American Funds®

Virginia College Savings Plan℠
Commonwealth of Virginia

CollegeAmerica℠ Program Description

Your guide to the CollegeAmerica 529 savings plan

October 10, 2003

This Program Description incorporates by reference the current prospectus of each of the 21 American Funds available in CollegeAmerica.

You should carefully read and understand this Program Description and the prospectus(es) of the American Funds in which you are investing before making contributions to CollegeAmerica. Please keep this Program Description and the applicable prospectus(es) for future reference.

The information contained in this Program Description is believed to be accurate as of the date of the Program Description and is subject to change without prior notice. Account Owners should rely on only the information contained in this Program Description and the applicable American Funds prospectus(es). No one is authorized to provide information about CollegeAmerica that is different from the information contained in the Program Description.

CollegeAmerica Accounts have not been registered as securities under the Securities Act of 1933 in reliance on an exemption from registration available for obligations issued by a public instrumentality of a state. In addition, the Accounts have not been registered with any state in reliance on an exemption from registration available for obligations issued by an instrumentality of a state.

For residents of states other than Virginia: If your state sponsors a 529 plan, that plan may offer state income tax benefits not available to you through CollegeAmerica. Please consult your tax adviser.

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Virginia College Savings Plan Privacy Policy

Protecting the privacy of your nonpublic personal information is important to us at the Virginia College Savings Plan. We respect your right to privacy and recognize your trust in us to keep information about you secure and confidential.

1. We collect nonpublic personal information about you from the following sources:
- Information we receive from you on applications, correspondence, forms and through other forms of communication
- Information about your transactions with respect to your account(s)

2. We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. We may disclose all of the information we collect, as described above, to companies that perform marketing and mailing services on our behalf and to other financial institutions with whom we have joint marketing agreements. These companies are required to adhere to our privacy and security standards and to use the information for the limited purpose for which it was shared.

3. We restrict access to nonpublic personal information about you to those employees and persons who need to know the information in order to provide service to you. We maintain physical, electronic and procedural safeguards in compliance with federal regulations to safeguard your nonpublic personal information.

4. We reserve the right to modify or supplement this Privacy Policy at any time. If we ever decide to share your nonpublic personal information other than as described above, we will provide you with a notice informing you of the change and, when required by applicable law, we will allow time for you to choose whether you want the information shared.

Please see your prospectus for the American Funds privacy policy.

Frequently Asked Questions

Here are answers to some frequently asked questions. For more detailed information, please refer to the narrative section of this Program Description. If you are not sure about the meaning of certain terms used in this section, check the Glossary of Terms at the end of this Program Description.

Getting started with CollegeAmerica

1. What is CollegeAmerica?

CollegeAmerica is a 529 college savings plan offered by the Virginia College Savings Plan, an independent agency of the Commonwealth of Virginia, and American Funds. CollegeAmerica allows you to save for higher education expenses through a tax-advantaged Account invested in the American Funds. 529 plans are named after the section of the Internal Revenue Code that created them.

2. How do I open a CollegeAmerica Account?

You may open an Account by contacting any broker or financial adviser authorized to sell the American Funds and CollegeAmerica.

Contributing to CollegeAmerica

3. How much do I need to open a CollegeAmerica Account?

You may invest as little as $250 per fund ($1,000 for The Cash Management Trust of America). For an employer-sponsored program, you may invest as little as $25 per fund.

4. What is the maximum I can contribute to a CollegeAmerica Account?

The maximum contribution limit is $250,000 for each Beneficiary. The $250,000-per-Beneficiary limit applies across all plans administered by the Virginia College Savings Plan, including CollegeAmerica, the Virginia Education Savings Trust℠ and the Virginia Prepaid Education Program℠. Multiple accounts for the same Beneficiary will be combined to determine if the maximum contribution amount has been reached. Once the total Account balance (including any earnings) reaches $250,000, we will not accept additional contributions or rollovers. If the Account value is below $250,000, you can continue to contribute regardless of how much you have already contributed.

5. What type of assets can I contribute to my CollegeAmerica Account?

You may contribute funds by check, wire transfer or an automatic purchase plan. You cannot contribute securities or other property. For an employer-sponsored program, contributions generally must be made through an automatic purchase plan.

6. Can someone other than the Account Owner contribute to the CollegeAmerica Account?

Yes. Anyone can contribute to the Account. However, only the Account Owner can make decisions regarding the Account, including taking withdrawals from the Account, changing the Account's investments and changing the Beneficiary.

7. May a trust establish a CollegeAmerica Account?

Yes. There may, however, be legal considerations. It is the responsibility of the trustee of a trust to determine whether any provision of the trust is inconsistent with the requirements of Section 529.

As a general matter, an investment in a 529 account may not be appropriate for many trusts. For an investor who wishes to eliminate the need for probate of assets set aside for the higher education of family members or friends, direct ownership of a CollegeAmerica Account may be a better alternative than ownership of a CollegeAmerica Account through a trust. A CollegeAmerica Account is generally not an asset of the probate estate of the Account Owner upon death.

8. Does my contributing to CollegeAmerica guarantee that my Beneficiary will be admitted to his or her college of choice?

No. Having a CollegeAmerica Account does not guarantee admission to a college in Virginia or elsewhere.

9. Can I contribute to CollegeAmerica and a Coverdell Education Savings Account in the same year?

Yes. Contributing to CollegeAmerica will not affect your ability to invest in other education savings vehicles, such as a Coverdell Education Savings Account.

Account Owners

10. Who can set up a CollegeAmerica Account?

Anyone who is a U.S. citizen or legal U.S. resident can establish a CollegeAmerica Account. You do not have to be a resident of Virginia.

11. Can a child establish a CollegeAmerica Account?

Yes. A child can establish a CollegeAmerica Account. If the Account Owner is a minor, however, a parent or guardian must sign the Account application.

12. Can a CollegeAmerica Account be owned jointly?

No. Joint ownership is not permitted.

13. Can the Account Owner specify a successor Account Owner?

Yes. The Account Owner is required to designate a successor Account Owner. If the original Account Owner dies or is declared legally incompetent, the designated successor becomes the Account Owner. If there is no successor owner, the estate of the deceased Account Owner becomes the new Account Owner.

Beneficiaries

14. Who can be a Beneficiary?

The Account can be opened for the benefit of any U.S. citizen or legal U.S. resident, including the Account Owner. The Beneficiary does not need to be related to the Account Owner.

15. Are there age limitations for a CollegeAmerica Account Beneficiary?

No. The Beneficiary can be any age.

