential tax consequences of gift contributions to a Plan account. You and the gift giver should consult your tax advisor for more information.

Rollover Contributions and Other Transfers
Account Owners may make contributions to a Plan account with:

- proceeds from the withdrawal of assets held in another state's 529 savings plan (Rollover),
- proceeds from the withdrawal of assets held in an account in the Plan (USAA Plan Transfer) for the benefit of a different designated beneficiary,
- proceeds from the withdrawal of assets held in an account in another plan within the Trust (*i.e.*, another 529 savings plan offered by the State of Nevada) for the benefit of a different designated beneficiary,
- proceeds from a withdrawal of assets held in a Coverdell Education Savings Account (Coverdell ESA),
- proceeds from the redemption of Series EE and Series I bonds.

Rollovers
An Account Owner may make a Rollover contribution without imposition of federal income tax or the additional 10 percent federal tax, if such Rollover is made within sixty (60) days of distribution from the originating account into an account for a new designated beneficiary who is a member of the family *(see page 28)* of the original designated beneficiary. A Rollover contribution to the Plan for the benefit of the same designated beneficiary may be effected without adverse tax consequences only if no other Rollovers have occurred with respect to such designated beneficiary within the prior twelve (12) months and if the Rollover is made within sixty (60) days of distribution from the originating account. You will need to provide the Program Manager with an account statement or other documentation from the distributing 529 Plan account indicating the portion of the withdrawal attributable to earnings. Until the Plan receives this documentation,

the entire amount of the Rollover will be treated for all Plan recordkeeping and tax reporting purposes as a distribution of earnings from the distributing 529 Plan.

USAA Plan Transfers for the Account of a New Designated Beneficiary
An Account Owner may make a USAA Plan Transfer to a Plan account for the benefit of a new designated beneficiary without imposition of federal income tax or the additional 10 percent federal tax, if such USAA Plan Transfer is made within sixty (60) days of distribution from the originating account into an account for a new designated beneficiary who is a member of the family *(see page 28)* of the original designated beneficiary.

USAA Plan Transfers for the Same Designated Beneficiary
An Account Owner may make a transfer within the USAA Plan for the benefit of the same designated beneficiary. If the funds are transferred directly between Plan accounts, the transfer will be treated as a nontaxable investment reallocation allowable only once per calendar year rather than as a tax-free Rollover or transfer. *(See page 18 for rules applicable to changes in investment allocation.)* If an Account Owner takes a distribution (*i.e.*, receives a withdrawal check from the transferring account), the withdrawal will be treated as a nonqualified withdrawal subject to federal and applicable state income tax and the additional 10 percent federal tax on earnings.

Transfer into a Plan Account from Another Plan Within the Trust for the Benefit of a New Designated Beneficiary
An Account Owner may make a transfer to a Plan account with funds from an account in another plan within the Trust (*i.e.*, another 529 savings plan offered by the State of Nevada) for the benefit of a new designated beneficiary without imposition of federal income tax or the additional 10 percent federal tax, if such transfer is made within sixty (60) days of distribution from the originating account into an account for a new designated beneficiary who is a member of the family (*see page 28*) of the original designated beneficiary.

Transfer into a Plan Account from Another Plan Within the Trust for the Benefit of the Same Designated Beneficiary
A transfer into a Plan account from an account in another plan within the Trust (*i.e.*, another 529 savings plan offered by the State of Nevada) for the benefit of the same designated beneficiary will be treated as a nontaxable investment reallocation allowable only once per calendar year rather than as a tax-free Rollover or transfer. *(See page 18 for rules applicable to changes in investment allocation.)* If an Account Owner takes a distribution (*i.e.*, receives a withdrawal check from the transferring account), the withdrawal will be treated as a nonqualified withdrawal subject to federal and applicable state income tax and the additional 10 percent federal tax on earnings.

Transfers from a Coverdell Education Savings Account
An Account Owner may make a withdrawal from a Coverdell ESA and contribute the proceeds to a Plan account without imposition of federal income tax or penalty. *(See page 35.)*

Transfers from Series I or EE Bonds
An Account Owner may make a contribution to a Plan account with proceeds from a redemption of Series I or EE bonds. *(See page 36.)*

Rollover contributions and other transfers to an account must be accompanied by an Incoming Transfer/Rollover Form as well as any other information required by the Plan, including the information required for certain contributions described below:

When making a contribution to the Plan using assets previously invested in a Coverdell ESA, a redemption of Series EE and Series I bonds or a Rollover, the contributor must indicate the source of the contribution and provide the Program

Manager with the following documentation, as applicable:

- In the case of a contribution from a Coverdell ESA, an account statement issued by the financial institution that acted as custodian of the Coverdell ESA that shows basis and earnings in the Coverdell ESA.

- In the case of a contribution from the redemption of a qualified U.S. Savings Bond, an account statement or Form 1099-INT issued by the financial institution that redeemed the bond showing interest from the redemption of the bond.

- In the case of a Rollover, a statement issued by the distributing program that shows the earnings portion of the distribution. In the case of any direct transfer between 529 savings plans, the distributing program must provide the receiving program a statement setting forth this information.

Until the Program Manager receives the documentation described above, as applicable, the Plan will treat the entire amount of the contribution as earnings in the account receiving the distribution. If a contribution is not a Rollover or does not consist of assets previously invested in a Coverdell ESA, a Series EE or Series I bond, such documentation is not required.

Maximum Contribution
An Account Owner may continue to make contributions to an account for a designated beneficiary so long as the aggregate balance of all 529 savings plan accounts for the same designated beneficiary under all 529 savings plans sponsored by the State of Nevada under the Act does not exceed the Maximum Contribution Limit, which is currently $370,000.[4] Accounts that have reached the Maximum Contribution Limit will continue to accrue earnings, although future contributions may not be made to such accounts. The Maximum Contribution Limit is based on the aggregate market value of the account(s) for a designated beneficiary, and not on the aggregate contributions made to the account(s). If, however, the market value of such Account falls below the Maximum Contribution Limit, additional Contributions will be accepted.

The Board is required to set the maximum allowable contribution limit for all accounts for a designated beneficiary. The Board expects to evaluate the maximum allowable contribution limit annually but reserves the right to make adjustments more or less frequently. Information concerning the current maximum allowable contribution limit may be obtained through USAA. It is possible that federal law might impose different limits on maximum allowable contributions in the future.

Excess Contributions
The Plan will not accept any contribution to the extent it would cause the account balance to exceed the Maximum Contribution Limit (Excess Contributions). Excess Contributions will be rejected and returned to the contributor.

CONTRIBUTION POLICIES AND FEES

Following receipt of any contributions by check, AIP, payroll deduction, or EFT, the Plan reserves the right, subject to applicable law, not to allow withdrawals of those contributions (or their equivalent) for up to seven (7) business days. The Program Manager may impose a fee on any check, automatic investment, or telephone purchase via EFT returned unpaid by the financial institution upon which it is drawn, which may be deducted from your account. *(See the "Plan Fees and Expenses" section beginning on page 38 for more detailed information regarding fees.)* The Program Manager reserves the right not to reimburse fees charged by financial institutions for contributions made either via AIP or EFT that are cancelled due to insufficient funds

[4] *For purposes of the Maximum Contribution Limit, balances for all accounts for the same designated beneficiary under all 529 savings plans sponsored by the State of Nevada are aggregated.*

in the bank account from which the money is withdrawn.

A confirmation statement verifying the amount of a contribution and a description of the Portfolio(s) (as defined in "Investment Options" on page 18) in which Trust Interests were purchased will be mailed to the Account Owner following each transaction, except for contributions made by AIP, payroll direct deposit for account assets that are automatically moved to a more conservative Age-Based option as a designated beneficiary ages, automatic transfers from a Upromise account to your Plan account, or for maintenance fees. If an error has been made in the amount of a particular contribution or the investment option in which a particular contribution is invested is not the investment option that the Account Owner selected on the account application, the Account Owner has ten (10) days from the date of the statement to notify USAA of the error.

The Program Manager uses reasonable procedures to confirm that transaction requests are genuine. The Account Owner may be responsible for losses resulting from fraudulent or unauthorized instructions received by the Program Manager, provided the Program Manager reasonably believes the instructions were genuine. To safeguard your account, please keep your information confidential. Contact USAA immediately at 1-800-292-8825 if you believe there is a discrepancy between a transaction you performed and the confirmation statement you received, or if you believe someone has obtained unauthorized access to your account.

Contributions may be refused if they appear to be an abuse of the Plan. Contributions to Portfolios are invested in accordance with the investment policy established by the Board. The Board reserves the right to change the investment policy for the Plan at any time.

OWNERSHIP OF CONTRIBUTIONS AND EARNINGS

Pursuant to Section 529, the Account Owner retains control of all contributions made to an account as well as all earnings credited to the account up to the date they are directed for disbursement. A designated beneficiary who is not the Account Owner has no control over any of the account assets. Only the Account Owner will receive confirmation of account transactions, unless the Account Owner elects to have confirmation statements sent to a designated third party. The Account Owner owns all contributions made to an account as well as all earnings credited to the account. Individuals or entities other than the Account Owner that contribute funds to an account will have no subsequent control over the contributions. Only the Account Owner may direct transfers, rollovers, investment changes (as permitted under federal law), withdrawals and changes in the designated beneficiary.

NO ASSIGNMENTS OR PLEDGES

Neither an account nor any portion thereof may be assigned, transferred or pledged as security for a loan (including, but not limited to, a loan used to make contributions to the account) or otherwise either by the Account Owner or by the designated beneficiary, except for changes of designated beneficiary, qualified rollovers, as described herein, and the transfer of account ownership to a successor Account Owner. Any pledge of an interest in an account will be of no force and effect.

CHANGE OF ACCOUNT OWNER

Account Owners, except for Account Owners who are trustees of a trust, may designate a successor Account Owner (to the extent permitted by applicable law) to succeed to all of the current Account Owner's rights, title, and interest in an account (including, without limitation, the right to change the designated beneficiary) upon the death or legal incompetence of the current Account Owner. A successor

Account Owner must meet the same eligibility requirements that apply to the current Account Owner. Account Owners must make such designation either on the original account application, the Account Change Request Form or on the Plan's Web site. The successor Account Owner designation is not effective until it is received and processed by the Program Manager. The designation of a successor Account Owner may be revoked or changed at any time by the Account Owner by submitting proper documentation to the Program Manager.

If you die, your successor Account Owner must notify the Program Manager by submitting a completed Application and a certified copy of the death certificate. The account will become effective for the successor Account Owner once this paperwork has been received in good order and processed.

All other requests to transfer ownership to a successor Account Owner must also be submitted in writing. Please contact a USAA member services representative at 1-800-292-8825 for information needed to complete the change of ownership. Account Owners should consult a tax adviser regarding tax issues that might arise on a transfer of Account ownership.

INVESTMENT OPTIONS

General

Account Owners, at the time of enrollment, have eight different investment options to choose from -- one of six Fixed Allocation options (each a Portfolio), an Age-Based option, and a Preservation of Capital option (a Portfolio) -- or a combination of these options. Contributions go toward purchasing Trust Interests of the selected Portfolio within an investment option. An Account Owner may open multiple accounts including different Portfolios for the same or a different designated beneficiary. The minimum allocation per Portfolio must be at least 5 percent of the contribution amount. If a contribution is received by the Plan and a Portfolio is not designated, your contribution amount will be returned to you, or you may be contacted by a USAA representative to clarify your contribution intentions.

Contributions to a Portfolio are invested in one or more underlying USAA mutual funds, which are selected to meet the investment objective of that Portfolio. Account Owners will not own shares of the underlying USAA mutual funds. The Board seeks to achieve each Portfolio's investment objective through investments in one or more underlying USAA mutual fund such as domestic, global, and international stock mutual funds (for growth), bond mutual funds (for income), and money market funds (for protection of principal). Because these investments have different objectives, the Board has selected them to create diversified Portfolios. The Portfolio options offer different asset allocation mixes because different investors have different needs, time frames, and risk tolerances. The Program Manager and USAA provide the Board with annual recommendations as to the Plan's investment options and the asset allocations of the Portfolios. The investment options, the Portfolios, the asset allocations of the Portfolios, and the underlying mutual funds in which any Portfolio invests are subject to change.

Portfolios with higher allocations in bond and/or money market mutual funds tend to be less volatile than those with higher stock mutual fund allocations. None of the Portfolios is designed to provide any particular total return over any particular time period or investment time horizon. By purchasing Trust Interests, Account Owners do not own shares of, or become shareholders of, the underlying USAA mutual funds. Because the Portfolios have different investment objectives, Account Owners have the opportunity to diversify their investment in the Plan. When investing in the Plan, an Account Owner should consider, among other factors, when contributions will be made to the account, the contribution amounts, the time contributions will be held in the account before withdrawals are directed, other resources expected to be available to fund the designated beneficiary's qualified higher education expenses and the age of the designated beneficiary.

Under federal tax law, once a Portfolio selection has been made, an Account Owner may only change how previous contributions (and any earnings thereon) have been allocated among the available Portfolio options for all accounts for the same designated beneficiary once per calendar year or upon a change of the designated beneficiary. *(See pages 17 and 32 for treatment of transfers between an account in the Plan and another plan sponsored by the State of Nevada.)*

Account Owners should periodically assess, and if appropriate, adjust their investment choices with their time horizon, risk tolerance, and investment objectives in mind.

The Portfolios are not insured or guaranteed by USAA, Upromise, or their respective affiliates, the Federal Deposit Insurance Corporation, the State of Nevada, the Board, or any other government agency. Account values may vary based on the Portfolios' performance and market conditions and may be more or less than the amount invested. *(See "Plan and Portfolio Risks" section on page 41.)*

Additional information concerning the Plan's investment options appears on the next page.

Fixed Allocation Option
Account Owners who prefer to select a Portfolio for its asset allocation target may do so through the Fixed Allocation option instead of selecting the Age-Based option. While the asset allocations for the Fixed Allocation Portfolios are not expected to vary, the underlying USAA mutual funds in which the Portfolios invest will be reviewed at least annually and may change. If you invest in a Fixed Allocation Portfolio, your money will remain in that Portfolio until you instruct the Plan to move it to another investment option or Portfolio. None of the Fixed Allocation Portfolios is designed to provide any particular total return over any particular time period or investment time horizon. The Fixed Allocation Portfolios are: the Aggressive Growth, Growth, Moderate, Balanced, Conservative, and In College Portfolios.

The allocations of the USAA mutual funds held by each Portfolio are shown on the following pages using pie charts. *(See the "Plan and Portfolio Risks" and "Additional Investment Information" sections beginning on pages 41 and 55, respectively, for more detailed information regarding the objectives of the underlying funds and related risks of investing in these funds.)* A free prospectus for any USAA mutual fund used in connection with the Plan can be obtained by calling 1-800-292-8825.

Age-Based Option
If an Account Owner selects the Age-Based option, contributions are invested in a Portfolio based upon the birth date of the designated beneficiary, as indicated on the account application. Portfolios for a designated beneficiary with a more recent birth date will be invested in a more aggressive equity Portfolio, which seeks to capitalize on the longer investment time frame and maximize potential returns. As time passes and the designated beneficiary approaches college age, investments are automatically moved to more conservative Portfolios as the expected time for disbursement approaches. The Program Manager automatically exchanges assets from one Portfolio to another as the designated beneficiary ages, on or about the 5th day of the month following the month of the designated beneficiary's birthday. The allocations of the USAA mutual funds for each Portfolio are shown on the following pages. *(See the "Plan and Portfolio Risks" and "Additional Investment Information" sections beginning on page 41 and 57, respectively, for more detailed information regarding the objectives of the underlying funds and the related risks of investing in these funds.)* A free prospectus for any USAA mutual fund used in connection with the Plan can be obtained by calling 1-800-292-8825.

Preservation of Capital Option
Account Owners who prefer to select a Portfolio that seeks to provide protection of principal may do so through the Preservation of Capital Portfolio. The Preservation of Capital Portfolio seeks preservation of capital by investing virtually all of its assets in the USAA Money Market Fund. You may invest in the Preservation of Capital Portfolio either alone or in combination with another investment option or Portfolio. If you invest in the Preservation of Capital Portfolio, your money will remain in that Portfolio until you instruct the Plan to move it to another investment option or Portfolio.

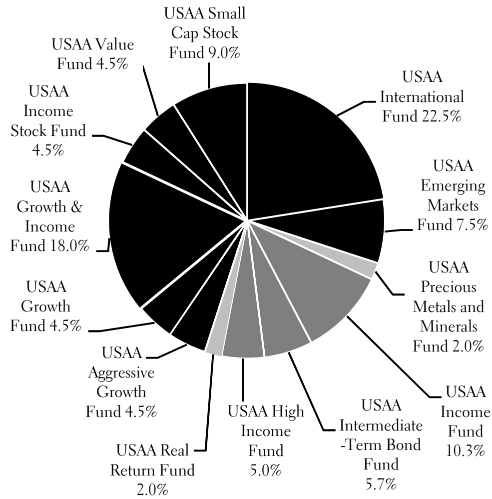
The allocation to the USAA Money Market Fund held by the Preservation of Capital Portfolio is shown on the pie chart included in the following pages. *(See the "Plan and Portfolio Risks" and "Additional Investment Information" sections beginning on pages 41 and 57, respectively, for more detailed information regarding the objective of the USAA Money Market Fund and the related risks of investing in the USAA Money Market Fund.)* A free prospectus for any USAA mutual fund used in connection with the Plan can be obtained by calling 1-800-292-8825.

Please see the following pages for a further description of each Portfolio.

Plan Portfolio	Investment Objective
Aggressive Growth Portfolio (approximately 80 percent equity)	Seeks to maximize returns over time through capital appreciation
Growth Portfolio (approximately 70 percent equity)	Primarily seeks capital appreciation and secondarily seeks income.
Moderate Portfolio (approximately 60 percent equity)	Seeks capital appreciation and conservation of principal, with more emphasis on growth.
Balanced Portfolio (approximately 50 percent equity)	Seeks to achieve a balance between capital appreciation and conservation of principal.
Conservative Portfolio (approximately 20 percent equity)	Seeks income and protection of principal.
In College Portfolio (approximately 10 percent equity)	Primarily seeks income and protection of principal.
Preservation of Capital Portfolio (0% equity)	Seeks to provide protection of principal.

