Michigan Education Savings Program

MI 529 Advisor[sm]

The Only Advisor-Sold 529 College Savings Plan with a Michigan Income Tax Deduction

Allianz Global Investors

Life Ambitions—Making a Dream Reality

We all want the best for our children and grandchildren, to see them realize their life's ambitions. Education is integral to their success, and while paying for college could be one of the largest expenditures you will incur, it just might be the best investment you ever make.

Access to premier fund families

Unlike many other 529 plans, the MI 529 Advisor Plan offers access to several of the country's largest and most respected investment management firms within one integrated plan. Our robust investment menu features an array of investment options from five leading money managers to enable you to put the best to work for a child's future.

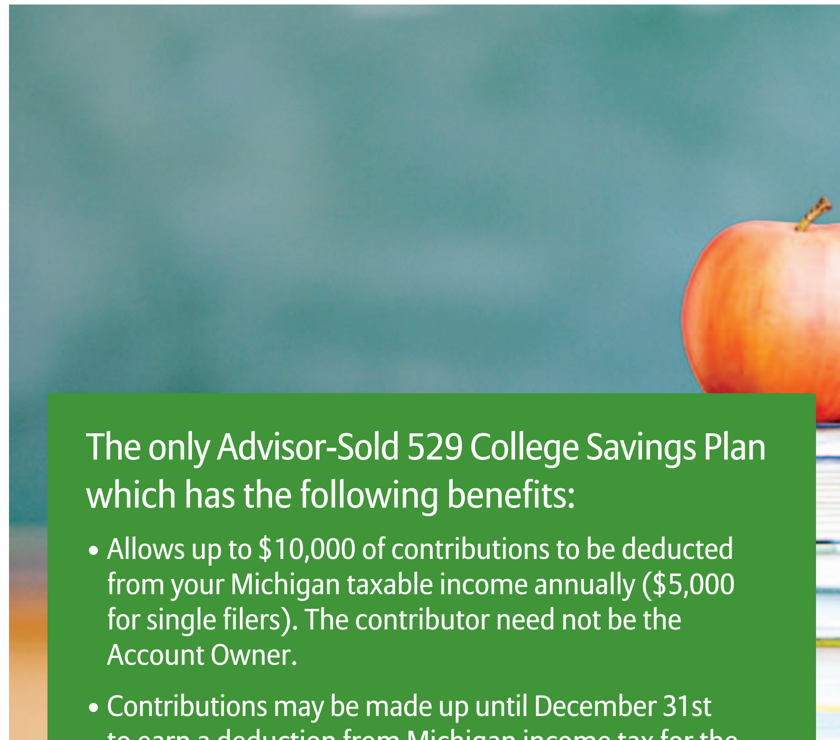
PIMCO

RCM informed

NFJ Investment Group

TIAA CREF
FINANCIAL SERVICES FOR THE GREATER GOOD

Allianz Global Investors



The only Advisor-Sold 529 College Savings Plan which has the following benefits:

- Allows up to $10,000 of contributions to be deducted from your Michigan taxable income annually ($5,000 for single filers). The contributor need not be the Account Owner.
- Contributions may be made up until December 31st to earn a deduction from Michigan income tax for the current tax year.

Give the financial freedom to pursue a higher education. At Allianz Global Investors, we understand how invested you are in your child or grandchild's future, and have designed our college savings program—MI 529 Advisor Plan—to deliver significant advantages for college investors.

Investment choice and flexibility

Everyone is different: we all have distinct goals, individual tolerances for risk and varying time horizons. That's why the MI 529 Advisor Plan allows you to choose from three types of investment options:

Age-Based Investment Portfolios automatically reallocate assets based on the child's age or;

Static Investment Portfolios enable you to tailor the account to your individual risk tolerance using the capital appreciation and capital preservation portfolios. Overall, the static investment portfolios give the saver more control of their risk profile or;

Individual Investment Portfolios remain fixed in the allocation you initially choose when opening the account until you elect to change the allocation range.

Powerful benefits

MI 529 Advisor offers an array of features to enhance how—and how much—you save.

- *Tax advantages*—From tax-deferred growth to tax-free withdrawals.*
- *Gifting and estate tax benefits*—Investing for college can pay off for your estate plan as well.
- *Control and flexibility*—You drive all decisions, from naming or changing the beneficiary, to investing the assets, to distributing the funds.

