

# CollegeBoundfund<sup>®</sup>

## Rhode Island's 529 College Savings Program

Invest Today in Your Child's Education Tomorrow

- Tax-Advantaged
- Flexible Features
- Experienced Investment Management
- Several Investment Options



Investment Products Offered

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

 **ALLIANCE BERNSTEIN<sup>®</sup>**  
*Investment Research and Management*

# Saving for college begins with planning

Effective investment planning is concrete problem solving. With more than 35 years of wealth management experience, our firm has developed a sophisticated planning process based upon well-tested techniques that can help assess an investor's specific objectives, such as saving for college. The overall aim is to maximize the likelihood that your clients will have the money they need when they need it. Most important, our approach allows for the unpredictability of the capital markets, so that your clients' financial well-being does not come to depend on unrealistic market behavior.

Proper asset allocation is crucial to achieving your college savings goals, and Education Strategies can help. Section 529 plan rules allow participants to change investment options selected for a Beneficiary or rebalance only once per calendar year, making a properly diversified portfolio even more important. CollegeBoundfund's Education Strategies Portfolios may be right for investors who are looking for a multi-asset, multi-style portfolio that is automatically rebalanced. CollegeBoundfund's Education Strategies Portfolios are actively monitored and periodically rebalanced by the AllianceBernstein Style Blend team and Ibbotson Associates,\* a leading authority on investing.

# CollegeBoundfund®

Dear Rhode Islander:

Thank you for your interest in CollegeBoundfund, the tax-advantaged, 529 college savings program developed by the State of Rhode Island and managed by Alliance Capital, one of the world's premier investment firms. You've made the first step toward saving for higher education the smart and easy way!

As you know, post-secondary education is essential in today's economy. Whether your child wants to be a doctor, an automotive technician or a banker, higher education is critical to competing in the job market. Yet, helping a child attain a degree is one of the most costly expenses a family may bear.

With college costs increasing, families are resorting to loans and credit cards to fund their children's education—payment methods that unfortunately may leave families deep in debt for years to come. The only answer is to start saving early.

CollegeBoundfund is a powerful way to save for college. With benefits such as tax-free earnings growth and no income limits, CollegeBoundfund can be used at accredited colleges, universities, vocational and trade schools across the nation and offers a simple way to save and invest for a child's college education.

In the following pages, you'll discover why CollegeBoundfund is a great vehicle for you to tackle higher education costs. What's more, as a Rhode Island taxpayer, you can qualify to receive a state income tax deduction for contributions made to CollegeBoundfund of up to \$1,000 for married couples filing jointly and \$500 for individual filers. And contributions in excess of the annual limit can be carried forward to future years.<sup>1</sup>

Remember, it's never too late to start saving for a child's future!

With best wishes,

Paul J. Tavares  
General Treasurer

William H. Hurry, Jr.  
Executive Director



<sup>1</sup> If a participant makes a non-qualified withdrawal or a transfer/rollover to another state's program within two years after the deduction is taken, the amount of the deduction is "recaptured" and will be included in the participant's Rhode Island income. Check with your tax advisor to see how 529 plans are treated for income tax purposes.

# CollegeBoundfund—A Flexible and Efficient Way to Save For Higher Education

CollegeBoundfund allows college-savers the opportunity to invest money for higher education on a tax-advantaged basis.

Saving for a child’s higher education can be a daunting task. It requires careful planning and a high level of commitment. In fact, it could be one of the largest expenses that a family will undertake. For most families, the key to funding higher education is to start saving early and to save regularly.

Now there is a flexible college savings program that can help families plan to meet their college savings goals. CollegeBoundfund, sponsored by the State of Rhode Island, allows U.S. citizens and permanent residents the opportunity to invest money for higher education on a tax-advantaged basis.

CollegeBoundfund can be used at accredited colleges, universities, graduate schools, and most community colleges and vocational-technical schools in the U.S., as well as at many foreign institutions. As a 529 college savings plan, CollegeBoundfund is designed to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code.



# A Tax-Advantaged College Savings Program

The key is to start saving now and to save regularly.

