



Leaders SMART529 College Savings Plan

Offering Statement
Descriptions of The Underlying Funds
Participation Agreement

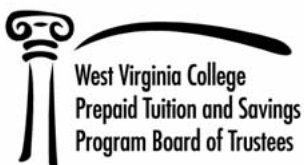
March 29, 2006

SERIES III

This Document is for review if you are purchasing through an Investment Professional or Intermediary.

Leaders SMART529 is issued by the West Virginia College Prepaid Tuition and Savings Program Board of Trustees and is administered by Hartford Life Insurance Company.

SMART529® is a registered trademark of the Board of Trustees.



LEADERS SMART529 COLLEGE SAVINGS PLAN

**Supplement Dated October 13, 2006
to the Series III Offering Statement, Description of Underlying Funds
and Participation Agreement Dated March 14, 2006**

In the sections entitled “Important Points for Your Consideration,” “Summary,” and “Tax and Planning Considerations,” the disclosures about a potential repeal of Federal Income Tax Benefits are deleted. On August 17, 2006, the Pension Protection Act of 2006 was signed into law, making permanent federal income tax protection of tax-free distributions of 529 funds for qualified higher education expenses that were scheduled to “sunset” or expire at the end of 2010.

In the section entitled “Taking Money out of Your Leaders SMART529 Account,” the final sentence of the first paragraph is deleted and replaced with the following:

An additional Postage Fee or Wire Fee will apply if accelerated delivery method is requested.

This supplement should be retained with the Offering Statement, Description of Underlying Funds and Participation Agreement for future reference.

Investments in Leaders SMART529 are not guaranteed or insured by the State of West Virginia, the Board of Trustees of the West Virginia College Prepaid Tuition and Savings Program, the West Virginia State Treasurer's Office, Hartford Life Insurance Company, The Hartford Financial Services Group, the investment sub-advisors for the Underlying Funds or any depository institution and are subject to investment risks, including the loss of the principal amount invested.

**PRIVACY AND SECURITY POLICY
OF THE WEST VIRGINIA COLLEGE PREPAID TUITION
AND SAVINGS PROGRAM BOARD OF TRUSTEES**



Keeping information about you private and secure is very important to the West Virginia College Prepaid Tuition and Savings Program Board of Trustees. This Policy is to help you understand that the information we receive and what we do with it depends upon what you provide to us. We also want you to know that this Policy applies to information you provide us in-person, by telephone, by mail or through our website.

Our website, www.SMART529.com, allows us to offer you on-line access to information about the College Prepaid Tuition and Savings Program. As various matters affect this Policy, such as technological advances and changes in the law, we must reserve the right to alter, amend or modify this Policy at any time and without prior notice.

As to your privacy, we will not obtain Personally Identifying Information about you unless you choose to provide such information to us. Personally Identifying Information is information that allows someone to identify or contact you, such as your name or your physical or electronic mail address. If, in-person, by telephone, by mail or through the website, you request information, submit an application, enter into a contract, request changes to your account, or make a payment, we keep a record of the information you provide and hold the information in the strictest of confidence.

You may request we remove any Personally Identifying Information about you. When we receive such a request from you, we will use our best efforts to remove the information from our records.

We will only disclose information we maintain to our employees, our agents and our contractors to help us provide you the services you request. We will not release, provide, rent, sell or trade personal information to anyone else, unless required by law. For example, all public records are subject to disclosure pursuant to the West Virginia Freedom of Information Act, West Virginia Code §29B-1-1 et seq., unless release of personal information would constitute an unreasonable invasion of privacy. Social security numbers and credit or debit card numbers of individuals and their dependents are exempt from disclosure to non-governmental entities under the West Virginia Freedom of Information Act. Furthermore, West Virginia Code §18-30-12 provides that information that would tend to disclose the identity of an account owner, beneficiary or donor is exempt from disclosure under the West Virginia Freedom of Information Act.

As to securing your information, we will do our very best to protect your information in accordance with industry standards of security and confidentiality. More importantly, we will never attempt to collect personal information from children.

We value your interest in the West Virginia College Prepaid Tuition and Savings Program and SMART529. If you have any questions or need additional information, please contact the Board at the West Virginia State Treasurer's Office, 1900 Kanawha Boulevard, East, Charleston, WV 25305 or at 304.558.5000.

This Offering Statement was redesigned and expanded in this current version in order to conform with new industry guidelines adopted by the National Association of State Treasurers (NAST) and the College Savings Plan Network (CSPN) for Section 529 Plan Offering Materials. In an effort to conform with these guidelines, this Leaders SMART529 Offering Statement has an expanded discussion of the expenses and past performance of investment options as well as standard, comprehensive financial tables to help you make the best choices on your way to saving for your beneficiary's higher education.

**Privacy Policy and Practices of
The Hartford Financial Services Group, Inc.
and its Affiliates**

(herein called “we, our, and us”)

This Privacy Policy applies to our United States Operations

We value your trust. We are committed to the responsible:

- a) management;
 - b) use; and
 - c) protection;
- of **Personal Information**.

This notice describes how we collect, disclose, and protect **Personal Information**.

We collect **Personal Information** to:

- a) service your **Transactions** with us; and
- b) support our business functions.

We may obtain **Personal Information** from:

- a) **You**;
- b) your **Transactions** with us; and
- c) third parties such as a consumer-reporting agency.

Based on the type of product or service **You** apply for or get from us, **Personal Information** such as:

- a) your name;
- b) your address;
- c) your income;
- d) your payment; or
- e) your credit history;

may be gathered from sources such as applications, **Transactions**, and consumer reports.

To serve **You** and service our business, we may share certain **Personal Information**. We will share **Personal Information**, only as allowed by law, with affiliates such as:

- a) our insurance companies;
- b) our employee agents;
- c) our brokerage firms; and
- d) our administrators.

As allowed by law, we may share **Personal Financial Information** with our affiliates to:

- a) market our products; or
 - b) market our services;
- to **You** without providing **You** with an option to prevent these disclosures.

We may also share **Personal Information**, only as allowed by law, with unaffiliated third parties including:

- a) independent agents;
- b) brokerage firms;
- c) insurance companies;
- d) administrators; and
- e) service providers;

who help us serve **You** and service our business.

When allowed by law, we may share certain **Personal Financial Information** with other unaffiliated third parties who assist us by performing services or functions such as:

- a) taking surveys;
- b) marketing our products or services; or
- c) offering financial products or services under a joint agreement between us and one or more financial institutions.

We will not sell or share your **Personal Financial Information** with anyone for purposes unrelated to our business functions without offering **You** the opportunity to:

- a) “opt-out;” or
- b) “opt-in;”

as required by law.

We only disclose **Personal Health Information** with:

- a) your proper written authorization; or
- b) as otherwise allowed or required by law.

Our employees have access to **Personal Information** in the course of doing their jobs, such as:

- a) underwriting policies;
- b) paying claims;
- c) developing new products; or
- d) advising customers of our products and services.

We use manual and electronic security procedures to maintain:

- a) the confidentiality; and
- b) the integrity of;

Personal Information that we have. We use these procedures to guard against unauthorized access.

Some techniques we use to protect **Personal Information** include:

- a) secured files;
- b) user authentication;
- c) encryption;
- d) firewall technology; and
- e) the use of detection software.

We are responsible for and must:

- a) identify information to be protected;
- b) provide an adequate level of protection for that data;
- c) grant access to protected data only to those people who must use it in the performance of their job-related duties.

Employees who violate our Privacy Policy will be subject to discipline, which may include ending their employment with us.

At the start of our business relationship, we will give **You** a copy of our current Privacy Policy.

We will also give **You** a copy of our current Privacy Policy once a year if **You** maintain a continuing business relationship with us.

We will continue to follow our Privacy Policy regarding **Personal Information** even when a business relationship no longer exists between us.

As used in this Privacy Notice:

Application means your request for our product or service.

Personal Financial Information means financial information such as:

- a) credit history;
- b) income;
- c) financial benefits; or
- d) policy or claim information.

Personal Health Information means health information such as:

- a) your medical records; or
- b) information about your illness, disability or injury.

Personal Information means information that identifies **You** personally and is not otherwise available to the public. It includes:

- a) **Personal Financial Information**; and
- b) **Personal Health Information**.

Transaction means your business dealings with us, such as:

- a) your **Application**;
- b) your request for us to pay a claim; and
- c) your request for us to take an action on your account.

You means an individual who has given us **Personal Information** in conjunction with:

- a) asking about;
- b) applying for; or
- c) obtaining;

a financial product or service from us if the product or service is used mainly for personal, family, or household purposes.

This Privacy Policy is being provided on behalf of the following affiliates of The Hartford Financial Services Group, Inc.:

American Maturity Life Insurance Company; First State Insurance Company; Hart Life Insurance Company; Hartford Accident & Indemnity Company; Hartford Administrative Services Company; Hartford Casualty Insurance Company; Hartford Equity Sales Company, Inc.; Hartford Fire Insurance Company; Hartford HLS Series Fund II, Inc.; Hartford Insurance Company of Illinois; Hartford Insurance Company of the Midwest; Hartford Insurance Company of the Southeast; Hartford International Life Reassurance Corporation; Hartford Investment Financial Services, LLC; Hartford Investment Management Company; Hartford Life & Accident Insurance Company; Hartford Life and Annuity Insurance Company; Hartford Life Insurance Company; Hartford Lloyd's Insurance Company; Hartford Securities Distribution Company, Inc.; Hartford Series Fund, Inc.; Hartford Specialty Company; Hartford Underwriters Insurance Company; Hartford-Comprehensive Employee Benefit Service Company; International Corporate Marketing Group, LLC; New England Insurance Company; Nutmeg Insurance Agency, Inc.; Nutmeg Insurance Company; Nutmeg Life Insurance Company; Omni General Agency, Inc.; Omni Indemnity Company; Omni Insurance Company; Pacific Insurance Company, Limited; Planco Financial Services, Inc.; Property & Casualty Insurance Company of Hartford; Sentinel Insurance Company, Ltd.; Servus Life Insurance Company; Specialty Risk Services, Inc.; The Hartford Income Shares Fund, Inc.; The Hartford Mutual Funds II, Inc.; The Hartford Mutual Funds, Inc.; Trumbull Insurance Company; Trumbull Services, L.L.C.; Twin City Fire Insurance Company; Woodbury Financial Services, Inc.

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PART ONE

LEADERS SMART529
COLLEGE SAVINGS PLAN

OFFERING STATEMENT

IMPORTANT POINTS FOR
YOUR CONSIDERATION

Investments in Leaders SMART529 are not guaranteed or insured by the State of West Virginia, the Board of Trustees of the West Virginia College Prepaid Tuition and Savings Program, the West Virginia State Treasurer's Office, Hartford Life Insurance Company, The Hartford Financial Services Group, the investment advisors or sub-advisors for the Underlying Funds, or any depository institution and are subject to investment risks, including the loss of the principal amount invested.

SMART529 is a qualified tuition program available to a resident of any state. West Virginia offers special state tax and other benefits for West Virginia taxpayers that invest in Leaders SMART529. If you reside in or have taxable income in a state other than West Virginia, before investing in Leaders SMART529, you should compare other qualified tuition programs, including those that may be offered by the state in which you or your beneficiaries reside, and any state tax or other advantages they may provide.