Transfers from the Direct Program (or changes among different investment options) will not entitle the Account Owner or contributor to a State tax deduction or any other additional benefit under State or federal tax law (to the extent previously taken). A taxpayer that takes a Rollover or Non-Qualified Withdrawal within the same tax year in which the contribution was made will be subject to a reduction of the contribution deduction, otherwise available, by the amount of the Rollover or Non-Qualified Withdrawal.

*Earnings on withdrawals which are not for qualified higher educational expenses may be taxed as ordinary income and may be subject to a federal 10% additional tax.

NOTICE: The account is not insured by any state, and neither the principal deposited nor any investment return is guaranteed by any state. Furthermore, the account is not insured, nor the principal or any investment returns guaranteed, by the federal government or any federal agency.

The Increasing Value of a College Degree

The true value of a college degree is clear when you consider a child's future earnings potential and career path. However, the cost of college is also higher than ever. With the MI 529 Advisor Plan, you can better manage the cost of higher education.

Afford the college of their choice

Since 1976, the cost of college has risen at two to three times the rate of inflation and faster than increases in income for most families. For the 2008–09 academic year, The College Board® reported that the cost of public and private colleges continued to outpace inflation, with hikes of more than 6% in tuition and fees. In fact, at four-year public colleges, the increase is the highest it has been in 30 years.

Don't burden your student with debt

Many students do not qualify for need-based financial aid, such as that available from the federal government. For these families, financial aid often consists of student and parental loans, ultimately resulting in heavy debt burdens after graduation. Today, two-thirds of college students borrow to pay for college, and their average debt load is $23,186 by the time they graduate. These graduates will be repaying those loans for years after attaining their degree.

Source: National Post Secondary Student Aid Study 2008.

Projected Tuition and Fees (excludes room and board and other expenses)	Today (Enrolling 2010)	In 18 Years (Enrolling 2028)
4-Year Private College	$121,800	$347,700
4-Year Public University (in-state resident)	$32,600	$92,900
2 Years Community College and 2 Years Private College	$70,000	$199,800

Source: Savingforcollege.com. Based on average tuition and fees for 2009–2010 as reported by The College Board® and assumed to increase 6% annually.

Help a child earn more as a college graduate

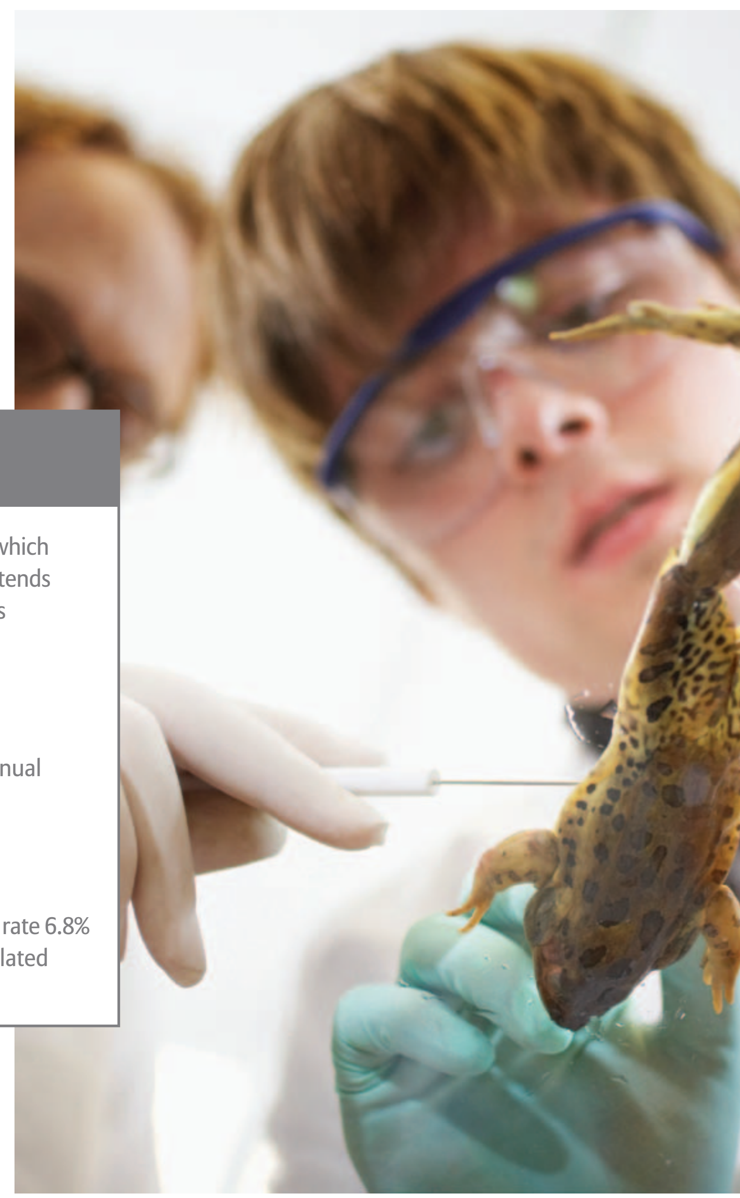
There are few things that are of greater value than the opportunity provided by a college degree. Research has shown that, on average, college graduates, aged 25–34, earn almost 60% more annually than individuals with only a high school degree. And over a lifetime, those with a college degree earn well over $1 million more than those without.