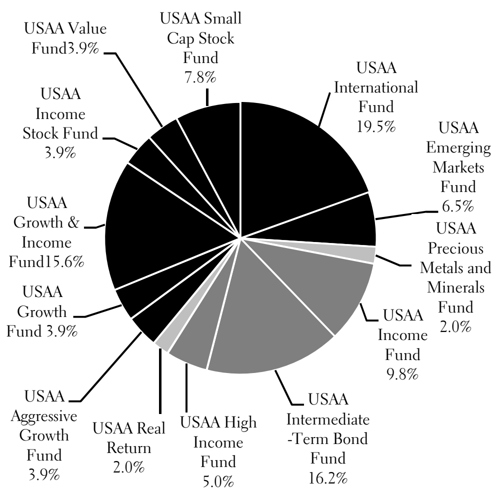
The pie charts under each heading represent target allocations for Portfolios found in the two different options, as labeled below.[1,2] Please see page 21 for a further description of each Portfolio.

Aggressive Growth Portfolio—Fixed Allocation Option
Age of Designated Beneficiary 0-5 Years—Age-Based Option



Equity
Fixed Income
Alternatives
Cash

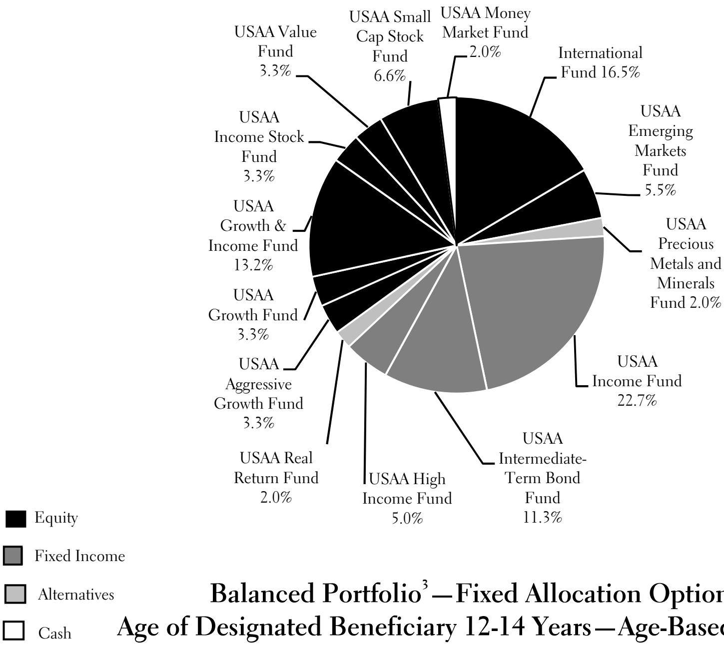
Growth Portfolio—Fixed Allocation Option
Age of Designated Beneficiary 6-8 Years—Age-Based Option



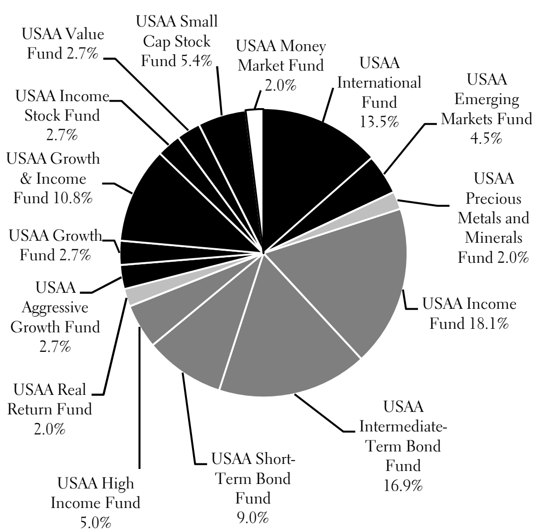
[1] *Each Portfolio has the ability to invest up to 5% of assets in cash or cash-type securities (high-quality, short-term debt securities issued by corporations, financial institutions, the U.S. Government or foreign governments).*

[2] *The target investment mix shown for each option is subject to change by the Board at its discretion.*

Moderate Portfolio[3]—Fixed Allocation Option
Age of Designated Beneficiary 9-11 Years—Age-Based Option

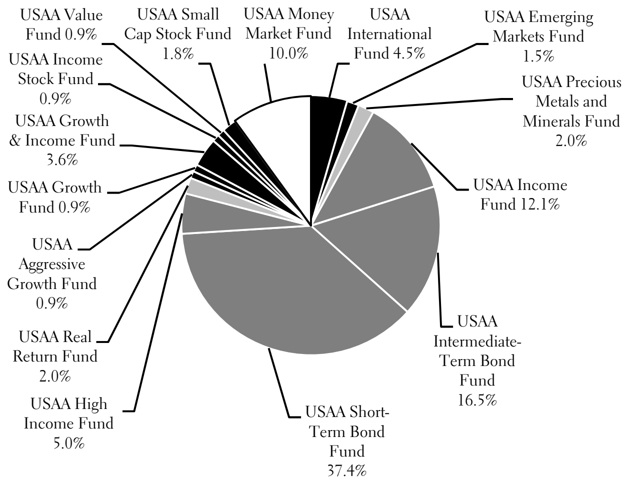


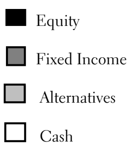
Balanced Portfolio[3]—Fixed Allocation Option
Age of Designated Beneficiary 12-14 Years—Age-Based Option



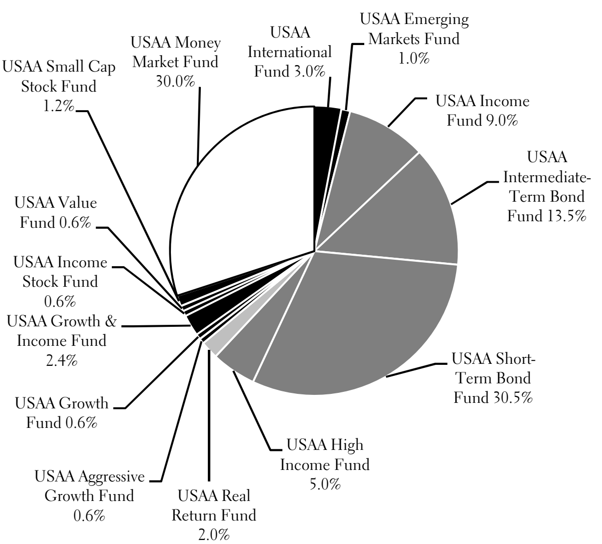
[3]*The Moderate, Balanced, Conservative, In College, and Preservation of Capital Portfolios' investment in the USAA Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of the investment at $1 per share, it is possible that the Portfolios may lose money by investing in the Fund.*

Conservative Portfolio[3]—Fixed Allocation Option
Age of Designated Beneficiary 15-17 Years—Age-Based Option



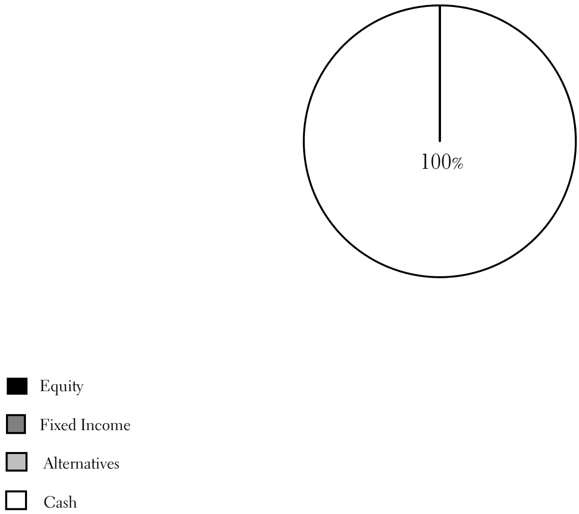


In College Portfolio[3]—Fixed Allocation Option
Age of Designated Beneficiary 18+ Years—Age-Based Option



[3]*The Moderate, Balanced, Conservative, In College, and Preservation of Capital Portfolios' investment in the USAA Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of the investment at $1 per share, it is possible that the Portfolios may lose money by investing in the Fund.*

Preservation of Capital Portfolio[3]



[3]*The Moderate, Balanced, Conservative, In College, and Preservation of Capital Portfolios' investment in the USAA Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of the investment at $1 per share, it is possible that the Portfolios may lose money by investing in the Fund.*

The following table presents the Average Annual Total Returns for each USAA 529 College Savings Plan Portfolio (Portfolio) as of December 31, 2011. Each Portfolio's fiscal year runs from July 1 to June 30, which also is the Plan's fiscal year. Portfolio performance information represents past performance and is no guarantee of future results. The Average Annual Total Returns presented below reflect past performance, are net of Annual Asset-Based Plan Fees, but do not take into account either the Annual State Account Maintenance Fee or the Annual USAA Minimum-balance Fee. All Plan accounts are subject to a $15 Annual State Account Maintenance Fee, unless the Account Owner or the designated beneficiary is a Nevada resident, in which case, the Annual State Account Maintenance Fee is waived for such Plan account. Some Plan accounts may also be assessed a $15 Annual USAA Minimum-balance Fee.

Performance information for the Portfolios should not be viewed as a prediction of future performance of any particular Portfolio. Moreover, in view of anticipated periodic revisions of allocations and possible changes in the underlying mutual funds, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any underlying mutual fund or group of mutual funds.

If you are invested in the Age-Based Option, the assets in the Portfolio in which you are currently invested ("Current Portfolio") will automatically transfer to other Portfolios as the beneficiary ages. Accordingly, your assets in your Current Portfolio may not have been invested in the Current Portfolio for all or a portion of the period reported in the Performance table shown below. Thus, your personal performance may be different than the performance for a Portfolio as shown above.

Updated Portfolio performance information is available online at usaa.com or by calling 1-800-292-8825. For more information, including performance information, on the underlying USAA mutual funds in which the Portfolios invest, please visit usaa.com or call USAA and obtain a free prospectus for any USAA mutual fund used in connection with the Plan.

		Average Annual Total Returns for the Period Ended December 31, 2011			
Fixed Allocation Portfolios*	**Age-Based Portfolios***	**1 Year**	**3 Years**	**5 Years**	**Since Inception****
Aggressive Growth	0-5 Years	-3.67%	13.45%	0.53%	4.49%
Growth	6-8 Years	-2.53%	13.79%	1.41%	4.90%
Moderate	9-11 Years	-1.08%	13.51%	2.74%	5.40%
Balanced	12-14 Years	-0.43%	13.25%	3.53%	5.24%
Conservative	15-17 Years	1.63%	10.55%	4.54%	4.77%
In College	18+ Years	2.00%	7.60%	4.24%	3.80%
Preservation of Capital		0.00%	—	—	0.04%

** Since the Plan's inception date, the Underlying Funds have changed and may change in the future. The Portfolios reflect the performance of Underlying Funds that are no longer included in the Portfolios.*

*** The inception date for the Preservation of Capital Portfolio is September 1, 2009, and June 3, 2002, for all other USAA 529 College Savings Plan Portfolios.*

INVESTMENT POLICIES

The investment of any contributions to the Plan shall be made in the appropriate Portfolio option selected by the Account Owner within the same business day as received if the contribution is received in good order, as determined by the Program Manager prior to the close of the NYSE, normally 4 p.m., Eastern time, and on the next succeeding business day if the contribution is received in good order after the close of the NYSE. Excess Contributions will not be invested. *(See page 15 for details.)* Notwithstanding the above, AIP and EFT contributions typically will be processed on the business day before the day the bank debit occurs. Dividends and/or capital gains paid by the underlying mutual funds are reinvested within the applicable Portfolio (and not reinvested into individual accounts).

The net asset value (NAV) of each Portfolio is normally calculated as of the close of the NYSE. If securities held by a USAA mutual fund are traded in other markets on days when the NYSE is closed, a Portfolio's value may fluctuate on days when an Account Owner does not have access to the account to purchase, make withdrawals, or change investment options. The Portfolios (other than the Preservation of Capital Portfolio) will be monitored to approximate the investment allocations described in the previous charts. Rebalancing of a Portfolio will occur if, as a result of market conditions, there is a 1 percent or greater deviation from a Portfolio's asset allocation model for four consecutive days when the NYSE is open.

STATEMENTS AND REPORTING

Confirmation statements will be mailed for any activity in the account, except recurring automatic investments such as AIP and payroll direct deposit, when account assets are automatically moved to a more conservative Age-Based option as a designated beneficiary ages, automatic transfers from a Upromise account to your Plan account, and maintenance fees, which will only be confirmed on a quarterly basis. All Account Owners will receive quarterly statements indicating transaction activity for the calendar quarter during that time period and cumulative activity for the calendar year, if there has been account activity in prior calendar quarters. Statements will also indicate the total ending account value for that time period. Account Owners may direct duplicate copies of account statements to be provided to another party. Account Owners may sign up to receive confirmations and account statements from the Plan in an electronic format, or request that the Plan discontinue electronic delivery, by accessing the Plan's Web site at usaa.com.

CHANGING THE DESIGNATED BENEFICIARY

Section 529 of the Code generally allows for changes of the designated beneficiary without adverse federal income tax consequences, as long as the new designated beneficiary is a "member of the family" (as defined on page 28) of the current designated beneficiary. In addition, the Proposed Regulations provide that no federal gift tax or any generation-skipping transfer tax will result, provided the new designated beneficiary is also assigned to the same generation as the current designated beneficiary. Any change of the designated beneficiary to a person who is not a member of the family of the current designated beneficiary is treated as a non-qualified withdrawal subject to applicable federal and state income taxes as well as the additional 10 percent federal tax *(discussed on page 30)*, and may also be subject to federal gift and generation-skipping transfer tax.

To initiate a change of designated beneficiary, the Account Owner must complete and submit a Change of Designated Beneficiary Form (and any additional information or documentation required by the Plan) to the Program Manager. The change will be made upon the Program Manager's receipt and acceptance of a properly completed form in good order. The Plan reserves the right to suspend the processing of designated beneficiary transfers if it suspects that such transfers are intended to avoid the Plan's exchange and reallocation limits. There is no fee or charge for changing a designated beneficiary.

An Account Owner who chooses the Age-Based option should note that the Program Manager may change the particular Portfolio the account is invested in if there is a change in the designated beneficiary unless the new designated beneficiary is in the same age bracket as the original designated beneficiary. The Program Manager may make this Portfolio change so that the Portfolio investment is appropriate for the birth date of the new designated beneficiary.

Member of the Family

For purposes of changing the designated beneficiary, a member of the family of the designated beneficiary is defined under Section 529 as:

- Father, mother, or an ancestor of either,
- Son, daughter, or a descendant of either,
- Stepfather or stepmother,
- Stepson or stepdaughter,
- Brother, sister, stepbrother, or stepsister,
- Brother or sister of the father or mother,
- Brother-in-law, sister-in-law, son-in-law, daughter-in-law, father-in-law, or mother-in-law,
- Son or daughter of a brother or sister,
- Spouse of the designated beneficiary or any of the individuals mentioned above, or
- First cousin. For purposes of this definition, a legally adopted child of an individual shall be treated as the child of such individual by blood and a half-brother or half-sister is treated as a brother or sister.

WITHDRAWALS

An Account Owner may make withdrawals from his or her account or close his or her account by notifying the Program Manager, although under federal law, the earnings portion of non-qualified withdrawals will be subject to an additional 10 percent federal tax on earnings *(as discussed on page 30)*, in addition to federal and any applicable state taxes that may otherwise be due. In the event of a withdrawal, the net asset value of the withdrawal is calculated at the next close of business of the NYSE after the Program Manager's receipt of the written request in good order (as determined by the Program Manager).The Plan will not send any proceeds from your withdrawal request until all the money has been collected, meaning the money's availability in your account is confirmed. Withdrawals will be held for 10 business days from a mailing address change if proceeds are requested by check to the Account Owner or for a designated beneficiary address change if the proceeds are requested by check to the designated beneficiary. Withdrawals by EFT will not be available for 10 business days after bank information has been added or edited.

Qualified Withdrawals
In general, a qualified withdrawal is any distribution that is used to pay for the qualified higher education expenses (see below) of a designated beneficiary.

Procedures for Qualified Withdrawals
To make a qualified withdrawal from an account, the Account Owner can either: (1) access the Plan account on usaa.com, then Select Funding and Select Make a Withdrawal under the Manage Withdrawals section; (2) download the Distribution Request Form on the Plan's Website and then complete and submit the Form to the Program Manager; or (3) call USAA for the Form at 1-800-292-8825.The Account Owner must also provide such other information or documentation as the Plan may from time to time require.

Upon acceptance of a properly completed Distribution Request Form in good order, the Program Manager will process the withdrawal from the account within three (3) business days of accepting the request. During periods of market volatility and at year end,withdrawal requests may take up to five (5) business days to process. Please allow ten (10) business days for the proceeds to reach you. Payment of the withdrawal may be made by check or by Electronic Funds Transfer (ACH) wire transfer. A fee may be charged for withdrawals made by federal wire. Distributions requested on the Plan's web site can be made by check or Electronic Funds Transfer (ACH). Distribution requests made by the Distribution Request Form will be made by check only.

If you have been awarded a USAA Distinguished Valor Matching Grant, any qualified withdrawals generally will be taken proportionately from your Plan account and the related USAA Distinguished Valor Matching Grant account when the qualified withdrawal is requested to be sent to the Eligible Educational Institution. If the qualified withdrawal amount you request will cause your USAA Distinguished Valor Matching Grant account to have a market value that falls below $10 the pro-rated amount of your qualified withdrawal will be adjusted so that your USAA Distinguished Valor Matching Grant account is fully liquidated and the amount taken from your Plan account will be reduced. If the qualified withdrawal amount you request will result in a withdrawal from your USAA Distinguished Valor Matching Grant account to be less than $10 then the full amount of your qualified withdrawal will be withdrawn from your Plan Account. In the event you have been awarded a USAA Distinguished Valor Matching Grant and request a qualified withdrawal other than to an Eligible Institution of Higher Education, the qualified withdrawal will only be taken from your Plan account.