Certain direct fees will be charged against the assets of your account and will reduce the value of your account as they are incurred. These fees provide for the costs associated with the offering, management and administration of your account and to help cover the Board of Trustees' expenses related to the Program. *(See the "Fees, Charges and Expenses" section beginning on page 19)*

The Board of Trustees of the West Virginia Prepaid Tuition and Savings Program may from time to time make changes to the investment options and investment managers as they relate to the Leaders SMART529. *(See the "Important Information" section beginning on page 30)*

The Federal Income Tax Benefits provided to account owners of Leaders SMART529 are based upon legislation that will "sunset," or automatically be repealed, on December 31, 2010, unless Congress takes action before then to extend its effectiveness. If the legislation is repealed, the original law will be restored and the favorable federal tax treatment described in this Offering Statement will expire. Account owners should consult a qualified tax advisor about the potential likelihood of this happening and the consequences of

any potential repeal. *(See the "Tax and Planning Considerations" section beginning on page 29)*

Past investment performance is not necessarily indicative of future results. *(See the "Investment Options — Past Performance" section beginning on page 15)*

Leaders SMART529 offers age-based portfolios tailored to the length of time until the beneficiary reaches college age, static portfolios that allow investing in fixed allocations of underlying investments and individual fund options that invest directly into underlying mutual funds. *(See the "Investment Options" section beginning on page 7)*

Account owners must be U.S. residents and if a minor is an account owner, an adult must act on that minor's behalf until he or she reaches the age of majority. There is no age restriction on the beneficiary, but if the account owner changes the beneficiary to someone other than an eligible family member, there will be federal income tax consequences. Section 529 or Leaders SMART529 imposes certain restrictions on transfers among investment options, withdrawals and contributions. *(See the "Opening an Account" section beginning on page 4; the "Making Contributions" section beginning on page 5; the "Investment Options" section beginning on page 7; and the "Taking Money Out of Your Leaders SMART529 Account" section beginning on page 27)*

Leaders SMART529 is issued by the West Virginia College Prepaid Tuition and Savings Program Board of Trustees and is administered by Hartford Life Insurance Company. The agreement between these parties runs through 2012, unless renewed. *(See the "Program Administration" section beginning on page 3)*

Investments in Leaders SMART529 are subject to investment risk, including the loss of the principal amount invested. Other risks to consider are the potential of changes to state and federal tax laws, changes to programmatic fees and the possibility that amounts invested could affect a beneficiary's eligibility for financial aid. There are additional risks specific to each investment option and underlying fund. *(See "Investment Options" section beginning on page 7; See "Description of Risks of the Investment Options" beginning on page 12; See "Tax and Planning Considerations" beginning on page 29; and "Fees, Charges and Expenses" beginning on page 19)*

The West Virginia College Prepaid Tuition and Savings Program Board of Trustees issues other 529 plans that are not described in this Offering Statement. These other plans may offer different investment options and may charge different fees or sales commissions. You can find more information about these other 529 programs by calling 866-574-3542 or going to www.smart529.com.

There are many ways to save for higher education expenses; Leaders SMART529 is only one. It may not be appropriate for all investors' needs. If you do not

understand the terms, conditions, risks and limitations stated in this Offering Statement, or if you are not comfortable making your own investment decisions, you should seek investor education or advice from a qualified financial planning professional before opening an account or sending money.

Summary

The SMART529 College Savings Program is a state-sponsored qualified tuition program offered by the West Virginia College Prepaid Tuition and Savings Program Board of Trustees (“Board of Trustees”), which is an entity of the State of West Virginia. While the West Virginia College Prepaid Tuition and Savings Program (the “Program”) encompasses multiple components and options, **only the Leaders SMART529 plan (“Leaders SMART529”) is described in this Offering Statement.** Other SMART529 plans are described in separate Offering Statements that are available at www.smart529.com.

Leaders SMART529 is designed to offer an easy and flexible way for eligible individuals and entities to invest for the costs of a college education. Any United States resident or other qualifying entity is eligible to open an account in or to become a designated beneficiary (“Designated Beneficiary”) in **Leaders SMART529**.

Congress created this type of tax-advantaged program in 1996 as part of Section 529 of the Internal Revenue Code (the “Code”). Sometimes called a “529 Plan,” **Leaders SMART529** offers the advantages of federal tax-deferred growth and tax-free earnings, provided the amounts distributed are used for the payment of education expenses expressly defined as Qualified Higher Education Expenses in Section 529 of the Code (“Qualified Higher Education Expenses”) while attending colleges or other learning programs that are eligible under Section 529 of the Code (“Eligible Educational Institution”).

Designed to be flexible and provide a wide range of investment options that help you customize it to the way you like to invest, **Leaders SMART529** offers some of the most up-to-date features available for college savings plans. If you open a **Leaders SMART529** account (the “Account”), you will get:

- ✔ **A wide variety of investment options.** You may choose to invest in one or more of the Investment Options. Leaders SMART529 offers Age-Based Portfolios tailored to the length of time until the Designated Beneficiary reaches college age, Static Portfolios that allow investing in fixed allocations of underlying investments or Individual Fund Options (collectively, “Investment Options”).
- ✔ **High maximums; low minimums.** The contribution limit is currently \$265,620 for each Designated Beneficiary. The minimum to open an Account is

just \$500 and subsequent contributions can be as little as \$50. Different limits may apply for West Virginia residents.

- ✔ **Federal tax-free withdrawals.** You may withdraw money from your Account without the payment of any federal income tax provided the withdrawal is used to pay for Qualified Higher Education Expenses of the Designated Beneficiary. **These federal income tax benefits are based upon legislation that will “sunset,” or automatically be repealed, on December 31, 2010, unless Congress takes action before then to extend its effectiveness. If the legislation is repealed, the original law will be restored and the favorable federal tax treatment described in this Offering Statement will expire. Account owners should consult a qualified tax advisor about the potential likelihood of this happening and the consequences of any potential repeal.**
- ✔ **Tax-deferred growth.** Any earnings that are retained in your Account are not subject to current federal income taxation.
- ✔ The **flexibility** to help pay for a wide variety of Qualified Higher Education Expenses required for attendance at any Eligible Educational Institution allowable under Section 529. This includes the costs of tuition, fees, books, supplies, and room and board required for enrollment or attendance at most accredited universities and colleges, and many vocational programs and trade schools, in the United States.
- ✔ **Account owner control.** The account owner (“Account Owner”) retains control of the Account even after the Designated Beneficiary reaches the age of majority. If the need arises, the Account Owner may also change the Designated Beneficiary, transfer account ownership or withdraw account funds at any time. (Certain account changes can create tax consequences. See additional disclosure in this Offering Statement for further general information and consult a tax advisor for advice on your specific situation.)
- ✔ **Additional West Virginia tax advantages.** If you are a West Virginia taxpayer, you may deduct all of the year’s contributions to Leaders SMART529 from your federal adjusted gross income on your West Virginia personal income tax return, and earnings in qualified distributions (defined below under “Taking Money Out of Your Leaders SMART529 Account”) are free of any West Virginia Personal Income Tax. The West Virginia state deduction is subject to recapture for non-qualified distributions. Residents of states other than West Virginia should investigate any state tax advantages for investing in their home state 529 plans before investing in Leaders SMART529.

For purposes of this Offering Statement only, a West Virginia resident means any Account Owner or Designated Beneficiary who, at the time the Leaders SMART529 Account is opened, has a West Virginia mailing address or is a West Virginia resident on active duty in the United States armed forces.

Program Administration

The West Virginia Legislature enacted the West Virginia College Prepaid Tuition and Savings Program Act on April 12, 2001 to allow the offering of both college savings and prepaid tuition plans under Section 529 of the Internal Revenue Code. The West Virginia College Prepaid Tuition and Savings Program (the “Program”) is administered by the Board of Trustees. The Board of Trustees consists of nine voting members, namely, the West Virginia State Treasurer (the “Treasurer”), the Secretary of Education and the Arts, one representative of the state’s public four-year universities and colleges, one representative of the state’s public community and technical colleges, and five members appointed by the Governor of West Virginia. The Treasurer is the chairman and presiding officer of the Board of Trustees.

The Board of Trustees has established Leaders SMART529 as a savings plan in its associated West Virginia Saving Plan Trust (the “Trust”). Money you invest in Leaders SMART529 will be deposited in the Trust. Each year, the Board of Trustees or its designee will prepare an annual financial statement for the Program, including the Trust, and have it audited by a certified public accounting firm. Currently, Deloitte & Touche, LLP is auditing the annual financial statements for the Program. Please visit www.SMART529.com or call a SMART529 customer service representative toll-free at 866-574-3542 for a copy of the Program’s most recent audited annual financial statement.

Through a competitive bidding process, the Board of Trustees selected Hartford Life Insurance Company (“Hartford Life”) to perform many aspects of offering and administering the Program (the “Program Manager”). The Hartford, Hartford Life’s parent company, has provided insurance and other financial management services for its clients since 1810.

Hartford Life will provide the services described in this Offering Statement according to the terms and conditions of an agreement between Hartford Life and the Board of Trustees executed in February of 2002 (the “Hartford Management Agreement”). The Hartford Management Agreement expires ten years from that date, including the initial five year contract term and a five year contract extension that continues the Agreement for an additional five year term. The Board of Trustees and Hartford Life may from time to time agree to extend the term of the Hartford Management Agreement, and each have the right to terminate the

Hartford Management Agreement prior to its expiration date under certain circumstances. If the Hartford Management Agreement were terminated, the Board of Trustees could continue to provide Leaders SMART529 on its own or through other third party administrators. Termination of the Hartford Management Agreement would not terminate the operation of the Program or Leaders SMART529.

Other college Savings Plans are offered under the Program that are not described in this Offering Statement, including some Savings Plans that are available exclusively through investment professionals who receive a commission for selling the Plans and others sold directly from the SMART529 Program. If you are interested in learning about these other Plans, call a SMART529 customer service representative toll-free at 866-574-3542 to obtain additional information.

Opening an Account

To open an Account, you must complete an application and name an Account Owner and Designated Beneficiary. At this time, an initial contribution is required as described more in the subsequent section entitled “Making Contributions.”

Account Owner

Anyone who is a U.S. resident can open a Leaders SMART529 Account and be an Account Owner. You don’t have to live in West Virginia to participate in the Leaders SMART529 Savings Plan. SMART529 has no age or income requirements. However, if a minor is going to be the Account Owner, he or she must have an adult willing to act as Account Owner (“Qualified Adult”) until the minor reaches the age of majority and becomes the Account Owner. The Account Owner and any other individual may make contributions to the Leaders SMART529 Account.

If you reside in or have taxable income in a state other than West Virginia, you should consider whether your state has a qualified tuition program that offers favorable state income tax or other benefits exclusive to your state’s program that are not available under Leaders SMART529. Taxpayers and residents of other states who are interested in exploring such tax consequences should consult with a qualified tax advisor.

Leaders SMART529 is also available to state and local governments, government agencies and not-for-profit organizations to help fund scholarship programs. Businesses can also open Accounts to help their employees pay for a college education.

