

**Fees.** CSB does not charge fees. We no longer offer overnight delivery of checks or outgoing wires. Instead of overnight checks and wire transfers, we offer an ACH disbursement as an option.

Pursuant to agreements with CSB, various banking institutions, broker/dealers and financial planners act as agents or authorized representatives in effecting sales to their customers relating to the Program, and CSB has agreed to pay them a commission.

Depositors pay no commissions to any authorized representative in connection with purchases of CDs. The commissions are an expense of CSB and do not affect the amount of the customer's deposit. Savers who work through brokers are in the same position as those who work directly with CSB.

**Lack of Immediate Liquidity.** An investment in an Account is not the equivalent of a demand deposit in a checking account. An Account Owner may seek to withdraw funds from an Account. However, a check for the amount withdrawn (after reduction for possible early withdrawal penalties and tax withholdings) may be issued 30 days after CSB receives written notice of the request for the withdrawal.

**ACH Plan and Payroll Deduction.** Effective October 24, 2016, if you contribute to the Accumulator Account through an ACH Plan and/or payroll deduction, all balances from your Accumulator Account will be transferred to the CollegeSure® Honors Savings Account. Your ACH Plan and/or payroll deduction will continue uninterrupted and will be contributed to your new CollegeSure® Honors Savings Account.

Effective August 2, 2016, we no longer offer new InvestorSure® CDs as a CD Option; therefore, you cannot use funds from your CollegeSure® Honors Savings Account to purchase new InvestorSure® CDs. However, the CollegeSure® Honors Savings Account can be used to purchase new Fixed Rate CDs.

The change from an Accumulator Account to the CollegeSure® Honors Savings Account is a program initiated change and will not, therefore, be considered one of your twice annual investment exchanges. See CollegeSure® Honors Savings Account for additional information.

**Distributions.** Account Owners must submit Distribution Authorization Form. You may call a Client Service Representative at **800-888-2723** to receive a Distribution Authorization Form or download the form from our website at [www.collegesavings.com](http://www.collegesavings.com).

Distributions from an IRA CollegeSure® CD account require an IRA withdrawal statement. Generally, withdrawal requests will be processed within ten (10) business days.

**Questions.** Client Service Representatives can be reached Monday through Friday from 9AM EST – 6PM EST.

- Phone: 800-888-2723
- Fax: 214-481-1289
- Website: [www.collegesavings.com](http://www.collegesavings.com)
- Mail: 2515 McKinney Ave, Suite 1100, Dallas, TX 75201

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# InvestorSure® Certificate of Deposit Terms and Conditions



College  
Savings Bank®

Member FDIC

**Important Update.** Effective August 2, 2016, we no longer offer InvestorSure® CDs. InvestorSure® CDs issued prior to August 2, 2016, will remain outstanding until their stated maturity dates under the terms and conditions detailed below.

**Product.** InvestorSure® CD is a five-year variable rate CD product, indexed to the performance of Standard & Poor's® 500 Composite Stock Index (S&P 500®).

**Issuer.** All CDs and savings accounts are issued by College Savings Bank, a Division of NexBank SSB (CSB). CSB's deposits are insured up to applicable statutory limits by the FDIC. Each CD is governed by the statutes, rules and regulations of the State of Texas and the FDIC.

**FDIC Insurance.** Your principal and accrued interest on a CD, for FDIC deposit insurance purposes, will be added to any other deposit accounts you hold at CSB in the same right and capacity and will be insured by the FDIC up to \$250,000 in the aggregate. For this purpose, all Accounts with the same Account Owner will be deemed to be held in the same right and capacity and will be combined for purposes of this \$250,000 limitation. FDIC deposit insurance is backed by the full faith and credit of the U.S. Government. Separate deposit insurance for accounts with the same Account Owner and Beneficiary may also be available in certain limited circumstances.