Qualified Higher Education Expenses
Qualified higher education expenses currently include tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an Eligible Institution of Higher Education (defined below). Qualified higher education expenses also include expenses for special needs services

in the case of a special needs beneficiary who incurs such expenses in connection with enrollment or attendance at an Eligible Institution of Higher Education.

Also included as a qualified higher education expense is an amount for the room and board the designated beneficiary may incur while attending an institution at least half-time. Half-time is defined as half the full-time academic workload for the course of study being pursued as determined under the standards of the Eligible Institution of Higher Education where the designated beneficiary is enrolled. The limit for annual room and board expenses for campus and off-campus housing is the allowance included in the "cost of Attendance" at the Eligible Institution of Higher Education, or if greater, the actual amount charged by the Eligible Institution of Higher Education for room and board costs for the applicable period.

A designated beneficiary need not be enrolled at least half-time to use a qualified withdrawal to pay for expenses relating to tuition, fees, books, supplies, equipment, and special needs services.

Eligible Institutions of Higher Education

Generally, Eligible Institutions of Higher Education include accredited post-secondary educational institutions in the United States or abroad offering credit toward an associate's degree, a bachelor's degree, a graduate level or professional degree, or another recognized post-secondary credential, and certain post-secondary vocational and proprietary institutions. Such Eligible Institutions of Higher Education must be eligible to participate in U.S. Department of Education student financial aid programs. For additional information, please visit www.fafsa.ed.gov.

Refunds

A refund to the Account Owner of all or part of a qualified distribution may be re-contributed to an account, and will be treated as a new contribution to such account. Any refund which is not (a) subsequently used to pay for qualified higher education expenses of the designated beneficiary within a reasonable amount of time, (b) rolled over within the Plan to the account of another designated beneficiary, (c) rolled over to another state's 529 plan *(see page 14)*, or (d) which relates to a distribution that does not fall within any of the types of withdrawals exempt from the 10 percent additional federal tax, *i.e.*, death, disability, receipt of a scholarship by the designated beneficiary, appointment at certain specified military academies *(see page 31)* or the use of Hope Scholarship and Lifetime Learning education tax credits (Education Tax Credits), will be considered a non-qualified withdrawal, subject to all applicable federal and state taxes including the additional 10 percent federal tax on earnings on non-qualified withdrawals.

Non-Qualified Withdrawals

A non-qualified withdrawal is any withdrawal from an account that is not:

- A qualified withdrawal,
- A withdrawal paid to the estate of the designated beneficiary due to the death of the designated beneficiary *(see page 31)*,
- A withdrawal by reason of the disability of the designated beneficiary *(see page 31)*,
- A withdrawal by reason of the receipt of a qualified scholarship by the designated beneficiary (to the extent the amount withdrawn does not exceed the amount of the scholarship) *(see page 31)*,
- A withdrawal by reason of the designated beneficiary's attendance at certain specified military academies *(see page 32)*,
- A withdrawal resulting from the use of Education Tax Credits as allowed under federal income tax law *(see page 32)*, or
- A distribution that is rolled into another 529 savings plan in accordance with Section 529, with appropriate documentation *(see pages 14 and 32)*.

In accordance with Section 529, the earnings portion of a non-qualified withdrawal is treated as income to the distributee and is subject to federal and any applicable state income taxes as well as an additional 10 percent federal tax. Although the Program Manager will report the earnings portion of all distributions, it is the final responsibility of the Account Owner to calculate and report any tax liability and to substantiate any exemption from tax and/or penalty.

Procedures for Non-Qualified Withdrawals
To make a non-qualified withdrawal from an account, the Account Owner can either: (1) access the Plan account on usaa.com, then Select Funding and Select Make a Withdrawal under the Manage Withdrawals section; (2) download the Distribution Request Form on the Plan's Website and then complete and submit the Form to the Program Manager; or (3) call USAA for the Form at 1-800-292-8825.The Account Owner must also provide such other information or documentation as the Plan may from time to time require. Upon acceptance of a properly completed Distribution Request Form in good order, the Program Manager will process the withdrawal within three (3) business days of its acceptance of the request. Payment of the withdrawal may be made by check or by Electronic Funds Transfer (ACH). The Plan charges a fee for withdrawal payments made by federal wire. Distributions requested on the Plan's web site can be made by check or Electronic Funds Transfer (ACH). Distribution requests made by the Distribution Request Form will be made by check only.

<u>OTHER WITHDRAWALS</u>

Death of Designated Beneficiary
In the event of the death of the designated beneficiary, the Account Owner may authorize a change in the designated beneficiary for the account, authorize a payment to the estate of the designated beneficiary, or request the return of the account balance. A distribution due to the death of the designated beneficiary if paid to the estate of the designated beneficiary will not be subject to the additional 10 percent federal tax on earnings, but earnings will be subject to federal and any applicable state income tax. A withdrawal of amounts in the Account, if not paid to the designated beneficiary's estate, may constitute a non-qualified withdrawal, subject to federal and applicable state income taxes at the distributee's tax rate and the additional 10 percent federal tax. If the Account Owner selects a new designated beneficiary who is a "member of the family" *(defined on page 28)* of the former designated beneficiary *(See "Changing the Designated Beneficiary" on page 28)*, the Account Owner will not be subject to federal income tax or a penalty.

Disability of Designated Beneficiary
If the designated beneficiary becomes disabled, the Account Owner may authorize a change in the designated beneficiary for the account or request the return of all or a portion of the account balance. A distribution due to the qualified disability of the designated beneficiary will not be subject to the additional 10 percent federal tax on earnings, but earnings will be subject to federal and any applicable state income tax at the Account Owner's tax rate. The Code defines a person as disabled if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continue and indefinite duration. If the Account Owner changes the designated beneficiary to an individual who is a "member of the family" *(defined on page 28)* of the former designated beneficiary *(See "Changing the Designated Beneficiary" on page 28)*, the Account Owner will not be subject to federal income tax or a penalty.

Receipt of Scholarship
If the designated beneficiary receives a qualified scholarship, account assets up to

the amount of the scholarship may be returned to the Account Owner without imposition of the additional 10 percent federal tax on earnings. A qualified scholarship includes certain educational assistance allowances under federal law as well as certain payments for educational expenses (or attributable to attendance at certain educational institutions) that are exempt from federal income tax. The earnings portion of a distribution due to a qualified scholarship is subject to federal and any applicable state income tax at the distributee's tax rate.

Rollover Distributions

An Account Owner may roll over all or part of the balance of an account to an account in another 529 savings plan not sponsored by the State of Nevada without adverse federal tax consequences under certain circumstances. *(For more information concerning this type of rollover distributions, see "Rollover Contributions and Other Transfers" on page 14.)*

Appointment at Certain Specified Military Academies

If the designated beneficiary attends the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, the Account Owner may withdraw an amount up to an amount equal to the costs of advanced education attributable to the designated beneficiary's attendance at the institution without incurring the additional 10 percent federal tax. The earnings portion of the withdrawal will be subject to federal and any applicable state income tax at the distributee's tax rate.

Use of Education Tax Credits

Taxpayers paying qualified higher education expenses from a Plan account will not be able to claim Education Tax Credits for the same expenses. Furthermore, expenses used in determining the allowed Education Tax Credits will reduce the amount of a designated beneficiary's qualified higher education expenses to be paid from an account as a qualified withdrawal and may result in taxable withdrawals. Such withdrawals will not be subject to the additional 10 percent federal tax.

Transfers to Another College Savings Plan Sponsored by the State of Nevada

Transfers of account balances among the various college savings plans sponsored by the State of Nevada are treated as investment changes subject to the once per calendar year limitation on the reallocation of prior contributions and not as tax-free rollovers. *(For more information concerning these types of transfers, see "Transfer into a Plan Account from Another Plan Within the Trust for the Benefit of the Same Designated Beneficiary" on page 15.)*

Records Retention

Under current federal tax law, Account Owners are responsible for obtaining and retaining records, invoices, or other documentation that is adequate to substantiate: (i) expenses which the Account Owner claims are qualified higher education expenses, (ii) the death or qualified disability of the designated beneficiary, (iii) the receipt by the designated beneficiary of a qualified scholarship, (iv) the appointment by the designated beneficiary to certain specified military academies, or (v) the use of Education Tax Credits.

Residual Account Balances

If the designated beneficiary graduates from an institution of higher education or chooses not to pursue higher education and funds remain in the account, the Account Owner can choose from three options. First, if the Account Owner requests, the remaining funds (including earnings) will be returned to the Account Owner and treated as a non-qualified withdrawal. Earnings will be subject to federal and any applicable state income tax, including the additional 10 percent federal tax on earnings. Second, the Account Owner may authorize a change of designated beneficiary for the account to a member of the family of the current designated beneficiary. *(See "Changing the Designated Beneficiary" on page* 28.) Third, the Account Owner may keep the funds in the account to pay future qualified higher education expenses (such as graduate or professional school expenses) of the current designated beneficiary. The last two options would not constitute a non-qualified withdrawal.

UGMA/UTMA CUSTODIAL ACCOUNTS

An Account Owner who is the custodian of an account established or being opened under a state's Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minors Act (UTMA) may be able to open a Plan account in his or her custodial capacity, depending on the laws of that state. These types of accounts involve additional restrictions that do not apply to regular 529 accounts. A custodian using previously held UGMA/UTMA funds to establish an account must indicate that the account is custodial by checking the appropriate box on the account application. Neither Upromise, USAA, the Board, the State of Nevada, the Trust nor the Plan will be liable for any consequences related to a custodian's improper use, transfer, or characterization of custodial funds. An UGMA/UTMA custodian must establish a Plan account in his or her custodial capacity separate from any accounts he or she may hold in his or her individual capacity in order to contribute UGMA/UTMA assets to the account.

In general, UGMA/UTMA custodial accounts are subject to the following additional requirements and restrictions:

- The UGMA/UTMA custodian will be permitted to make withdrawals only in accordance with the rules applicable to withdrawals under UGMA/UTMA and the Plan;

- The custodian will not be able to change the designated beneficiary of the account (directly or by means of a rollover distribution), except as may be permitted by applicable UGMA/UTMA law;

- The custodian will not be permitted to change the Account Owner to anyone other than a successor custodian during the term of the custodial account under applicable UGMA/UTMA law;

- The custodian must notify USAA when the custodianship terminates and the designated beneficiary is legally entitled to take control of the account. At that time, the designated beneficiary will become the Account Owner and will become subject to the provisions of the Plan applicable to non-UGMA/UTMA Account Owners. Also, custodians or designated beneficiaries will need to complete certain forms at that time to document the termination of the custodianship;

- Any tax consequences from a withdrawal from an account will be imposed on the designated beneficiary and not on the custodian; and

- An UGMA/UTMA custodian may be required by the Program Manager to provide documentation evidencing compliance with the applicable UGMA/UTMA law.

In addition, certain tax consequences described herein may not be applicable in the case of accounts opened by a custodian under UGMA/UTMA. Moreover, because only contributions made in "cash form" may be used to open an account in the Plan, the liquidation of non-cash assets held by an UGMA/UTMA account would be required and would generally be a taxable event. Please contact a tax professional to determine how to transfer an existing UGMA/UTMA account and what the implications of such a transfer may be for your specific situation.

USAA® DISTINGUISHED VALOR MATCHING GRANT PROGRAM

USAA will be awarding a matching grant for eligible Nevada residents who have opened a Plan account. To be eligible for this grant, the Account Owner and/or the designated beneficiary, as applicable, must meet the following requirements:

• The Account Owner or the designated beneficiary must be a Nevada resident or stationed in Nevada at the time the USAA® Distinguished Valor Matching Grant Application is submitted.

• The Account Owner or the Account Owner's spouse must be the recipient of a Purple Heart for service in either Operation Enduring Freedom or Operation Iraqi Freedom (*i.e.*, for service in combat operations beginning October 7, 2001, and ending August 31, 2010) ("Eligible Service Period").

• The designated beneficiary must be a child or the spouse of such Purple Heart recipient. Only one matching grant account may be opened for any designated beneficiary.

• The Account Owner is required to enclose with the USAA Distinguished Valor Matching Grant Application documentation verifying that the Account Owner or the Account Owner's spouse is the recipient of a Purple Heart for service during the Eligible Service Period, as required in the USAA Distinguished Valor Matching Grant Program Instructions. USAA reserves the right to ask for additional documentation.

• Account Owners submitting a USAA Distinguished Valor Matching Grant Application between January 1 and December 31, which is approved by USAA, are eligible to receive matching funds for contributions to a Plan account made in the same calendar year and for the four following calendar years, up to a lifetime maximum of $1,500 over the five-year period. For example, an Account Owner submitting a USAA Distinguished Valor Matching Grant Application between January 1 and December 31, 2012, that is approved by USAA, is eligible to receive matching funds for contributions to a Plan account made from January 1, 2011, through December 31, 2015.

Matching grants will be invested in eligible accounts each January. If an Account Owner qualifies for a USAA Distinguished Valor Matching Grant, the award will be contributed into a matching grant account and will be invested according to the standing investment allocation instructions on file for the designated beneficiary per the Account Owner's Plan account. The matching grant account will be linked to the Plan account and shall be governed by the terms and conditions of this Plan Description and the related Participation Agreement and Supplements thereto. USAA shall retain control of the assets in the matching grant account until the Account Owner submits a request in good order for a qualified withdrawal. To withdraw assets from a matching grant account, the withdrawal must be a qualified withdrawal that is made to an Eligible Institution of Higher Education. Under certain circumstances, the matching grant and any earnings may be fully or partially forfeited and the matching grant account could be closed. These circumstances include:

• Change of designated beneficiary and the new designated beneficiary has previously received a matching grant or is not a child or the spouse of a Purple Heart recipient;

• The designated beneficiary dies or becomes disabled and cannot attend school, unless the Account Owner changes the designated beneficiary to a Member of the Family (See "Member of the Family"); and

• Non-qualified withdrawal or Rollover from your Plan account and your remaining Plan account balance falls below the balance in the matching grant account unless the balance in your Plan account is increased as described below.

In the event of a Rollover to another state's 529 plan or non-qualified withdrawal resulting in the Account Owner having a lower balance in the Plan account than in the matching grant account, the Account Owner will have a period of eighteen (18) months to contribute to their Plan account to prevent forfeiture for that portion of the matching grant that does not have corresponding funds in their Plan account. The matching grant program is designed so that the grant, together with any earnings used for qualified higher education expenses, will not be subject to federal income tax. It is possible that future changes in law may cause a matching grant to be taxable, or that the Internal Revenue Service may take the position that a matching grant is taxable, in the year the grant is awarded or distributed. You should consult your tax advisor for more information. The Account Owner is responsible for determining the effect of the matching grant account on the Account Owner's or the designated beneficiary's eligibility for public assistance programs.

Please note, USAA Distinguished Valor Matching Grants are dependent upon funding limitations. USAA and the Board reserve the right to modify the eligibility requirements for the USAA Distinguished Valor Matching Grant Program and/or terminate such Program at any time. For more information about the Distinguished Valor Matching Grant Program, please call 1-800-292-8825 to request a USAA Distinguished Valor Matching Grant Application and Instructions, which contain important information about eligibility requirements as well as limitations.

TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS

The following section is a summary of certain aspects of federal and state taxation of contributions to and withdrawals from Section 529 programs. **It is not exhaustive and is not intended as tax advice. It is based on our understanding of current law and regulatory interpretations relating to 529 Plans generally and is meant to provide 529 Plan participants with general background about the tax characteristics of these programs.**

Neither this Tax Treatment of Investments and Withdrawals section, nor any other information provided throughout this Plan Description is intended to constitute, nor does it constitute, legal or tax advice. This Plan Description was developed to support the marketing of the USAA 529 College Savings Plan and cannot be relied upon for purposes of avoiding the payment of federal tax penalties. You should consult your legal or tax advisor about the impact of these rules on your individual situation.

The tax and legal description contained herein is based on the Code, Proposed Regulations as of the date of this Plan Description, and other guidance issued by the IRS under Section 529. It is possible that Congress, the Treasury Department, the IRS, or federal or state courts may take action that will affect Section 529, the Proposed Regulations, or the tax treatment of 529 Plan contributions, earnings, withdrawals, or the availability of state tax deductions. An individual state's legislation also may affect the state tax treatment of the Plan for residents of that state.

Federal Taxation of Section 529 — Plan Contributions and Withdrawals
Contributions to Section 529 programs are not deductible for federal income tax purposes. However, any earnings on contributions are generally not subject to federal income tax, until such earnings are withdrawn, if at all. Qualified withdrawals may be made federal income tax free.

The earnings portion of non-qualified withdrawals from Section 529 programs will be subject to all applicable federal and state taxes including an additional 10 percent federal tax on earnings.

As described above on page 31, there are six (6) exceptions to the additional 10 percent federal tax on earnings required under Section 529 of the Code: 1) withdrawals made from the account in the event of the designated beneficiary's death (if paid to the designated beneficiary's estate), 2) withdrawals made from the account in the event of the designated beneficiary's disability, 3) withdrawals made from the account if a scholarship is received by the designated beneficiary (provided the withdrawal does not exceed the amount of the scholarship), 4) withdrawals on account of the designated beneficiary's attendance at certain specified military academies, 5) amounts not treated as qualified withdrawals due to the use of Education Tax Credits, and 6) qualified rollovers. *(Please see pages 31 and 32 for details.)*

For purposes of calculating the taxable portion of distributions from an account, all accounts in the Nevada College Savings Plans (excluding the Nevada Prepaid Tuition Plan) having the same Account Owner and same designated beneficiary will be aggregated. The Program Manager will make the calculations on the date of distribution consistent with applicable law.