As Account Owner, you can make contributions, take withdrawals and change Investment Option allocations in accordance with the participation agreement. However, you cannot borrow money from your Account and the Account cannot be used as collateral for a loan.

Designated Beneficiary

As Account Owner, you also name the person on whose behalf the payments from the Account will be made called the “Designated Beneficiary.” The Designated Beneficiary can be anyone who is a U.S. resident and can be any age. You can even name yourself as the Designated Beneficiary if you’ll be pursuing a degree or vocational training in the future at an Eligible Educational Institution that qualifies under the Savings Plan. Among other information, we will require a valid Social Security Number for the Designated Beneficiary when you open your Leaders SMART529 Account.

Generally, you may change the Designated Beneficiary on your Account at any time. For example, you may want to change the Designated Beneficiary if the original Designated Beneficiary does not attend college, has received a scholarship or has graduated and there is money left in the Account. To change the Designated Beneficiary without having to pay federal income taxes or federal income tax penalties, you must name a family member of the current Designated Beneficiary as the new Designated Beneficiary. The following family members of the existing Designated Beneficiary are considered “Eligible Family Members” and can be named as the replacement Designated Beneficiary:

- ▶ son, daughter, or descendant of either;
- ▶ stepson or stepdaughter;
- ▶ brother, sister, stepbrother or stepsister;
- ▶ stepfather or stepmother;
- ▶ father, mother or ancestor of either;
- ▶ son or daughter of a brother or sister;
- ▶ brother or sister of father or mother;
- ▶ son-in-law, daughter-in-law, father-in-law, mother-in-law, sister-in-law or brother-in-law;
- ▶ spouse or spouse of any family member listed above; or
- ▶ first cousin.

If you don’t name an Eligible Family Member as the new Designated Beneficiary, the transaction will be handled as a Non-Qualified Distribution and you will be subject to a 10% federal income tax penalty on the earnings in addition to any income taxes due. In order for federal gift and generation-skipping taxes not to apply to a change in beneficiaries or a rollover to the account of a new Designated Beneficiary, the new Designated Beneficiary must be an Eligible Family Member of the current Designated Beneficiary and be of the same (or higher) generation as the current Designated Beneficiary. Please check with a qualified tax advisor if you are not sure.

The Account Owner can be changed if the current Account Owner divorces or dies. If the change is due to divorce, the Account Owner will be changed based on the instructions contained in the final divorce decree. If the Account Owner dies, ownership of the Account will be changed when we receive a certified copy of the death certificate. Depending on how your Account is set up, one of the following will apply: if there is a Successor Owner designated in writing, then the Successor Account Owner becomes the Account Owner; if there is no Successor Account Owner, then the Designated Beneficiary will become the Account Owner; or, if the Designated Beneficiary is a minor, a Qualified Adult must be named for the Account.

Please contact Hartford Life for any instructions or forms needed to change the Designated Beneficiary, the Account Owner or to name a Successor Account Owner. You can also get this information by visiting our website, www.SMART529.com.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open a Leaders SMART529 Account, you will be asked to provide your name, address, date of birth, and other information that identifies you such as a Social Security Number or a tax identification number. You may also be asked to provide a copy of your driver’s license or other identifying documents.

Making Contributions

You may contribute to your Account as often as you would like. Other individuals may also make contributions to the Account. However, federal income tax laws require that a limit be placed on the total amount that can be contributed to this Account, any amounts invested in the West Virginia Prepaid Tuition Plan, along with any other 529 Plan that may be established for the same Designated Beneficiary. Currently, the limit for the SMART529 Program is \$265,620. This limit is based on the total market value of Account(s) for the Designated Beneficiary, along with any other 529 plan accounts for the Designated Beneficiary, including the West Virginia Prepaid Tuition Plan, and not based on the total contributions made to those accounts. SMART529 does not track Designated Beneficiary account balances on 529 plan accounts other than those within the SMART529 Program.

You can make contributions to your Account using any of the following methods:

- ▶ **Check** — You can open an Account by check with an initial investment of \$500, or \$100 if you are a West

Virginia resident. Additional investments of at least \$50, or \$15 if you are a West Virginia resident can be made by check. Make your checks payable to SMART529. Confirmations will be sent for contributions made by check.

- ▶ **Automatic Investment Program** — You can contribute to your Account on a regular basis through automatic investments from your savings or checking account. If you elect the Automatic Investment Program (“AIP”) when you open your Account and no initial contribution is made at that time, the first contribution under AIP must be received within 30 days of the date you opened the Account. These automatic investments will be confirmed on your Account’s quarterly statement. Contributions must be at least \$50 per month or \$15 per month if you are a resident of West Virginia. Please provide specific instructions on your Account Application and enclose a preprinted voided check. You should allow up to 45 days for the first automatic contribution to occur. If you would like to change the amount of your automatic investment or to start automatic investing if your Account is already open, please call a SMART529 customer service representative toll-free at 866-574-3542 for appropriate forms or visit our website, www.SMART529.com.

Please note that an Annual Maintenance Fee of \$25 will be deducted from each Account at the end of each quarter unless you sign up for the Automatic Investment Program of \$50 or more, your Account balance is \$25,000 or more, you or the Designated Beneficiary are a West Virginia resident, or you are eligible for and purchase the Class E fee structure. This fee is retained by the Program Manager.

- ▶ **Rolling over an account from another 529 Plan** — You may be able to roll over the value of your account that is currently in another qualified tuition program (“529 Plan”) to a Leaders SMART529 Account. If you do not already have a SMART529 Class A fee structure Account established for the Designated Beneficiary, you must also complete an Application. You must also provide an account statement or Form 1099-Q issued by the financial institution that redeemed the other 529 Plan account that shows the earnings portion of the redemption of the account. In most cases, there will be no taxes due if the following conditions are met:
 - ✔ The rollover occurs within 60 days of distribution from the other 529 plan;
 - ✔ You keep the same beneficiary or name an Eligible Family Member of the other qualified tuition program’s beneficiary as the Designated Beneficiary on the Leaders SMART529 Account. In order for federal gift and generation-skipping taxes not to apply to a rollover to the account of a new Designated Beneficiary, the new Designated

Beneficiary must be an Eligible Family Member of the beneficiary of the other 529 Plan and be of the same (or higher) generation as the beneficiary of the other 529 Plan;

- ✔ You make only one rollover for the same Designated Beneficiary within a twelve month period;
 - ✔ The check is payable to SMART529 and includes both your name as the Account Owner and the name of the Designated Beneficiary; and
 - ✔ The amount of contributions and earnings the check represents is provided with the check.
- ▶ **Rolling over qualified United States Savings Bonds** — You may roll over the redemption of certain qualified United States Savings Bonds as described in Section 135 of the Internal Revenue Code (“United States Savings Bonds”) to a Leaders SMART529 Account. You must complete an Incoming Transfer/Rollover Request Form, and if you do not already have a Leaders SMART529 Class A fee structure Account established for the Designated Beneficiary, you must complete an Application. You must also provide an account statement or Form 1099-INT issued by the financial institution that redeemed the United States Savings Bonds that shows the interest from the redemption of the United States Savings Bonds.
 - ▶ **Rolling over a Coverdell Education Savings Account (formerly known as Education IRA)** — You may roll over the redemption of part or all of your existing Coverdell Education Savings Account and invest it as a contribution to your Leaders SMART529 Account. You must complete an Incoming Transfer/Rollover Request Form, and if you do not already have a Leaders SMART529 Class A fee structure Account established for the Designated Beneficiary, you must complete an Application. You must also provide an account statement or Form 1099-Q issued by the financial institution that redeemed the account that shows the earnings portion of the redemption of the account.

Your initial contribution will be invested within two business days of our receipt of a properly completed application and the contribution. If we receive your subsequent contribution before the close of the New York Stock Exchange (“NYSE”), it will be invested on that same day. If we receive your subsequent contribution after the close of the NYSE, it will be invested on the next day of trading on the NYSE. If we receive your subsequent contribution on a day that the NYSE is not open for trading, the amount will be invested on the next day of trading.

Contributions will be credited to your Account only if the documentation received from you is complete and in good order. If the documentation accompanying the contribution is incomplete when received, we will hold

the money in a non-interest bearing account for up to five business days while we try to obtain complete information. If we cannot obtain the information within five business days, we will either return the contribution and explain why the contribution could not be processed or keep the contribution if you authorize us to keep it until you provide the necessary information.

Investment Options

Each time you make a contribution to your Leaders SMART529 Account, the money is allocated according to the instructions you give us, to one or more of the Investment Options currently available. However, you may only change the existing Investment Option allocation already on your Account once during any calendar year or if you change the Designated Beneficiary. To change the Investment Option allocations for your Account, you may call us at 866-574-3542.

Your contribution purchases interests or “shares” of these Investment Options, which are municipal fund securities issued by the Board of Trustees of the West Virginia College Prepaid Tuition and Savings Program. The AIM Basic Value 529 Fund, The AIM Aggressive Growth 529 Fund, The AIM Constellation 529 Fund, and The AIM Large Cap Basic Value 529 Fund purchase Class A shares of underlying mutual funds sponsored by AIM. The American Mutual 529 Fund purchase Class F shares of an underlying mutual fund sponsored by American Funds. The Franklin Capital Growth 529 Fund, The Franklin Small-Mid Cap Growth 529 Fund, The Franklin Strategic Income 529 Fund, The Mutual Shares 529 Fund, and The Templeton Foreign 529 Fund purchase Class A shares of underlying mutual funds sponsored by Franklin Templeton. The Massachusetts Investors Growth Stock 529 Fund, The Massachusetts Investors Trust 529 Fund, The MFS Research Bond 529 Fund, The MFS Total Return 529 Fund and The MFS Value 529 Fund purchase Class A shares of underlying mutual funds sponsored by MFS. The SMART529 Stable Value Fund is a separately managed investment portfolio that earns a composite rate of return. The performance of each Investment Option depends on the performance of the underlying mutual funds, or in the case of The SMART529 Stable Value Fund, the underlying investments (collectively, the underlying mutual funds and underlying investments are called the “Underlying Funds”). The value of each Investment Option will vary from day to day due to fluctuations in the value of the Underlying Funds and will also be affected by the expenses described in this Offering Statement. Because of this, your Account may be worth more or less than the amount of your contributions.

The Investment Options are not mutual funds and have not been registered with the U.S. Securities and Exchange Commission or with any state securities

commissions. They are exempt from registration because they are obligations issued by a public instrumentality of a state. You may request prospectuses for the Underlying Funds held by the Investment Options by calling a SMART529 customer service representative toll-free at 866-574-3542.

Hartford Securities Distribution Company, Inc. (“HSD”), a wholly owned subsidiary of The Hartford and a registered broker-dealer, distributes interests or shares in Leaders SMART529. HSD may enter into selling agreements with other broker-dealers to distribute shares of Leaders SMART529.

Leaders SMART529 offers several different Investment Options to allow you to choose how best to meet your financial objectives and risk tolerance. You should consult your investment professional if you are uncertain which Investment Options might be right for your situation. Before you decide which of the Investment Options are the best investments for your needs, you should read “A Description of The Underlying Funds” and you may call a SMART529 customer service representative at 866-574-3542 for an Underlying Fund prospectus or disclosure document. The Underlying Fund prospectus or disclosure document will have more complete information about these Underlying Funds.