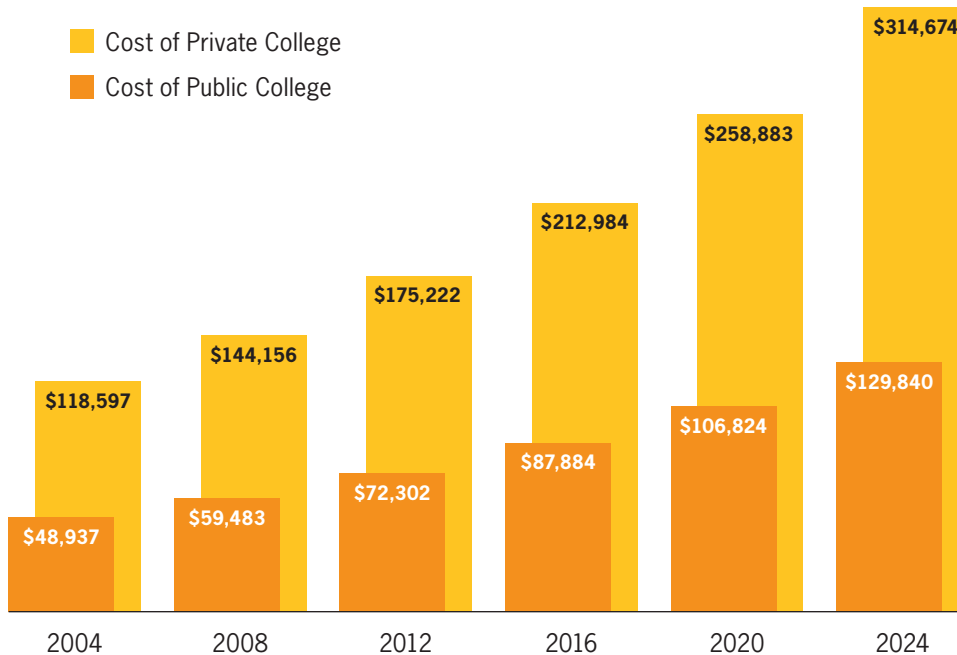
In today's competitive world, a college education is essential. In fact, the latest available U.S. Census Bureau Survey shows a 77% gap in the average earnings of a college graduate versus a high school graduate (\$41,000 versus \$23,000). Twenty years ago, this gap was only 58%.<sup>1</sup>

As parents and grandparents, you want to be able to provide the benefits of higher education to your children and grandchildren.

But the rising costs of college can make this difficult. The average cost of a four-year college education at a state college today is approximately \$48,937, and private college runs more than \$118,597. In 2024, those numbers may be as high as \$129,840 and \$314,674, respectively.<sup>2</sup> The challenge to meet these savings needs can be overwhelming, but the key is to start saving now and to save regularly.



Average Total Cost of College<sup>3</sup>



1 ACE Fact Sheet of Higher Education. Information contained in the fact sheet is from the U.S. Census Bureau Current Population Survey.

2 The College Board, "Trends in College Pricing," 2004

3 Average college costs include four years of tuition and fees, books and supplies, room and board, transportation and other expenses for the 2004–2005 school year, as stated by the College Board's "Trends in College Pricing" report. Projected costs assume a 5% inflation rate per year.

# Your Tax Benefits With CollegeBoundfund

Because the earnings on your CollegeBoundfund investment, including capital gains and dividends, are not taxed, your account may grow faster than an identically invested taxable account.

## Tax-Free Earnings Growth

There is no federal income tax due on any earnings while they are in your CollegeBoundfund account. If you are a Rhode Island tax payer, you also receive the benefit of state income tax-free earnings growth.<sup>1</sup>

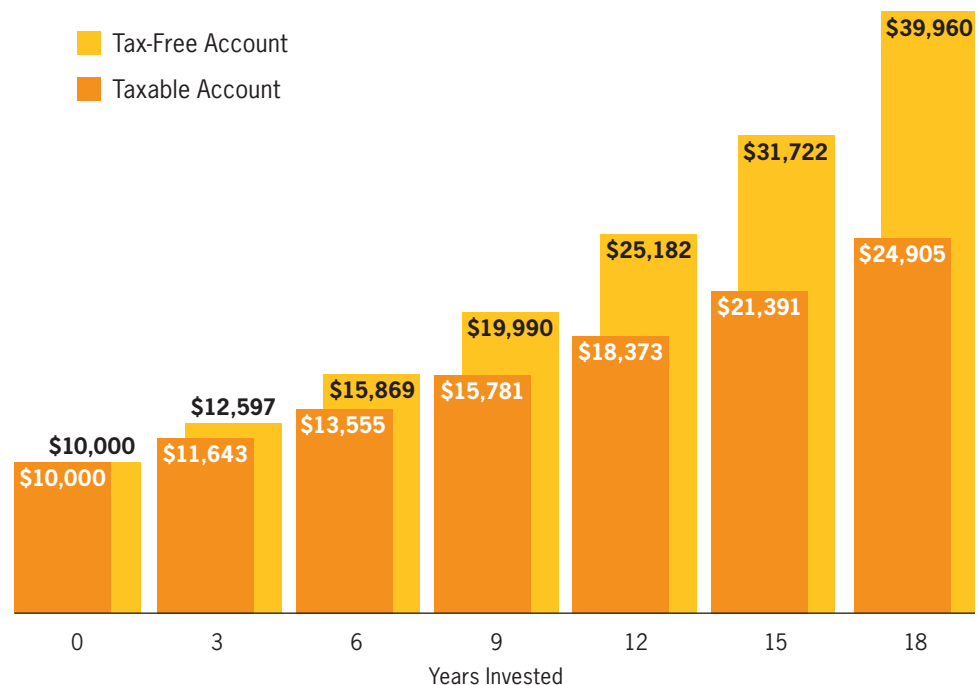
Because the earnings on your CollegeBoundfund investment, including capital gains and dividends, are not taxed, your account may grow faster than an identically invested taxable account.