16. Can I change the Beneficiary on my CollegeAmerica Account?

Yes. The Account Owner can change the Beneficiary of a CollegeAmerica Account at any time. To avoid federal income tax and a 10% federal tax penalty on earnings, the new Beneficiary must be a Member of the Family of the previous Beneficiary.

17. Who qualifies as a Member of the Family?

Generally, a Member of the Family includes the Beneficiary's immediate family. The following individuals are considered to be Members of the Family:

- a son or daughter or a descendant of either;
- a stepson or stepdaughter;
- a brother, sister, stepbrother or stepsister;
- a father or mother or an ancestor of either;
- a stepfather or stepmother;
- a brother or sister of the father or mother;
- a son or daughter of a brother or sister;
- a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law;
- the spouse of the Beneficiary or the spouse of any individuals described above; or
- a first cousin of the Beneficiary.

A legally adopted child is treated as the child of the adoptive parent as if by blood. The terms "brother" and "sister" include half brothers and half sisters.

18. What happens if the Beneficiary receives a scholarship, becomes disabled or dies?

The Account Owner can withdraw the assets if the Beneficiary receives a scholarship, becomes disabled or dies. A withdrawal on account of the Beneficiary's death, disability or receipt of a scholarship (to the extent of the scholarship award) is subject to federal income tax but no federal tax penalty.

19. What if the Beneficiary does not use the Account for higher education expenses?

The Account Owner may select a new Beneficiary who is a Member of the Family of the previous Beneficiary without income tax or penalty. In the alternative, the Account Owner may withdraw the funds, but will have to pay federal income tax and a 10% federal tax penalty on the earnings.

20. Can two individuals be named as joint Beneficiaries on a single Account?

No. Only one individual can be designated as the Beneficiary of an Account.

Using your CollegeAmerica Account

21. How can I use the funds in my CollegeAmerica Account?

You can use the assets in your CollegeAmerica Account to pay for Qualified Higher Education Expenses. Earnings withdrawn for any use other than Qualified Higher Education Expenses are subject to federal income tax and a 10% federal tax penalty. However, a withdrawal on account of the Beneficiary's death, disability or receipt of a scholarship (to the extent of the scholarship award) is subject to federal income tax but no federal tax penalty.

22. What is considered a Qualified Higher Education Expense?

Qualified Higher Education Expenses include tuition, room and board, books and certain other fees and expenses at an Eligible Educational Institution.

23. What is an Eligible Educational Institution?

An Eligible Educational Institution is one that is eligible to participate in a student financial aid program under Title IV of the Higher Education Act of 1965. Most community colleges, public and private colleges, universities and vocational schools in the United States are Eligible Educational Institutions. Some foreign institutions are also eligible. To find out if a school is eligible, go to the Department of Education's website at www.fafsa.ed.gov.

24. Who is responsible for determining that a withdrawal was made for Qualified Higher Education Expenses?

The Account Owner or the Beneficiary makes the determination and must retain appropriate documentation to show that a withdrawal was made for Qualified Higher Education Expenses.

25. Can I use my CollegeAmerica assets to pay for graduate school?

Yes. You can use the assets for undergraduate and graduate school as well as specialized training, such as medical school or law school.

26. Can I pay tuition at a private elementary or high school with my CollegeAmerica assets?

CollegeAmerica is designed to pay higher education expenses. Therefore, a withdrawal used for tuition at a private elementary or high school will be subject to federal income tax and a 10% federal tax penalty on earnings.

27. Is there a minimum number of credit hours that the Beneficiary must take in order to use CollegeAmerica funds?

There is no minimum level of study. If, however, the student is enrolled on a less than half-time basis, withdrawals for room and board will not be considered Qualified Higher Education Expenses.

28. Is there a time limit for using the assets in a CollegeAmerica Account?

Yes. The Account Owner must use the assets in the Account or designate a new Beneficiary within 30 years after the Beneficiary graduates from high school or within 30 years after opening the Account, whichever comes later. Requests for an extension of this time limit will be considered on a case-by-case basis.

29. Must the Beneficiary attend school in Virginia?

No. The Account Owner can use a CollegeAmerica Account to pay for Qualified Higher Education Expenses at an Eligible Educational Institution in any state.

Investments

30. What investment options does CollegeAmerica offer?

You may invest in one or more of 21 American Funds. CollegeAmerica is designed for you and your financial adviser to choose an investment portfolio that fits your financial plan, time horizon and tolerance for risk.

31. Who manages the CollegeAmerica investment options?

Capital Research and Management Company, one of the oldest and most respected investment management firms in the United States, serves as investment adviser to the 21 American Funds available as investment options in CollegeAmerica.

32. Can I purchase different share classes through CollegeAmerica?

Yes. You may purchase Class 529-A, 529-B, 529-C or 529-F shares through your financial adviser. If your employer offers an employer-sponsored option, you may also purchase Class 529-E shares. Each fund share class has different fees and expenses. Please consult your financial adviser to determine which share class is best for you.

33. Can I change my Account's investment allocation?

Yes. You can change investments once every calendar year or when you change the Beneficiary. If you have accounts for the same Beneficiary with both the Virginia Education Savings Trust and CollegeAmerica, you may change the investments in both accounts once per calendar year without tax consequences, provided that the change to both accounts is made at the same time.

34. Is my CollegeAmerica investment guaranteed?

No. CollegeAmerica Accounts are not deposits or obligations of, or insured or guaranteed by, the Commonwealth of Virginia or any instrumentality of the Commonwealth, the United States government, the Program Manager, any financial institution, the Federal Deposit Insurance Corporation or any other federal or state governmental agency, entity or person.

35. Does my contributing to CollegeAmerica guarantee that I will be able to pay for college?

No. There is no guarantee that the money in the Account will be sufficient to cover the higher education expenses of the Beneficiary.

Fees and expenses

36. What fees are charged by CollegeAmerica?

You will be charged a $10 fee for opening an Account with CollegeAmerica as well as an annual $10 Account maintenance fee. The fees of each of the American Funds available in CollegeAmerica are described in each fund's prospectus.

Rollovers and transfers

37. Can I roll over funds from another 529 plan to CollegeAmerica?

Yes. CollegeAmerica will accept funds from other 529 plans.

38. How often can I roll over my assets from one 529 plan to another without federal income tax consequences?

You are permitted to roll over funds without federal income tax consequences from one 529 plan to another 529 plan for the same Beneficiary once every 12 months.

39. Can I transfer my Coverdell Education Savings Account or proceeds from Qualified U.S. Savings Bonds to CollegeAmerica?