Source: Savingforcollege.com.

Watch their career take flight

A higher education can provide more than just higher earnings. According to the U.S. Department of Labor, a college degree typically results in more career options, greater promotion opportunities, more vacation time and other benefits, and lower unemployment rates. It can also pave the way for graduate school, which may lead to even greater earnings and benefits.

Source: U.S. Department of Labor/Bureau of Labor Statistics, National Compensation Survey, March 2004.



College Saving Profile
Borrowing vs. Investing

Mary and John Smith are reviewing their college financing options to see which is the most cost-effective way to fund John Jr.'s education. Assuming he attends a college that will cost $100,000 over four years, clearly the cost to invest is substantially less than the cost of a loan.

OPTION 1
COST OF INVESTING $58,320

They will need to invest $3,888 a year over 15 years, assuming a 6.5% annual return compounded monthly to reach their goal of $100,000.

OPTION 2
COST OF BORROWING $202,000

If they decide to fully finance his education with a loan, assuming a fixed rate 6.8% Federal Stafford Loan, Mary and John Smith will add $102,000 in accumulated interest to the total cost of their son's education.

This illustration is hypothetical and not representative of the performance of any particular investment. There are risks associated with investing, including possible loss of principal. This illustration does not take into account the effect of the performance of different investment vehicles.

“The Best Way to Save for College”*

Named after the section of the Internal Revenue Code that created them, 529 plans are designed specifically to save for college, offering various tax benefits and other important features. Generally the person who is funding the plan opens the account (account owner), designating an individual (beneficiary) for whom the funds will be used.

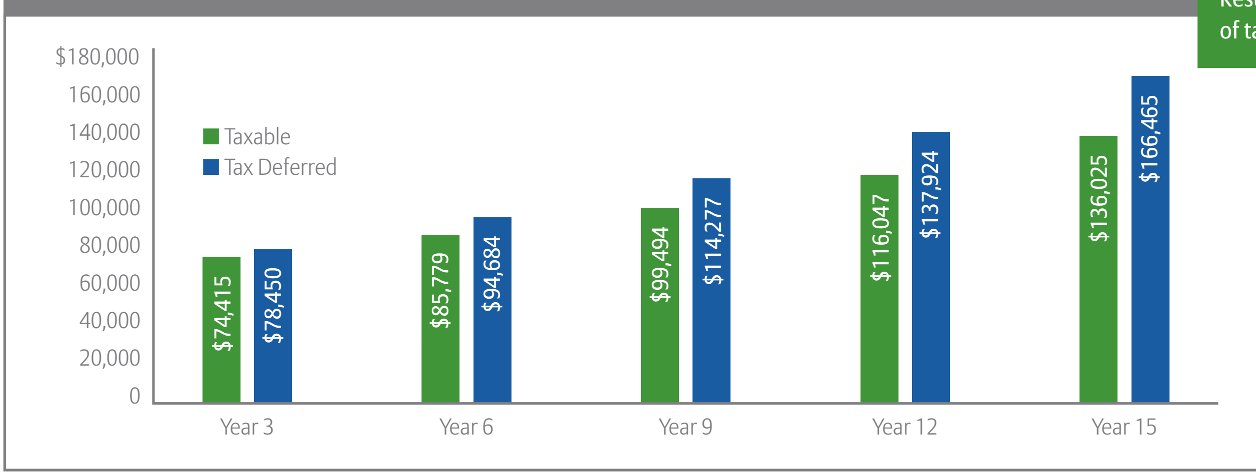
Accumulate savings faster with tax-deferred growth

The money you earn in a 529 plan is not subject to federal or state income taxes as long as it remains in the plan. This can help your account grow faster since all of your earnings can be reinvested, increasing returns with tax-free compounding.