This hypothetical example assumes a one-time lump sum investment of \$10,000, an 8% annual rate of return and combined federal and state tax rate of 35%. The tax-free account assumes tax-free growth at both the federal and state levels. This does not represent the performance of any particular investment including CollegeBoundfund or any AllianceBernstein mutual fund. Your results may be more or less. Distributions in the tax-free account may be subject to taxation.

The chart below compares an investment in a tax-free vehicle to an investment in a taxable account.



Tax-Free Account vs. Taxable Account



<sup>1</sup> Check with your tax advisor to see how 529 plans are treated in your state for income tax purposes.

### Rhode Island Income Tax Deduction

Rhode Island taxpayers can qualify to receive a state income tax deduction for contributions of up to \$1,000 for married couples filing jointly and \$500 for individual filers. Contributions in excess of the annual limit can be carried forward and deducted in future years.<sup>1</sup>

### Tax-Free Distributions

Distributions for qualified higher education expenses<sup>2</sup> are federal income-tax free.<sup>3</sup> Distributions for non-qualified education expenses are subject to taxation and possible penalties. Please consult your tax advisor.

### Special Gift and Estate Tax Treatment

CollegeBound*fund* also allows for a special gift tax exclusion. In general, under this rule, you can contribute up to \$55,000 for each beneficiary in a single year (\$110,000 for married couples) without federal gift tax consequences, provided you do not make any additional gifts to that beneficiary over a five-year period.<sup>4</sup> Also, the contributions you make to CollegeBound*fund* are excluded from your taxable estate for federal estate tax purposes. Of course, participants are advised to consult their tax advisor or accountant to determine how their individual tax situation will be affected.



1 If a participant makes a non-qualified withdrawal or a transfer/rollover to another state's program within two years after the deduction is taken, the amount of the deduction is "recaptured" and must be included in the participant's Rhode Island income. Check with your tax advisor to see how 529 plans are treated for income tax purposes.

2 Qualified expenses include tuition, fees, room and board, books and other supplies required for attendance at an institution of higher education. A 10% federally mandated penalty on the earnings withdrawn for non-qualified expenses will apply. Please see the Program Description for more specific information.

3 Under a "sunset provision," the federal tax exemption for earnings on qualified withdrawals is scheduled to expire on December 31, 2010, unless extended by Congress. As with all tax-related decisions, contact your tax advisor.

4 Subject to an "add-back" rule in the event of a contributor's death within five years.

# CollegeBoundfund Offers You Flexibility

CollegeBoundfund has many flexible features in addition to being a tax-advantaged savings opportunity.

## Any Institution of Higher Learning in the U.S.

CollegeBoundfund assets can be used to pay for qualified expenses at any accredited institution of higher education in the country, as well as at many foreign institutions.

## No Income Limits

Anyone can invest in CollegeBoundfund because there are no income limits restricting who is eligible to contribute. Other college savings vehicles, such as the Coverdell Education Savings Account (formerly the Education IRA), restrict individuals from investing if their income is more than a certain amount.

## Low Minimum Investments

CollegeBoundfund makes it easy for you to start saving right away. If you enroll in one of the available automatic investment plans, there is no minimum investment required to open an account.<sup>1</sup> The automatic investment plans conveniently allow you to have your contribution electronically deducted directly from your checking account, savings account or even your paycheck. Check with your Human

Resources Department to see if they can set up a payroll deduction for you. If you prefer not to set up an automatic investment plan, you can make an initial investment of as little as \$250.<sup>2</sup> There is a minimum of \$50 for each subsequent investment made by check.

## High Contribution Limit

You can contribute to a CollegeBoundfund account until the total value (contributions and earnings) of all accounts for that beneficiary equals \$330,690. Of course, the earnings can continue to grow in excess of this limit. This amount may change each year to reflect the increasing cost of higher education.

## Changing Beneficiaries

As the participant, you may select anyone you wish as beneficiary of your CollegeBoundfund account—your beneficiary does not have to be a family member. You can change the beneficiary at any time to another member of the former beneficiary's family. (The definition of "family member" for 529 plan purposes is broad. Please see the Glossary of Terms at the back of this brochure for more information.)



<sup>1</sup> There is a \$50 per month minimum contribution requirement for participation in an automatic contribution plan for non-Rhode Island accounts. However, if you are an employee of a Rhode Island based company or organization, and you are participating in your firm's Employee Payroll Direct Deposit Program, there is no minimum contribution requirement. Please see the Program Description for more information.