Yes. You may transfer your Coverdell account or proceeds from Qualified U.S. Savings Bonds without adverse tax consequences. You may need to meet income limits to avoid federal income tax on any Savings Bonds you redeem.

40. Can assets from an UGMA/UTMA account be transferred to CollegeAmerica?
Yes, but there are significant legal and tax considerations. The custodian of an UGMA/UTMA may be required to sell the assets in the UGMA/UTMA account — a taxable event. When the custodian invests the cash proceeds of the UGMA/UTMA account in a CollegeAmerica Account, the beneficiary of the UGMA/UTMA account must also be the Beneficiary of the CollegeAmerica Account and cannot be changed. Moreover, upon receipt of notification that the Beneficiary has reached the age of majority (18 or 21 in most states), the Beneficiary will become the Account Owner.

Your financial adviser's firm may restrict transfers from UGMA/UTMA accounts. We urge you to consult your financial adviser before making a transfer from an UGMA/UTMA account to CollegeAmerica.

Income tax considerations

41. How are the earnings in my CollegeAmerica Account taxed?
Earnings in a CollegeAmerica Account grow free from federal income tax. Through 2010, earnings on withdrawals used to pay Qualified Higher Education Expenses may be excluded from income for federal tax purposes.

42. Is there a federal tax deduction for contributions?
No. Contributions to CollegeAmerica are made with after-tax dollars.

43. Is there a state tax deduction for contributions to a CollegeAmerica Account?
If you are a resident of Virginia, there is a deduction for CollegeAmerica contributions.

44. What is the Virginia state tax deduction for contributions to a CollegeAmerica Account?
A resident of Virginia who is the owner of a CollegeAmerica Account may deduct contributions of up to $2,000 from his or her state taxable income. If more than $2,000 is contributed in one year, the remainder may be carried forward and deducted in future tax years. For Account Owners age 70 and older, the entire amount of any contribution may be deducted in the year contributed or in a future year.

45. What if I deduct my CollegeAmerica contributions in computing my Virginia taxes, then withdraw some or all of the funds in my Account for a purpose other than to pay Qualified Higher Education Expenses?
Your deduction is subject to recapture in the year a withdrawal is made for any reason other than to pay Qualified Higher Education Expenses or due to the Beneficiary's death, disability or receipt of a scholarship (to the extent of the scholarship award).

Gift tax considerations

46. What are the federal gift tax consequences of contributing to CollegeAmerica?

- Individuals can take advantage of the annual gift tax exclusion by contributing up to $11,000 ($22,000 for married couples) per year per Beneficiary without having to file a gift tax return or pay gift taxes.
- A special rule applicable only to 529 plans allows an individual to accelerate up to five years' worth of annual exclusions by contributing up to $55,000 ($110,000 for married couples) in one calendar year. While no gift taxes are payable, the donor can only take advantage of this rule by making an election on a federal gift tax return, IRS Form 709. If you take full advantage of this special rule, additional contributions or other gifts to the same individual during that calendar year or the next four calendar years will exceed the annual gift tax exclusion.
- Contributions made to a 529 plan in excess of the annual gift tax exclusion will not cause gift taxes to be payable unless the contributions (together with all other gifts) that exceed the annual gift tax exclusion are greater than the Contributor's lifetime gift tax exemption of $1 million.

Estate tax and generation-skipping transfer tax considerations

47. What are the federal estate tax consequences if the Account Owner dies?

The value of the Account is not included in the Account Owner's estate for estate tax calculation purposes unless the Account Owner dies within five calendar years of making an election to take advantage of the special annual gift tax exclusion rule. In that case, the portion of the contribution allocable to years after the year of the Account Owner's death will be included in the Account Owner's estate for estate tax calculation purposes.

48. What are the estate tax consequences if the Beneficiary dies?

The value of any interest in the Account is included in the Beneficiary's gross estate for federal estate tax purposes.

49. When may the generation-skipping transfer tax apply?

The generation-skipping transfer tax may apply either when an individual contributes to an Account for someone who is more than one generation younger than the Contributor, such as a grandchild, or when the Account Owner changes the Beneficiary to a new Beneficiary who is more than one generation younger than the previous Beneficiary. Consult your tax and financial advisers.

Financial aid considerations

50. What effect does having a CollegeAmerica Account have on the Beneficiary's eligibility for federal financial aid?

CollegeAmerica Accounts may affect a Beneficiary's ability to qualify for need-based financial aid. Although the specific treatment of CollegeAmerica in determining financial aid eligibility may vary among institutions, a CollegeAmerica Account should be treated like any other investment or savings that the Account Owner may have.

Administration and Management

About the Program. The Virginia General Assembly created the Virginia College Savings Plan ("VCSP") as an independent state agency in its 1994 session. Its enabling legislation is codified at Chapter 4.9 of Title 23 of the Code of Virginia (1950), as amended (Sections 23-38.75 through 23-38.87). In its 1999 session, the General Assembly unanimously passed legislation authorizing the VCSP Board to create one or more savings trust investment options in conformance with the provisions of Section 529. In July 2001, the Board determined to offer CollegeAmerica, a 529 savings plan sold exclusively through financial advisers. CollegeAmerica was launched in February 2002.

Program Administrator. VCSP, the Administrator of CollegeAmerica, is governed by an eight-member Board, consisting of four members who sit on the Board by virtue of the state offices they hold and four citizen members appointed by the Governor of Virginia. The ex officio members are the Director of the State Council of Higher Education for Virginia; the Chancellor of the Virginia Community College System; the State Treasurer; and the State Comptroller. The Executive Director is Diana F. Cantor. Ms. Cantor, an attorney, certified public accountant and former investment banker, oversees the daily administration and operations of the programs of VCSP.

Program Manager. On July 20, 2001, VCSP entered into a 15-year agreement with American Funds Service Company; American Funds Distributors, Inc.; and Capital Research and Management Company (collectively, the "Program Manager") to manage CollegeAmerica. American Funds Service Company is responsible for the recordkeeping and administration of the program. American Funds Distributors, Inc., is the distributor of CollegeAmerica and is responsible for marketing and distributing the program exclusively through financial advisers. Capital Research and Management Company serves as the investment adviser to CollegeAmerica as well as the investment adviser to the American Funds.

Other Plans Offered by VCSP. In addition to CollegeAmerica, VCSP administers the Virginia Prepaid Education Program ("VPEP"), a prepaid tuition plan, and the Virginia Education Savings Trust ("VEST"), another college savings option. For more information about these programs, please call the plans directly at 888/567-0540 or log on to VCSP's website at www.virginia529.com.