Withdraw earnings without being taxed

In addition, no federal or state taxes are due to the federal government or to most states** when money is withdrawn from your 529 account and applied to qualified expenses: tuition, room and board, books, supplies, fees and required equipment at most colleges, graduate schools and universities. However, non-qualified withdrawals may be taxable as ordinary income, and a 10% federal tax penalty may also apply.

The Value of Tax Deferred Growth
Assuming a $65,000 Initial Investment



Resulting in $30,440 more of tax-deferred growth

The returns are hypothetical and do not represent the performance of any investment. This illustration assumes that no withdrawals are made which would not qualify as educational expenses.

This hypothetical graph is intended to compare a taxable investment account and a 529 tax-deferred account under the following assumptions: A) one lump sum contribution of $65,000 of after-tax amounts is invested and all earnings, gained at annual average rate of 6.5%, compounded annually, are continually reinvested and B) the taxable account is subject to an annual income tax on earnings at an aggregate rate of 30% (which may be both federal and state). No assumptions are made as to the disposition of the accounts following the 10th year.

Source: Savingforcollege.com

Note: Before investing, you should consider whether your state of residency, or your intended beneficiary’s state of residency, offers a state tax deduction or any other benefits that are only available for investments in that state’s 529 savings program.

Section 529 Qualified Tuition Programs are intended to be used only to save for qualified higher education expenses. These Programs are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

*Sources: “A Complete Guide to 529 Plans,” Joseph F. Hurley, CPA, 2009, The Wall Street Journal, September 14, 2008.
**Earnings withdrawn by AL residents from a non-AL plan are subject to AL income tax.

As the 529 account owner, you always retain control, even after the beneficiary reaches maturity age.

Enjoy favorable financial aid treatment

While most savings and investments reduce a student's eligibility for need-based financial aid, 529 savings plans generally receive more favorable financial aid treatment. That is because they are considered assets of the account owner, not the beneficiary. According to the federal financial aid formula, about 6% of parental assets or an UGMA invested in a 529 plan (none of the grandparent's assets), in contrast to 20% of students' assets, are expected to be used toward a student's college expenses.

Retain control

Unlike other savings plans for children, such as UGMAs and UTMAs, the 529 account owner always retains control—even after a beneficiary reaches majority age. You decide how to invest your contributions, when to make withdrawals and to whom they will be paid—you, the student or directly to the school. You can change the beneficiary to another family member of the current beneficiary without any cost, tax or penalty. And you can close the account at any time, although earnings on non-qualified distributions will be subject to income tax and a 10% federal penalty (only on earnings withdrawn).

Your Legacy: The Gift of Success

529 plans are particularly popular with grandparents who wish to invest in a grandchild's future because they offer significant estate planning benefits in combination with these powerful savings features. Funding a 529 account is considered a gift to the beneficiary for estate tax purposes—all contributions and earnings grow outside your taxable estate. Plus, unlike other gifting programs, a 529 plan enables you to retain control over the account and its assets.

Put time on your side with accelerated gifting

In general, you can contribute up to $13,000 ($26,000 for married couples) per beneficiary per year without triggering federal gift taxes. However, special 529 rules allow you to use five years of annual exclusions at once for a tax-free gift of up to $65,000 (joint taxpayers may fund $130,000).* Your federal lifetime gift tax credit may also be available for funding your 529 account.

Multiple gifts, multiple beneficiaries

You may own and fund as many 529 accounts for as many beneficiaries as you like, subject to funding limits. Other individuals may also contribute to your 529 accounts and remove assets from their own estates. The maximum contribution limit per beneficiary in Michigan is $235,000 (Including contributions in the Michigan Education Savings Program (Direct Program) and the Michigan Education Trust).

*Note that if the Donor dies before the start of the fifth year, a portion of the contribution must be added back to the Donor's estate for tax purposes.

College Saving Profile
Benefits of Early Investing

Jane and William Brown want to help their five grandchildren pay for their upcoming college educations. They choose a 529 College Savings Plan because it:

- Provides tax-advantaged growth up to certain account limits and tax-advantaged withdrawals without age restrictions or required distributions.
- Allows them to make five years of contributions at one time without incurring federal gift tax—important for those children approaching college age.
- Permits the parents to contribute as well.
- Allows them to retain complete control over the assets for the life of each account.
- Removes significant assets from their federal taxable estate. Jane and William Brown below, having contributed $754,000 to several 529 accounts over 14 years, and combined with the power of compounding over this timeframe they would have $1,192,935 outside their taxable estate, while always retaining control.