<sup>2</sup> The minimum initial contribution for non-Rhode Island accounts not participating in an automatic contribution plan is \$1,000.



# Experienced Investment Management

With *CollegeBoundfund*, your account receives the same investment expertise as the investments of large institutional clients because both investments are managed by the same experienced investment professionals.

## The Knowledge to Build a Child's Future

One of the most important aspects of a college savings program is the investments—not only the options available, but how those investment options are managed. With *CollegeBoundfund*, you enjoy the benefits of the professional investment management provided by Alliance Capital.

AllianceBernstein Investment Research and Management, Inc., the mutual fund and investment products distributor for Alliance Capital, provides investors access to one of the most powerful investment organizations in the world. The firm has investment expertise in the growth, value and fixed income disciplines.



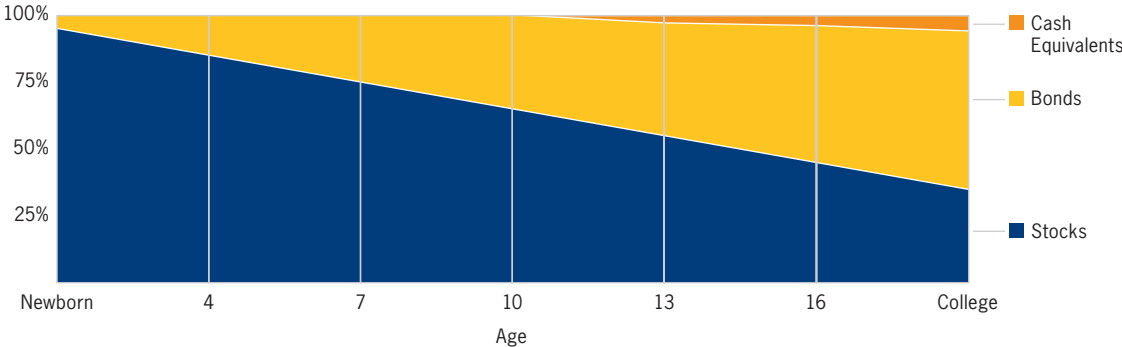
# Education Strategies Portfolios—Age-Based

Age-Based Education Strategies are portfolios that change over time as the college bound beneficiary nears college age. For younger beneficiaries, the portfolio invests more heavily in stocks. As the beneficiary nears college age, the allocation gradually becomes more conservative, investing in less volatile investments in order to prepare for distributions to pay for college costs.



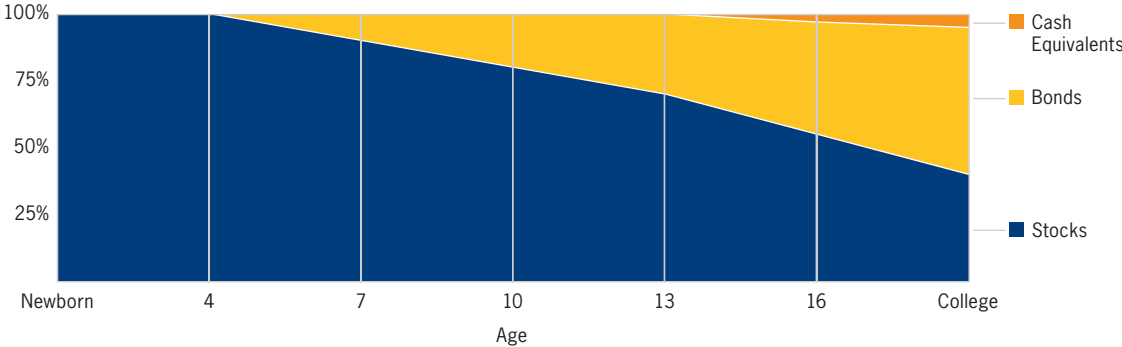
## Age-Based Portfolio Target Glide Path

College savings for a newborn child in the Age-Based Portfolio are initially invested 95% in stocks and 5% in bonds. At age 10, the portfolio has already begun to gradually shift and is invested 65% in stocks and 35% in bonds. As the beneficiary nears college age, the Age-Based Portfolio has gradually shifted to an allocation of approximately 35% stocks, 59% bonds and 6% cash equivalents.



## Age-Based Aggressive Portfolio Target Glide Path

College savings for a newborn child in the Age-Based Aggressive Portfolio are initially invested 100% in stocks. At age 10, the portfolio has already begun to gradually shift and is invested 80% in stocks and 20% in bonds. As the beneficiary nears college age, the Age-Based Aggressive Portfolio has gradually shifted to an allocation of 40% stocks, 55% bonds and 5% cash equivalents. The Age-Based Aggressive Portfolio has a higher allocation of stocks as the beneficiary ages, as compared with the Age-Based Portfolio.