Rollovers

Subject to certain conditions, a Section 529 program Account Owner may roll over all or part of the balance of an account to another 529 savings plan that accepts rollovers without subjecting the rollover amount to federal income tax or the additional 10 percent federal tax on earnings, as described on page 14.

Coverdell ESAs

Amounts contributed to a Section 529 program account from a Coverdell ESA for the same designated beneficiary will be considered a qualified distribution from such Coverdell ESA and will not be subject to federal income tax or the additional 10 percent federal tax on earnings. An individual may make contributions to both a Section 529 savings plan and a Coverdell ESA in the same year for the same designated beneficiary. Coverdell ESA Amounts contributed to a Section 529 program account from a Coverdell ESA for the same designated beneficiary will be considered a qualified distribution from such Coverdell ESA and will not be subject to federal income tax or the additional 10 percent federal tax on earnings. An individual may make contributions to both a Section 529 savings plan and a Coverdell ESA in the same year for the same designated beneficiary. Unless Congress enacts legislation, for tax years after December 31, 2012, to the extent that the combined contributions in the same calendar year to all section 529 programs and Coverdell ESAs established on behalf of a particular beneficiary exceed the annual Coverdell contribution limit, these amounts will constitute excess contributions to the Coverdell ESA and are subject to an excise tax under Internal Revenue Code section 4973. The tax is equal to 6 percent of the amount contributed, and applies each year until the excess contribution(s) and all earnings thereon are withdrawn.

Series EE and I Bonds

Interest on Series EE bonds issued after December 31, 1989, as well as interest on all Series I bonds, may be completely or partially excluded from federal income tax if bond proceeds are used to pay certain higher education expenses at an Eligible Institution of Higher Education or are contributed to a Section 529 program or a Coverdell ESA in the same calendar year the bonds are redeemed. For this purpose, qualifying expenses do not include the cost of books, room and board. The amount of higher education expenses taken into account in calculating the interest excludable from income is reduced by any scholarships, fellowships, employer-provided educational assistance and other forms of tuition reduction, including a payment or reimbursement of qualified higher education expenses under a qualified tuition program. Certain income limitations apply.

Coordination of Benefits
In addition to the tax benefits available to an Account Owner in a Section 529 savings plan, certain tax benefits are available for an individual who qualifies for the Education Tax Credits, who utilizes the income from qualified U.S. Savings Bonds to pay higher education tuition and fees, and/or who establishes a Coverdell ESA. The tax laws provide a number of special rules intended to coordinate these plans and avoid duplication of benefits. Any contributor who intends to utilize more than one of these tax benefits should consult his or her tax adviser or legal counsel for advice on how these special rules may apply to his or her situation.

Education Tax Credits
Use of Education Tax Credits by qualifying Account Owners and designated beneficiaries will not affect participation in or receipt of benefits from a 529 Plan account, so long as any withdrawal from the 529 Plan account is not used for the same expense for which the credit was claimed.

Federal Gift and Estate Taxes
Contributions (including certain rollover contributions but excluding contributions from a UGMA/UTMA account and certain trusts) to a Section 529 savings plan are generally considered completed gifts to the designated beneficiary but qualify for the $13,000 annual gift and generation-skipping transfer tax exclusions. In cases where contributions to a Section 529 savings plan exceed $13,000 annually, a contributor may elect on his or her gift tax return to treat the contribution as if it were made ratably over a five-year period. For example, a contributor who makes a $65,000 contribution in one year, and makes no other gifts to the designated beneficiary during the rest of that year or the next four years would not incur a gift or generation-skipping transfer tax. If contributions during such five-year period exceed $65,000, such excess contributions will be treated as a gift in the calendar year of the contribution. In the case of a contributor electing to split gifts with his or her spouse on his or her gift tax return, the available annual exclusion is $26,000 per designated beneficiary and the amount that may be prorated over five years is $130,000.

Generally, if the Account Owner were to die while assets remain in a Section 529 savings plan account, the value of the account would not be included in the Account Owner's estate for tax purposes. However, if an Account Owner who has elected to treat a contribution ratably over a five-year period dies before the end of the five-year period, the portion of the contribution allocable to the years remaining in the five-year period (beginning with the year after the Account Owner's death) would be included in the Account Owner's estate for federal estate tax purposes.

If the designated beneficiary for a Section 529 savings plan account is changed or amounts in an account are rolled over, resulting in a new designated beneficiary who is a member of the family of the current designated beneficiary and in the same generation as the current designated beneficiary, such change or rollover will not be subject to gift tax or generation-skipping transfer tax. If the new designated beneficiary is of a lower generation than the current designated beneficiary or is not a member of the family of the current designated beneficiary, such change or rollover will be treated as a gift from the current designated beneficiary to the new designated beneficiary for federal gift tax purposes, and will be subject to generation-skipping transfer tax purposes if the new designated beneficiary is two or more generations lower than the current designated beneficiary. Under the Proposed Regulations, these taxes are imposed on the current designated beneficiary. Under the proposed regulations described in the advance notice of proposed rulemaking, the Account Owner would be liable for any such taxes. In each case, the gift and generation-skipping transfer tax annual exclusions transfer, and even the five-year averaging election discussed above may be applied to any such deemed transfer. The gross estate of a designated beneficiary of a Section 529 savings plan includes the value of the Section 529 savings plan account. Estate, gift, and generation-skipping tax issues arising in conjunction with 529 plans are complex. You should consult with your tax adviser regarding your specific situation.

State Taxes and Other Considerations
Prospective Account Owners should consider many factors before deciding to invest in the Plan, including the Plan's investment options and performance history, the Plan's flexibility and features, the reputation and expertise of the Plan's investment manager, the Plan's contribution limits, the Plan's fees and expenses, and federal tax benefits associated with an investment in the Plan. Nevada does not impose an income tax on individuals. Nevada residents should consult a qualified tax adviser regarding the application of Nevada tax rules and other states' tax rules to their particular circumstances. In many states, the state and local income tax treatment of contributions, earnings and withdrawals follows their treatment for federal income tax purposes, but in some states tax treatment differs.

Depending upon the laws of your home state or the home state of the designated beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in 529 college savings plans may be available only if you invest in the home state's college savings plan. Since different states have different tax provisions, this Plan Description contains limited information about the state tax consequences of investing in the Plan. Therefore, you should consult with your financial, tax, or other adviser to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state's 529 plan(s), or any other 529 plan, to learn more about those plans' features, benefits and limitations. Keep in mind that any state-based benefit offered with respect to a particular 529 college savings plan should be one of many appropriately weighted factors to be considered in making an investment decision.

PLAN FEES AND EXPENSES

The Board, in its sole discretion, will establish fees and expenses as it deems appropriate and may change, or add new, fees and expenses at any time. In the future, Plan expenses and fees could be higher or lower than those discussed below. Expenses reduce the value of an account.

Portfolio Expenses
Each account in each Portfolio will indirectly bear its pro rata share of the expenses of the Portfolio (Portfolio Expenses). Portfolio Expenses currently consist of the pro rata share of the annual fund operating expenses of the underlying USAA mutual funds which the Portfolio indirectly bears through its investment in those funds (Underlying Fund Expenses). Underlying Fund Expenses include a mutual fund's investment advisory fees and administrative fees, which are paid to USAA, and other expenses.

A free prospectus for any USAA mutual fund in which a Portfolio invests can be obtained by calling 1-800-292-8825.

Other
The Trust may be charged the fees of independent public accountants for conducting annual audits and other fees and expenses the Board may from time to time impose. The Board may change or add new fees at any time.

Important Notes:
The Portfolio Expenses reduce the value of Portfolio assets, which means the Account Owner will pay them indirectly. These fees reduce the return the Account Owner will receive from an investment in the Plan.

Transaction and Maintenance Fees

A $15 Annual State Account Maintenance Fee, payable to the Board will be charged to each Plan account in October. The $15 Annual State Account Maintenance Fee is waived for all Plan accounts owned by a Nevada resident and/or having a designated beneficiary who is a Nevada resident. Under Nevada law, all fees received by the State are deposited in the Nevada College Savings Trust Fund and are used: (1) to administer and market Nevada's 529 Plans, (2) for purposes related to the Plan and certain other Nevada 529 Plans, and (3) to assist the residents of Nevada to attain postsecondary education. In addition, a $15 USAA Minimum-balance Fee, payable to USAA, will be charged annually in October to all Plan accounts with a balance less than $5,000 that do not have an active Automatic Investment Plan, direct deposits from payroll, or investment through a systematic withdraw plan from a USAA mutual fund. However, no USAA Minimum-balance Fee will be charged for a Plan account if such Plan account is established within forty-five (45) days prior to the annual assessment of the USAA Minimum-balance Fee. The Annual State Account Maintenance Fee and the USAA Minimum-balance Fee are not charged for matching grant accounts.

	Annual Asset-Based Plan Fees		**Additional Investor Expenses**	
Investment Options (Portfolios)	Estimated Underlying Fund Expenses*	Total Annual Asset-Based Fees (including Portfolio Expenses)**	Annual State Account Maintenance Fee***	Annual USAA Minimum-balance fee****
Aggressive Growth	1.05%	1.05%	$15	$15
Growth	1.00%	1.00%	$15	$15
Moderate	0.95%	0.95%	$15	$15
Balanced	0.89%	0.89%	$15	$15
Conservative	0.74%	0.74%	$15	$15
In College	0.71%	0.71%	$15	$15
Preservation of Capital	0.65%	0.65%	$15	$15

* *Each account in each Portfolio indirectly bears Underlying Fund Expenses. Underlying Fund Expenses include a mutual fund's investment advisory fees and administrative fees, which are paid to USAA, and other expenses. Estimated Underlying Fund Expenses are based on the weighted average of the expense ratio of each underlying mutual fund for that fund's most recent fiscal year as reported in the fund's current prospectus as of the date of this Plan Description or, if such prospectus does not include the fund's expense ratio for its most recent fiscal year, as reported in the fund's annual report to shareholders for that year. The weighted average for each Portfolio other than the Preservation of Capital was determined by using the allocation of the Portfolio's assets in the underlying mutual funds as of December 31, 2011. For Preservation of Capital Portfolio, the weighted average was determined by assuming the allocation of all the Portfolio's assets in the USAA Money Market Fund.*

** *This total is assessed against assets over the course of the year and does not include the Annual State Account Maintenance Fee or the Annual USAA Minimum-balance Fee. The "Example of Investment Costs" tables below show the approximate cost of investing in each of the Plan's Portfolios over 1-, 3-, 5-, and 10-year periods.*

*** *Waived for Plan accounts owned by Nevada residents and Plan accounts with designated beneficiaries who are Nevada residents.*

**** *Waived in certain circumstances as described above.*

Example of Investment Costs

The following tables are to help identify the approximate cost of investing in each of the Plan's Portfolios over different periods of time. An Account Owner's actual cost may be higher or lower based on assumptions that are different than the following assumptions.

- A $10,000 investment for the time periods shown;
- A 5 percent annually compounded rate of return on the amount invested throughout the period;
- All Trust Interests are redeemed at the end of the period shown for qualified higher educational expenses (the table does not consider the impact of any potential state or federal taxes on the redemption);
- The total Annual Asset-Based Plan Fees remain the same as those shown above;
- The $15 Annual State Account Maintenance Fee is included in the table entitled "Accounts Other than Nevada Resident" but excluded from the table entitled "Nevada Resident Accounts"; and
- The $15 Annual USAA Minimum-balance Fee is not included in the tables below because such fee is waived for accounts with balances $5,000 or greater.

Accounts Other than Nevada Resident

Investment Options	1 Year	3 Years	5 Years	10 Years
Aggressive Growth	$122	$379	$654	$1,433
Growth	$117	$363	$627	$1,375
Moderate	$112	$348	$600	$1,316
Balanced	$106	$329	$568	$1,246
Conservative	$91	$282	$486	$1,068
In College	$88	$272	$470	$1,033
Preservation of Capital	$81	$253	$437	$960

Nevada Resident Accounts

Investment Options	1 Year	3 Years	5 Years	10 Years
Aggressive Growth	$107	$334	$579	$1,283
Growth	$102	$318	$552	$1,225
Moderate	$97	$303	$525	$1,166
Balanced	$91	$284	$493	$1,096
Conservative	$76	$237	$411	$918
In College	$73	$227	$395	$883
Preservation of Capital	$66	$208	$362	$810

Additional Transaction Fees

The Program Manager may also impose and collect fees for the transaction specified below:

Transaction	Fee Amount*
Returned Check	$25
Rejected Automatic Investment Plan	$25
Rejected Telephone Purchase	$25
Federal Wire Redemption	$15 domestic; $25 international
Overnight Delivery	$15 weekday; $25 Saturday; $50 foreign
Request for Historical Statement	$10 per yearly statement $30 maximum per household

**Subject to change without notice.*

PLAN AND PORTFOLIO RISKS

A prospective Account Owner should carefully consider the information in this section, as well as the other information in this Plan Description, the Participation Agreement, and the enclosed Plan materials, before making any decisions concerning the establishment of an account or making any additional contributions. The contents of this Plan Description should not be construed as legal, financial, or tax advice. A prospective Account Owner should consult an attorney or financial or tax adviser with any legal, business, or tax questions he or she may have.

The USAA 529 College Savings Plan is an investment vehicle. Accounts in the Plan are subject to certain risks. In addition, certain Portfolio options carry more and/or different risks than others. Account Owners should weigh such risks with the understanding that they could arise at any time during the life of an account.

Plan Risks

No Guarantee of Income or Principal; No Insurance.
Investments are subject to standard investment risks including (but not limited to) market and interest rate risk, and you could lose money by investing in the Plan. The value of an account may increase or decrease over time based on the performance of the Portfolio(s). This may result in the value of the account being more or less than the amount contributed. None of USAA, the Board, nor the State of Nevada or any instrumentality thereof, Upromise, or any other person makes any guarantee of, nor has any legal obligations to ensure the ultimate payout of any amount, including a return of contributions made to an account. There is no guarantee that the future account value will be sufficient to cover qualified higher education expenses at the time of withdrawal. In addition, no level of investment return is guaranteed by USAA, the Board, or the State of Nevada or any instrumentality thereof, Upromise, or any other person.

No Guarantee of Admittance.
Participation in the Plan does not guarantee or otherwise provide a commitment that the designated beneficiary will be admitted to or allowed to continue to attend or receive 36a degree from any educational institution. Participation in the Plan does not guarantee that a designated beneficiary will be treated as a state resident of any state for tuition or any other purpose.

No Indemnification
None of the State of Nevada, the Board, USAA, Upromise or any other person, indemnifies any account holder or designated beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of Board members or State of Nevada employees.

Limited Investment Direction
In general, an Account Owner, contributor, or designated beneficiary may not direct the investment of a Portfolio. However, once a Portfolio selection has been made at the time of enrollment, an Account Owner may change the investment selection once per calendar year, and at any time with a change in the designated beneficiary of the account.

The ongoing money management is the responsibility of the Board. The Board has control over the Portfolio allocations and reserves the right to change them at its discretion.

Potential Plan Changes
The Board may, during the life of the Plan, make adjustments or enhancements to the Plan without prior notice, such as additional or different investment options. In addition, Account Owners who have established accounts prior to the time an enhancement is made available may be required by the Board to participate in such changes or, conversely, may be limited in their ability from participating in such enhancements

unless they open a new account. If the Board terminates the Plan by giving notice to Account Owners, assets in Plan accounts will continue to be available for the exclusive benefit of the Account Owner and/or designated beneficiary. Upromise may not necessarily continue as Program Manager for the entire period an account is open. The Board may hire new or additional Program Managers in the future to manage all or part of the Plan's assets. The Portfolios and the underlying mutual funds may be changed at any time by the Board. The Plan may offer different investment options under a successor Program Manager, and investment results achieved by a successor Program Manager may be different than those achieved by Upromise. There is no assurance that the Plan fees and charges or the other terms and conditions of the Participation Agreement will continue without material change.

Illiquidity

The circumstances in which account assets may be withdrawn without an additional 10 percent federal tax on earnings or other adverse tax consequences are limited. This reduces the liquidity of an investment in the account.

Status of Federal and State Law and Regulations Governing the Plan

Federal and Nevada law and regulations governing the administration of Section 529 programs could change in the future. *(See "Tax Considerations" on page 5.)* In addition, federal and state laws regarding the funding of higher education expenses, treatment of financial aid, and tax matters are subject to frequent change. It is unknown what effect these kinds of changes could have on an account. You should also consider the potential impact of any other state laws applicable to your account.

Treatment for Financial Aid Purposes

Being the Account Owner or designated beneficiary of a 529 Plan account may adversely affect one's eligibility for financial aid.

In making decisions about eligibility for financial aid programs offered by the U.S. government and the amount of such aid required, the U.S. Department of Education takes into consideration a variety of factors, including among other things the assets owned by the student (*i.e.*, the designated beneficiary) and the assets owned by the student's parents. The U.S. Department of Education generally expects the student to spend a substantially larger portion of his or her own assets on educational expenses than the parents. Available balances in a 529 Plan account are treated as an asset of (a) a student's parent, if the student is a dependent student and the owner of the account is the parent or the student, or (b) the student, if the student is the owner of the account and not a dependent student. 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 state financial aid and financial aid provided by educational institutions, in the circumstances of a particular financial aid applicant.

With respect to financial aid programs offered by educational institutions and other non-federal sources, the effect of being the owner or designated beneficiary of a 529 account varies from institution to institution. Accordingly, no generalizations can be made about the effect of being the owner or designated beneficiary of a 529 account on the student's eligibility for financial aid, or the amount of aid the student may qualify for, from such sources.

Under Nevada law, assets in an account are not taken into consideration in determining the eligibility of the designated beneficiary, parent or guardian of the account for a grant, scholarship or work opportunity that is based on need and offered or administered by a state agency, except as otherwise required by the source of the funding of the grant, scholarship or work opportunity.

The federal and non-federal financial aid program treatments of assets in a 529 Plan are subject to change at any time. You should therefore check and periodically monitor the applicable laws and other official guidance, as well as particular program and institutional rules and requirements, to determine the impact of 529 Plan assets on eligibility under particular financial aid programs.