This illustration is hypothetical and not representative of the performance of any particular investment.
There are risks associated with investing, including the possible loss of principal.

Jane and William Brown, Grandparents

Chart assumes a 6.5% annual return compounded annually.

TIM SMITH
Grandson, Age 6

Initial Contribution:
$13,000

Additional Contributions:
$13,000 each year

Total Amount Contributed:
$169,000

Account Value Over 12 years*:
$240,497

SUE BROWN
Granddaughter, Age 11

Initial Contribution:
$130,000
accelerated gift

Additional Contributions:
None

Total Amount Contributed:
$130,000

Account Value Over 7 years*:
$189,688

WILLIAM BROWN III
Grandson, Age 15

Initial Contribution:
$130,000
accelerated gift

Additional Contributions:
None

Total Amount Contributed:
$130,000

Account Value Over 3 years*:
$147,449

JANE SMITH
Granddaughter, Age 4

Initial Contribution:
$13,000

Additional Contributions:
$13,000 each year

Total Amount Contributed:
$195,000

Account Value Over 14 years*:
$301,368

EMILY SMITH
Granddaughter, Age 4

Initial Contribution:
$130,000

Additional Contributions:
None

Total Amount Contributed:
$130,000

Account Value Over 14 years*:
$313,933

Compound interest arises when interest is added to the principal, so the interest that has been added also itself earns interest. By contributing sooner, rather than later, compounding interest allows you to invest less overall than if you waited. Thus, your money has more time for potential growth and to ride out any market downturns.

The examples above display how compound interest could benefit clients that choose to contribute a larger amount by taking advantage of the accelerated gift option associated with a 529 College Savings Plans.

*Taking into consideration contributions and the effect of compounding.
Assets placed into a 529 College Savings Plan are considered removed from the donor's estate for tax purposes. An exception to this rule is if the Account Owner passes away and is listed as the Designated Beneficiary on the account. In this instance, the value of the account will be included in the account owners' taxable estate. The information above is general in nature and is for illustrative purposes. It does not provide tax or estate planning advice for your personal circumstances. Please consult your tax advisor if you have questions pertaining to your personal estate plan.

Choose the Best Strategy

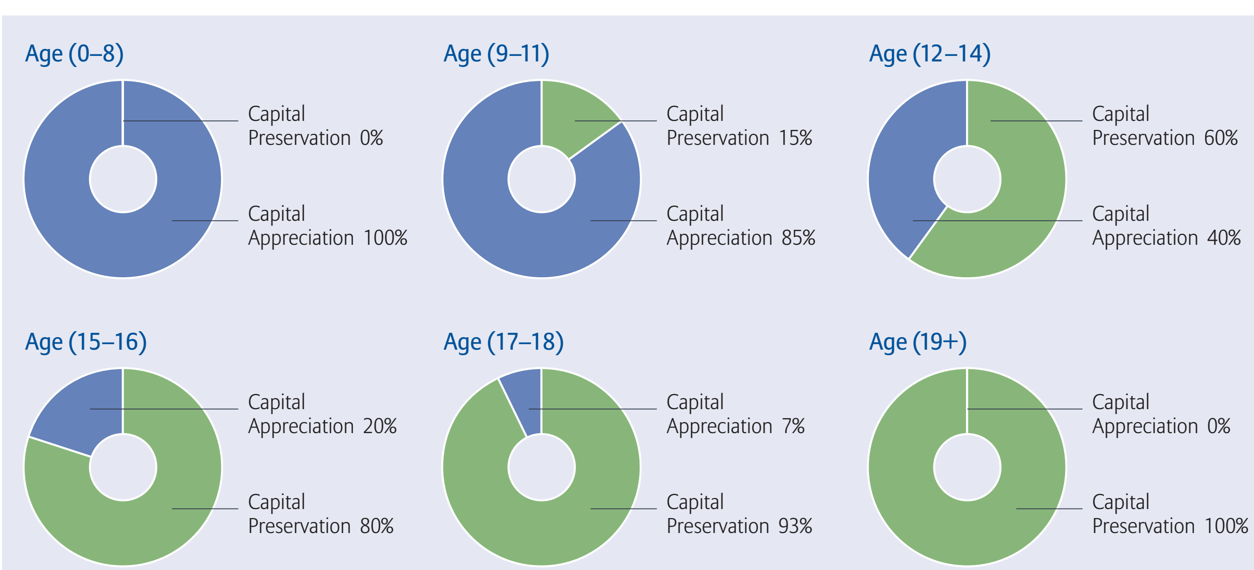
MI 529 Advisor Plan is an innovative approach to college saving. It allows investors to choose between one of three different investment options—age-based portfolios, static portfolios or individual portfolios—or to customize an optimal blend of investments, which may be adjusted over time according to an individual investor's preference. The Plan's investment options are aimed at protecting accumulated wealth when nearing matriculation, maximizing growth when in the beginning phases of saving for college, and taking into account college-cost inflation throughout the college savings years. Using the plan you and your advisor can customize a unique asset allocation based on your individual financial circumstances and risk tolerance.