**Maturity Term.** The term for an InvestorSure® CD is five years (60 months) from the Issue Date. The Maturity Date is the first NYSE Exchange Business Day of the month that is five (5) years from the Issue Date. For example, if a certificate was issued on February 1, 2016, the CD will mature on February 1, 2021.

**Interest Rate and Annual Percentage Yield (APY).** The interest rate and APY are not determined until maturity of the InvestorSure® CD. The APY is the annualized investment return over the life of the InvestorSure® CD. It assumes that the Account Owner holds the InvestorSure® CD until maturity. As the Investment Return can be zero, CSB does not guarantee any positive APY. In addition, early withdrawal will diminish earnings.

**Market Measure.** The Market Measure for the InvestorSure® CD is the S&P 500®. This index is published by Standard and Poor's, a division of The McGraw-Hill Companies, Inc. It is a widely used index to indicate the movement in common

stock prices. The stocks that comprise the S&P 500® account for approximately 75% of the United States equities market, based on market capitalization. For additional information on the S&P 500®, visit [www.collegesavings.com](http://www.collegesavings.com).

**Investment Return.** The investment return is computed as the difference between the Closing Market Value (CMV) and the Starting Market Value (SMV) divided by SMV and then multiplied by the Market Participation Factor (MPF), which is represented by the following equation:

$$\frac{(CMV - SMV) \times MPF}{SMV}$$

*Starting Market Value (SMV)* is the closing value of the S&P 500® three (3) Exchange Business Days prior to the Issue Date. For example, a CD issued on February 1, 2016 has an SMV equal to the closing value of the S&P 500® on January 27, 2016.

*Closing Market Value (CMV)* is the arithmetic average of the closing value of the S&P 500® on the Valuation Dates. The Valuation Dates are the Exchange Business Days coinciding with 20 quarterly observations between Issue Date and Maturity Date. For example, if the day of the month of the SMV is January 27, 2016, the Valuation Dates will include each April 27, July 27, October 27, and January 27 between the SMV Date and the Maturity Date. If the exact day of the month is not an Exchange Business Day, the Valuation Date that month is the first preceding Exchange Business Day.

*Market Participation Factor (MPF)* is the percentage of S&P 500® investment return you will receive. The MPF for your contribution is determined on the Issue Date. The current MPF is 70%. CSB, in its sole discretion, may establish a MPF higher than 70% for future issuances; however, your decision to invest in the InvestorSure® CD should be based on the assumption that the MPF will be 70%. To the extent the investment return on an InvestorSure® CD is positive, a 70% MPF will result in a lower investment return compared to a 100% MPF.

The above formula for calculating investment return assumes that the Account Owner does not take a distribution prior to maturity, and is not applicable for early withdrawals.

The following table illustrates how the investment return would be calculated by using historical data and assuming that a five-year InvestorSure® CD was issued on August 1, 2011 and matured on August 1, 2016.

Issue Date	Maturity Date	Valuation Date	S&P Close Value
8/1/11(SMV)	8/1/16	7/27/11*	1,304.89
1st Valuation Date		10/27/11	1,284.59
2nd Valuation Date		1/27/12	1,316.33
3rd Valuation Date		4/27/12	1,403.36
4th Valuation Date		7/27/12	1,385.97
5th Valuation Date		10/26/12	1,411.94
6th Valuation Date		1/25/13	1,502.96
7th Valuation Date		4/26/13	1,582.24
8th Valuation Date		7/26/13	1,691.65
9th Valuation Date		10/25/13	1,759.77
10th Valuation Date		1/27/14	1,781.56
11th Valuation Date		4/25/14	1,863.40
12th Valuation Date		7/25/14	1,978.34
13th Valuation Date		10/27/14	1,961.63
14th Valuation Date		1/27/15	2,029.55
15th Valuation Date		4/27/15	2,108.92
16th Valuation Date		7/27/15	2,067.64
17th Valuation Date		10/27/15	2,065.89
18th Valuation Date		1/27/16	1,882.95
19th Valuation Date		4/27/16	2,095.15
20th Valuation Date		7/27/16	2,166.58

\*7/27/11 indicates the starting market value.