Medicaid and Other Federal and State Benefits

The effect of an account on eligibility for Medicaid or other state and federal benefits is uncertain. There can be no assurance that an account will not be viewed as a "countable resource" in determining an individual's financial eligibility for Medicaid. Withdrawals from an account during certain periods may also have the effect of delaying the disbursement of Medicaid payments. Account Owners should consult a qualified adviser to determine how an account may affect eligibility for Medicaid or other state and federal benefits.

Suitability and Education Savings Alternatives

The Board, USAA and Upromise make no representations regarding the suitability or appropriateness of the Portfolios as an investment. Other types of investments may be more appropriate depending upon an individual's financial status, tax situation, risk tolerance, age, investment goals, savings needs, and investment time horizons of the Account Owner or the designated beneficiary. Anyone considering investing in the Plan should consult a tax or investment adviser to seek advice concerning the appropriateness of this investment.

There are programs and investment options other than the Plan available as education investment alternatives. They may entail tax and other fee or expense consequences and features different from the Plan including, for example, different investments and different levels of Account Owner control. Anyone considering investing in the Plan may wish to consider these alternatives prior to opening an account.

Differences between Performance of Portfolios and Underlying Funds

The performance of the Portfolios will differ from the performance of the underlying funds. This is due primarily to differences in expense ratios and differences in the trade dates of Portfolio purchases. Because the Portfolios have higher expense ratios than the underlying funds, over comparable periods of time, all other things being equal, a Portfolio would have lower performance than its comparable underlying fund. Performance differences also are caused by differences in the trade dates of Portfolio purchases. When an Account Owner invests money in a Portfolio, the Account Owner will receive Trust Interests of the selected Portfolio as of the trade date. The Trust will use your money to purchase shares of an underlying fund to be held in the Portfolio you selected. However, the trade date for the Trust's purchase of underlying fund shares typically will be one business day after the trade date for your purchase of Trust Interests of the selected Portfolio. Depending on the amount of cash flow into or out of the Portfolio and whether the underlying fund is going up or down in value, this timing difference will cause the Portfolio's performance either to trail or exceed the underlying fund's performance.

Inflation and Qualified Higher Education Expenses

Contributions to an account are limited and the balance in an account(s) maintained for a designated beneficiary may or may not be adequate to cover the qualified higher education expenses of that designated beneficiary even if contributions are made in the maximum allowable amount. The rate of future inflation in qualified higher education expenses is uncertain and could exceed the rate of investment return earned by any or all of the Plan's investment options over the corresponding periods.

Alternative Education Savings and Investments

Other Section 529 savings plans, including other Section 529 savings plans established and maintained by the State of Nevada, and education savings and investment programs are currently available to prospective Account Owners. These alternative education savings and investment programs may (a) offer benefits, including state tax benefits, that are not available under the Plan, (b) offer different investment options than the Plan, and (c) involve different tax consequences, fees, expenses and other features than the Plan. Prospective Account Owners should consider other savings and investment alternatives before establishing an account in the Plan. Prospective Account Owners who are not Nevada residents should consider a Section 529 savings plans established and maintained by their or the beneficiary's home state. *Also, see "State Taxes and Other Considerations" on page 38 and the discussion generally in "Tax Treatment of Investments and Withdrawals" beginning on page 35.*

Portfolio Risks

Accounts are subject to a variety of investment risks that will vary depending upon the selected Portfolio and the underlying funds of that Portfolio. The following is a summary of the principal investment risks of each underlying mutual fund, excerpted from the prospectuses in effect at the time this Plan Description was printed. Please remember that the information is only a summary of the main risks of each underlying fund; please consult each fund's prospectus and statement of additional information (SAI) for additional risks that apply to each fund. A free prospectus and SAI for any USAA mutual fund used in connection with the Plan can be obtained by calling 1-800-292-8825. USAA has provided this information for inclusion in the Plan Description.

Underlying USAA Equity Funds: Main Risks

The following paragraphs apply to the USAA Aggressive Growth Fund, USAA Emerging Markets Fund, USAA Growth Fund, USAA Growth & Income Fund, USAA Income Stock Fund, USAA International Fund, USAA Small Cap Stock Fund, and USAA Value Fund.

Management risk: Each Fund is subject to management risk because each Fund is actively managed. There is no guarantee that the investment techniques and risk analyses used by each Fund's managers will produce the desired results. In addition, each Fund operates under a "manager-of-managers" structure, which gives the adviser the right, with the prior approval of the Fund's Board of Trustees and without shareholder approval, to change subadvisers. If a subadviser is added or replaced on a Fund, the Fund could experience higher portfolio turnover and higher transaction costs than normal if the new subadviser realigns the portfolio to reflect its investment techniques and philosophy. A realignment of a Fund's portfolio could result in higher net realized capital gains and, therefore, distributions thereof, which could affect the tax efficiency of a Fund negatively for that taxable year.

Foreign investing risk: Investing in foreign securities poses unique risks: currency-exchange rate fluctuations; foreign market illiquidity; increased price volatility; exchange control regulations; foreign ownership limits; different accounting, reporting, and disclosure requirements; difficulties in obtaining legal judgments; and foreign withholding taxes. Foreign investing may result in the Fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies. Two risk that require significant examination on foreign investing are:

- *Emerging markets risk:* Investments in countries that are in the early stages of their industrial development involve exposure to economic structures that generally are less diverse and mature than those in the United States and to political systems that may be less stable.

- *Political risk:* Political risk includes a greater potential for coups d'etat, revolts, and expropriation by governmental organizations.

Not insured risk: An investment in any of these Funds is not a deposit of USAA Federal Savings Bank, or any other bank, and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Stock market risk: Because these Funds invest in equity securities including, in the case of the USAA Income Stock Fund, convertible securities, they are subject to stock market risk. Stock prices in general may decline over short or even extended periods, regardless of the success or failure of a company's operations. Stock markets tend to run in cycles, with periods when stock prices generally go up and periods when stock prices generally go down. However, domestic and international stock markets also can move up and down rapidly or unpredictably due to factors affecting securities markets generally, particular investments, or individual companies. Market turmoil may be reflected in perceptions of economic uncertainty, price volatility in the equity and debt markets, and fluctuating trading liquidity. In response, governments may adopt a variety of fiscal and monetary policy changes, including but not limited to, direct capital infusions into companies, new monetary programs, and lower interest rates. An unexpected or quick reversal of these policies could increase volatility in the equity and debt markets. Market conditions and economic risks could have a significant effect on domestic and international economies, and could add significantly to the risks of increased volatility for the Fund and the inability to attain the Fund's investment objective. Equity securities tend to be more volatile than bonds.

The following paragraph also applies to the USAA Small Cap Stock Fund.

Small-cap company risk: The Fund may invest in the securities of small-cap companies. Small-cap companies may be more vulnerable than larger companies to adverse business or economic developments. Small-cap companies may also have limited product lines, markets, or financial resources. Securities of such companies may be less liquid and more volatile than securities of larger companies or the market averages in general and, therefore, may involve greater risk than investing in the securities of larger companies. In addition, small-cap companies may not be well known to the investing public, may not have institutional ownership, and may have only cyclical, static, or moderate growth prospects.

The following paragraphs also apply to the USAA Income Stock Fund.

Dividend payout risk: This is the possibility that a number of the companies in which the Fund invests will reduce or eliminate the dividend on the securities held by the Fund. Should many portfolio companies reduce or eliminate their dividend payments, the ability of the Fund to produce investment income to shareholders will be adversely affected.

Real estate investment trusts (REITs) investment risk: The Fund may invest in REITs. Investing in REITs may subject the Fund to many of the same risks associated with the direct ownership of real estate. Additionally, REITs are dependent upon the capabilities of the REIT manager(s), have limited diversification, and could be significantly affected by changes in tax laws.

The following paragraph also applies to the USAA Aggressive Growth Fund.

Derivatives risk: The Fund may invest in futures and options and other types of derivatives. Risks associated with derivatives include the risk that the derivative is not well correlated with the security, index, or currency to which it relates; the risk that derivatives used for risk management may not have the intended effects and may result in losses or missed opportunities; the risk that the Fund will be unable to sell the derivative because of an illiquid secondary market; the risk that a counterparty is unwilling or unable to meet its obligation; the risk of interest rate movements; and the risk that the derivatives transaction could expose the Fund to the effects of leverage, which could increase the Fund's exposure to the market and magnify potential losses. There is no guarantee that derivatives activities will be employed or that they will work, and their use could cause lower returns or even cause losses to the Fund.

The following paragraphs also apply to the USAA Emerging Markets Fund.

Over-the-Counter (OTC) risk: OTC transactions involve risk in addition to those incurred by transactions in securities traded on exchanges. OTC-listed companies may have limited product lines, markets, or financial resources. Many OTC stocks trade less frequently and in smaller volume than exchange-listed stocks. The values of these stocks may be more volatile than exchange-listed stocks, and the Fund may experience difficulty in purchasing or selling these securities at a fair price.

Exchange-traded funds (ETF) Risk: The Fund may invest in shares of ETFs, which generally are investment companies that hold a portfolio of common stocks designed to track the price performance and dividend yield of a particular securities market index (or sector of an index). ETFs, as investment companies, incur their own management and other fees and expenses, such as trustees' fees, operating expenses, registration fees, and marketing expenses, a proportionate share of which would be borne by the Fund. As a result, an investment by the Fund in an ETF could cause the Fund's operating expenses to be higher and, in turn, performance to be lower than if it were to invest directly in the securities underlying the ETF. In addition, the Fund will be indirectly exposed to all of the risk of securities held by the ETFs.

The following paragraph also applies to the USAA International Fund.

Geographic concentration risk: Because the Fund may invest a relatively large percentage of its assets in issuers located in a single country, a small number of countries, or a particular geographic region, the Fund's performance could be closely tied to the market, currency, economic, political, or regulatory conditions and developments in those countries or that region, and could be more volatile and risky than the performance of more geographically-diversified funds.

Underlying USAA Fixed Income Funds: Main Risks

The following paragraphs apply to the USAA High Income Fund, USAA Income Fund, USAA Intermediate-Term Bond Fund, and USAA Short-Term Bond Fund.

Management risk: Each Fund is subject to management risk because each Fund is actively managed. There is no guarantee that the investment techniques and risk analyses used by each Fund's managers will produce the desired results.

Market risk: There is the possibility that the value of a Fund's investments will decline regardless of the success or failure of a company's operations. A company's stock and bond prices in general may decline over short or even extended periods, regardless of the success or failure of a company's operations. Markets tend to run in cycles, with periods when prices generally go up and periods when prices generally go down. Equity securities tend to be more volatile than bonds.

Mortgage-backed securities risk: Mortgage-backed securities differ from conventional debt securities because principal is paid back over the life of the security rather than at maturity. A Fund may receive unscheduled prepayments of principal before the security's maturity date due to voluntary prepayments, refinancings, or foreclosures on the underlying mortgage loans. To a Fund this means a loss of anticipated interest and a portion of its principal investment represented by any premium the Fund may have paid. Mortgage prepayments generally increase when interest rates fall. Mortgage-backed securities also are subject to extension risk, which is when rising interest rates can cause a Fund's average maturity to lengthen unexpectedly due to a drop in mortgage prepayments. This will increase both a Fund's sensitivity to rising interest rates and its potential for price declines.

If a Fund purchases mortgage-backed or asset-backed securities that are "subordinated" to other interests in the same mortgage pool, the Fund may receive payments only after the pool's obligations to other investors have been satisfied. For example, an unexpectedly high rate of defaults on the mortgages held by a mortgage pool may limit substantially the pool's ability to make payments of principal or interest to a Fund as a holder of such subordinated securities, reducing the values of those securities or in some cases rendering them worthless. Certain mortgage-backed securities may include securities backed by pools of mortgage loans made to "subprime" borrowers or borrowers with blemished credit histories; the risk of defaults is generally higher in the case of mortgage pools that include such subprime mortgages. The underwriting standards for subprime loans are more flexible than the standards generally used by banks for borrowers with non-blemished credit histories with regard to the borrowers' credit standing and repayment ability. Borrowers who qualify generally have impaired credit histories, which may include a record of major derogatory credit items such as outstanding judgments or prior bankruptcies. In addition, they may not have the documentation required to qualify for a standard mortgage loan. As a result, the mortgage loans in the mortgage pool are likely to experience rates of delinquency, foreclosure, and bankruptcy that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner. In addition, changes in the values of the mortgaged properties, as well as changes in interest rates, may have a greater effect on the delinquency, foreclosure, bankruptcy, and loss experience of the mortgage loans in the mortgage pool than on mortgage loans originated in a more traditional manner. Moreover, instability in the markets for mortgage-backed and asset-backed securities, as well as the perceived financial strength of the issuer and specific restrictions on resale of the securities, may affect the liquidity of such securities, which means that it may be diff cult (or impossible) to sell such securities at an advantageous time and price. As a result, the value of such securities may decrease and a Fund may have to hold these securities longer than it would like, forgo other investment opportunities, or incur greater losses on the sale of such securities than under more stable market conditions. Furthermore, instability and illiquidity in the market for lower-rated mortgage-backed and asset-backed securities may affect the overall market for such securities, thereby impacting the liquidity and value of higher-rated securities. This lack of liquidity may affect a Fund's NAV and total return adversely during the time a Fund holds these securities.

U.S. government-sponsored enterprises (GSEs) risk: While mortgage-backed securities and other securities issued by certain GSEs, such as the Government National Mortgage Association (Ginnie

Mae), are supported by the full faith and credit of the U.S. government, securities issued by other GSEs, are supported only by the right of the GSE (including Freddie Mac and Fannie Mae) to borrow from the U.S. Treasury, the discretionary authority of the U.S. government to purchase the GSEs' obligations, or only by the credit of the issuing agency, instrumentality, or corporation, and are neither issued nor guaranteed by the U.S. Treasury.

Derivatives risk: Each Fund may invest in futures and options and other types of derivatives. Risks associated with derivatives include: the risk that the derivative is not well correlated with the security, index, or currency to which it relates; the risk that derivatives used for risk management may not have the intended effects and may result in losses or missed opportunities; the risk that a Fund will be unable to sell the derivative because of an illiquid secondary market; the risk that a counterparty is unwilling or unable to meet its obligation; and the risk of interest rate movements and the risk that the derivatives transaction could expose a Fund to the effects of leverage, which could increase a Fund's exposure to the market and magnify potential losses. There is no guarantee that derivatives activities will be employed or that they will work, and their use could cause lower returns or even cause losses to a Fund.

Not insured risk: An investment in any of these Funds is not a deposit of USAA Federal Savings Bank, or any other bank, and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

The following paragraphs also apply to the USAA Income Fund, USAA Intermediate-Term Bond Fund, and USAA Short-Term Bond Fund.

Credit risk: The possibility that a borrower cannot make timely interest and principal payments on its securities or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline. The debt securities in each Fund's portfolio are subject to credit risk. Each Fund accepts some credit risk as a recognized means to enhance investors' return. All securities varying from the highest quality to the very speculative have some degree of credit risk. We attempt to minimize each Fund's overall credit risk by:

- Primarily investing in securities considered investment grade at the time of purchase. Nevertheless, even investment-grade securities are subject to some credit risk. In addition, the ratings of securities are the rating agencies' estimates of the credit quality of the securities. The ratings may not take into account every risk related to whether interest or principal will be repaid on a timely basis.

- Independently assessing credit risk and its impact on a Fund's portfolio when evaluating potential investments for a Fund.

- Diversifying a Fund's portfolio by investing in securities of a large number of unrelated issuers, which reduces the Fund's exposure to the risks of an investment in the securities of any one issuer or group of issuers. We invest in many securities with slightly different risk characteristics and across different economic sectors and geographic regions. If a random credit event should occur, such as a default, a Fund would suffer a much smaller loss than if the Fund were concentrated in relatively large holdings with highly correlated risks.

Securities rated below investment grade (junk or high-yield bonds) should be regarded as speculative because their issuers are more susceptible to financial setbacks and recession than more creditworthy companies. High-yield bond issuers include small companies lacking the history or capital to merit investment-grade status, former blue chip companies down-graded because of financial problems, and firms with heavy debt loads. If a Fund invests in securities whose issuers develop unexpected credit problems, the Fund's price could decline. Changes in economic conditions or other circumstances are more likely to lead to a weakened capability to make principal and interest payments on these securities than is the case for higher-rated securities.

Interest rate risk: As mutual funds investing in bonds, the Funds are subject to the risk that the market value of the bonds will fluctuate because of changes in interest rates, adverse changes in supply and demand for investment securities, or other market factors. Bond prices are linked to the prevailing market interest rates. In general, when interest rates rise, bond prices fall, and when interest rates fall, bond prices rise. The price volatility of a bond also depends on its maturity. Generally, the longer the maturity of a bond, the greater is its sensitivity to interest rates. To compensate investors for this higher risk, bonds with longer maturities generally offer higher yields than bonds with shorter maturities.

Liquidity risk: Certain securities held by a Fund may be difficult (or impossible) to sell at the time and at the price a Fund would like due to a variety of factors, including general market conditions, the perceived financial strength of the issuer, or specific restrictions on re-sale of the securities. Consequently, a Fund may have to hold these securities longer than it would like and may forgo other investment opportunities. It is also possible that a Fund could lose money or be prevented from earning capital gains if it cannot sell a security at the time and price that is most beneficial to a Fund. Lack of liquidity may adversely impact valuation of such securities and a Fund's NAV, especially during times of financial distress. In addition, a Fund may not be able to raise cash when needed or may be forced to sell other investments to raise cash, which could impact a Fund's performance negatively. Infrequent trading of securities also may lead to an increase in their price volatility. Liquidity is a general investment risk that potentially could impact any security, but funds that invest in privately-placed securities, certain small-company securities, high-yield bonds, mortgage-backed or asset-backed securities, foreign or emerging market securities, derivatives, or other structured investments, which have all experienced periods of illiquidity, generally are subject to greater liquidity risk than funds that do not invest in these types of securities.