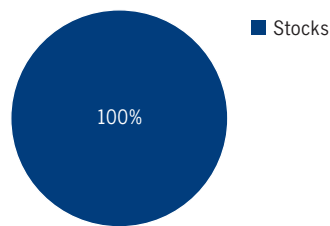
# Education Strategies Portfolios — Fixed Allocation

The three Fixed Allocation Portfolios offered in *CollegeBoundfund* represent different blends of stocks and bonds. Unlike the Age-Based Portfolios, the asset allocation does not change over time but remains fixed throughout the beneficiary's life. However, the Program will review the Fixed Allocation Portfolios' asset allocations periodically and may change them based on economic or other factors that the Program believes are relevant.

## Appreciation Portfolio

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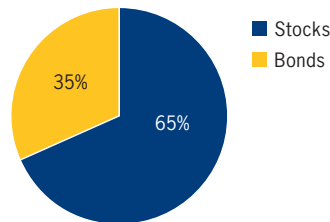
The Appreciation Portfolio is invested entirely in stocks and is designed for those who prefer to take a more aggressive approach to investing. The potential for higher returns is greater, but the potential for higher volatility is also greater.



## Balanced Portfolio

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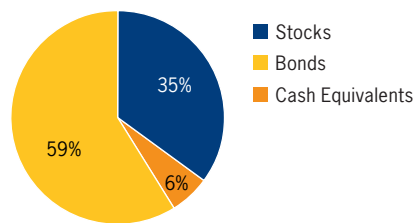
The Balanced Portfolio invests in a set mix of 65% equities and 35% bonds. The goal of the Balanced Portfolio is to provide a balance between principal safety and growth opportunity.



## Preservation Portfolio

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The new Preservation Portfolio invests in a set mix of 35% stocks, 59% bonds and 6% cash equivalents. This more conservative alternative may be appropriate for investors with older children who are near or approaching college age or for those investors with large balances who want to preserve their college savings.



### Customized Allocation Portfolio

Ten mutual funds allow you to create your own Customized Allocation Portfolio.<sup>1</sup>

#### Growth

- AllianceBernstein Large Cap Growth Fund
- AllianceBernstein Mid-Cap Growth Fund
- AllianceBernstein Small Cap Growth Portfolio
- AllianceBernstein Global Technology Fund

#### Value

- AllianceBernstein Growth and Income Fund
- AllianceBernstein Value Fund
- AllianceBernstein International Value Fund
- AllianceBernstein Small/Mid-Cap Value Fund



### Fixed Income

- AllianceBernstein Quality Bond Portfolio

#### Index

- Vanguard Total Stock Market Index Portfolio (Available only to Rhode Island Accounts purchasing directly from the Program.)

### Stable Value Portfolio

#### Principal-Protection Income Portfolio (PPI)—

A conservative, stable value option, the Principal-Protection Income Portfolio (PPI)<sup>2</sup> seeks to generate higher returns than most money market funds. It primarily invests in a diversified portfolio of fixed income securities and money market instruments.

#### Dollar-Cost-Averaging Across All CollegeBoundfund Investment Options

With CollegeBoundfund, you can implement a dollar-cost-averaging strategy from or to any investment option within the plan. This gives you an efficient way to shift from one investment strategy to another. And, since the IRS limits 529 plan investment changes to once per calendar year, dollar-cost-averaging gives you the ability to make additional portfolio changes in a systematic way, over a longer time horizon.<sup>3</sup>

<sup>1</sup> Different investments carry different risks. Foreign securities are subject to special risks, such as political and exchange-rate uncertainties as well as greater volatility for less developed markets.

<sup>2</sup> The Principal-Protection Income Portfolio does not guarantee any particular rate of return. The Portfolio seeks to minimize fluctuations in the value of its investments by entering into contracts, known as wrapper agreements, with financial institutions such as banks and insurance companies. However, these wrapper agreements are subject to certain risks and do not guarantee any participant's investment in the Portfolio. Although the Portfolio seeks to preserve the value of your investment, it is possible, under certain circumstances, to lose money by investing in this Portfolio. Please see the Program Description for more information. While at least 95% of the portfolio's assets are invested in "wrapped" fixed-income securities, up to 5% may invest in money market securities, whose value is not protected by the insurance wrapper.

<sup>3</sup> To participate in the monthly reallocation, the initial contribution must be at least \$1,000 and at least \$500 must be reallocated to each of the other CollegeBoundfund investment options selected. Rhode Island accounts have no minimum requirements. Please see Program Description for more information. Dollar-cost-averaging does not assure a profit nor protect against loss in a declining market. Since this strategy involves continuous investments, regardless of fluctuating prices, investors should consider their financial ability to invest during periods of low price levels.