Other than selecting the Investment Options desired for your Account, you will have no authority to direct the investments made by the Program. Account Owners do not purchase and have no interest in shares of the Underlying Funds. Account Owners have no voting rights in either the municipal fund security or the Underlying Funds. The Board of Trustees monitors the Underlying Funds for investment performance and cost criteria and may, at any time, without prior notice to Account Owners, change or remove Investment Options, the Underlying Funds, or the allocation of assets among the Underlying Funds. New Investment Options may be added from time to time. Account Owners have no right to consent or object to such changes or any rights or legal interest in any investment made with contributions received for Leaders SMART529.

You currently may select from one or more of the following Investment Options:

Age-Based Portfolios

There are four investment options called “Age-Based Portfolios” currently offered. In each of these Portfolios, your contributions and any earnings on those contributions are allocated among a combination of the Investment Options according to the investment guidelines designed by the Board of Trustees of the Trust. Each Investment Portfolio holds a percentage of the Underlying Funds based on the age of the Designated Beneficiary. The younger the Designated Beneficiary, the more equity-based Underlying Funds will be purchased. The older the Designated Beneficiary, the more

fixed income and stable value Underlying Funds will be used. The Age-Based Portfolios consist of the following options:

Portfolio	Age of the Designated Beneficiary
Leaders SMART529 Age-Based Portfolio 0–8	0–8 years of age
Leaders SMART529 Age-Based Portfolio 9–13	9–13 years of age
Leaders SMART529 Age-Based Portfolio 14–18	14–18 years of age
Leaders SMART529 Age-Based Portfolio 19+	19+ years of age

Below are the targeted allocations of each Underlying Fund for the Age-Based Investment Options. In addition to the target allocation percentages, the allocation of a hypothetical \$10,000 account value is provided for each Investment Option.

Portfolio	Target Allocations of the Underlying Fund	Target Allocations of a \$10,000 Investment
Leaders SMART529 Age-Based Portfolio 0–8	10% AIM Basic Value Fund	\$1,000
	15% AIM Constellation Fund	\$1,500
	15% American Mutual Fund	\$1,500
	10% Franklin Capital Growth Fund	\$1,000
	20% Franklin Small-Mid Cap Growth Fund	\$2,000
	10% Massachusetts Investors Growth Stock Fund	\$1,000
	10% Massachusetts Investors Trust Fund	\$1,000
	10% Templeton Foreign Fund	\$1,000
Leaders SMART529 Age-Based Portfolio 9–13	5% AIM Basic Value Fund	\$500
	10% AIM Constellation Fund	\$1,000
	15% American Mutual Fund	\$1,500
	5% Franklin Capital Growth Fund	\$500
	10% Franklin Small-Mid Cap Growth Fund	\$1,000
	15% Franklin Strategic Income Fund	\$1,500
	5% Massachusetts Investors Growth Stock Fund	\$500
	5% Massachusetts Investors Trust	\$500
	15% MFS Research Bond Fund	\$1,500
	5% MFS Total Return Fund	\$500
	5% Mutual Shares Fund	\$500
5% Templeton Foreign Fund	\$500	
Leaders SMART529 Age-Based Portfolio 14–18	5% AIM Constellation Fund	\$500
	5% AIM Large Cap Basic Value Fund	\$500
	10% American Mutual Fund	\$1,000
	5% Franklin Capital Growth Fund	\$500
	15% Franklin Strategic Income Fund	\$1,500
	5% Massachusetts Investors Growth Stock Fund	\$500
	5% Massachusetts Investors Trust Fund	\$500
	15% MFS Research Bond Fund	\$1,500
	5% MFS Total Return Fund	\$500
	5% MFS Value Fund	\$500
	5% Mutual Shares Fund	\$500
20% The SMART529 Stable Value portfolio	\$2,000	
Leaders SMART529 Age-Based Portfolio 19+	5% AIM Large Cap Basic Value Fund	\$500
	5% American Mutual Fund	\$500
	20% Franklin Strategic Income Fund	\$2,000
	5% Massachusetts Investors Trust	\$500
	20% MFS Research Bond Fund	\$2,000
	5% MFS Value Fund	\$500
40% The SMART529 Stable Value portfolio	\$4,000	

The Age-Based Portfolios are rebalanced each quarter to maintain the target percentages shown above. The

Age-Based Portfolios that have a longer time horizon are more heavily invested in equities.

If you elect to invest your contributions in one of the Age-Based Portfolios, your Account will be invested in that particular Age-Based Portfolio until the Designated Beneficiary reaches the oldest age available for that particular Portfolio. Within ten days of the Designated Beneficiary reaching the oldest age available for that Portfolio, your Account value will be automatically invested in the next Age-Based Portfolio unless you give us different instructions. Please note that you may change the existing allocation of the Account only once per calendar year.

Static Portfolios

There are four risk based Investment Options using a combination of Underlying Funds that is based on the risk and return potential of each Investment Option. The main difference between each Static Portfolio is the allocation between the equity and fixed income Underlying Funds. Unlike the Age-Based Portfolios, the Static Portfolios are designed to have a relatively constant exposure to equities and do not adjust their exposure to equities as the Designated Beneficiary approaches college age. The classification of Portfolios is not intended to be a precise indicator of future risk

Below are the targeted allocations for each Underlying Fund for the Static Investment Options. In addition to the target allocation percentages, the allocation of a hypothetical \$10,000 account value is provided for each Investment Option.

Portfolios	Target Allocation of the Underlying Funds	Target Allocations of a \$10,000 Investment
Leaders SMART529 Aggressive Growth Portfolio	20% AIM Constellation Fund	\$2,000
	10% American Mutual Fund	\$1,000
	15% Franklin Capital Growth Fund	\$1,500
	25% Franklin Small-Mid Cap Growth Fund	\$2,500
	10% Massachusetts Investors Growth Stock Fund	\$1,000
	10% Massachusetts Investors Trust Fund	\$1,000
	10% Templeton Foreign Fund	\$1,000
Leaders SMART529 Growth Portfolio	5% AIM Basic Value Fund	\$500
	10% AIM Constellation Fund	\$1,000
	5% AIM Large Cap Basic Value Fund	\$500
	15% American Mutual Fund	\$1,500
	5% Franklin Capital Growth Fund	\$500
	15% Franklin Small-Mid Cap Growth Fund	\$1,500
	10% Franklin Strategic Income Fund	\$1,000
	5% Massachusetts Investors Growth Stock Fund	\$500
	5% Massachusetts Investors Trust Fund	\$500
	10% MFS Research Bond Fund	\$1,000
	5% MFS Total Return Fund	\$500
	5% Mutual Shares	\$500
	5% Templeton Foreign	\$500

or return levels. The degree of risk can vary significantly.

The Leaders SMART529 Aggressive Growth Portfolio — This Portfolio might be selected by those investing for young children or those who are willing to take more risk for the potential for higher returns. The Aggressive Growth Portfolio also does not generally provide investment exposure to Underlying Funds invested primarily in fixed income instruments.

The Leaders SMART529 Growth Portfolio — This Portfolio might be selected by those who want a high degree of growth potential, but with less risk than an all-equity Investment Option.

The Leaders SMART529 Balanced Portfolio — This Portfolio might be selected by those with a shorter time horizon or who are only willing to take moderate investment risk.

The Leaders SMART529 Conservative Portfolio — This Portfolio might be selected by those with a short time horizon or who are seeking a lesser amount of investment risk.

Portfolios	Target Allocation of the Underlying Funds	Target Allocations of a \$10,000 Investment
Leaders SMART529 Balanced Portfolio	5% AIM Basic Value Fund	\$500
	5% AIM Constellation Fund	\$500
	5% AIM Large Cap Basic Value Fund	\$500
	10% American Mutual Fund	\$1,000
	5% Franklin Capital Growth Fund	\$500
	5% Franklin Small-Mid Cap Growth Fund	\$500
	15% Franklin Strategic Income Fund	\$1,500
	5% Massachusetts Investors Growth Stock Fund	\$500
	5% Massachusetts Investors Trust Fund	\$500
	15% MFS Research Bond Fund	\$1,500
	5% MFS Total Return Fund	\$500
	5% MFS Value Fund	\$500
	5% Mutual Shares Fund	\$500
	10% The SMART529 Stable Value portfolio	\$1,000
Leaders SMART529 Conservative Portfolio	5% AIM Basic Value Fund	\$500
	5% AIM Large Cap Basic Value Fund	\$500
	5% American Mutual Fund	\$500
	20% Franklin Strategic Income Fund	\$2,000
	5% Massachusetts Investors Trust Fund	\$500
	20% MFS Research Bond Fund	\$2,000
	5% MFS Total Return Fund	\$500
	10% MFS Value Fund	\$1,000
	5% Mutual Shares Fund	\$500
	20% The SMART529 Stable Value portfolio	\$2,000

The Static Portfolios are rebalanced each quarter to maintain the target percentages shown above.

Individual Fund Options

You may also invest your contributions in Investment Options that invest 100% in one of the individual Underlying Funds called the Individual Fund Options. These are the same Underlying Funds used by the Age-Based and Static Portfolios.

Individual Fund Option*	Underlying Fund
The AIM Basic Value 529 Fund	AIM Basic Value Fund
The AIM Constellation 529 Fund	AIM Constellation Fund
The AIM Large Cap Basic Value 529 Fund	AIM Large Cap Basic Value Fund
The American Mutual 529 Fund	American Mutual Fund (Class F Shares)
The Franklin Capital Growth 529 Fund	Franklin Capital Growth Fund
The Franklin Small-Mid Cap Growth 529 Fund	Franklin Small-Mid Cap Growth Fund
The Franklin Strategic Income 529 Fund	Franklin Strategic Income Fund
The Massachusetts Investors Growth Stock 529 Fund	Massachusetts Investors Growth Stock Fund
The Massachusetts Investors Trust 529 Fund	Massachusetts Investors Trust
The MFS Research Bond 529 Fund	MFS Research Bond Fund
The MFS Total Return 529 Fund	MFS Total Return Fund
The MFS Value 529 Fund	MFS Value Fund
The Mutual Shares 529 Fund	Mutual Shares Fund
The SMART529 Stable Value Fund	The SMART529 Stable Value portfolio
The Templeton Foreign 529 Fund	Templeton Foreign Fund

* The names of the Individual Fund Options are for ease of reference. These municipal fund securities are not offered or sponsored by the Underlying Funds.

Managers of the Underlying Funds

A I M Advisors, Inc. (“AIM Advisors”) serves as the Investment advisor for AIM Aggressive Growth Fund, AIM Basic Value Fund, AIM Constellation Fund and AIM Large Cap Basic Value Fund, and is responsible for their day-to-day management. AIM Advisors is located at 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173. It supervises all aspects of the funds operations

and provides investment advisory services to the funds, including obtaining and evaluating economic, statistical and financial information to formulate and implement investment programs for the funds. AIM Advisors has acted as an investment advisor since its organization in 1976. Today, AIM Advisors, together with its subsidiaries, advises or manages over 200 investment portfolios,

including the fund, encompassing a broad range of investment objectives.