Investment Options

The investment options offered by CollegeAmerica are managed by Capital Research and Management Company. You may choose to invest your contribution to CollegeAmerica in one or more of the 21 American Funds listed below. Please read the applicable fund prospectus in conjunction with this Program Description before you invest.

Federal law prohibits direction of the investments in a CollegeAmerica Account, either directly or indirectly. The Account Owner, however, may change the investment options held in the Account once per calendar year and upon a change in the Beneficiary on the Account. See the section entitled "Changes to an Account."

Available American Funds. The following American Funds have been approved by the VCSP Board to be offered in CollegeAmerica. The Board may, at any time and without prior notice to Account Owners, change the investment options that are available for future contributions and existing Accounts.

Growth Funds
AMCAP Fund,® Inc.*
The Growth Fund of America,® Inc.
The New Economy Fund®

International Growth Funds
EuroPacific Growth Fund®
New Perspective Fund,® Inc.*
New World Fund℠*
SMALLCAP World Fund,® Inc.*

Growth-and-Income Funds
American Mutual Fund,® Inc.
Capital World Growth and Income Fund,℠ Inc.*
Fundamental Investors,℠ Inc.*
The Investment Company of America®*
Washington Mutual Investors Fund,℠ Inc.

Balanced/Diversified Funds
American Balanced Fund,® Inc.
Capital Income Builder,® Inc.*
The Income Fund of America,® Inc.

Bond Funds
American High-Income Trust℠
The Bond Fund of America,℠ Inc.
Capital World Bond Fund,® Inc.
Intermediate Bond Fund of America®
U.S. Government Securities Fund℠

Money Market Fund
The Cash Management Trust of America®

* This fund invests assets in multiple categories. For a more complete description of the fund's investment objectives, including the types of securities it invests in, please visit americanfunds.com, contact your financial adviser or read the applicable prospectus.

More Information About the American Funds. Information regarding the investment policies of the American Funds and the related risks may be obtained from the applicable prospectuses. You may obtain copies of prospectuses by calling 800/421-0180 or by visiting americanfunds.com.

Opening and Contributing to an Account

Opening an Account. Any individual who is a U.S. citizen or legal U.S. resident may open a CollegeAmerica Account. In addition, U.S. trusts, corporations, partnerships, Non-Profit Organizations and other entities may open an Account. Only a trust whose terms are consistent with the requirements of Section 529 should open a CollegeAmerica Account. It is the responsibility of the trustee of a trust to determine whether any provision of the trust is inconsistent with the requirements of Section 529. If, after investing in a CollegeAmerica Account, the trustee determines that the trust cannot be administered in a manner consistent with the requirements of Section 529, the Program Manager will not be liable for any market losses or other charges imposed in connection with any withdrawals from the Account.

To open a CollegeAmerica Account, you must complete a CollegeAmerica Account application. You do not have to be a Virginia resident to open an Account. There are no age or income restrictions to open an Account. There may be only one Account Owner (joint ownership is not permitted).

Designating a Beneficiary. When you open an Account, you must designate a Beneficiary, who may be a relative, friend or even yourself. A Beneficiary must be either a U.S. citizen or legal U.S. resident. Non-Profit Organizations are not required to designate a Beneficiary.

Contributing to an Account. Any person or entity may make contributions to a CollegeAmerica Account for the benefit of a Beneficiary at any time. Individuals or entities other than the Account Owner that contribute funds to the Account will have no subsequent control over the contributions. Only the Account Owner may request transfers, rollovers, investment changes, withdrawals and Beneficiary changes.

- **Form of Contribution.** All contributions must be in cash or cash equivalent and cannot be in the form of securities or other property. Contributions may be made by check, automatic withdrawal from a bank account or, in limited circumstances, by payroll deduction.
- **Automatic Contributions.** An authorization to make contributions by automatic withdrawal from a bank account will remain in effect until the Program Manager has received written notification of its termination. The Account Owner or the Program Manager may terminate contributions by automatic withdrawals at any time.

Successor Owner. The Account Owner must designate a successor owner at the time the CollegeAmerica Account is established. The successor owner must be a U.S. citizen or legal U.S. resident. If the original Account Owner dies or is declared legally incompetent, the successor owner becomes the Account Owner. If the Account Owner dies and there is no successor owner, the estate of the Account Owner will become the Account Owner. The Account Owner can change the successor owner by written notification to the Program Manager.

Contribution Limits

Maximum. Once the total Account balance (including any earnings) reaches $250,000, we will not accept additional contributions or rollovers. If the Account value is below $250,000, you can contribute regardless of how much you have already contributed. For purposes of this limit, the Program Manager will consider other CollegeAmerica Accounts opened for the same Beneficiary and accounts in the other Qualified Tuition Programs administered by VCSP — VEST and VPEP. If a Non-Profit Organization does not designate a Beneficiary for an Account, the Account will not be subject to the $250,000 maximum contribution limit.

The Board may increase the $250,000 maximum contribution limit based on the estimated cost of Qualified Higher Education Expenses at Eligible Educational Institutions in the United States.

Minimum. To open an Account, you must invest at least the minimum amount required by each of the American Funds you select. Please refer to the applicable fund prospectus for minimum contribution and subsequent investment information.

Changes to an Account

Changing Investments. Federal law prohibits direction of the investments in a CollegeAmerica Account, either directly or indirectly. The Account Owner may, however, change the fund or funds in which the Account invests once per calendar year and upon a change in the Beneficiary of the Account. For purposes of the investment change rule, all accounts maintained by the Account Owner for the same Beneficiary in both CollegeAmerica and VEST will be aggregated. Once an investment change is made in one account, a subsequent investment change in that account or in another account maintained for the same Beneficiary in VEST or CollegeAmerica within the same calendar year will be treated as a withdrawal. The Account Owner may, however, change the investments in more than one account for the same beneficiary once per calendar year without tax consequences, provided that the change to all accounts is made at the same time.

Changing the Beneficiary. An Account Owner may change the Beneficiary of the CollegeAmerica Account at any time. To avoid treatment of the change as a withdrawal, the new Beneficiary must be a Member of the Family of the previous Beneficiary. The Account Owner must complete a Beneficiary change form indicating the relationship of the new Beneficiary to the previous Beneficiary. A Beneficiary change may be denied or limited if it causes one or more Qualified Tuition Program accounts administered by VCSP for the same Beneficiary to exceed the $250,000 maximum contribution limit.

Changing the Account Owner. The Account Owner may transfer the ownership of a CollegeAmerica Account, provided that no consideration is given or accepted for the transfer. Please consult your tax adviser regarding the tax consequences of any such transfer.