Total S&P Close Value: 35,340.42

Divided by Number of Valuation Dates: 20

CMV: 1,767.02

**Investment Return:**

$$\frac{70\% \times (1,767.02 - 1,304.89)}{1,304.89} = 24.76\%$$

$$APY = (1 + 24.79\%)^{1/5} - 1 = 4.53\%$$

**Impact of Averaging.** The CMV is not determined by calculating the closing value of the S&P 500® on any particular day (such as the Maturity Date or the last Valuation Date). The CMV is determined by averaging the closing value of the S&P 500® over the 20 quarterly observations between SMV and the CMV of the InvestorSure® CD. This method moderates fluctuations in the value of the S&P 500®. Thus, the investment return on an InvestorSure® CD is different than the investment return that would be obtained if the CMV were the value of the S&P 500® on a single day.

Thus, the investment return on an InvestorSure® CD is different than the investment return that would be obtained if the CMV were the value of the S&P 500 on a single day. If the value of the S&P 500 on the last Valuation Date is lower than the previous 19 Valuation Dates, then the investment return will be higher by using averaging compared to an investment return using only the S&P 500 value on the last Valuation Date. Conversely, if the value of the S&P 500 on the last Valuation Date is higher than the previous 19 Valuation Dates, then the investment return may be lower by using averaging compared to an investment return using only the S&P 500 value on the last Valuation Date.

**Upside Payment.** At maturity, you may receive an Upside Payment on the InvestorSure® CD. The Upside Payment will be the investment return multiplied by the principal amount of the InvestorSure® CD. If there is no change, or if there is a decrease, in the Market Measure from SMV to the CMV, you will not be paid an Upside Payment. CSB does not guarantee an APY, and offers no warranties, either express or implied, that the InvestorSure® CD will result in any Upside Payment. If the CD is withdrawn prior to maturity, you will not receive any Upside Payment.

**Options at Maturity.** The InvestorSure® CD does not automatically renew. We will provide written notification at least 60 days before the Maturity Date. You must provide written instructions at least 30 days prior to the Maturity Date if you would like the proceeds upon maturity of the InvestorSure® CD to be invested other than in accordance with the default action described below. If you provide instructions in good order, funds will be disbursed from your Account no later than the first Business Day following the Maturity Date.

If we do not receive instructions at maturity, we will take the following default action:

- CSB will automatically transfer matured funds into a CollegeSure® Honors Savings Account until distribution or other investment instructions are provided by the Account Owner.

Alternatively, you may choose one of the following options at maturity:

- Transfer the matured funds to a 1-, 2- or 3-year Fixed Rate CD; or
- Rollover the matured funds to another qualified program; or
- Take a Qualified or Non-Qualified Distribution of the funds.

Please note any actions other than taking a Qualified or Non-Qualified Distribution or a default action stated above could be considered one of your two allowable calendar year investment exchanges as per 529 plan rules.

For IRAs and Coverdells, InvestorSure CDs maturity proceeds will be held in a CollegeSure® Honors Savings Account by default. See CollegeSure® Honors Savings Account for additional information.

**Early Withdrawal.** Upon 30 days prior written notice, you may take a Qualified or Non-Qualified Distribution, in whole or in part, only on the anniversary date of the InvestorSure® CD's Issue Date. Withdrawals prior to the Maturity Date are subject to an Early Withdrawal Penalty equal to 10% of the principal of the InvestorSure® CD. You will also forfeit any Upside Payment, which is determined upon maturity. We retain the right to terminate an InvestorSure® CD if the withdrawal of principal from the CD would result in a balance of less than \$250.

CSB retains the right to terminate an InvestorSure CD if the withdrawal of principal from the CD would result in a balance of less than \$250.

In addition to an Early Withdrawal Penalty, if the withdrawal is a Non-Qualified Distribution, you may be subject to Federal and State tax consequences.