Capital Research and Management Company, an experienced investment management organization founded in 1931 with more than \$300 billion in assets under management, serves as investment advisor to American Mutual Fund and other funds, including those in American Funds. Capital Research and Management Company, a wholly owned subsidiary of The Capital Group Companies, Inc., is headquartered at 333 South Hope Street, Los Angeles, CA 90071. Capital Research and Management Company manages the investment portfolio and business affairs of the fund. The total management fee paid by the fund, as a percentage of average net assets, for the previous fiscal year appears in the Annual Fund Operating Expenses Table in the fund's prospectus.

Franklin Advisers, Inc. ("Franklin Advisers"), One Franklin Parkway, San Mateo, CA 94403-1906, is the investment manager for the Franklin Capital Growth Fund, the Franklin Small-Mid Cap Growth Fund and the Franklin Strategic Income Fund. Together, Franklin Advisers and its affiliates manage over \$451 billion in assets, as of September 30, 2005. The specific fees paid to Franklin Advisers by each fund are set forth in each fund's prospectus.

Franklin Mutual Advisers, LLC ("Franklin Mutual"), 51 John F. Kennedy Parkway, Short Hills, NJ 07078, is the investment manager for the Mutual Shares Fund. Together, Franklin Mutual and its affiliates manage over \$451 billion in assets, as of September 30, 2005. The specific fees paid to Franklin Mutual by the fund are set forth in the fund's prospectus.

Massachusetts Financial Services Company (referred to as MFS or the advisor) is the investment advisor for the MFS Research Bond Fund, MFS Total Return Fund, MFS Value Fund, Massachusetts Investors Trust Fund, and Massachusetts Investors Growth Stock Fund. MFS is America's oldest mutual fund organization. MFS and its predecessor organizations have a history of money management dating from 1924 and the founding of the first mutual fund, Massachusetts Investors Trust. Net assets under the management of the MFS organization were over \$157 billion as of September 30, 2005. MFS is located at 500 Boylston Street, Boston, Massachusetts 02116. MFS provides investment management and related administrative services and facilities to the funds, including portfolio management and trade execution. For these services the funds pay MFS an annual management fee computed and paid monthly. The specific fees paid to MFS by each fund are set forth in each fund's prospectus.

The SMART529 Stable Value portfolio is managed by INVESCO Institutional (N.A.), Inc. ("INVESCO"). INVESCO is a registered investment advisor located in Louisville, Kentucky with an office in Portland, Oregon.

INVESCO is a unit of the AMVESCAP PLC global investment management organization. AMVESCAP PLC currently manages over \$370 billion in assets (foreign and domestic) for corporate, public and jointly trustee retirement plans, foundations, endowments, 529 plans, and a host of other institutional and individual clients.

INVESCO's stable value group was established in 1985, has over \$45 billion in stable value assets under management, and is an industry leader in managing stable value funds for retirement, 529 and other plans. They are committed to providing the highest quality portfolio management and administrative services. To accomplish this objective, they have a talented and experienced staff of professionals who remain dedicated to this common goal. This Fund is not publicly traded.

Templeton Global Advisors Limited (Global Advisors), Lyford Cay, Nassau, Bahamas, is the investment manager to the Templeton Foreign Fund. Together, Global Advisors and its affiliates manage over \$451 billion in assets, as of September 30, 2005. The specific fees paid to Global Advisors by the fund are set forth in the fund's prospectus.

Description of Risks of the Investment Options

The Age-Based and Static Portfolios are constructed by selecting varying allocations to the Underlying Funds in the pursuit of different investment goals. By allocating across a variety of Underlying Funds, most of the Investment Options seek to achieve some of the benefits produced by diversification among asset classes. Although diversification may help reduce overall risk, the Portfolios are still exposed to certain primary risks defined below:

Stock Market Risk — As with most stock funds, the value of your investment may go down in response to overall stock market movements and trends. You could lose money as a result of your investment.

Small Company Risk — Stocks of small companies may be more risky than stocks of larger companies. These companies may be young and have more limited operating or business history. Because these businesses frequently rely on narrower product lines and niche markets, they can suffer from isolated business setbacks.

Mid-Size Company Risk — Stocks of mid-sized companies may be more risky than stocks of larger companies. These companies may be young and have more limited operating or business history. Because these businesses frequently rely on narrower product lines and niche markets, they can suffer from isolated business setbacks. Mid-sized company stocks as a group could fall out of favor with the market, causing the fund to underperform funds that focus on other types of stocks.

Large Company Risk — Large-capitalization stocks as a group could fall out of favor with the market, causing

the fund to underperform funds that focus on small- or medium-capitalization stocks.

Foreign Securities/Currency Risk — Foreign investments may be more risky than domestic investments. Investments in securities of foreign issuers and non-dollar securities may be affected by fluctuations in currency exchange rates, incomplete or inaccurate financial information on companies, social upheavals and political actions ranging from tax code changes to governmental collapse.

Manager Risk — The manager’s investment strategy will influence performance significantly. Similarly, if the manager’s stock selection strategy doesn’t perform as expected, the fund could underperform its peers or lose money.

Interest Rate Risk — Interest rate risk refers to the possibility that your investment may go down in value when interest rates rise.

Credit Risk — Credit risk refers to the possibility that the issuing company may not be able to pay interest and principal when due.

Income Risk — Income risk is the potential for a decline in the fund’s income due to falling interest rates.

Prepayment Risk — Prepayment risk is the risk that falling interest rates could cause faster than expected repayments of the mortgages and loans underlying the

fund’s mortgage- and asset-backed securities. These prepayments pass through to the fund, which must reinvest them at a time when interest rates on new mortgage- and asset-backed investments are falling, reducing the fund’s income.

Call Risk — The fund is subject to the possibility that, under certain circumstances, especially during periods of falling interest rates, a bond issuer will “call” — or repay — its bonds before their maturity date. The fund may then be forced to invest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund’s income.

Extension Risk — Extension risk is the risk that rising interest rates could cause mortgage and loan prepayments to slow, which could increase the interest rate sensitivity of the fund’s mortgage- and asset-backed securities.

Emerging Markets Risk — Foreign investments may be more risky than domestic investments. Investments in securities of foreign issuers and non-dollar securities may be affected by fluctuations in currency exchange rates, incomplete or inaccurate financial information on companies, social upheavals and political actions ranging from tax code changes to governmental collapse. The foregoing risks are even greater with respect to securities of issuers in countries with emerging economies or emerging market securities.

The following chart describes the risks that affect each Investment Option:

Investment Option	Primary Risks		
Age-Based Portfolio 0–8	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk • Foreign Securities/Currency Risk 	<ul style="list-style-type: none"> • Manager Risk • Interest Rate Risk • Credit Risk • Income Risk 	<ul style="list-style-type: none"> • Call Risk • Prepayment Risk • Emerging Markets Risk • Extension Risk
Age-Based Portfolio 9–13	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk • Foreign Securities/Currency Risk 	<ul style="list-style-type: none"> • Manager Risk • Interest Rate Risk • Credit Risk • Income Risk 	<ul style="list-style-type: none"> • Call Risk • Prepayment Risk • Emerging Markets Risk • Extension Risk
Age-Based Portfolio 14–18	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk • Foreign Securities/Currency Risk 	<ul style="list-style-type: none"> • Manager Risk • Interest Rate Risk • Credit Risk • Income Risk 	<ul style="list-style-type: none"> • Call Risk • Prepayment Risk • Emerging Markets Risk • Extension Risk
Age-Based Portfolio 19+	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk • Foreign Securities/Currency Risk 	<ul style="list-style-type: none"> • Manager Risk • Interest Rate Risk • Credit Risk • Income Risk 	<ul style="list-style-type: none"> • Call Risk • Prepayment Risk • Emerging Markets Risk • Extension Risk
Aggressive Growth Portfolio	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk • Foreign Securities/Currency Risk 	<ul style="list-style-type: none"> • Manager Risk • Interest Rate Risk • Credit Risk • Income Risk 	<ul style="list-style-type: none"> • Call Risk • Prepayment Risk • Emerging Markets Risk • Extension Risk

Investment Option	Primary Risks		
Growth Portfolio	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk • Foreign Securities/Currency Risk 	<ul style="list-style-type: none"> • Manager Risk • Interest Rate Risk • Credit Risk • Income Risk 	<ul style="list-style-type: none"> • Call Risk • Prepayment Risk • Emerging Markets Risk • Extension Risk
Balanced Portfolio	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk • Foreign Securities/Currency Risk 	<ul style="list-style-type: none"> • Manager Risk • Interest Rate Risk • Credit Risk • Income Risk 	<ul style="list-style-type: none"> • Call Risk • Prepayment Risk • Emerging Markets Risk • Extension Risk
Conservative Portfolio	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk • Foreign Securities/Currency Risk 	<ul style="list-style-type: none"> • Manager Risk • Interest Rate Risk • Credit Risk • Income Risk 	<ul style="list-style-type: none"> • Call Risk • Prepayment Risk • Emerging Markets Risk • Extension Risk
The AIM Basic Value 529 Fund	<ul style="list-style-type: none"> • Market Risk • Mid-Size Company Risk • Large Company Risk 	<ul style="list-style-type: none"> • Foreign Securities/Currency Risk • Manager Risk • Interest Rate Risk 	<ul style="list-style-type: none"> • Credit Risk • Income Risk • Call Risk
The AIM Constellation 529 Fund	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk 	<ul style="list-style-type: none"> • Foreign Securities/Currency Risk • Manager Risk • Interest Rate Risk 	<ul style="list-style-type: none"> • Credit Risk • Income Risk • Call Risk
The AIM Large Cap Basic Value 529 Fund	<ul style="list-style-type: none"> • Market Risk • Mid-Size Company Risk • Large Company Risk 	<ul style="list-style-type: none"> • Foreign Securities/Currency Risk • Manager Risk • Interest Rate Risk 	<ul style="list-style-type: none"> • Credit Risk • Income Risk • Call Risk
The American Mutual 529 Fund	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk 	<ul style="list-style-type: none"> • Foreign Securities/Currency Risk • Manager Risk • Interest Rate Risk 	<ul style="list-style-type: none"> • Credit Risk • Income Risk • Call Risk
The Franklin Capital Growth 529 Fund	<ul style="list-style-type: none"> • Market Risk • Small Company Risk 	<ul style="list-style-type: none"> • Mid-Size Company Risk • Large Company Risk 	<ul style="list-style-type: none"> • Foreign Securities/Currency Risk • Manager Risk
The Franklin Small-Mid Cap Growth 529 Fund	<ul style="list-style-type: none"> • Market Risk • Small Company Risk 	<ul style="list-style-type: none"> • Mid-Size Company Risk • Large Company Risk 	<ul style="list-style-type: none"> • Manager Risk
The Franklin Strategic Income 529 Fund	<ul style="list-style-type: none"> • Market Risk • Foreign Securities/Currency Risk • Manager Risk • Interest Rate Risk 	<ul style="list-style-type: none"> • Credit Risk • Income Risk • Call Risk 	<ul style="list-style-type: none"> • Prepayment Risk • Emerging Markets Risk • Extension Risk
The Massachusetts Investors Trust 529 Fund	<ul style="list-style-type: none"> • Market Risk • Large Company Risk • Foreign Securities/Currency Risk • Manager Risk 	<ul style="list-style-type: none"> • Interest Rate Risk • Credit Risk • Income Risk • Call Risk 	<ul style="list-style-type: none"> • Prepayment Risk • Emerging Markets Risk • Extension Risk
The Massachusetts Investors Growth Stock 529 Fund	<ul style="list-style-type: none"> • Market Risk • Small Company Risk • Mid-Size Company Risk • Large Company Risk 	<ul style="list-style-type: none"> • Foreign Securities/Currency Risk • Manager Risk • Interest Rate Risk 	<ul style="list-style-type: none"> • Credit Risk • Income Risk • Call Risk
The MFS Research Bond 529 Fund	<ul style="list-style-type: none"> • Market Risk • Foreign Securities/Currency Risk • Manager Risk • Interest Rate Risk 	<ul style="list-style-type: none"> • Credit Risk • Income Risk • Call Risk 	<ul style="list-style-type: none"> • Prepayment Risk • Emerging Markets Risk • Extension Risk
The MFS Total Return 529 Fund	<ul style="list-style-type: none"> • Market Risk • Foreign Securities/Currency Risk • Manager Risk 	<ul style="list-style-type: none"> • Interest Rate Risk • Credit Risk • Income Risk 	<ul style="list-style-type: none"> • Call Risk • Prepayment Risk • Extension Risk
The MFS Value 529 Fund	<ul style="list-style-type: none"> • Market Risk • Small Company Risk 	<ul style="list-style-type: none"> • Mid-Size Company Risk • Large Company Risk 	<ul style="list-style-type: none"> • Foreign Securities/Currency Risk • Manager Risk