Transferring Funds (Rollovers)

Qualified Tuition Programs. We will accept rollovers from other Qualified Tuition Programs to CollegeAmerica. To transfer your funds from your current Qualified Tuition Program to CollegeAmerica, please complete the CollegeAmerica Account application. You will need to provide appropriate documentation from the transferring institution that shows the earnings portion of the rollover. If such documentation is not provided, the entire rollover will be treated as earnings.

Please note that if you withdraw funds from a Qualified Tuition Program with the intention of contributing these funds to CollegeAmerica, you must do so within 60 days of the initial withdrawal in order to retain the tax-free treatment of the rollover.

If you are not changing the Beneficiary, you may roll over a CollegeAmerica Account to another Qualified Tuition Program provided that the Account has not been rolled over in the previous 12 months. The Program Manager must provide to a transferee 529 program manager a statement providing the earnings portion of the rollover by the earlier of: (1) 30 days after the rollover, or (2) January 10 of the calendar year following the calendar year in which the rollover occurred.

Coverdell Education Savings Accounts and Qualified U.S. Savings Bonds.

- **Coverdell Education Savings Accounts.** We will accept transfers from a Coverdell Education Savings Account to CollegeAmerica. The transfer is considered a nontaxable withdrawal from the Coverdell Education Savings Account. You will need to complete a CollegeAmerica Account application and provide appropriate documentation from the trustee or custodian of the Coverdell Education Savings Account that shows the earnings portion of the transfer. If such documentation is not provided, the entire transfer will be treated as earnings.

- **Qualified U.S. Savings Bonds.** We will accept transfers of Qualified U.S. Savings Bonds to CollegeAmerica. You will need to complete a CollegeAmerica Account application and provide appropriate documentation, such as a 1099-INT or a written statement from the financial institution that redeemed the Qualified U.S. Savings Bonds, that shows the earnings portion of the transfer. If such documentation is not provided, the entire transfer will be treated as earnings. Please consult your tax adviser regarding the tax consequences of such a transfer.

UGMA or UTMA Contributions. A CollegeAmerica Account may be opened with Uniform Gifts to Minors Act ("UGMA") or Uniform Transfers to Minors Act ("UTMA") funds. These types of accounts involve additional restrictions. Specifically, UGMA/UTMA custodians/Account Owners may not change the Beneficiary of a custodial CollegeAmerica Account. At the time the Program Manager is notified by either the UGMA/UTMA custodian or the Beneficiary that the Beneficiary has reached the age of majority, the Beneficiary will become the Account Owner. Additional contributions to the CollegeAmerica Account holding UGMA/UTMA funds will be subject to these restrictions.

Neither VCSP nor the Program Manager is liable for any consequences related to a custodian's improper use or transfer of UGMA/UTMA custodial funds. Transfers from UGMA/UTMA accounts create significant legal considerations and may be restricted by your financial adviser's firm. Please consult your adviser before making such a transfer.

A transfer of assets or rollover may be denied or limited if it causes one or more Qualified Tuition Program accounts administered by VCSP for the same Beneficiary to exceed the $250,000 maximum contribution limit.

Withdrawals

Withdrawals in General. Only the Account Owner may request withdrawals from an Account. The Account Owner may use the funds in the Account for any purpose and may make withdrawals at any time.

Generally, each withdrawal from an Account will be comprised of two pro rata components: (1) a return of principal and (2) earnings. The return of principal portion of any withdrawal, whether Qualified or Non-Qualified, is not taxable. As explained in more detail below, the earnings portion of a withdrawal may be subject to taxation, and possibly penalties, depending upon whether the withdrawal is Qualified or Non-Qualified. The Account Owner or the Beneficiary is responsible for determining whether a withdrawal is Qualified or Non-Qualified and whether a penalty applies.

Qualified Withdrawals. If the Account Owner withdraws funds to pay for Qualified Higher Education Expenses of the Beneficiary, the withdrawal will be Qualified. In the case of Qualified Withdrawals made through 2010 and used to pay Qualified Higher Education Expenses, earnings on the withdrawals are free from federal income tax and are not subject to a 10% federal tax penalty. The earnings on a withdrawal made as a result of the Beneficiary's death, disability or receipt of a scholarship (to the extent of the scholarship award) will be subject to federal income tax. However, the earnings will not be subject to the 10% federal tax penalty.

The Account Owner or the Beneficiary is responsible for retaining the appropriate documentation for the tax treatment of Qualified Withdrawals.

Qualified Higher Education Expenses. Qualified Higher Education Expenses are expenses that are incurred by a Beneficiary attending an Eligible Educational Institution. Generally, these expenses include:

- tuition;
- all mandatory fees;
- textbooks, supplies and required equipment;
- room and board during any academic period during which the Beneficiary is enrolled at least half-time in a degree, certificate or other program that leads to a recognized educational credential awarded by an Eligible Educational Institution.

To be considered Qualified Higher Education Expenses, room and board costs may not exceed the following amounts:

- on-campus: actual invoice amount for room and board;
- off-campus: up to the applicable room and board portion of the Cost of Attendance as determined by the Eligible Educational Institution.

Non-Qualified Withdrawals. Those withdrawals that are not Qualified Withdrawals are Non-Qualified Withdrawals. Any earnings on Non-Qualified Withdrawals are subject to a 10% federal tax penalty in addition to federal and, if applicable, state income tax. The Account Owner or the Beneficiary is responsible for determining whether a withdrawal is Non-Qualified, making the appropriate filings with the IRS and paying the 10% federal tax penalty on earnings.

Losses on Investments. If you have an investment loss in your CollegeAmerica Account, you can take the loss as a deduction on your income tax return, but only when all amounts from that Account have been withdrawn and the total withdrawals are less than the total contributions made to the Account. You can claim the loss as a miscellaneous itemized deduction, subject to the 2%-of-adjusted-gross-income limit.

Account Statements and Confirmations

Account Owners will receive a confirmation of all American Funds transactions in their CollegeAmerica Account. The Program Manager will issue quarterly statements to all Account Owners reflecting activity in their CollegeAmerica Account. The Account Owner or the Beneficiary will have 120 days after a confirmation or Account statement is sent to the Account Owner to correct any error made by the Program Manager that may be reflected on that confirmation or Account statement.

Fees and Expenses

The fees relating to the Account's investment in one or more American Funds will vary depending on the class of shares and the American Funds selected. These fees and expenses are described in the applicable American Funds prospectuses.

At the time an Account is opened, it will incur a $10 initial Account fee. Thereafter, the Account will be charged an annual $10 Account maintenance fee. These fees may be increased without prior notice to Account Owners. Shares of the American Funds held in a CollegeAmerica Account will be redeemed automatically to pay these fees or the Account Owner may pay these fees separately.