# Planning to Meet the Cost of College

## Children grow quickly, and so do college costs.

Kids grow up fast these days. Before you know it, they'll be off to college—that is, if you begin saving for their education early. But saving requires commitment and a game plan, which is why AllianceBernstein and the State of Rhode Island are pleased to offer you *CollegeBoundfund*, a Section 529 plan that provides significant tax advantages.

## How much will you need?

This table is designed to help you determine the approximate amount of money you will need to send a child to college. It's important to start saving now, because even small contributions over time can help you reach your savings goal.

### Estimated Future Cost of Four Years of College\*

Child's Age Now	Public College	Private College
18	\$48,937	\$118,597
15	\$56,651	\$137,291
12	\$65,580	\$158,932
9	\$75,918	\$183,983
6	\$87,884	\$212,984
3	\$101,737	\$246,555
Newborn	\$110,325	\$278,552

Estimates assume a 5% annual increase in costs. Current average annual costs are for the 2004–2005 academic year and include tuition, fees and room and board.

\*Source: College Board, "Trends in College Pricing 2004"

## How Much Should You Invest?

While the cost of college can be overwhelming at first, as with any savings plan, you need to establish a goal and work toward that amount. Find the table that reflects your child's age, then locate the dollar amount you will need. Each table shows you how much your monthly investment should be, assuming your child begins college at age 18 and based on a hypothetical annual return of 8%.

If Child is Newborn	
Goal	Monthly Investment
\$ 50,000	\$108
\$100,000	215
\$150,000	323
\$200,000	430
If Child is 5 Years Old	
Goal	Monthly Investment
\$ 50,000	\$188
\$100,000	377
\$150,000	563
\$200,000	751
If Child is 10 Years Old	
Goal	Monthly Investment
\$ 50,000	\$381
\$100,000	762
\$150,000	1,143
\$200,000	1,524
If Child is 15 Years Old	
Goal	Monthly Investment
\$ 50,000	\$1,270
\$100,000	2,540



# Frequently Asked Questions

Below are some frequently asked questions by CollegeBoundfund participants

## What is a “529” plan?

A “529” plan is a tax-advantaged higher education savings program designed to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code. CollegeBoundfund, administered by the state of Rhode Island, is a 529 plan available to all U.S. citizens and permanent residents.

## What does CollegeBoundfund offer?

CollegeBoundfund offers professional money management through Alliance Capital, one of the most experienced and respected money managers in the world. It also offers tax advantages and flexible features, including a variety of investment options, low minimum investments and no income limits. The money you invest in CollegeBoundfund is available for use at any accredited institution of higher learning in the United States, as well as at many foreign institutions.

## How much do I need to save for my child's or grandchild's college expenses?

It's hard to pinpoint exactly how much anyone will need for college costs. There are a number of factors—including the age of the child, the type of school they will attend, the amount of years they will spend in school and the interests and needs of the child—that help to determine this amount. It's important to start saving now, because even small contributions can help you reach your savings goal. According to the College Board, by the year 2024 the average cost of a four-year state college education could be as high as \$129,840, and a four-year private college could cost as much as \$314,674.<sup>1</sup> While the cost of a higher education can be overwhelming at first, as with any savings plan, you need to establish

a goal and work toward that amount. A CollegeBoundfund representative can help you determine how much a higher education may cost for your child or beneficiary.

## What is the maximum amount that can be contributed to a CollegeBoundfund account for each beneficiary?

Contributions can be made to a CollegeBoundfund account until the total value (contributions and earnings) of all accounts for that beneficiary equals \$330,690. Once this limit is reached, no additional contributions will be permitted. However, the earnings can continue to grow in excess of this limit. This amount is established by the program's rules and may change each year to reflect the changing cost of higher education.

## What happens if I change my mind about investing in the program?

Your funds are available for withdrawal at any time. However, if you, as the participant, withdraw funds that are not used for the beneficiary's qualified higher education expenses, the earnings on the investments will be subject to state and federal income taxes at your tax rate. In accordance with federal tax laws, any withdrawal that is not used for qualified higher education expenses will also generally be subject to a 10% penalty or additional tax on the earnings.



<sup>1</sup> The College Board, “Trends in College Pricing,” 2004

### What if my beneficiary receives a scholarship?

There are a number of options for your account if your beneficiary earns a scholarship. You may use the funds to pay for education expenses that are not covered by the scholarship. You can leave the funds in the account for use at a future date (such as an advanced degree). Or, you may change the beneficiary to someone who is a family member of the former beneficiary. You may also withdraw from your account the amount of the scholarship without penalty. Withdrawals in this circumstance will be taxable to the participant at the participant's tax rate. Amounts withdrawn by the participant that exceed the amount of the scholarship that are not used for higher education purposes will be subject to taxation at the participant's tax rate, plus an additional 10% penalty or additional tax on the earnings.