Investment Option	Primary Risks		
The Mutual Shares 529 Fund	<ul style="list-style-type: none"> Market Risk Small Company Risk Mid-Size Company Risk 	<ul style="list-style-type: none"> Foreign Securities/Currency Risk Manager Risk Interest Rate Risk 	<ul style="list-style-type: none"> Credit Risk Income Risk Call Risk
The Templeton Foreign 529 Fund	<ul style="list-style-type: none"> Market Risk Small Company Risk Mid-Size Company Risk Large Company Risk 	<ul style="list-style-type: none"> Foreign Securities/Currency Risk Manager Risk Interest Rate Risk Credit Risk 	<ul style="list-style-type: none"> Income Risk Call Risk Emerging Markets Risk
The SMART529 Stable Value Fund	<ul style="list-style-type: none"> Market Risk 	<ul style="list-style-type: none"> Credit Risk 	

Past Performance

The charts below provide performance for the life of each Investment Option. For each Investment Option, both total returns and returns net-of-sales charges are provided. All returns are stated net of total annual Asset-Based Fees but do not account for the \$25 Annual Maintenance Fee. Performance would be lower if the Annual Maintenance Fee was deducted. All perform-

ance numbers are based off a hypothetical \$10,000 investment.

The fiscal year for the Investment Options in Leaders SMART529 runs from July 1 to June 30 and your quarterly Account Statement will show your Account's current asset allocations.

Leaders SMART529 Age-Based Portfolios

The following performance history for the Leaders SMART529 Age-Based Portfolios includes the one year total return and the annualized return since inception for each Investment Option. The two Non-Standardized performance numbers are net of applicable Asset-Based Fees, but do not factor in any sales charges. The two Standardized performance numbers are net of applicable Asset-Based Fees as well, but are also net of any applicable sales charges for each Investment Option.

Investment Options	Inception Date	Non-Standardized (As of 12/31/2005)		Standardized(1) (As of 12/31/2005)	
		1 Year Total Return %	Inception Annual Return % ⁽²⁾	1 Year Total Return Net-of-Sales Charges %	Inception Annual Return Net-of-Sales Charges % ⁽²⁾
Leaders SMART529 Age Based Portfolio 0-8 A	6/30/2003	5.65	12.29	-2.78	7.33
Leaders SMART529 Age Based Portfolio 0-8 B	6/30/2003	5.20	11.80	-2.42	8.37
Leaders SMART529 Age Based Portfolio 0-8 C	6/30/2003	5.03	11.61	1.41	9.24
Leaders SMART529 Age Based Portfolio 9-13 A	6/30/2003	4.20	9.72	-4.11	4.78
Leaders SMART529 Age Based Portfolio 9-13 B	6/30/2003	3.73	9.23	-3.84	5.73
Leaders SMART529 Age Based Portfolio 9-13 C	6/30/2003	3.56	9.04	-0.01	6.63
Leaders SMART529 Age Based Portfolio 14-18 A	6/30/2003	3.45	7.48	-4.80	2.56
Leaders SMART529 Age Based Portfolio 14-18 B	6/30/2003	2.94	6.97	-4.62	3.40
Leaders SMART529 Age Based Portfolio 14-18 C	6/30/2003	2.74	6.75	-0.81	4.30
Leaders SMART529 Age Based Portfolio 19+ A	6/30/2003	2.90	5.41	-5.30	0.50
Leaders SMART529 Age Based Portfolio 19+ B	6/30/2003	2.50	5.00	-5.03	1.36
Leaders SMART529 Age Based Portfolio 19+ C	6/30/2003	2.24	4.76	-1.29	2.29

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. BECAUSE OF ONGOING MARKET VOLATILITY, PERFORMANCE IS SUBJECT TO SUBSTANTIAL CHANGES.

- (1) We assume that the maximum Sales Charge applies when computing returns net-of-sales charges.
- (2) Annualizing involves finding the rate of growth for a one-year period that would have produced the cumulative total for the whole period.

Leaders SMART529 Static Portfolios

The following performance history for the Leaders SMART529 Static Portfolios includes the one year total return and the annualized return since inception for each Investment Option. The two Non-Standardized performance numbers

are net of applicable Asset-Based Fees, but do not factor in any sales charges. The two Standardized performance numbers are net of applicable Asset-Based Fees as well, but are also net of any applicable sales charges for each Investment Option.

Investment Options	Inception Date	Non-Standardized (As of 12/31/2005)		Standardized(1) (As of 12/31/2005)	
		1 Year Total Return %	Inception Annual Return %(2)	1 Year Total Return Net-of-Sales Charges %	Inception Annual Return Net-of-Sales Charges %(2)
The Leaders SMART529 Aggressive Growth Portfolio A*	6/30/2003	5.85	12.25	-2.60	7.28
The Leaders SMART529 Aggressive Growth Portfolio B*	6/30/2003	5.40	11.76	-2.22	8.33
The Leaders SMART529 Aggressive Growth Portfolio C*	6/30/2003	5.23	11.58	1.61	9.20
The Leaders SMART529 Balanced Portfolio A	6/30/2003	3.54	8.44	-4.72	3.52
The Leaders SMART529 Balanced Portfolio B	6/30/2003	3.07	7.95	-4.49	4.41
The Leaders SMART529 Balanced Portfolio C	6/30/2003	2.90	7.77	-0.66	5.34
The Leaders SMART529 Conservative Portfolio A	6/30/2003	3.25	7.30	-4.97	2.38
The Leaders SMART529 Conservative Portfolio B	6/30/2003	2.78	6.83	-4.76	3.25
The Leaders SMART529 Conservative Portfolio C	6/30/2003	2.60	6.63	-0.94	4.19
The Leaders SMART529 Growth Portfolio A	6/30/2003	4.63	10.54	-3.72	5.59
The Leaders SMART529 Growth Portfolio B	6/30/2003	4.17	10.07	-3.42	6.60
The Leaders SMART529 Growth Portfolio C	6/30/2003	3.99	9.88	0.41	7.49

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. BECAUSE OF ONGOING MARKET VOLATILITY, PERFORMANCE IS SUBJECT TO SUBSTANTIAL CHANGES.

- (1) We assume that the maximum Sales Charge applies when computing returns net-of-sales charges.
- (2) Annualizing involves finding the rate of growth for a one-year period that would have produced the cumulative total for the whole period.

* AIM Aggressive Growth 529 Fund was available as an Investment Option prior to March 10, 2006.

Leaders SMART529 Individual Fund Options

The following performance history for the Leaders SMART529 Individual Fund Options includes the one year total return and the annualized return since inception for each Investment Option. The two Non-Standardized performance numbers are net of applicable Asset-Based Fees, but do not factor in any sales charges. The two Standardized performance numbers are net of applicable Asset-Based Fees as well, but are also net of any applicable sales charges for each Investment Option.

Investment Options	Inception Date	Non-Standardized (As of 12/31/2005)		Standardized(1) (As of 12/31/2005)	
		1 Year Total Return %	Inception Annual Return %(2)	1 Year Total Return Net-of-Sales Charges %	Inception Annual Return Net-of-Sales Charges %(2)
The AIM Aggressive Growth 529 Fund A*	6/30/2003	5.10	13.24	-3.29	8.28
The AIM Aggressive Growth 529 Fund B*	6/30/2003	4.64	12.75	-2.96	9.37
The AIM Aggressive Growth 529 Fund C*	6/30/2003	4.47	12.55	0.87	10.21
The AIM Basic Value 529 Fund A	6/30/2003	5.01	13.19	-3.36	8.25
The AIM Basic Value 529 Fund B	6/30/2003	4.54	12.72	-3.05	9.35
The AIM Basic Value 529 Fund C	6/30/2003	4.37	12.52	0.78	10.19
The AIM Constellation 529 Fund A	6/30/2003	7.97	11.86	-0.63	6.88
The AIM Constellation 529 Fund B	6/30/2003	7.53	11.39	-0.13	7.93
The AIM Constellation 529 Fund C	6/30/2003	7.36	11.21	3.70	8.81
The AIM Large Cap Basic Value 529 Fund A	6/30/2003	5.79	12.63	-2.64	7.69
The AIM Large Cap Basic Value 529 Fund B	6/30/2003	5.33	12.13	-2.28	8.74
The AIM Large Cap Basic Value 529 Fund C	6/30/2003	5.16	11.95	1.55	9.60