Age-Based Investment Portfolios

Start with a portfolio allocated according to a child's age. In the early years, the portfolio is principally invested in return-generating assets in an attempt to earn an equity-like risk premium. At six key points during the college savings years, the allocation changes, increasingly tilting toward a greater proportion of defensive assets.

By the time the child nears college age, the asset allocation is predominantly in income-generating assets. This takes into account the need to preserve principle when wealth accumulation is at its highest levels.

Portfolios are allocated according to models created by Allianz Global Investors Solutions.



Static Investment Portfolios

Not all college-savers are alike. Some save gradually in regular increments over the years. Others may be able to start out with a large contribution early on. These static portfolios give savers more control of their risk profile. Investors can modify their plans by careful utilization of these two portfolios within their savings program:

Capital Appreciation Portfolio

The more aggressive of the two portfolios is invested in a broad range of global assets, primarily equity, fixed-income, commodities, real estate and alternative investments. The objective of this portfolio is capital appreciation. It is ideal for college-savers who are actively seeking to accumulate wealth, which makes it the logical choice for most investors during the earlier stages of the college-savings plan.

- PIMCO Commodity Real Return Strategy
- PIMCO Diversified Income
- PIMCO Emerging Local Bond
- PIMCO Foreign Bond (Unhedged)
- PIMCO Real Estate Real Return Strategy
- PIMCO Real Return
- Allianz AGIC Income and Growth
- Allianz NFJ International Value
- Allianz NFJ Large-Cap Value
- Allianz NFJ Small-Cap Value
- Allianz RCM Disciplined Equity
- Allianz RCM Global Resources
- Allianz RCM Large-Cap Growth
- Allianz AGIC Emerging Markets
- Allianz AGIC International Growth Opportunities
- Allianz AGIC International Systematic
- Allianz AGIC U.S. Emerging Growth
- TIAA-CREF International Equity Index
- TIAA-CREF S&P 500 Index
- TIAA-CREF Small-Cap Blend Index

Capital Preservation Portfolio

More conservative in its approach, this portfolio is primarily invested in global fixed-income assets. Its objective is to limit declines in principal value and to provide real (after-inflation) returns. This portfolio is ideal both for those who are able to "front load" college savings plans at the onset with a significant amount of assets and for those whose children are nearing college age and wish to avoid the negative effects of a sudden market decline and the decrease in accumulated wealth that would likely ensue.

- PIMCO Diversified Income
- PIMCO Foreign Bond (U.S. Dollar-Hedged)
- PIMCO Government Money Market
- PIMCO Real Return
- PIMCO Short-Term
- PIMCO Total Return
- TIAA-CREF Money Market

Portfolios have been allocated according to models created by Allianz Global Investors Solutions.

Individual Investment Portfolios

To allow for maximum flexibility in customizing your clients' portfolios, you can also choose to add specific individual portfolios to the college-savings allocation mix, allowing investors to further refine their risk profile depending on personal financial and market circumstances. The portfolios investors can choose include:

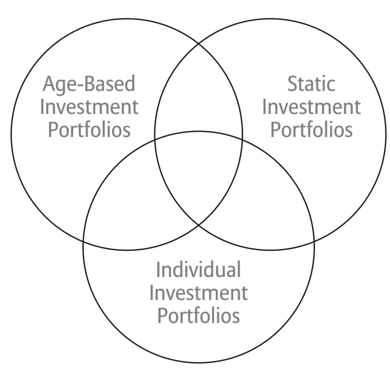
- PIMCO Diversified Income
- PIMCO Global Multi-Asset
- PIMCO Government Money Market
- PIMCO Real Return
- PIMCO Total Return
- Allianz AGIC Income and Growth
- Allianz NFJ Large-Cap Value
- Allianz NFJ International Value
- Allianz RCM Large-Cap Equity
- TIAA-CREF International Equity Index
- TIAA-CREF S&P 500 Index
- TIAA-CREF Small-Cap Blend Index

Customizing Your College-Saving Plan With the MI 529 Advisor Plan

Allianz Global Investors Solutions provides investors with the opportunity to create their own customized plan using all three investment options—age-based, static and individual investment portfolios—which can be used separately or blended together to complement each other.