Prepayment and extension risk: Mortgagors may generally pay off mortgages without penalty before the due date. When mortgaged property is sold, which can occur at any time for a variety of reasons, the old mortgage is usually prepaid. Also, when mortgage interest rates fall far enough to make refinancing attractive, prepayments tend to accelerate. Prepayments require reinvestment of the principal at the then-current level of interest rates, which are often at a lower level than when the mortgages were originally issued. Reinvestment at lower rates tends to reduce the interest payments received by a Fund and, therefore, the size of the dividend payments available to shareholders. If reinvestment occurs at a higher level of interest rates, the opposite effect is true.

REITs: Investing in debt securities of REITs may subject a Fund to many of the same risks associated with the direct ownership of real estate. Additionally, REITs are dependent upon the capabilities of the REIT manager(s), have limited diversification, and could be significantly affected by changes in tax laws. Moreover, by investing in the debt securities of REITs, each Fund is also subject to credit risk.

The following paragraphs also apply to the USAA High Income Fund.

Credit risk: The securities in the Fund's portfolio are subject to credit risk. Credit risk is the possibility that an issuer will be unable to make timely dividend, interest, or principal payments on it securities or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline. Many issuers of high-yield securities have characteristics (including, but not limited to, high levels of debt, an untested business plan, significant competitive and technological challenges, and legal and political risks), which cast doubt on their ability to honor their financial obligations. They may be unable to pay dividends, interest when due, or return all of the principal amount of their debt obligations at maturity.

When evaluating potential investments for the Fund, our analysts assess credit risk and its impact on the Fund's portfolio. In addition, the public rating agencies may provide estimates of the credit quality of the securities. The ratings may not take into account every risk that dividends, interest, or principal will be repaid on a timely basis.

Interest rate risk: As a mutual fund generally investing in income-producing securities, the Fund is subject to the risk that the market value of the securities will decline because of rising interest rates. The prices of income-producing securities are linked to the prevailing market interest rates. In general, when interest rates rise, the prices of income-producing securities fall, and when interest rates fall, the prices of income-producing securities rise. The price volatility of an income-producing security also depends on its maturity.

Generally, the longer the maturity, the greater is its sensitivity to interest rates. To compensate investors for this higher risk, securities with longer maturities generally offer higher yields than securities with shorter maturities.

Market illiquidity risk: The market for lower-quality issues is generally less liquid than the market for higher-quality issues. Therefore, large purchases or sales could cause sudden and significant price changes in these securities. Many lower-quality issues do not trade frequently; however, when they do trade, the price may be substantially higher or lower than expected.

Foreign investing risk: Investing in foreign securities poses unique risks: currency-exchange rate fluctuations; foreign market illiquidity; increased price volatility; exchange control regulations; foreign ownership limits; different accounting, reporting, and disclosure requirements; difficulties in obtaining legal judgments; and foreign withholding taxes. Foreign investing may result in the Fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies. Two risk that require significant examination on foreign investing are:

- **Emerging markets risk:** Investments in countries that are in the early stages of their industrial development involve exposure to economic structures that generally are less diverse and mature than those in the United States and to political systems that may be less stable.

- **Political risk:** Political risk includes a greater potential for coups d'etat, revolts, and expropriation by governmental organizations.

ETF risk: The Fund may invest in shares of ETFs, which generally are investment companies that hold a portfolio of common stocks or debt securities designed to track the price performance and yield of a particular securities market index (or sector of an index). ETFs, as investment companies, incur their own management and other fees and expenses, such as trustees' fees, operating expenses, registration fees, and marketing expenses, a proportionate share of which would be borne by the Fund. As a result, an investment by the Fund in an ETF could cause the Fund's operating expenses to be higher and, in turn, performance to be lower than if it were to invest directly in the securities underlying the ETF. In addition, the Fund will be indirectly exposed to all of the risks of securities held by the ETFs.

Underlying USAA Alternative Funds: Main Risks

The following paragraphs apply to the USAA Precious Metals and Minerals Fund and USAA Real Return Fund.

Management risk: Because the Fund is actively managed, it is subject to management risk and there is no guarantee that the investment techniques and risk analyses used by the Fund's manager(s) will produce the desired results.

Nondiversification risk: The Fund is nondiversified, which means that it may invest a greater percentage of its assets in a single issuer. Because a relatively high percentage of the Fund's total assets may be invested in the securities of a single issuer or a limited number of issuers, the securities of the Fund may be more sensitive to changes in the market value of a single issuer, a limited number of issuers, or large companies generally. Such a focused investment strategy may increase the volatility of the Fund's investment results because this Fund may be more susceptible to risks associated with a single issuer or economic, political, or regulatory event than a diversified fund.

Stock market risk: Because the Fund invests in equity securities, it is subject to stock market risk. A company's stock price in general may decline over short or even extended periods regardless of the success or failure of a company's operations. Stock markets tend to run in cycles, with periods when stock prices generally go up, and periods when stock prices generally go down. However, stock markets also can move up and down rapidly or unpredictably due to factors affecting securities markets generally, particular industries, or individual companies. Equities securities tend to be more volatile than bonds.

The following paragraphs also apply to the USAA Precious Metals and Minerals Fund.

Commodities investing risk: The Fund's investment in commodity-linked derivative instruments such as exchange traded notes may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments. The commodity-linked derivative instrument that the Fund may invest in may concentrate its assets in a particular sector of the commodities market (such as oil, metal, or agricultural products). As a result, the security may be more susceptible to risks associated with those sectors.

Foreign investing risk: The possibility that the value of the Fund's investments in foreign securities will decrease because of unique risks, such as currency exchange-rate fluctuations; foreign market illiquidity; emerging market risk; increased price volatility; uncertain political conditions; exchange control regulations; foreign ownership limits; different accounting, reporting, and disclosure requirements; difficulties in obtaining legal judgments; and foreign withholding taxes. Foreign investing may result in the Fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies. Two forms of foreign investing risk are emerging markets risk and political risk.

- *Emerging markets risk:* Investments in countries that are in the early stages of their industrial development involve exposure to economic structures that generally are less diverse and mature than those in the United States and to political systems that may be less stable.

- *Political risk:* Political risk includes a greater potential for coups d'etat, revolts, and expropriation by governmental organizations.

Liquidity risk: Liquidity risk is the risk that the Fund's investment generally cannot be disposed of in the ordinary course of business, seven days or less, at approximately the same value at which the Fund has valued the investment.

Natural resources investing risk: The natural resources industries can be significantly affected by events relating to international political and economic developments, energy conservation, the success of exploration projects, commodity prices, and tax and other government regulations.

Precious metals and minerals securities: Because of commodity price volatility and the increased impact such volatility has on the profitability of precious metals and minerals companies, there are greater risks involved in investing in precious metals and minerals securities than in investing in other types of securities. In addition, because the Fund focuses on investments in securities of precious metals and minerals companies, the Fund's performance largely depends on the overall condition of these companies, and the Fund could be subject to greater risks and greater market fluctuations than other funds with a portfolio of securities representing a broader range of investment objectives. Precious metals and minerals companies could be affected by sharp price volatility caused by global economic, financial, and political factors. Resource availability, government regulation, and economic cycles could also adversely affect these companies. However, since the market action of such securities has tended to move more independently of the broader financial markets, the addition of precious metals and minerals securities to your portfolio may reduce overall fluctuations in portfolio value.

The Fund is subject to the risk of sharp price volatility of metals or minerals, and of shares of companies principally engaged in activities related to metals or minerals. This risk applies whether the particular metals or minerals are precious and rare (such as gold and diamonds) or base and common (such as nickel and zinc). Investments related to metals or minerals may fluctuate in price significantly over short periods because of a variety of worldwide economic, financial, and political factors. These factors include: economic cycles; changes in inflation or expectations about inflation in various countries; interest rates; currency fluctuations; metal sales by governments, central banks, or international agencies; investment speculation; resource availability; commodity prices; fluctuations in industrial and commercial supply and demand; government regulation of the metals and materials industries; and government prohibitions or restrictions on the private ownership of certain precious and rare metals and minerals.

The following paragraphs also apply to the USAA Real Return Fund.

Asset-backed securities risk: Asset-backed securities represent interests in pools of mortgages, loans, receivables, or other assets. Payment of interest and repayment of principal may be largely dependent upon the cash flows generated by the assets backing the securities and, in certain cases, supported by letters of credit, surety bonds, or other credit enhancements. Asset-backed security values also may be affected by other factors including changes in interest rates, the availability of information concerning the pool and its structure, the creditworthiness of the servicing agent for the pool, the originator of the loans or receivables, or the entities providing the credit enhancement. In addition, these securities may be subject to prepayment risk, which is described herein.

If the Fund purchases asset-backed or mortgage-backed securities that are "subordinated" to other interests in the same pool of assets, the Fund as a holder of those securities may only receive payments after the pool's obligations to other investors have been satisfied. In addition, changes in the values of the properties backing the loans, as well as changes in interest rates, may have a greater effect on the delinquency, foreclosure, bankruptcy, and loss experience of the loans in the pool than on loans originated in a more traditional manner. In addition, instability in the markets for such securities may affect the liquidity of such securities, which means that a fund may be unable to sell such securities at an advantageous time and price. As a result, the value of such securities may decrease and a fund may incur greater losses on the sale of such securities than under more stable market conditions. Furthermore, instability and illiquidity in the market for lower-rated asset-backed or mortgage-backed securities may affect the overall market for such securities, thereby impacting the liquidity and value of higher-rated securities.

Bank and floating rate loan trading risk: The value of the collateral securing a floating rate loan can decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate. As a result, a floating rate loan may not be fully collateralized and can decline significantly in value. Floating rate loans generally are subject to legal or contractual restrictions on resale. The liquidity of floating rate loans, including the volume and frequency of secondary market trading in such loans, varies significantly over time and among individual floating rate loans. For example, if the credit quality of a floating rate loan unexpectedly declines significantly, secondary market trading in that floating rate loan also can decline for a period of time. During periods of infrequent trading, valuing a floating rate loan can be more difficult and buying and selling a floating rate loan at an acceptable price can be more difficult and delayed. Difficulty in selling a floating rate loan can result in a loss.

Commodity-linked investing risk: The performance of commodity-linked notes and related investments may depend on the performance of the overall commodities markets and on other factors that affect the value of commodities, including weather, disease, political, tax, and other regulatory developments. Commodity-linked notes may be leveraged. For example, a three-times leveraged note will change by a magnitude of three for every percentage change (positive or negative) in the value of the underlying index. Commodity-linked investments may be hybrid instruments that can have substantial risk of loss with respect to both principal and interest. Commodity-linked investments may be more volatile and less liquid than the underlying commodity, instruments, or measures, are subject to the credit risks associated with the issuer, and their values may decline substantially if the issuer's creditworthiness deteriorates. As a result, returns of commodity-linked investments may deviate significantly from the return of the underlying commodity, instruments, or measures.

Credit risk: Credit risk is the possibility that an issuer of a fixed-income instrument such as a bond will fail to make timely payments of interest or principal. To the extent the Fund invests in U.S. government securities, credit risk will be limited. Changes in economic conditions or other circumstances are more likely to lead to a weakened capability to make principal and interest payments on these securities than is the case for higher-rated securities. When evaluating potential investments for the Fund, our analysts also assess credit risk and its impact on the Fund's portfolio. Nevertheless, even investment-grade securities are typically subject to some credit risk. Securities in the lowest-rated investment-grade category have speculative characteristics. In addition, the ratings of securities are estimates by the rating agencies of the credit quality of the securities and may not take into account every risk related to whether interest or principal will be repaid on a timely basis. Lower credit ratings correspond to higher credit risk and higher credit ratings correspond to lower perceived credit risk. Credit ratings do not provide assurance against default or other loss of money. If a security has not received a rating, the Fund must rely entirely upon the Adviser's credit assessment.

Credit risk associated with non-investment-grade securities: Securities rated below investment-grade (junk or high-yield bonds) should be regarded as speculative because their issuers are more susceptible to financial setbacks and recession than more creditworthy companies. High-yield bond issuers include small companies lacking the history or capital to merit investment-grade status, former blue chip companies downgraded because of financial problems, and firms with heavy debt loads. If the Fund invests in securities whose issuers develop unexpected credit problems, the Fund's net asset value (NAV) could decline. Changes in economic conditions or other circumstances are more likely to lead to a weakened capability to make principal and interest payments on these securities than on higher-rated securities.

Derivatives risk: The Fund may invest in futures and options and other types of derivatives. Risks associated with derivatives include the risk that the derivative is not well-correlated with the security, index, or currency to which it relates; the risk that derivatives used for risk management may not have the intended effects and may result in losses or missed opportunities; the risk that the Fund will be unable to sell the derivative because of an illiquid secondary market; the risk that a counterparty is unwilling or unable to meet its obligation; the risk of interest rate movements; and the risk that the derivatives transaction could expose the Fund to the effects of leverage, which could increase the Fund's exposure to the market and magnify potential losses. There is no guarantee that derivatives activities will be employed or that they will work, and their use could reduce potential returns or even cause losses to the Fund.

ETFs risk: The Fund may invest a substantial portion of its assets in ETFs, which generally are registered investment companies. By investing in the Fund, you will be exposed to the same risks of the ETFs' holdings as the ETFs themselves in direct proportion to the allocation of the Fund's assets among those ETFs. You also will indirectly bear fees and expenses charged by the ETFs in which the Fund invests in addition to the Fund's direct fees and expenses. In addition, each ETF typically is a "passive investor" and therefore invests in the securities and sectors contained in the index it seeks to track without regard for or analysis of the prospects of such securities or sectors. An ETF may invest in all of the securities in such index or in a representative sample of such securities. The ETFs will not attempt to take defensive positions in volatile or declining markets or under other conditions. Furthermore, the ETFs will not be able to duplicate exactly the performance of the underlying indexes they track. The difference in performance between an ETF and the index it seeks to track can be due to, among other factors, the expenses that the ETF pays, regulatory constraints, investment strategies, or techniques undertaken by the ETF, and changes to an underlying index. There also may be a lack of correlation between the securities in an index and those actually held by an ETF. Moreover, the market price of an ETF may be different from the NAV of such ETF (*i.e.*, the ETF may trade at a discount or premium to its NAV). The performance of a fund that invests in such an ETF could be adversely impacted. In addition, although the ETFs are generally listed on securities exchanges, there can be no assurances that an active trading market for such ETFs will be maintained. Secondary market trading in the ETFs also may be halted by a national securities exchange because of market conditions or for other reasons. There can be no assurances that the requirement necessary to maintain the listing of the ETFs will continue to be met or will remain unchanged.

Foreign exposure risk: Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Investing in emerging markets can involve risks in addition to and greater than those generally associated with investing in more developed foreign markets. The extent of economic development; political stability; market depth, infrastructure, and capitalization; and regulatory oversight can be less than in more developed markets. Emerging market economies can be subject to greater social, economic, regulatory, and political uncertainties. All of these factors can make emerging market securities more volatile and potentially less liquid than securities issued in more developed markets.

Industry exposure risk: Market conditions, interest rates, and economic, regulatory, or financial developments could significantly affect a single industry, and the securities of companies in that industry could react similarly to these or other developments. In addition, from time to time, a small number of companies may represent a large portion of a single industry, and these companies can be sensitive to adverse economic, regulatory, or financial developments.

Interest rate risk: As a mutual fund investing in bonds, the Fund is subject to the risk that the market value of the bonds will fluctuate because of changes in interest rates. Bond prices are linked to the prevailing market interest rates. In general, when interest rates rise, bond prices fall, and when interest rates fall, bond prices rise. The price volatility of a bond also depends on its maturity. Generally, the longer the maturity of a bond, the greater is its sensitivity to interest rates. To compensate investors for this higher risk, bonds with longer maturities generally offer higher yields than bonds with shorter maturities.

- If interest rates increase, the yield of the Fund may increase and the market value of the Fund's securities will likely decline, adversely affecting the Fund's NAV and total return.

- If interest rates decrease, the yield of the Fund may decrease and the market value of the Fund's securities may increase, which would likely increase the Fund's NAV and total return.

Legislative risk: Legislative risk is the risk that new government policies may affect mortgages and other securities in the future in ways we cannot anticipate and that such policies will have an adverse impact on the value of the securities and the Fund's net asset value.

Liquidity risk: Certain securities held by the Fund may be difficult (or impossible) to sell at the time and at the price the Fund would like due to a variety of factors, including general market conditions, the perceived financial strength of the issuer, or specific restrictions on re-sale of the securities. Consequently, the Fund may have to hold these securities longer than it would like and may forgo other investment opportunities. It is also possible that the Fund could lose money or be prevented from earning capital gains if it cannot sell a security at the time and price that is most beneficial to the Fund. Lack of liquidity may adversely impact valuation of such securities and the Fund's NAV, especially during times of financial distress. In addition, the Fund may not be able to raise cash when needed or may be forced to sell other investments to raise cash, which could impact the Fund's performance negatively. Infrequent trading of securities also may lead to an increase in their price volatility. Liquidity is a general investment risk that potentially could impact any security, but funds that invest in privately-placed securities, certain small-company securities, high-yield bonds, mortgage-backed or asset-backed securities, foreign or emerging market securities, derivatives, or other structured investments, which have all experienced periods of illiquidity, generally are subject to greater liquidity risk than funds that do not invest in these types of securities.

Mortgage-backed securities risk: Mortgage-backed securities differ from conventional debt securities because principal is paid back over the life of the security rather than at maturity. The Fund may receive unscheduled prepayments of principal before the security's maturity date due to voluntary prepayments, refinancings, or foreclosures on the underlying mortgage loans. To the Fund this means a loss of anticipated interest and a portion of its principal investment represented by any premium the Fund may have paid. Mortgage prepayments generally increase when interest rates fall. Mortgage-backed securities also are subject to extension risk, which is when rising interest rates can cause mortgage-backed security's average maturity to lengthen unexpectedly due to a drop in mortgage prepayments. This will increase mortgage-backed security's sensitivity to rising interest rates and its potential for price declines.