Investment Options	Inception Date	Non-Standardized (As of 12/31/2005)		Standardized(1) (As of 12/31/2005)	
		1 Year Total Return %	Inception Annual Return %(2)	1 Year Total Return Net-of-Sales Charges %	Inception Annual Return Net-of-Sales Charges %(2)
The American Mutual 529 Fund A	6/30/2003	4.08	10.65	-4.21	5.72
The American Mutual 529 Fund B	6/30/2003	3.61	10.18	-3.96	6.73
The American Mutual 529 Fund C	6/30/2003	3.43	9.98	-0.13	7.60
The Franklin Capital Growth 529 Fund A	6/30/2003	0.23	7.96	-7.89	3.08
The Franklin Capital Growth 529 Fund B	6/30/2003	-0.24	7.49	-7.70	3.97
The Franklin Capital Growth 529 Fund C	6/30/2003	-0.42	7.28	-3.99	4.89
The Franklin Small-Mid Cap Growth 529 Fund A	6/30/2003	9.68	16.17	0.98	11.14
The Franklin Small-Mid Cap Growth 529 Fund B	6/30/2003	9.24	15.70	1.58	12.35
The Franklin Small-Mid Cap Growth 529 Fund C	6/30/2003	9.08	15.51	5.42	13.16
The Franklin Strategic Income 529 Fund A	6/30/2003	0.75	6.50	-7.32	1.60
The Franklin Strategic Income 529 Fund B	6/30/2003	0.26	6.03	-7.15	2.45
The Franklin Strategic Income 529 Fund C	6/30/2003	0.08	5.83	-3.42	3.39
The Massachusetts Investors Growth Stock 529 Fund A	6/30/2003	3.10	8.12	-5.17	3.17
The Massachusetts Investors Growth Stock 529 Fund B	6/30/2003	2.63	7.66	-4.96	4.08
The Massachusetts Investors Growth Stock 529 Fund C	6/30/2003	2.46	7.47	-1.14	5.01
The Massachusetts Investors Trust 529 Fund A	6/30/2003	6.48	11.67	-1.99	6.67
The Massachusetts Investors Trust 529 Fund B	6/30/2003	6.02	11.21	-1.59	7.73
The Massachusetts Investors Trust 529 Fund C	6/30/2003	5.85	11.02	2.24	8.60
The MFS Research Bond 529 Fund A	6/30/2003	1.24	2.19	-6.84	-2.70
The MFS Research Bond 529 Fund B	6/30/2003	0.75	1.72	-6.67	-2.01
The MFS Research Bond 529 Fund C	6/30/2003	0.57	1.53	-2.92	-1.00
The MFS Total Return 529 Fund A	6/30/2003	2.53	8.55	-5.65	3.62
The MFS Total Return 529 Fund B	6/30/2003	2.05	8.07	-5.46	4.54
The MFS Total Return 529 Fund C	6/30/2003	1.87	7.87	-1.66	5.45
The MFS Value 529 Fund A	6/30/2003	5.42	14.16	-2.95	9.19
The MFS Value 529 Fund B	6/30/2003	4.95	13.68	-2.61	10.32
The MFS Value 529 Fund C	6/30/2003	4.78	13.48	1.22	11.14
The Mutual Shares 529 Fund A	6/30/2003	9.13	14.42	0.51	9.41
The Mutual Shares 529 Fund B	6/30/2003	8.68	13.95	1.07	10.56
The Mutual Shares 529 Fund C	6/30/2003	8.51	13.76	4.90	11.38
The SMART529 Stable Value Fund A	6/30/2003	2.64	2.70	-5.53	-2.20
The SMART529 Stable Value Fund B	6/30/2003	2.27	2.27	-5.24	-1.46
The SMART529 Stable Value Fund C	6/30/2003	2.11	2.09	-1.40	-0.43
The Templeton Foreign 529 Fund A	6/30/2003	9.77	19.60	1.08	14.56
The Templeton Foreign 529 Fund B	6/30/2003	9.32	19.12	1.68	15.88
The Templeton Foreign 529 Fund C	6/30/2003	9.16	18.93	5.52	16.65

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- (1) We assume that the maximum Sales Charge applies when computing returns net-of-sales charges.
- (2) Annualizing involves finding the rate of growth for a one-year period that would have produced the cumulative total for the whole period.

* AIM Aggressive Growth 529 Fund was available as an Investment Option prior to March 10, 2006.

Individual Fund Option Underlying Fund Performance

Each Individual Fund Option invests 100% of the amount allocated to an individual Underlying Fund. Many of these Underlying Funds have performance information that predates the inclusion of the corresponding Individual Fund Option in Leaders SMART529. The following performance is provided in addition to the Individual Fund Option performance so that you can evaluate the Underlying Fund's performance over a longer period of time.

For each Fund, we provide the 1 year, 5 year, 10 year and annualized return since inception of the Underlying Fund. All performance numbers are net of the applicable Asset-Based Leaders SMART529 expenses for each Fund Option. The Return Net-of-Sales Charges numbers show performance of each Fund after relevant sales charges are taken out.

Underlying Funds	Portfolio Inception Date(3)	Return (As of 12/31/2005)				Return Net-of-Sales Charges(1) (As of 12/31/2005)			
		1 Year Return %	5 Year Return %	10 Year Return %	Inception Annual % (2)	1 Year Return Net-of-Sales Charges %	5 Year Return Net-of-Sales Charges %	10 Year Return Net-of-Sales Charges %	Inception Annual Return Net-of-Sales Charges % (2)
The AIM Aggressive Growth 529 Fund A*	5/1/1984	5.10	-3.53	4.94	10.91	-3.29	-8.55	2.12	9.37
The AIM Aggressive Growth 529 Fund B*	5/1/1984	4.64	-3.98	4.44	10.37	-2.96	-8.12	2.28	9.15
The AIM Aggressive Growth 529 Fund C*	5/1/1984	4.47	-4.15	4.24	10.16	0.87	-7.94	2.07	8.92
The AIM Basic Value 529 Fund A	10/18/1995	5.01	3.16	10.85	11.81	-3.36	-1.00	8.50	9.60
The AIM Basic Value 529 Fund B	10/18/1995	4.54	2.69	10.32	11.27	-3.05	-0.59	8.66	9.74
The AIM Basic Value 529 Fund C	10/18/1995	4.37	2.50	10.12	11.07	0.78	-0.39	8.44	9.52
The AIM Constellation 529 Fund A	4/30/1976	7.97	-3.62	4.93	13.56	-0.63	-8.63	2.19	12.65
The AIM Constellation 529 Fund B	4/30/1976	7.53	-4.06	4.43	13.00	-0.13	-8.20	2.35	12.33
The AIM Constellation 529 Fund C	4/30/1976	7.36	-4.23	4.24	12.79	3.70	-8.01	2.14	12.11
The AIM Large Cap Basic Value 529 Fund A	6/30/1999	5.79	2.93	N/A	5.62	-2.64	-1.23	N/A	2.13
The AIM Large Cap Basic Value 529 Fund B	6/30/1999	5.33	2.45	N/A	5.12	-2.28	-0.84	N/A	2.64
The AIM Large Cap Basic Value 529 Fund C	6/30/1999	5.16	2.27	N/A	4.93	1.55	-0.63	N/A	2.44
The American Mutual 529 Fund A	3/15/2001	4.08	N/A	N/A	5.38	-4.21	N/A	N/A	1.48
The American Mutual 529 Fund B	3/15/2001	3.61	N/A	N/A	4.89	-3.96	N/A	N/A	1.95
The American Mutual 529 Fund C	3/15/2001	3.43	N/A	N/A	4.70	-0.13	N/A	N/A	2.13
The Franklin Capital Growth 529 Fund A	1/1/1933	0.23	-5.10	7.19	9.58	-7.89	-10.07	4.81	9.06
The Franklin Capital Growth 529 Fund B	1/1/1933	-0.24	-5.55	6.67	9.04	-7.70	-9.66	4.96	8.60
The Franklin Capital Growth 529 Fund C	1/1/1933	-0.42	-5.73	6.46	8.83	-3.99	-9.49	4.74	8.39
The Franklin Small-Mid Cap Growth 529 Fund A	2/14/1992	9.68	-1.51	8.86	11.92	0.98	-6.52	6.40	10.07
The Franklin Small-Mid Cap Growth 529 Fund B	2/14/1992	9.24	-1.95	8.34	11.38	1.58	-6.08	6.56	10.03
The Franklin Small-Mid Cap Growth 529 Fund C	2/14/1992	9.08	-2.12	8.14	11.17	5.42	-5.88	6.35	9.81
The Franklin Strategic Income 529 Fund A	5/24/1994	0.75	7.68	6.97	7.60	-7.32	4.00	4.18	5.03
The Franklin Strategic Income 529 Fund B	5/24/1994	0.26	7.17	6.45	7.08	-7.15	4.47	4.34	5.10
The Franklin Strategic Income 529 Fund C	5/24/1994	0.08	6.97	6.25	6.88	-3.42	4.60	4.12	4.88

Underlying Funds	Portfolio Inception Date(3)	Return (As of 12/31/2005)				Return Net-of-Sales Charges(1) (As of 12/31/2005)			
		1 Year Return %	5 Year Return %	10 Year Return %	Inception Annual % (2)	1 Year Return Net-of-Sales Charges %	5 Year Return Net-of-Sales Charges %	10 Year Return Net-of-Sales Charges %	Inception Annual Return Net-of-Sales Charges % (2)
The Massachusetts Investors Growth Stock 529 Fund A	1/1/1935	3.10	-6.25	8.63	9.89	-5.17	-11.43	6.48	9.22
The Massachusetts Investors Growth Stock 529 Fund B	1/1/1935	2.63	-6.68	8.11	9.34	-4.96	-11.00	6.63	8.77
The Massachusetts Investors Growth Stock 529 Fund C	1/1/1935	2.46	-6.85	7.91	9.13	-1.14	-10.83	6.41	8.55
The Massachusetts Investors Trust 529 Fund A	7/15/1924	6.48	-1.67	6.77	8.47	-1.99	-6.35	4.30	7.58
The Massachusetts Investors Trust 529 Fund B	7/15/1924	6.02	-2.12	6.26	7.93	-1.59	-5.93	4.45	7.10
The Massachusetts Investors Trust 529 Fund C	7/15/1924	5.85	-2.29	6.06	7.72	2.24	-5.74	4.24	6.87
The MFS Research Bond 529 Fund A	1/4/1999	1.24	5.74	N/A	5.44	-6.84	2.13	N/A	2.12
The MFS Research Bond 529 Fund B	1/4/1999	0.75	5.23	N/A	4.92	-6.67	2.55	N/A	2.56
The MFS Research Bond 529 Fund C	1/4/1999	0.57	5.03	N/A	4.72	-2.92	2.70	N/A	2.35
The MFS Total Return 529 Fund A	10/6/1970	2.53	3.97	8.24	10.21	-5.65	0.03	5.67	8.96
The MFS Total Return 529 Fund B	10/6/1970	2.05	3.48	7.71	9.66	-5.46	0.43	5.83	8.61
The MFS Total Return 529 Fund C	10/6/1970	1.87	3.29	7.51	9.46	-1.66	0.62	5.61	8.39
The MFS Value 529 Fund A	1/2/1996	5.42	3.16	N/A	11.90	-2.95	-1.07	N/A	9.68
The MFS Value 529 Fund B	1/2/1996	4.95	2.68	N/A	11.36	-2.61	-0.66	N/A	9.83
The MFS Value 529 Fund C	1/2/1996	4.78	2.50	N/A	11.15	1.22	-0.46	N/A	9.61
The Mutual Shares 529 Fund A	1/3/1966	9.13	7.37	10.48	13.03	0.51	3.49	8.03	12.01
The Mutual Shares 529 Fund B	1/3/1966	8.68	6.88	9.95	12.47	1.07	3.98	8.19	11.63
The Mutual Shares 529 Fund C	1/3/1966	8.51	6.69	9.75	12.26	4.90	4.12	7.97	11.40
The SMART529 Stable Value Fund A	9/13/2002	2.64	N/A	N/A	2.65	-5.53	N/A	N/A	-1.68
The SMART529 Stable Value Fund B	9/13/2002	2.27	N/A	N/A	2.20	-5.24	N/A	N/A	-1.21
The SMART529 Stable Value Fund C	9/13/2002	2.11	N/A	N/A	2.02	-1.40	N/A	N/A	-0.48
The Templeton Foreign 529 Fund A	10/5/1982	9.77	6.67	7.88	12.51	1.08	2.52	5.05	11.42
The Templeton Foreign 529 Fund B	10/5/1982	9.32	6.20	7.37	11.96	1.68	3.00	5.23	11.17
The Templeton Foreign 529 Fund C	10/5/1982	9.16	6.01	7.18	11.75	5.52	3.16	5.01	10.95

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- (1) We assume that the maximum Sales Charge applies when computing returns net-of-sales charges.
- (2) Annualizing involves finding the rate of growth for a one-year period that would have produced the cumulative total for the whole period.
- (3) This is the date when the SEC declares the Portfolio effective and may differ from the inception date of the Investment Option.