Working with their advisors, investors can customize a college-savings plan by using one or more of the MI 529 Advisor Plan's distinctive portfolios to achieve an asset allocation that works for their unique financial situations.

Customizing Options



Everyone who is saving for college is in a different financial situation. Some people will need to save slowly and steadily over many years. Others may be lucky enough to have a large sum of assets on hand, allowing them to "front-load" their 529 plans. Still others may have started late in the game and now find themselves playing "catch-up" when it comes to saving for their children's college education.

The fact is there is no "one-size-fits-all" plan that will work for everyone. That is why the MI 529 Advisor Plan has been designed to provide investors and their advisors with the maximum amount of flexibility.

The MI 529 Advisor Plan provides investors with an age-based portfolio that automatically adjusts its risk profile at six different key ages to protect accumulated assets as a child nears college. This gives the slow-and-steady investor an easy way to put aside money for higher education, knowing that their assets will increasingly tilt towards a more conservative, wealth preservation portfolio and away from more aggressive capital appreciation as their child nears college age.

MI 529 Advisor Plan also allows investors to mix two distinct static portfolios. One is more aggressive, stressing capital appreciation, which is important to building a significant asset base during the early college savings years. The other is more conservative, emphasizing capital preservation, which becomes a greater concern as a child nears college age. These static investment portfolios can either be used in conjunction with the age-based portfolios, individual portfolios or alone. The allocations between the two can be adjusted by the investor at any time as personal or economic circumstances dictate.

Finally, MI 529 Advisor allows an investor to construct a savings plan utilizing individual portfolios either alone or in conjunction with any of the other two options—age-based and static.

Implementing a Plan

There is no limit to how many different kinds of savings plans can be constructed using the MI 529 Advisor Plan, providing families with different savings needs the maximum flexibility they deserve. Below are three examples of different savings paths that can help families reach their college savings goals.

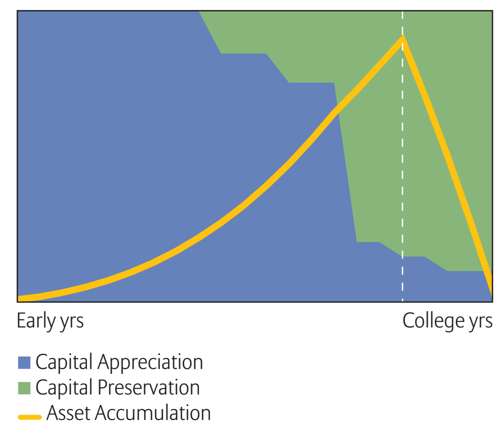
The Steady Saver

Some parents may begin saving for college using the MI 529 Advisor Plan around the time their child is born. They might choose to invest in an age-based portfolio, which adjusts at six different ages as the child grows. This portfolio gradually moves the asset allocation mix away from more aggressive capital appreciation investments towards investments geared toward capital preservation—designed to preserve, rather than aggressively grow, wealth.

Allocation

Age-Based Portfolio

College Savings Path



The Late Saver

Some parents begin saving for college late in the game. MI 529 Advisor Plan provides options for them as well. In this case we see an example of parents who chose a more aggressive mix. It utilizes the basic age-based portfolio but tweaks it, tilting it significantly toward the more aggressive capital appreciation portfolio in order to build enough assets and meet your unique needs to fund a college education.

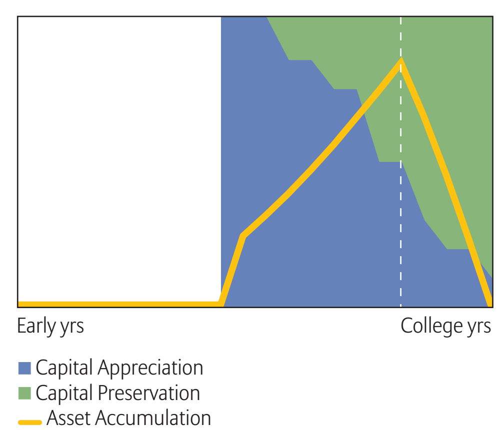
Allocation

Age-Based Portfolio

and

Static Portfolio

College Savings Path



The Lump-Sum Saver

Some parents may be fortunate enough to start out funding their MI 529 Advisor Plan account with a large lump sum of money. As a result they may have almost enough to pay for college early on and their goal may largely be to keep pace with college-cost inflation. Here a logical choice might be to put the majority of their assets in the capital preservation portfolio, with the goal of preserving their assets, and then “tweak” their asset allocation by adding one or more individual portfolios to the mix.