Program Risks and Special Considerations

No Guarantee of Principal. Total withdrawals from an Account may be worth more or less than the amount invested initially. Accounts are not deposits or obligations of, or insured or guaranteed by, the Commonwealth of Virginia or any agency or instrumentality thereof, the United States government, the Program Manager, any financial institution, the Federal Deposit Insurance Corporation or any other federal or state governmental agency, entity or person.

Limited Shareholder Rights. Account Owners do not have a direct ownership interest in the American Funds held in an Account and do not have the rights of a shareholder of the American Funds, including the right to vote any proxies relating to fund shares.

Possible Change or Termination of CollegeAmerica. VCSP and the Program Manager reserve the right to make changes to CollegeAmerica at any time. Neither VCSP nor the Program Manager is required by law to continue offering CollegeAmerica Accounts, to accept additional contributions to existing CollegeAmerica Accounts or to allow new CollegeAmerica Accounts to be opened.

Meeting College Expenses Not Guaranteed. Even if an Account balance for a Beneficiary reaches the maximum limit allowed in CollegeAmerica, there is no assurance that the value of the Account will be sufficient to cover all the higher education expenses a Beneficiary may incur or that the rate of return on an Account will equal or exceed the rate at which higher education expenses may rise each year. The rate of inflation on education expenses is uncertain and could exceed the rate of return on an Account. Neither VCSP nor the Program Manager is responsible for paying any higher education expenses that exceed the balance of a CollegeAmerica Account at the time a withdrawal is requested.

Admission to, Continuation at or Graduation From College Not Guaranteed. Having a CollegeAmerica Account does not guarantee that: (1) a Beneficiary will be admitted to any institution of higher education; (2) a Beneficiary will be allowed to continue enrollment at any institution of higher education after admission; (3) a Beneficiary will graduate from any institution of higher education; or (4) a Beneficiary will qualify for in-state tuition rates at any Virginia state-supported public college or university.

Changing Legal Regulations. It is possible that the U.S. Congress, the Treasury Department, the IRS, the Commonwealth of Virginia and other taxing authorities or the courts may take actions that will adversely affect CollegeAmerica and that such adverse effects may be retroactive. In addition, the IRS has proposed regulations under Section 529 and has not issued final income tax regulations or published rulings concerning Qualified Tuition Programs. When issued, such regulations or any published ruling may alter the tax consequences summarized in this Program Description, may require that changes be made in CollegeAmerica to achieve the tax benefits described or may have a significant effect on CollegeAmerica and your investment in your Account. The Program Manager is under no obligation to continue to market and administer CollegeAmerica in the event that a change in the tax or other federal or state law makes continued operation not in the best interests of Account Owners or Beneficiaries. There can be no assurance that a change will not adversely affect CollegeAmerica and/or the value of your investment in an Account.

Treatment of Accounts for Financial Aid Purposes. CollegeAmerica Accounts may affect a Beneficiary’s ability to qualify for federal need-based financial aid. Although treatment of Qualified Tuition Programs in determining financial aid eligibility may vary among educational institutions, a CollegeAmerica Account should be treated like any other investment or savings the Account Owner may have. CollegeAmerica Accounts should not affect a Beneficiary’s eligibility for merit-based scholarships. In addition, CollegeAmerica Accounts do not affect a Beneficiary’s eligibility for a Virginia Tuition Assistance Grant for Virginia Beneficiaries who attend an eligible, private, nonprofit institution of higher education in Virginia.

Medicaid Eligibility. A CollegeAmerica Account may adversely affect an Account Owner's eligibility for federal and state assistance programs, particularly Medicaid. Please consult your financial adviser for additional information.

Changes in Program Manager. VCSP and the Program Manager have signed a 15-year agreement that will remain in effect until February 15, 2017. The term of the agreement is automatically extended for successive additional terms of one year each unless either party provides notice in writing to the other party that the agreement will terminate at the end of the term. VCSP and the Program Manager may terminate the agreement at any time by mutual consent during the initial or an extension term. In addition, both VCSP and the Program Manager have the right to terminate the agreement under specified circumstances. In the event that the agreement is terminated, VCSP may select another program manager for CollegeAmerica without prior notice to Account Owners.

Limit on Account Duration. Beneficiaries who have not graduated from high school at the time their CollegeAmerica Account is opened have 30 years after the projected date of their high school graduation to use all assets in their CollegeAmerica Account. Beneficiaries who have graduated from high school at the time the Account is opened have 30 years after the date the CollegeAmerica Account was opened to use all assets in their CollegeAmerica Account. Any time spent by a Beneficiary as an active-duty member of any branch of the U.S. Armed Services will be added to the 30-year period. If an Account is rolled over to a new Beneficiary, the applicable 30-year time limit will begin again, based on the new Beneficiary's age and date of Account inception. Requests for extensions of this Account duration limit will be considered by the Program Manager on a case-by-case basis.

If the CollegeAmerica Account is not depleted within the 30-year Account duration limit, the Program Manager will contact the Account Owner regarding the status of the CollegeAmerica Account. If neither the VCSP Board nor the Program Manager, after diligent commercial efforts, is able to locate the Account Owner, the Beneficiary or any designee of survivorship rights, the Board shall report the unclaimed amounts to the Virginia State Treasurer as unclaimed property pursuant to Section 55-210.12 of the Code of Virginia (1950), as amended.

Claims Against Accounts. Virginia law provides Account Owners and Beneficiaries protection from creditors. When Virginia law is applied, an Account may not be attached, garnished, seized or appropriated by any creditor to pay any debt or liability. In addition, federal law provides that an Account cannot be assigned, used as security or collateral on any loan, or otherwise alienated, sold, transferred, pledged or encumbered. Neither VCSP nor the Program Manager represents or warrants protection from creditors. You should consult a legal adviser about the application of these laws to your particular situation.

Other Considerations. An investment in CollegeAmerica may not be the appropriate investment program for everyone. You should evaluate other tax-advantaged education savings programs and consult with your adviser.

Federal Securities Laws

Exemption From Registration. CollegeAmerica Accounts are considered municipal fund securities and have not been registered as securities under the Securities Act of 1933 in reliance on an exemption from registration available for obligations issued by a public instrumentality of a state. In addition, the Accounts have not been registered with any state in reliance on an exemption from registration available for obligations issued by an instrumentality of a state.