### What happens if my beneficiary decides not to go to college or cannot go to college? Can I change my beneficiary?

If your beneficiary decides not to go to college, you may leave the money in the account for use in the future by your beneficiary if they eventually decide to pursue a higher degree. You may also change the beneficiary to someone who is a family member of the former beneficiary, such as the former beneficiary's child. (The definition of "family member" for 529 plan purposes is broad. Please see the Glossary of Terms at the back of this brochure for more information.) In addition, you have the option of taking a non-qualified withdrawal from your account. Withdrawals not used for higher education expenses are subject to regular income taxes plus a federally mandated 10% penalty, or additional tax on the earnings.<sup>1</sup> In the event of your beneficiary's death or disability, you may make a penalty-free withdrawal.

### What are the gift and estate tax benefits of CollegeBoundfund?

Contributions to CollegeBoundfund are considered completed gifts for federal gift and estate tax purposes and are excludable from your taxable estate. You can generally contribute up to \$55,000 for a beneficiary in a single year (\$110,000 for married couples) without federal gift tax consequences, provided you do not make any additional gifts to that beneficiary over a five-year period.<sup>2</sup>

### I'm invested in another state's 529 plan. Can I transfer my account to CollegeBoundfund?

Yes. You may roll over or transfer funds invested in another state's 529 plan to CollegeBoundfund at any time by completing an Incoming Transfer/Rollover Form. You may initiate a direct transfer from one 529 plan to another for the same beneficiary. However, there will be a limit of one rollover or transfer per 12-month period for the same beneficiary. To request an Incoming Transfer/Rollover Form, visit [www.collegeboundfund.com](http://www.collegeboundfund.com) or call 888-324-5057.



<sup>1</sup> For accounts opened with the assistance of a financial advisor, withdrawals may be subject to a deferred sales charge.

<sup>2</sup> Subject to an "add-back" rule in the event of a contributor's death within five years.

### Can I make an investment change within my CollegeBoundfund account?

After you open your CollegeBoundfund account, you may make changes in a previously selected Allocation Portfolio for the investment of assets held in the account: (i) once each calendar year or (ii) in connection with a change in the beneficiary of the account. And when dollar-cost-averaging is elected at the time of purchase, this election does not count as the one allowable annual investment option change. Please see the Program Description for more information.

### Can I transfer assets from an UGMA/UTMA into my CollegeBoundfund account?

Yes. To transfer UGMA/UTMA assets into your CollegeBoundfund account, you must first liquidate assets in the UGMA/UTMA.<sup>1</sup> As custodian, you then may contribute the cash proceeds to a CollegeBoundfund account (certain restrictions apply). Please see the Program Description for more information.

### Are the investments in CollegeBoundfund guaranteed?

The investments offered through CollegeBoundfund, like other investments, are not guaranteed. All investments involve a certain level of risk and you, as the participant, should familiarize yourself with the risks involved by reading the Program Description.

### What Rhode Island state agencies are responsible for monitoring CollegeBoundfund?

The Rhode Island Higher Education Assistance Authority administers the CollegeBoundfund program, while the State Investment Commission, chaired by General Treasurer Paul J. Tavares, provides investment oversight.

### Can I contribute to CollegeBoundfund through my employer?

CollegeBoundfund gives employers the opportunity to offer an Employee Payroll Direct Deposit Program as an employee benefit. There is no cost to employers to set up this program and it is similar to setting up any other payroll direct deposit arrangement. For more information, you may call locally in Rhode Island to 401-521-5300, or toll free to CollegeBoundfund at 888-324-5057 or contact your financial advisor.



<sup>1</sup> Note that the liquidation of UGMA/UTMA assets may have tax consequences. Please consult your tax advisor.



# Getting Started

A CollegeBoundfund representative is available to help you establish your account at 888-324-5057. Or you may visit us online at [www.collegeboundfund.com/ri](http://www.collegeboundfund.com/ri).

It's easy to make CollegeBoundfund part of your savings strategy—whether you are just beginning to save or whether you are supplementing an existing savings plan. Here's how:

- Review the enclosed Program Description materials for additional information. If you have questions, call us at 888-324-5057.
- Decide how you want to contribute to the plan. You may open an account by setting up an automatic contribution plan or payroll direct deposit with no monthly minimum.<sup>1</sup> Check with your Human Resources Department to see if they can set up a payroll direct deposit plan for you. Or, if you prefer not to set up an automatic investment plan, you can open an account with a minimum initial investment of \$250.<sup>2</sup> Subsequent contributions by check must be at least \$50.

If you have more than one beneficiary, you will need additional applications. Please visit [www.collegeboundfund.com/ri](http://www.collegeboundfund.com/ri) or call us at 888-324-5057 to request more applications.