If the Fund purchases mortgage-backed or asset-backed securities that are "subordinated" to other interests in the same mortgage pool, the Fund may receive payments only after the pool's obligations to other investors have been satisfied. For example, an unexpectedly high rate of defaults on the mortgages held by a mortgage pool may limit substantially the pool's ability to make payments of principal or interest to the Fund as a holder of such subordinated securities, reducing the values of those securities or in some cases rendering them worthless. Certain mortgage-backed securities may include securities backed by pools of mortgage loans made to "subprime" borrowers or borrowers with blemished credit histories; the risk of defaults is generally higher in the case of mortgage pools that include such subprime mortgages. To date, the Fund has not purchased such subprime mortgages but has the capability to do so. The underwriting standards for subprime loans are more flexible than the standards generally used by banks for borrowers with non-blemished credit histories with regard to the borrowers' credit standing and repayment ability. Borrowers who qualify generally have impaired credit histories, which may include a record of major derogatory credit items such as outstanding judgments or prior bankruptcies. In addition, they may not have the documentation required to qualify for a standard mortgage loan. As a result, the mortgage loans in the mortgage pool are likely to experience rates of delinquency, foreclosure, and bankruptcy that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner. In addition, changes in the values of the mortgaged properties, as well as changes in interest rates, may have a greater effect on the delinquency, foreclosure, bankruptcy, and loss experience of the mortgage loans in the mortgage pool than on mortgage loans originated in a more traditional manner. Moreover, instability in the markets for mortgage-backed and asset-backed securities, as well as the perceived financial strength of the issuer and specific restrictions on resale of the securities, may affect the liquidity of such securities, which means that it may be difficult (or impossible) to sell such securities at an advantageous time and price. As a result, the value of such securities may decrease and the Fund may have to hold these securities longer than it would like, forgo other investment opportunities, or incur greater losses on the sale of such securities than under more stable market conditions. Furthermore, instability and illiquidity in the market for lower-rated mortgage-backed and asset-backed securities may affect the overall market for such securities, thereby impacting the liquidity and value of higher-rated securities. This lack of liquidity may affect the Fund's NAV and total return adversely during the time the Fund holds these securities.

Prepayment risk: As a mutual fund investing in mortgage-backed securities, the Fund is subject to prepayment risk for these securities, which is the possibility that prepayments of mortgage-backed securities in the Fund's portfolio will require reinvestment at lower interest rates, resulting in less interest income to the Fund. Mortgage-backed securities pay regularly scheduled payments of principal along with interest payments. In addition, mortgagors generally have the option of paying off their mortgages without penalty at any time. For example, when a mortgaged property is sold, the old mortgage is usually prepaid. Also, when mortgage interest rates fall, the mortgagor may refinance the mortgage and prepay the old mortgage. A home owner's default on the mortgage may also cause a prepayment of the mortgage. This unpredictability of the mortgage's cash flow is called prepayment risk. For the investor, prepayment risk usually means that principal is received at the least opportune time. For example, when interest rates fall, home owners will find it advantageous to refinance their mortgages and prepay principal. In this case, the investor is forced to reinvest the principal at the current, lower rates. On the other hand, when interest rates rise, home owners will generally not refinance their mortgages and prepayments will fall. This causes the average life of the mortgage to extend and be more sensitive to interest rates. In addition, the amount of principal the investor has to invest in these higher interest rates is reduced.

Risks to issuer-specific changes: Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's credit quality or value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Entities providing credit support or a maturity-shortening structure also can be affected by these types of changes. If the structure of a security fails to function as intended, the security could decline in value. Lower-quality debt securities (those of less than investment-grade quality) and certain types of other securities tend to be particularly sensitive to these changes.

Real estate investment trusts (REITs) investment risk: Investing in REITs may subject the Fund to many of the same risks associated with the direct ownership of real estate. Additionally, REITs are dependent upon the capabilities of the REIT manager(s), have limited diversification, and could be significantly impacted by changes in tax laws. Moreover, by investing in the debt securities of REITs, the Fund also is subject to credit risk.

Additionally, REITs are dependent upon the capabilities of the REIT manager(s), have limited diversification, and could be significantly impacted by changes in tax laws. Moreover, by investing in the debt securities of REITs, the Fund also is subject to credit risk.

Underlying USAA Cash Management Fund: Main Risks

The following paragraphs apply to the USAA Money Market Fund.

Interest rate risk: This involves the possibility that the value of the Fund's investments will fluctuate because of changes in interest rates, adverse changes in supply and demand for investment securities, or other market factors. If interest rates increase, the yield of the Fund may increase, which would likely increase the Fund's total return. If interest rates decrease, the yield of the Fund may decrease, which may decrease the Fund's total return.

Credit risk: This involves the possibility that an issuer cannot make timely dividend, interest, and principal payments on its securities or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline. Credit risk should be very low for the Fund because it invests primarily in securities that are considered to be of high quality.

Management risk: This involves the possibility that the investment techniques and risk analyses used by the Fund's manager will not produce the desired results.

Not insured risk: Money market funds are sometimes confused with savings accounts. A savings account is a deposit with a bank. The bank is obligated to return the amount deposited and to pay you interest for the use of your money. Up to a certain dollar amount, the Federal Deposit Insurance Corporation (FDIC) will insure that the bank meets its obligations. This Fund is not a savings account, but, rather, is a money market mutual fund that issues and redeems its shares at the Fund's net asset value (NAV) per share. The Fund always seeks to maintain a constant NAV of $1 per share. Just as a savings account pays interest on the amount deposited, the Fund pays dividends on the shares you own. If these dividends are reinvested in the Fund, the value of your account will grow over time. Unlike a savings account, however, an investment in this Fund is not a deposit of USAA Federal Savings Bank, or any other bank, and is not insured or guaranteed by the FDIC or any other government agency. Although the Fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in this Fund.

ADDITIONAL INVESTMENT INFORMATION

The following section offers an overview of the USAA mutual funds that are held as investments in the investment option Portfolios. USAA has provided this information for inclusion in the Plan Description. For more information on the underlying USAA mutual funds in which the USAA 529 College Savings Plan Portfolios invest, please visit usaa.com or call 1-800-292-8825.

Equity Funds

The **USAA Aggressive Growth Fund** seeks capital appreciation primarily through investing in equity securities that tend to consist primarily of a portfolio of stocks of large companies selected for their growth potential. While most of the Fund's assets will be invested in U.S. securities, the Fund may also invest up to 20 percent of its total assets in foreign securities purchased in either foreign or U.S. markets.

The **USAA Emerging Markets Fund** seeks capital appreciation by normally investing at least 80 percent of the Fund's assets in equity securities of emerging market companies.

The **Growth Fund** seeks long-term growth of capital by investing in equity securities of companies that are selected for their growth potential. Although the Fund will invest primarily in U.S. securities, it may invest to a limited extent in foreign securities.

The **USAA Growth & Income Fund** seeks capital growth and its secondary investment objective is current income. The Fund's principal investment strategy is to invest its assets primarily in equity securities that show the best potential for total return through a combination of capital appreciation and income. The Fund will limit the investments made in convertible securities to 5 percent of the value of the Fund's net assets at the time these securities are purchased. While most of the Fund's assets will be invested in U.S. securities, the Fund may also invest up to 20 percent of its assets in foreign securities purchased in either foreign or U.S. markets. These foreign holdings may include securities issued in emerging markets as well as securities issued in established markets.

The **USAA Income Stock Fund** seeks current income with the prospect of increasing dividend income and the potential for capital appreciation. The principal investment strategy is to normally invest at least 80 percent of the Fund's assets in common stocks, with at least 65 percent of the Fund's assets normally invested in common stocks of companies that pay dividends. The Fund attempts to provide a portfolio with a dividend yield above the average of the Russell 1000® Value Index.[5] The Fund may include common stocks, real estate investment trusts (REITs), securities convertible into common stocks, and securities that carry the right to buy common stocks in the portfolio. While most of the Fund's assets will be invested in U.S. securities, the Fund may also invest up to 20 percent of its assets in foreign securities purchased in either foreign or U.S. markets. These foreign holdings may include securities issued in emerging markets as well as securities issued in established markets.

The **USAA International Fund** seeks capital appreciation. The Fund normally invests at least 80 percent of its assets in equity securities of foreign (including emerging markets) companies.

The **USAA Small Cap Stock Fund** seeks long-term growth of capital by normally investing at least 80 percent of its assets in equity securities of companies with small market capitalizations. While most of the Fund's assets will be invested in U.S. securities, the Fund may also invest up to 20 percent of its total assets in foreign securities purchased in either foreign or U.S. markets. These foreign holdings may include securities issued in emerging markets as well as securities issued in established markets.

The **USAA Value Fund** seeks long-term growth of capital by investing in equity securities of companies that are considered to be undervalued.

Fixed Income Funds

The **USAA Income Fund** seeks maximum current income without undue risk to principal by investing in U.S. dollar-denominated debt securities that have been selected for their high yields relative to the risk involved.

The **USAA High Income Fund** seeks to provide an attractive total return primarily through high current income and secondarily through capital appreciation. The Fund normally invests its assets in a broad range of U.S. dollar-denominated high-yield securities, including bonds, convertible securities, or preferred stocks, with an emphasis on non-investment-grade debt securities. The Fund may also invest in common stocks, defaulted securities, non-dollar-denominated foreign securities, trade claims, and certain derivatives, such as futures and options.

The **USAA Intermediate-Term Bond Fund** seeks to achieve high current income without undue risk to principal. The Fund normally invests at least 80 percent of its assets in a broad range of investment-grade debt securities. The Fund will maintain a

[5] *The Russell® 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.*

dollar-weighted average portfolio maturity between three and ten years.

The **USAA Short-Term Bond Fund** seeks high current income consistent with preservation of principal. The Fund normally invests at least 80 percent of its assets in a broad range of investment-grade debt securities. The Fund will maintain a dollar-weighted average portfolio maturity of three years or less.

Alternative Funds

The **USAA Precious Metals and Minerals Fund** seeks long-term capital appreciation and to protect the purchasing power of your capital against inflation. The Fund normally invests at least 80% of its assets in equity securities of domestic and foreign companies principally engaged in the exploration, mining, or processing of gold and other precious metals and minerals, such as platinum, silver, and diamonds.

The **USAA Real Return Fund** seeks a total return that exceeds the rate of inflation over an economic cycle. The Fund's principal investment strategy is to invest its assets principally in a portfolio of investments that the adviser believes will have a total return that exceeds the rate of inflation over an economic cycle. In pursuing its investment objective, the Fund will allocate its assets under normal market conditions among the following asset categories: (1) inflation-linked securities, including U.S. Treasury inflation-protected securities (TIPS), non-U.S. dollar inflation-linked securities, and inflation-linked corporate and municipal securities; (2) fixed-income securities, including bank loans, floating-rate notes, short-duration bonds, investment-grade securities, high-yield bonds (also known as "junk" bonds), and non-U.S. dollar instruments, including foreign currencies; (3) equity securities, including real estate investment trusts (REITs) and exchange-traded funds (ETFs), including those that the adviser believes have a high correlation to measures of inflation; and (4) commodity-linked instruments, such as commodity ETFs, commodity-linked notes, and other investment companies that concentrate their investments in commodity-linked instruments and to a limited extent, certain types of derivative instruments. In allocating the Fund's assets, the adviser may invest all or a substantial portion of the Fund's assets in one or a limited number of these asset categories, In addition, the allocation of the Fund's assets among these categories may vary substantially from time to time.

Cash Management Fund

The **USAA Money Market Fund** seeks the highest income consistent with preservation of capital and the maintenance of liquidity by investing its assets in high-quality, U.S. dollar-denominated, short-term debt instruments that present minimal credit risk and comply with strict Securities and Exchange Commission (SEC) guidelines applicable to money market funds. An investment in the fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although the fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in the fund.

DISPUTE RESOLUTION AND ARBITRATION

The Participation Agreement contains a mandatory arbitration clause which is a condition to investing in the Plan. Any controversy or claim arising out of or relating to the Plan Description or Participation Agreement, or the breach, termination, or validity of the Plan or the Participation Agreement, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules (except that if Upromise or USAA is a party to the arbitration, it may elect that arbitration will instead be subject to the Code of Arbitration

Procedure of the Financial Industry Regulatory Authority), which are made part of the Participation Agreement, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

CONTINUING DISCLOSURE

To comply with Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934, as amended (the Rule), the Program Manager, USAA and the Board, as appropriate, will make appropriate arrangements for the benefit of Account Owners to produce and disseminate certain financial information and operating data (the Annual Information) relating to the Plan and notices of the occurrence of certain enumerated events as required by the Rule . They will make provision for the filing of the Annual Information with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"). They will also make appropriate arrangements to file notices of certain enumerated events with EMMA.

The Board has authorized the preparation of financial statements for the Plan on an annual basis, which shall be audited by a nationally recognized firm of independent certified public accountants. Upon request, USAA will distribute the Plan's audited financial statements to each Account Owner. The Plan's financial statements are incorporated by reference herein. The Trust may be charged the fees of the independent public accountants for conducting the annual audit.

CREDITOR PROTECTION UNDER U.S. AND NEVADA LAW

Federal bankruptcy law generally excludes from property of the debtor's bankruptcy estate certain assets that have been contributed to a 529 Plan account. However, bankruptcy protection in this respect is limited and has certain conditions. For the 529 Plan account to be excluded from the debtor's estate, the designated beneficiary must be a child, stepchild, grandchild, or step-grandchild (including a legally adopted child or a foster child) of the individual who f les for bankruptcy protection. In addition, contributions made to all 529 Plan accounts for the same beneficiary are protected from becoming property of the debtor's estate as follows: (1) there is no exclusion for any assets if they have been contributed less than 365 days before the bankruptcy filing; (2) 529 Plan account assets are excluded in an amount up to $850 if they have been contributed between 365 and 720 days before the bankruptcy filing; and (3) 529 Plan accounts are fully excluded if they have been contributed more than 720 days before the bankruptcy filing.

Federal bankruptcy law permits a debtor to exempt certain specified assets from liability notwithstanding the assets being property of the debtor's estate. If the debtor is domiciled in Nevada (as defined under bankruptcy law), Nevada law provides that up to $500,000 of assets held in a 529 Plan account may be protected from creditors, depending on when such assets were contributed to the account and whether they are eventually used to pay qualifying higher educational expenses of the designated beneficiary. However, under federal bankruptcy law, assets held in a 529 Plan account which are property of the debtor's estate are not exempt from debt for domestic support obligations.

This information is not meant to constitute individual tax, legal, or bankruptcy advice, and you should consult with your own attorneys and advisors concerning your individual circumstances.

CUSTODIAL ARRANGEMENTS

The Bank of New York Mellon, is the Plan's custodian. As such, The Bank of New York Mellon holds in safekeeping cash and shares of investment companies registered under the Investment Company Act of 1940, as amended. Upon instruction, The Bank of New York Mellon receives and delivers cash and shares of investment companies for the Plan in connection with Portfolio transactions and collects all income payable to and all distributions made with respect to the Plan's shares of investment companies.

TAX REPORTING

The Program Manager, on behalf of the Board, will report withdrawals and other matters to the IRS, Account Owners and other persons, if any, to the extent required pursuant to federal, state or local law, regulation or ruling.

CONTACT INFORMATION

If you have any questions regarding the Plan or the details contained in this Plan Description, please call USAA at 1-800-292-8825 or visit the Plan's Web site at usaa.com.

You may also contact us in writing at:

USAA 529 College Savings Plan
P.O. Box 55354
Boston, MA 02205-5354

USAA 529 COLLEGE SAVINGS PLAN PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT (Participation Agreement) is entered into between the person (Account Owner) whose name and signature appear on the Account Application form (Application), and the Nevada College Savings Trust Fund (Trust), which trust is administered by the Board of Trustees of the College Savings Plans of Nevada (Board), with respect to the college savings program otherwise known as the USAA 529 College Savings Plan (Plan) established within the Trust under the Act, the regulations issued thereunder (Plan Regulations), and Section 529 of the United States Internal Revenue Code of 1986, as amended from time to time and any regulations and other guidance issued thereunder (collectively referred to as Section 529). Terms used in this Participation Agreement and not otherwise defined herein have the meanings defined in the Plan Description (Plan Description).

The Board and the Account Owner agree as follows:

1. **General Information.** The Board has established the Trust so that persons may make contributions to accounts (Accounts) established for the purpose of meeting the qualified higher education expenses of designated beneficiaries of the Accounts. Under a Program Management Agreement between the Board and Upromise, as amended from time to time, the Board has retained Upromise to provide program management, investment management, distribution and administrative services to the Plan and Upromise has delegated investment management and distribution services to USAA pursuant to a subcontract.

2. **Establishment of Account**. The Account Owner requests the Board to establish an Account pursuant to the Application for the sole purpose of funding the qualified higher education expenses of the designated beneficiary designated on the Application. The Program Manager will establish the Account, effective on receipt by the Program Manager of the completed Application in good order as determined by the Program Manager and the minimum initial contribution required for the Account. The Account will be governed by this Participation Agreement and the regulations adopted and amended from time to time by the Board pursuant to the Act (Plan Regulations) and Section 529. Account assets will be held, subject to the Act and the Code, for the exclusive benefit of the Account Owner.

3. **Contributions to Accounts.**

(a) *Required Initial Contribution.* The Account Owner will make an initial contribution of at least $250 to the Account at the time the Account is opened. In the future, the minimum initial contribution to the Plan may be higher or lower, and is subject to change at any time by the Board. If the Account Owner participates in an automatic investment plan or payroll deduction and elects to have electronic contributions of at least $50 per month, the minimum initial contribution is $50.

(b) *Additional Contributions.* The Account Owner may make additional contributions of $50 or more to any Account at any time, subject to the maximum limits on contributions described below. The Account Owner's Account for the designated beneficiary may also receive a minimum gift contribution of $15 through Ugift – Give College Savings. Any contribution to an Account by a contributor who is not the Account Owner becomes the property of the Account Owner.