Continuing Disclosure. Under Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934 (the "Rule"), certain information must be provided to Account Owners on a periodic basis. To comply with this Rule, VCSP has executed a Continuing Disclosure Agreement for the benefit of Account Owners (the "Disclosure Agreement"). Under the Disclosure Agreement, certain financial information and operating data relating to the American Funds offered in CollegeAmerica (the "Annual Information") will be provided to appropriate parties, as well as notices of the occurrence of certain events identified in the Disclosure Agreement, if material. The Annual Information will be filed by or on behalf of VCSP with each Nationally Recognized Municipal Securities Information Repository (the "NRMSIRs") and with any Virginia information repository. Notices of certain enumerated events will be filed by or on behalf of VCSP with the NRMSIRs or the Municipal Securities Rulemaking Board and with any Virginia information repository.

Other than the Disclosure Agreement, VCSP has not previously entered into a continuing disclosure undertaking pursuant to the Rule. A failure by VCSP to comply with the Disclosure Agreement will not constitute a default under the Agreement, and Account Owners are limited to the remedies described in the Disclosure Agreement.

Federal Gift, Estate and Generation-Skipping Transfer Taxes

Federal Gift Tax. A contribution to an Account is considered a completed gift for federal gift and estate tax purposes. If an individual's contributions to an Account or Accounts for a Beneficiary, together with all other gifts by the individual to the Beneficiary, do not exceed $11,000 per year ($22,000 per married couple), there will be no federal gift tax consequences.

If an individual's contribution to an Account for a Beneficiary in a single year is greater than $11,000 ($22,000 per married couple), the individual may treat the contribution, up to $55,000 ($110,000 per married couple), under a special gift tax election, as having been made ratably over a five-year period.

Contributions made to a 529 plan in excess of the annual gift tax exclusion will not cause gift taxes to be payable unless the contributions (together with all other gifts) that exceed the annual gift tax exclusion are greater than the Contributor's lifetime gift tax exemption of $1 million.

Generally, a permissible change of the Beneficiary will not result in federal gift tax consequences to the Account Owner. Such a change will, however, be treated as a gift from the previous Beneficiary to the new Beneficiary if the new Beneficiary is one or more generations younger than the Beneficiary being replaced.

Federal Estate Tax. Except in the case of the special gift tax election, if the Contributor dies while there is still money in the Account, the value of the Account is not included in the Contributor's estate. If the Contributor made the special gift tax election, and the Contributor dies before the five-year period beginning with the calendar year of the gift has elapsed, the portion of the contribution allocable to the years remaining in the five-year period (excluding any earnings on such contribution) is included in the Contributor's estate for estate tax purposes.

Upon the death of a Beneficiary, the value of the Beneficiary's interest in the Account is included in the gross estate of the Beneficiary for federal estate tax purposes.

Federal Generation-Skipping Transfer Tax. The generation-skipping transfer tax may apply to contributions made to an Account if the Beneficiary is deemed to be a member of a generation that is more than one generation younger than the generation of the Contributor.

Contributions that qualify for the annual gift tax exclusion are not subject to generation-skipping transfer tax. Generation-skipping transfer tax will be payable only on the amount by which contributions in excess of the annual exclusion amount exceed the Contributor's lifetime generation-skipping transfer tax exemption ($1,100,000 for 2002, indexed for inflation.) Consequently, this tax is unlikely to apply to many Contributors. Where it applies, however, the generation-skipping transfer tax is imposed at the maximum federal estate tax rate.

If the Account Owner changes the Beneficiary to a new Beneficiary who is more than one generation younger than the previous Beneficiary, the generation-skipping transfer tax may be triggered.

Consult your tax adviser regarding the specific application of these rules to your particular circumstances.

Virginia Income Tax

Deduction for Contributions. Virginia allows an Account Owner to deduct from Virginia taxable income up to $2,000 of contributions, including any rollover contributions, per year per Account in the year the contribution was made or in a future year. The Account Owner may take this tax deduction even if the contribution is made by an individual other than the Account Owner.

If more than $2,000 is contributed in one year to a Virginia Qualified Tuition Program account, the remainder may be carried forward and subtracted in future taxable years, up to $2,000 per year per account, until the entire contribution has been fully deducted.

For Account Owners age 70 or older, the entire amount of any contribution may be deducted in the year contributed or in a future year. If an Account Owner turns 70 and has contributions to deduct as a result of contributions made prior to attaining age 70, all of these remaining contributions may be deducted in full in the year the Account Owner reaches age 70.

Recapture of Deduction. Any deduction is subject to recapture in the year a withdrawal or refund is made for any reason other than: (1) to pay Qualified Higher Education Expenses, or (2) due to the Beneficiary's death, disability or receipt of a scholarship (to the extent of the scholarship award). In addition, a rollover to a non-Virginia Qualified Tuition Program will require the Account Owner to add back to his or her Virginia taxable income in the year of the rollover distribution any amounts previously deducted from the Account Owner's Virginia taxable income.

Please note that in the case of a transfer of ownership of an Account, the new Account Owner succeeds to the previous owner's tax attributes, including, but not limited to, carryover and recapture of deductions.

Virginia Tax Treatment of Investments and Distributions. Generally, earnings on contributions are not included in Virginia taxable income. In addition, Qualified Withdrawals used for Qualified Higher Education Expenses are not included in Virginia taxable income. Finally, Qualified Withdrawals made on account of the Beneficiary's death, disability or receipt of a scholarship (to the extent of the scholarship award) may be excluded from Virginia taxable income.

Both Virginia and non-Virginia residents should consult their state tax advisers for more information regarding the state tax treatment of CollegeAmerica Accounts.

Tax Reporting

An IRS Form 1099-Q will be issued in the event of a withdrawal from or a trustee-to-trustee rollover from a CollegeAmerica Account. It is the responsibility of the recipient of the 1099-Q to determine whether a withdrawal is Qualified or Non-Qualified and whether taxes and a penalty apply.

Coordination With Other Education Tax Incentives

Withdrawals from an Account may affect other education tax incentives available to you. The coordination between these incentives is complex. Please consult your tax adviser.

Coverdell Education Savings Accounts. Depending on your income level, Coverdell Education Savings Accounts may permit tax-free growth and exclusion from gross income for earnings withdrawn to pay education expenses. Through 2010, the annual limit on contributions to a Coverdell Education Savings Account is $2,000 per contributor per Beneficiary. Contributions may be made to both an Account and a Coverdell Education Savings Account in the same calendar year. If total withdrawals from a Coverdell Education Savings Account and an Account exceed the Beneficiary's Qualified Higher Education Expenses for any calendar year, the expenses must be allocated between the two withdrawals.