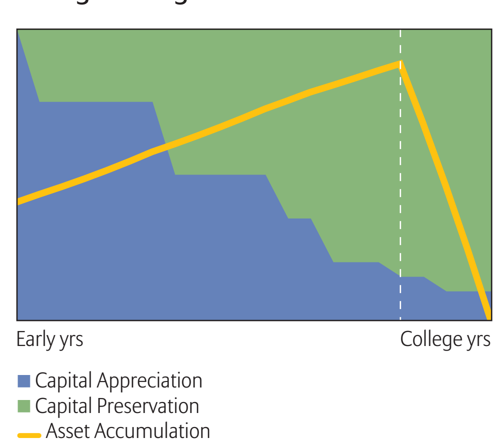
Allocation

Static Portfolio

and

Individual Portfolio

College Savings Path



Charts are not indicative of the past or future performance of any Allianz Global Investors product.

College Saving Profile

Comparison of College Savings Investment Options

	Coverdell Education Savings Account	UTMA/UGMA Account	529 Savings Plan
Contribution Limit	$2,000 per student per year. Contributor must earn less than $110,000 (single filers) and $220,000 (joint filers)	None	Depends on state—up to a maximum contribution limit of $235,000 in the State of Michigan (Including contributions in the Michigan Education Savings Program (Direct Program) and the Michigan Education Trust)
Age Limits	May contribute until child reaches age 18. Must spend assets by child's 30th birthday	May contribute until child reaches maturity at which time child assumes control of assets	None—However, some state plans do have their own age and/or time limit
Tax Treatment of Withdrawals	Tax-free if used for qualified expenses	None (Subject to annual tax)	Tax-free if used for qualified expenses
Account Control	Account owner	Child assumes control once he or she reaches age of maturity	Account owner
Beneficiary Flexibility	Flexible	May not be changed	Flexible. May be for the benefit of anyone, including yourself
Effect on Financial Aid	Considered to be assets of the account owner so only a small portion is considered in the aid calculation	Considered to be the assets of the student and reduces financial aid	Considered to be assets of the account owner, so—unless the owner is also the beneficiary—only a small portion is considered in the aid calculation
Gift Tax Treatment	May contribute $2,000 per year per child without gift tax	May contribute $13,000 per year per child without gift tax	May contribute $13,000 per year per child without gift tax
Estate Tax Treatment*	Considered removed from donor's estate	Considered removed from donor's estate	Considered removed from donor's estate

*Assets placed into a 529 College Savings Plan are considered removed from the donor's estate for tax purposes. An exception to this rule is if the Account Owner passes away and is listed as the Designated Beneficiary on the account. In this instance, the value of the account will be included in the account owners' taxable estate. You should consult a qualified tax advisor for any tax related issues involving your MI 529 Advisor Plan account.

The Best Time to Start is Now

With its tax-advantaged status, the best way to save in a 529 plan is early and often. Even if your child or grandchild is close to college age, it’s not too late to put money aside. Discuss the plan and how it might work best for your needs with your financial advisor. Then, complete the application and put your future graduate firmly on the path to a successful future.

Investors should consider the investment objectives, risks, charges and expenses of the Plan before investing. This and other information is contained in the current Plan Disclosure Statement. Before investing, investors should read the Plan Disclosure Statement carefully, and consider whether their state of residency—or their intended Designated Beneficiary's state of residency—offers any benefit, such as a state tax deduction, or any other benefits that are only available for investments in that state's 529 savings program.

Some of the investment management firms that manage underlying mutual funds in the Program—NFJ Investment Group, AGIC, PIMCO and RCM—are affiliated with the Program Administrator and Distributor. The investment return and principal value of an investment in the MI 529 Advisor Plan Investment Portfolios will fluctuate and an investor's units, when redeemed, may be worth more or less than their original cost.

MI 529 Advisor Plan accounts are not insured by any state, federal government or any federal agency. Furthermore, neither the principal nor any investment return is guaranteed by any state, federal government or any federal agency.

The MI 529 Advisor Plan is issued by the State of Michigan, is managed by TIAA-CREF Tuition Financing, Inc., and administered and distributed by Allianz Global Distributors LLC.

Investment Products

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

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