(c) *Minimum Initial Contribution Per Portfolio.* An Account Owner may allocate his or her contributions among as many Portfolios as the Account Owner desires, except that the minimum allocation per selected Portfolio is 5 percent of the contribution amount.

(d) *Acceptable Contribution Methods.* Contributions to an Account may be made via check, wire transfer, electronic funds transfer, or any other method described in the Plan Description. Contributions to the Account may only be made in these cash methods; other methods such as securities will not be accepted. Rollover contributions to an Account from another qualified tuition plan must be accompanied by the appropriate form and any other required documentation required by the Program Manager.

(e) *Maximum Permissible Contributions.* The Board will, from time to time, establish the maximum account balance value (Maximum Balance), which will limit the amount of contributions that may be made to Accounts for any one designated beneficiary, as required by the Code, the Act, and the Plan Regulations. To the extent that contributions would result in an aggregate balance in all the Accounts in excess of the Maximum Balance, the excess will not be accepted and will be returned to the contributor. The initial Maximum Balance is set forth in the Plan Description and is subject to change at any time by the Board. The balance in any accounts held for a designated beneficiary in any other account in the Nevada college savings program (Nevada College Savings Program) will also be aggregated with the balances in Accounts in applying the Maximum Balance.

(f) *Right to Refuse Contributions.* Contributions may be refused if the Board or the Program Manager believes that the contributions appear to be an abuse of the Plan.

4. **Designation of Designated Beneficiary; Change of Designated Beneficiary**. The Account Owner will name a single designated beneficiary for the Account on the Application. The Account Owner may change the designated beneficiary of the Account without adverse federal income tax consequences, provided the new designated beneficiary is a member of the family, within the meaning of Section 529, of the current designated beneficiary. To change a designated beneficiary, the Account Owner must complete and sign a Change of Designated Beneficiary Form. The change will be effective when the Program Manager has received the Change of Designated Beneficiary Form in good order and processed it. A change of designated beneficiary will result in the assignment of a new Account number and, in the case of an account invested in an Age-Based Option, may result in the reallocation of the Account's assets.

5. **Investment Options.** The Plan has established several investment options for the investment of assets in the account: several Fixed Allocation options, an Age-Based option, and a Preservation of Capital option (each a Portfolio). Contributions go toward purchasing Trust Interests of the selected Portfolio within one of the options. The Account Owner may reallocate the assets in the Account once per calendar year and at any time with a change in the designated beneficiary of the Account. The Portfolios are not insured or guaranteed by the Federal Deposit Insurance Corporation, the Board, the State of Nevada, any other government agency, USAA, or Upromise. Account values can vary based on market conditions and may be more or less than the amount invested.

6. **Distributions from Accounts; Termination of Accounts.** The Account Owner may direct distributions from the Account or terminate the Account at any time subject to the Plan Regulations and Plan procedures and any fees, penalties and additional tax that may be applicable as described below and in the Plan Description or as required by the Act and/or Section 529.

(a) *Distributions from Accounts.* The Account Owner may direct distributions from an Account by providing the Program Manager with a Distribution Request Form and any additional information or documentation required by the Board or the Program Manager.

(b) *Tax on Non-qualified Distributions.* Non-qualified distributions will be subject to federal and any applicable state taxes, including an additional 10 percent federal tax on earnings.

(c) *Termination of Accounts.* The Account Owner or the Board may terminate an Account, and the Board may terminate the Plan, in accordance with the Act, Section 529, and/or the Plan Regulations at any time. If the Board or the Program Manager funds that the Account Owner or a designated beneficiary has provided false or misleading information to the Board or an Eligible Institution of Higher Education with respect to an Account, the Board may terminate the Account. The remaining Account balance will be distributed to the Account Owner and contributions and earnings thereon will be subject to federal and any applicable state taxes, including the additional 10 percent federal tax on earnings for non-qualified withdrawals.

7. **Account Owner's Representations.** The Account Owner represents and agrees as follows:

(a) The Account Owner has carefully reviewed and understood this Participation Agreement, and the Plan Description (including, without limitation, the discussion of risks under the headings "Plan and Portfolio Risk" and "Additional Investment Information" in the Plan Description) and agrees that its terms are incorporated into this Participation Agreement as if they were set forth herein. The Account Owner has not relied on any representations or other information, whether oral or written, other than as set forth in the Plan Description and in this Participation Agreement.

(b) THE ACCOUNT OWNER UNDERSTANDS THAT (i) THE VALUE OF AN ACCOUNT WILL INCREASE OR DECREASE BASED ON THE INVESTMENT PERFORMANCE OF THE PORTFOLIO(S) INTO WHICH CONTRIBUTIONS TO THE ACCOUNT HAVE BEEN ALLOCATED OR SUCH OTHER FUNDS OR SECURITIES SELECTED BY THE BOARD, (ii) THE VALUE OF AN ACCOUNT MAY BE MORE OR LESS THAN THE AMOUNT CONTRIBUTED TO THE ACCOUNT, (iii) ALL CONTRIBUTIONS TO AN ACCOUNT ARE SUBJECT TO INVESTMENT RISKS, INCLUDING THE RISK OF LOSS OF ALL OR PART OF THE CONTRIBUTIONS AND EARNINGS, AND (iv) THE VALUE OF THE ACCOUNT MAY NOT BE ADEQUATE TO FUND ACTUAL HIGHER EDUCATION EXPENSES. THE ACCOUNT OWNER ACKNOWLEDGES THAT THERE IS NO GUARANTEE OF A RATE OF INTEREST OR RETURN ON ANY ACCOUNT. THE ACCOUNT OWNER UNDERSTANDS THAT THE INTENDED TAX ADVANTAGES FOR THE ACCOUNT MAY BE AFFECTED BY FUTURE CHANGES IN TAX LAWS, TAX REGULATIONS AND/OR PLAN REGULATIONS. NEITHER THE BOARD, ANY MEMBER OF THE BOARD OR THE STATE OF NEVADA INSURES ANY ACCOUNT OR GUARANTEES ANY RATE OF RETURN OR ANY INTEREST RATE ON ANY CONTRIBUTION, AND NEITHER THE BOARD, ANY MEMBER OF THE BOARD OR THE STATE OF NEVADA IS LIABLE FOR ANY LOSS INCURRED BY ANY PERSON AS A RESULT OF PARTICIPATING IN THE PLAN.

(c) The Account Owner understands that: (i) the state(s) where he or she or the Beneficiary lives or pays taxes may offer a Section 529 savings plan, (ii) that Section 529 savings plan may offer the Account Owner or the Beneficiary state income tax or other benefits not available through the Plan, and (iii) he or she may want to consult with a tax adviser regarding the state tax consequences of investing in the Plan.

(d) Except for the initial selection of Portfolio(s), and as permitted under Section 529, the Act, and the Plan Regulations, the Account Owner agrees that all investment decisions for the Portfolio(s) and each Account will be made by the Board and that the Account Owner has no authority to direct the investment of any funds contributed to the Plan, either directly or indirectly. The Account Owner understands that: any Portfolio may at any time be merged, terminated, reorganized or cease accepting new contributions, and any such action affecting a Portfolio may result in contributions being reinvested in a Portfolio different from the Portfolio in which contributions were originally invested.

(e) The Account Owner understands that although he or she owns Trust Interests in a Portfolio, he or she does not have a direct beneficial interest in the mutual funds and any other underlying investments held by that Portfolio and, therefore, he or she does not have the rights of an owner or shareholder of such mutual funds or any other underlying investments. The Account Owner further understands that no advice or investment recommendation received by the Account Owner from USAA or any other person is provided by, or on behalf of, the State of Nevada, the Board, the Plan, or the Program Manager.

(f) The Account Owner agrees that each contribution to the Account shall constitute a representation by the Account Owner that each contribution (together with the balance then on deposit in the Account and other accounts known by the Account Owner to have been established under the Nevada College Savings Programs or the Nevada Prepaid Tuition Program (Prepaid Program) for the same designated beneficiary) will not cause the aggregate balances in such accounts at that time to be in excess of the amount reasonably believed by the Account Owner to be necessary to provide for the designated beneficiary's future higher education expenses and in any event will not cause such aggregate balances to exceed the Maximum Balance limits then in effect.

(g) The Account Owner is required to select an investment option for each Account from the investment option choices provided on the Application. The Account Owner understands that the investment option(s) selected for an Account may not be changed by the Account Owner, except as permitted by Section 529, the Act, or the Plan Regulations, and any other applicable regulations. The Account Owner understands that only the Board will have the authority to make decisions concerning the assets in which the Portfolios will invest, and the selection of the Program Manager.

(h) The Account Owner certifies that all information provided by the Account Owner in the Application or otherwise is, and shall be, accurate and complete, and the Account Owner agrees to notify the Board or Program Manager promptly of any changes in such information.

(i) The Account Owner understands that it is the Board's intent, to the extent it is consistent with its fiduciary duty, that so long as the Program Manager serves as investment manager to the Plan, the Program Manager will invest the assets of the Portfolios in the USAA family of mutual funds. The Account Owner understands that Plan assets may be allocated among equity funds, fixed income funds, and cash management funds.

(j) The Account Owner understands that participation in the Plan does not guarantee that any designated beneficiary: will be admitted as a student to any Eligible Institution of Higher Education; if accepted, will be permitted to continue as a student; will graduate from any Eligible Institution of Higher Education; will be treated as a state resident of any state for tuition purposes; or will achieve any particular treatment under applicable federal or state financial aid programs. Further, the Account Owner understands that participation in the Plan does not guarantee in-state tuition rates.

(k) The Account Owner will not use an Account as collateral for any loan, and agrees that any attempted use of an Account as collateral for a loan shall be void.

(l) The Account Owner will not assign or transfer any interest in any Account except as permitted by Section 529 or the Act, any regulations issued thereunder, or the Board, and agrees that any attempted assignment or transfer of such an interest shall be void. Notwithstanding the foregoing, the Account Owner may designate a successor Account Owner on the Application, to whom the Account will be assigned in the event of the Account Owner's death or legal incompetence. Plan accounts registered as Trust accounts may not designate a Successor Account Owner.

(m) The Account Owner understands that the Plan will not lend money or other assets to any Account Owner or designated beneficiary.

(n) The Account Owner understands that the Plan is established and maintained pursuant to Nevada State law and is intended to qualify for certain federal income tax consequences under Section 529. Such Nevada State laws and Section 529 are subject to change, and neither the Board, the Program Manager, nor USAA makes any representations that such Nevada State laws or Section 529 regulations, rules, guidance, notices, or other guidance issued thereunder will not be changed or repealed or that the terms and conditions of the Plan will remain as currently described in the Plan Description and this Participation Agreement.

(o) The Account Owner understands that: (i) each of the Plan's investment options may not be suitable and (ii) the Plan may not be suitable for all investors as a means of investing for higher education costs.

(p) If the Account Owner is establishing an Account as a custodian for a minor under UGMA/UTMA, the Account Owner understands and agrees that he or she assumes responsibility for any adverse consequences resulting from the establishment, maintenance, or termination of the Account.

(q) If the Account Owner is establishing an Account as a trustee for a trust, the individual executing this Agreement represents that (i) the trustee is the Account Owner; (ii) the individual executing this Agreement is duly authorized to act as trustee for the trust; (iii) the Plan Description may not discuss tax consequences and other aspects of the Plan of particular relevance to the trust and individuals having an interest therein; and (iv) the trustee, for the benefit of the trust, has consulted with and relied on a professional adviser, as deemed appropriate by the trustee, before becoming an Account Owner.

(r) The Account Owner understands that any change in federal or state law may have adverse tax and other consequences to the Account Owner. The Account Owner should consider the potential effect such a change in law could have on the Account Owner's investments under the Plan before establishing an Account.

(s) The Account Owner understands that no part of the Account Owner's participation in the Plan will be considered to be a provision of an investment advisory service.

(t) The Account Owner understands that if an error has been made in the amount of a particular contribution or the investment option in which a particular contribution is invested is not the investment option that the Account Owner selected on the Account application, the Account Owner has ten (10) days from the date of the statement or report to notify USAA of the error.

8. **Duties of the Board, USAA, and the Program Manager.** Neither the Board, USAA, nor the Program Manager has any duty to determine or advise the Account Owner of the investment, tax, or other consequences of the Account Owner's actions, of their actions in following the Account Owner's directions, or of their failing to act in the absence of the Account Owner's directions. The Account Owner should consult his or her tax, legal, and investment advisers regarding the Account Owner's specific situation.

9. **Fees and Expenses.** The Account is subject to the following fees and expenses to pay for the costs of managing and administering the Plan and the Accounts and all other expenses deemed necessary or appropriate by the Board:

(a) *Daily Charges.* Each Portfolio will be subject to annual asset based charges as described in the Plan Description.

(b) *Annual Account and Other Fees.* Each Account may be subject to direct and indirect fees and expenses charged in the amounts and as described in the Plan Description.

(c) *Transaction-based Fees*. An Account may be subject to fees for certain transactions, charged in the amounts and as described in the Plan Description.

(d) *Audit Expenses*. Expenses for an independent annual audit of the Plan may be allocated among each Portfolio.

See "Plan Fees and Expenses" on page 33 and "Continuing Disclosure" on page 46.

10. **Necessity of Qualification.** The Plan intends to qualify for favorable federal tax treatment under Section 529. Because this qualification is vital to the plan, the Board may amend this Plan and/or Participation Agreement at any time if the Board decides that the change is needed to meet the requirements of Section 529 or the regulations administered by the Internal Revenue Service pursuant to Section 529, Nevada State law, or applicable rules or regulations promulgated by the Board or to ensure the proper administration of the Plan.

11. **Reports.** The Program Manager will send the Account Owner, at least quarterly, reports that show the value of the Account Owner's Account(s) and activity in the Account(s) during the previous quarter. If applicable, the Program Manager will provide tax reporting as required under the Act, Section 529, and any applicable regulations. The Account Owner is responsible for f ling federal tax returns and any other reports required by law.

12. **Amendment and Termination.** The Board may from time to time amend the Plan, this Participation Agreement, the Plan Description, or the Plan Regulations, and may suspend or terminate the Plan by giving written notice to the Account Owner (which amendment shall be effective upon the date specified in the notice), but the Plan may not thereby be diverted from the exclusive benefit of the Account Owner and the designated beneficiary. Nothing contained in the Plan Description, this Participation Agreement, or the Plan Regulations is an agreement or representation by the Board or any other person that it will continue to maintain the Plan indefinitely. No provision of this Participation Agreement can be amended or waived except in writing signed by an authorized representative of the Board.

13. **Effective Date; Incorporation of Application.** This Agreement shall become effective between the Board and the Account Owner upon the first deposit to the Account or the acceptance of the Account Owner's signed Application by or on behalf of the Board, whichever occurs first, subject to the Board's right to reject the Application if, in processing the Application, it is determined that the Application has not been properly completed or is otherwise not in good order. The Application executed by the Account Owner with respect to the

Account established by the Account Owner, is expressly incorporated herein, and this Participation Agreement is expressly incorporated into each such Application, so that together this Participation Agreement and the Application executed by the Account Owner with respect to an Account shall constitute the Contract between the Board and the Account Owner with respect to the Account. The Account Owner's execution of the Application will constitute execution of this Participation Agreement.

14. **Plan Regulations.** Terms not otherwise defined herein or in the Plan Description shall have the meanings defined in the Plan Regulations.

15. **Applicable Law.** This Participation Agreement is governed by the laws of Nevada without reference to its conflicts of laws.

16. **Severability.** In the event that any clause, provision, or portion of this Participation Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion will be severed from this Participation Agreement and the remainder shall continue in full force and effect as if such clause or portion had never been included.

17. **Disputes.** All decisions and interpretations by the Board and the Program Manager in connection with the operation of the Plan shall be final and binding upon the Account Owner, the designated beneficiary and any other person affected thereby. Any claim by an Account Owner against the State of Nevada, the Board, the Trust, the Plan, or any of their respective affiliates or their officers, employees, or agents, pursuant to this Participation Agreement or the Plan shall be made solely against the assets of the Plan. An Account Owner who has had a substantial interest affected by a decision of the Board may appeal to the Board in writing. The Board shall review the documentation and other submissions and make a determination within sixty (60) days. The Board's appeal determination shall be in writing and returned to the appellant. All appeal decisions of the Board shall be final.

18. **Arbitration. The following is a predispute arbitration clause, which is a condition to investing in the Plan. Any controversy or claim arising out of or relating to this Plan or the Account Application, or the breach, termination, or validity of this Plan or the Account Application, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules (except that if Upromise or USAA is a party to the arbitration, it may elect that arbitration will instead be subject to the Code of Arbitration Procedure of the Financial Industry Regulatory Authority), which are made part of this Agreement, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.**

By the Account Owner signing an Account Application and upon acceptance of the Account Owner's initial contribution by the Plan, the Account Owner, the State, the Board, USAA and Upromise agree as follows:

- **All parties to this Plan are giving up important rights under state law, including the right to sue each other in court and the right to a trial by jury, except as provided by the rules of the arbitration forum;**

- **Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited;**

- **The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings;**

- **The potential costs of arbitration may be may be more or less than the cost of litigation;**

• The arbitrators do not have to explain the reason(s) for their award;

• The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry;

• The rules of the arbitration forum may impose time limits for bringing a claim in arbitration;

• In some cases, a claim that is eligible for arbitration may be brought in court; and

• No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; who is a member of a putative class who has opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent set forth in this predispute arbitration clause.

19. **Binding Nature.** This Participation Agreement shall be binding upon the parties and their respective heirs, successors, beneficiaries and permitted assigns. The Account Owner agrees that all of his or her representations and obligations under this Participation Agreement shall inure to the benefit of the Board, Program Manager and USAA, all of whom can rely upon and enforce the Account Owner's representations and obligations contained in this Participation Agreement.

20. **Extraordinary Events. The Board, Program Manager and USAA shall not be liable for losses caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, acts of terrorism, strikes or other conditions beyond their control.**

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