If you have an existing 529 account with another state or an UGMA/UTMA, you can liquidate those assets and transfer the proceeds to CollegeBoundfund. For more information visit us online at [www.collegeboundfund.com](http://www.collegeboundfund.com) or call and speak to a CollegeBoundfund representative at 888-324-5057.



- Complete the enclosed application form and return it with your check, made payable to CollegeBoundfund, to:

CollegeBoundfund  
PO Box 786004  
San Antonio, TX 78278-6004

(For overnight mail: CollegeBoundfund, 8000 IH 10W, 4th Floor, San Antonio, TX 78230)

<sup>1</sup> There is a \$50 per month minimum contribution requirement for participation in an automatic investment plan for non-Rhode Island accounts. Please see the Program Description for more information.

<sup>2</sup> The minimum initial contribution for non-Rhode Island accounts not participating in an automatic investment plan is \$1,000.

# Glossary of Terms

Different types of investments such as equities, fixed income and money market investments, are known as asset classes.

**Asset Allocation**—The distribution of your funds among various investment alternatives or asset classes. Typically, asset allocation is expressed as percentages, e.g., 50% equity, 30% fixed income, 20% cash equivalents.

**Asset Classes**—Different categories of investments. Equities, fixed income and money market investments are all types of asset classes.

**Bonds**—Also called fixed income securities. A security that represents a loan by the bond purchaser to governments or corporations when they need to raise cash. Bonds are sold, or “issued”, to investors and have a maturity date, which is the date the issuer is obligated to repay the investor for the principal, or “face amount”, of the bond. The interest rate on the bond is paid to the investor.

**Cash Equivalent**—Highly liquid, very safe investment, such as Treasury Bills and money market funds, that can be easily converted into cash.

**Family Member**—For 529 plan purposes, a family member of a designated beneficiary is: (i) a son or daughter of the designated beneficiary, or a descendant of either (ii) a stepson or stepdaughter of the designated beneficiary; (iii) a brother, sister, stepbrother or stepsister of the designated beneficiary; (iv) the father or mother of the designated beneficiary, or an ancestor of either; (v) a stepfather or

stepmother of the designated beneficiary; (vi) a son or daughter of a brother or sister of the designated beneficiary; (vii) a brother or sister of the father or mother of the designated beneficiary, (viii) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law of the designated beneficiary, (ix) the spouse of the designated beneficiary or the spouse of any of the other foregoing individuals; or (x) a first cousin of the designated beneficiary. For this purpose, a child includes a legally adopted child, and a brother or sister includes a brother or sister by half blood.

**Money Market Fund**—A mutual fund that invests in highly liquid securities, such as commercial paper, banker’s acceptances, repurchase agreements, government securities and certificates of deposit.

**Mutual Fund**—An investment vehicle that pools money from numerous investors and invests in a diversified portfolio of stocks, bonds or other securities based on a stated overall objective.

**Portfolio**—The collection of securities that make up a fund’s or an investor’s investments.

**Stocks**—An instrument that signifies an ownership position (called equity) in a corporation, and represents a claim on its proportional share in the corporation’s assets and profits.



# Our Firm, Our Mission

Building and Preserving  
Investor Wealth through:

- A sole focus on asset management
- Global, innovative research
- Disciplined, principled investment processes
- Investment strategies geared to client needs
- Competitive performance at a good value

Delivered by our most important assets...

Our **People**



For more information about **CollegeBoundfund**, contact your financial advisor, visit [www.collegeboundfund.com/ri](http://www.collegeboundfund.com/ri) or call a CollegeBoundfund representative toll-free at **888-324-5057**.

## A Word About Risk

**There is no guarantee that any investment portfolio will achieve its investment goals. The value of your account will fluctuate as the value of the mutual fund shares in which it invests fluctuates, so that your investment, when it is withdrawn, may be worth more or less than its original cost. For more complete information on CollegeBoundfund, including a description of fees, expenses and risks, see the Program Description. Read it carefully before you invest. You may obtain a Program Description by contacting your financial representative, visiting [www.collegeboundfund.com](http://www.collegeboundfund.com) or calling AllianceBernstein at 888-324-5057.**

The investments in CollegeBoundfund are not guaranteed by the State of Rhode Island, the Rhode Island Higher Education Assistance Authority, the State Investment Commission, or any instrumentality thereof.

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Investors should consider many factors before deciding which 529 plan is most appropriate. Some of these factors include: the Plan's investment options and the historical investment performance of these options, the Plan's flexibility and features, the reputation and expertise of the Plan's investment manager, Plan contribution limits and the federal and state tax benefits associated with an investment in the Plan. Some states, for example, offer favorable tax treatment and other benefits to their residents only if they invest in the state's own Qualified Tuition Program. Investors should consult with their financial and tax advisor before investing in any 529 plan or contact their state tax division for more information.



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