HOPE Scholarship and Lifetime Learning Credits. Depending on your income level, you may be able to claim a HOPE Scholarship or Lifetime Learning Credit for qualified tuition and related expenses. The same expenses cannot be used as support for a Qualified Withdrawal from an Account and as the basis for either of these two credits.

Tax Deduction for Education Expenses. Depending on your income level, you may be able to take a federal above-the-line deduction for qualified tuition and related expenses. The amount of expenses that may be deducted must be reduced by the earnings portion of any Qualified Withdrawal from an Account that is excludable from income.

Exclusion of Interest on Qualified U.S. Savings Bonds. Depending on your income level, redemption proceeds from Qualified U.S. Savings Bonds that are either used for qualified tuition and related expenses or contributed to an Account may be excluded from income. The amount of expenses that may be used to calculate the exclusion must be reduced by the Qualified Higher Education Expenses paid with a Qualified Withdrawal from an Account.

Glossary of Terms

Account means a CollegeAmerica Account opened by an Account Owner on behalf of a Beneficiary.

Account Owner is any individual who establishes and controls a CollegeAmerica Account. The Account Owner must be a U.S. citizen or legal U.S. resident, but need not be a resident of Virginia.

American Funds Distributors, Inc. (“AFD”) is the distributor of CollegeAmerica and is responsible for marketing and distributing CollegeAmerica exclusively through financial advisers.

American Funds Service Company (“AFS”) is responsible for the recordkeeping and administration of CollegeAmerica.

Beneficiary is the person on whose behalf the Account is opened and who is entitled to receive its benefits. This person can be the Account Owner, or the Account Owner’s relative or friend. The Beneficiary must be a U.S. citizen or legal U.S. resident.

Board means the Board of VCSP.

Capital Research and Management Company serves as the investment adviser to CollegeAmerica, as well as the investment adviser to the American Funds family of mutual funds.

CollegeAmerica means the 529 college savings plan established and maintained by VCSP and distributed by American Funds through financial advisers.

Contributor means any person or entity that makes a contribution to a CollegeAmerica Account. The Contributor need not be the Account Owner.

Cost of Attendance at a particular Eligible Educational Institution can generally be located at www.nces.ed.gov/ipeds/cool/Search.asp. You may need to contact the Beneficiary’s educational institution for the most current Cost of Attendance.

Coverdell Education Savings Accounts, formerly known as Education IRAs, permit tax-free saving for higher education expenses and, through 2010, for primary and secondary education expenses.

Disabled means that the Beneficiary 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-continued and indefinite duration. The Beneficiary will not be considered to be disabled unless a medical professional certifies the disability in writing.

Eligible Educational Institution includes most community colleges, public and private four-year colleges, universities and vocational schools in any state. Some foreign institutions are eligible. Generally, you can determine if a school is an Eligible Educational Institution by searching for its Federal School Code (identification number for schools eligible for Title IV financial aid programs) at www.ed.gov/offices/OSFAP/Students/apply/search.html.

Member of the Family means the Beneficiary's immediate family, including: (1) a son or daughter or a descendant of either; (2) a stepson or stepdaughter; (3) a brother, sister, stepbrother or stepsister; (4) a father or mother or an ancestor of either; (5) a stepfather or stepmother; (6) a brother or sister of the father or mother; (7) a son or daughter of a brother or sister; (8) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law; (9) the spouse of the Beneficiary or the spouse of any individuals described above; or (10) a first cousin of the Beneficiary. All legally adopted children are treated as children of the adoptive parent by blood, and the terms "brother" and "sister" include half brothers and half sisters.

Non-Profit Organization means any entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, as amended.

Non-Qualified Withdrawal means a withdrawal from a CollegeAmerica Account made for any reason other than: (1) Qualified Higher Education Expenses of the Beneficiary; (2) a withdrawal due to the Beneficiary's death, disability or receipt of a scholarship (to the extent of the scholarship award); or (3) a rollover to another Qualified Tuition Program. Non-Qualified Withdrawals are subject to federal income tax and a 10% federal tax penalty on earnings. The Account Owner or the Beneficiary is responsible for determining whether the withdrawal is Non-Qualified, making the applicable IRS filings and paying any applicable taxes and penalties on the earnings.

Program Description means the CollegeAmerica Program Description.

Program Manager includes Capital Research and Management Company, American Funds Service Company and American Funds Distributors, Inc.

Qualified Higher Education Expenses means the expenses allowed under Section 529, including: (1) tuition, all mandatory fees and the costs of textbooks, supplies and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution; and (2) the costs of room and board of a Beneficiary during any academic period during which the Beneficiary is enrolled at least half-time in a degree, certificate or other program that leads to a recognized educational credential awarded by an Eligible Educational Institution. To be considered Qualified Higher Education Expenses, room and board costs may not exceed the following amounts: (1) for students living on campus, Account withdrawals may be used to pay up to the actual invoice amount for room and board at the institution; (2) for students who live with a parent or guardian, Account withdrawals may be used to pay up to the amount determined by the Eligible Educational Institution for the room and board allowance for students who live with a parent or guardian in its Cost of Attendance for that academic term; and (3) for all other students living off campus, Account withdrawals may be used to pay up to the amount determined by the Eligible Educational Institution for the room and board allowance for students who live off campus in its Cost of Attendance for that academic term.

Qualified Tuition Programs/529 plans/529 college savings plans are education savings plans and prepaid tuition plans that are eligible for tax-favored status under Section 529.

Qualified U.S. Savings Bond is any Series EE Bond issued after 1989 and all Series I Bonds purchased by an individual who is at least 24 years old before the bond's issue date.

Qualified Withdrawal means a withdrawal made for: (1) Qualified Higher Education Expenses of the Beneficiary, or (2) a withdrawal due to the Beneficiary's death, disability or receipt of a scholarship (to the extent of the scholarship award).

Section 529 refers to Section 529 of the Internal Revenue Code of 1986, as amended.

Virginia College Savings Plan ("VCSP") is an independent agency of the Commonwealth of Virginia that was created by the state legislature in 1994. VCSP is the Program Administrator for CollegeAmerica.

Virginia Education Savings Trust ("VEST") is a 529 college savings plan created by VCSP in 1999.

Virginia Prepaid Education Program ("VPEP") is a prepaid college tuition plan offered to residents of the Commonwealth of Virginia by VCSP.

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For Account Owner Services	American Funds Service Company 800/421-0180, ext. 529
For Dealer Services	American Funds Distributors, Inc. 800/421-9900, ext. 529
For 24-Hour Information	American FundsLine® 800/325-3590 americanfunds.com

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