* AIM Aggressive Growth 529 Fund was available as an Investment Option prior to March 10, 2006.

Fees, Charges and Expenses

Each Account Owner bears certain direct ongoing fees that will vary with the Fee Structure that the Account Owner chooses. For each Investment Option, you must select one of three Fee Structures, Class A, Class B, or Class C. Within each Fee Structure, the direct fees charged will reduce the value of your Account as they are incurred and are designed to compensate Hartford Life or its affiliates for investment management related expenses, sales, marketing and distribution related expenses, administration and to help cover the Board of Trustees' expenses related to the Program. There are no separate charges for the Underlying Funds. We reserve the right to change these fees upon 30 days notice.

Specific fees, expenses and sales charges applicable to each Fee Structure are outlined in the table below. For each charge, the corresponding dollar amount on a \$10,000 Account Value is in parentheses.

Overview of Account Owner Costs

	Leaders SMART529 Fee Structure		
	A	B	C
Initial Sales Charge:	5.50%(\$550)	None	None
Contingent Deferred Sales Charge:	None(1)	Year 1: 5% (\$500) Year 2: 4% (\$400) Year 3: 3% (\$300) Year 4: 3% (\$300) Year 5: 2% (\$200) Year 6: 1% (\$100) Year 7 and Thereafter: 0% (\$0)	12 Months for each Contribution: 1% (\$100)
Distribution Fee:	.30% (\$30)	.80% (\$80)	.99% (\$99)
Administrative Fee:	.34% (\$34)	.34% (\$34)	.34% (\$34)
West Virginia Fee:	.10% (\$10)	.10% (\$10)	.10% (\$10)
Annual Maintenance Fee:	\$25 (\$25)	\$25 (\$25)	\$25 (\$25)
Investment Management Related Expenses*:	Yes	Yes	Yes

* See "Investment Management Related Expenses" section below.

SALES CHARGES:

Class A:

If you choose the Class A Fee Structure, an Up-Front Sales Charge will be deducted each time a contribution is made. We calculate the Up-Front Sales Charge by adding your contribution to your Leaders SMART529 Account with the market value of all Savings Plan Accounts where you are the Account Owner and taking the percentage of the Up-Front Sales Charges for that aggregated amount. You will also pay ongoing fees that are deducted daily and equal to an annual charge between 1.44-2.12% of the total value of each Account.

Fee Structure A						
Annual Asset-Based Fees				Additional Investor Expenses		
Investment Management Related Expense Range*	Administrative Fee	West Virginia Fee	Annual Distribution Fee	Total Annual Asset-Based Fees Range	Maximum Up-Front Sales Charge	Annual Account Maintenance Fee
.70-1.41%	.34%	.10%	.30%	1.44-2.12%	5.50%	\$25.00

* See "Investment Management Related Expenses" section below.

For the Class A Fee Structure: **Up-Front Sales Charge For All Investment Options, Except:**

Leaders SMART529 Age-Based Portfolio 19+, Leaders SMART529 Conservative Portfolio, The Franklin Strategic Income 529 Fund, The MFS Research Bond 529 Fund, and The SMART529 Stable Value Fund

Contribution (& market value of Accounts)(2)	Sales Charge as a Percentage of Contribution
Less than \$50,000	5.50%
\$50,000–\$99,999.99	4.50%
\$100,000–\$249,999.99	3.50%
\$250,000–\$499,999.99	2.50%
\$500,000–\$999,999.99	2.00%
\$1 million or more (1)	0%

For the Class A Fee Structure: **Up-Front Sales Charge For The Following Investment Options:**

Leaders SMART529 Age-Based Portfolio 19+, Leaders SMART529 Conservative Portfolio, The Franklin Strategic Income 529 Fund, and The MFS Research Bond 529 Fund

Contribution (& market value of Accounts)(2)	Sales Charge as a Percentage of Contribution
Less than \$50,000	4.50%
\$50,000–\$99,999.99	4.00%
\$100,000–\$249,999.99	3.50%
\$250,000–\$499,999.99	2.50%
\$500,000–\$999,999.99	2.00%
\$1 million or more (1)	0%

For the Class A Fee Structure: **Up-Front Sales Charge For The SMART 529 Stable Value Fund**

Contribution (& market value of Accounts)(2)	Sales Charge as a Percentage of Contribution
Less than \$50,000	3.00%
\$50,000–\$99,999.99	2.50%
\$100,000–\$249,999.99	2.25%
\$250,000–\$499,999.99	1.75%
\$500,000–\$999,999.99	1.25%
\$1 million or more (1)	0%

- (1) Contributions of \$1 million or more (for example, in the event an Account Owner has multiple Accounts for different Designated Beneficiaries) may be made with no Up-Front Sales Charge. However, there is a contingent deferred sales charge (CDSC) of 1% on any distributions made within 18 months of the contribution. For purposes of calculating this CDSC, all contributions made during a calendar month are counted as having been made on the first day of that month. The CDSC is based on the lesser of the initial contribution or the amount distributed. To keep your CDSC as low as possible, each time you request a

distribution, we will first distribute amounts in your Accounts that are not subject to a CDSC.

- (2) Federal income tax law requires that a limit be placed on contributions to this Account along with any other 529 Plans, including the West Virginia Prepaid Tuition Plan, that may be established for the same Designated Beneficiary. Currently, no contributions are permitted if the total of all account balances for the same Designated Beneficiary equal or exceed \$265,620.

There are two ways you may be able to take advantage of the breakpoints in the Class A sales charge schedule described above:

- **Accumulation Privilege** — This allows you, as Account Owner, to add the value of your other SMART529 Accounts to the amount of your next SMART529 Class A contribution for purposes of calculating the sales charge.

For Account Owners with Accounts that were opened before September 1, 2005, you may also add the value of certain other investments to your accumulation privilege. You must notify your broker and your broker must notify us of the value of such investments by September 1, 2005. This value, as recorded by Hartford on or before that date, may be used for additional Class A contributions to existing and new SMART529 Accounts. The following are the other investments that are eligible if owned by you, your spouse, children, in laws, parents, grandparents or step family members:

- ✓ Any individual variable annuity contract or variable life insurance policy issued by Hartford or its affiliates that offers at least one Hartford-sponsored mutual fund as an underlying fund, other than a money market fund;
 - ✓ CRC, CRC Select, Saver, Saver Bonus, Saver Plus and Harvester individual fixed annuity contracts issued by Hartford; or
 - ✓ Shares of any mutual fund sponsored by Hartford.
- **Letter of Intent** — This may provide you the ability to receive a lower sales charge when you open your Leaders SMART529 Account by signing a Letter of Intent. The Letter of Intent is a contract between us where you decide how much, during the 13 months from the date you submit the Letter of Intent, you want to contribute to your Class A Fee Structure Account.

On the date you open your Account, we deduct the sales charge based on the total amount you plan on contributing over the following 13 months. Any amount contributed on the date the letter is delivered will count toward the total amount to be contributed over the 13 month period. Think about the planned subsequent contributions for your Let-

ter of Intent carefully. If you don't make all the contributions to complete your Letter of Intent, we will recalculate the sales charge for the amounts we received in the 13-month period. We reserve the right to deduct proportionately from your Account any additional amounts that would have been owed. This privilege applies only to your contributions to Leaders SMART529 Class A Fee Structure.

Effective on and after July 1, 2004, Account Owners no longer have the ability to contribute to the Class A Fee Structure without being charged an Up-Front Sales Charge for rollovers from another 529 program, rollovers of Coverdell Education Savings Accounts, re-

demptions of qualified United States Savings Bonds, and transfers of funds from a mutual fund account. See, 'Rolling over qualified United States Savings Bonds' and 'Rolling over a Coverdell Education Savings Account' for more information. A 1% contingent deferred sales charge (CDSC) may apply to the contribution amount if redeemed within 18 months. This CDSC is only applicable if a 1% Up-Front Commission on the Contribution is paid. The CDSC is based on the lesser of the contribution amount or the amount distributed. To keep your CDSC as low as possible, each time you request a distribution, we will first distribute amounts in your Accounts that are not subject to a CDSC.

Class B:

If you select this fee structure, you will not pay an Up-Front Sales Charge. You also pay ongoing fees that are deducted daily and equal to an annual charge between 1.94 — 2.62% of the total value of the Account.

Fee Structure B						
Annual Asset-Based Fees				Additional Investor Expenses		
Investment Management Related Expense Range*	Administrative Fee	West Virginia Fee	Annual Distribution Fee	Total Annual Asset-Based Fees Range	Maximum Deferred Sales Charge	Annual Account Maintenance Fee
.70-1.41%	.34%	.10%	.80%	1.94-2.62%	5.00%	\$25.00

* See "Investment Management Related Expenses" section below.

However, we will charge you a Contingent Deferred Sales Charge when you withdraw some money from your Account or if you choose to withdraw all the money in the Account. The Contingent Deferred Sales Charge or "CDSC" is based on the amount you choose to withdraw and how long that contribution has been in your Account. Each contribution has its own CDSC. Contributions are withdrawn in the order in which they are received. The longer you leave your contribution in your Account, the lower the CDSC will be.

The percentage used to calculate the CDSC is equal to:

Number of Years from Contribution:	Contingent Deferred Sales Charge
1	5%
2	4%
3	3%
4	3%
5	2%
6	1%
7 and beyond	0%

At the end of the eighth year that a contribution has been in the Account, that contribution and any earnings associated with that contribution, automatically transfer to the Class A Fee Structure and the Account Owner will pay the total annual charges for the Class A Fee Structure.

Generally, it is more advantageous for an investor that is considering an investment in the Class B fee structure of more than \$100,000 to invest in the Class A fee structure instead.

** You may not select this Fee Structure if the Designated Beneficiary is 15 (fifteen) years old or older on the date the application is submitted. In addition, you may not change the Designated Beneficiary to name an individual 15 (fifteen) years old or older if you have made any contributions within six (6) years of naming the new Designated Beneficiary.

Class C:

If you select this fee structure, you will not pay an Up-Front Sales Charge. However, if you choose to withdraw some or all of your Account before a contribution has been in the Account for 12 months, we will charge you a Contingent Deferred Sales Charge or “CDSC”. The CDSC is equal to 1% of the amount of the withdrawal. But, if you leave the contribution in your Account for longer than 12 months, you will not be charged a CDSC. Each contribution has its own CDSC. Contributions are withdrawn in the order in which they are received.

In addition, you will pay ongoing fees each year that are deducted daily and, at a maximum, would equal to an annual charge between 2.13-2.81% of the total value of each Account.

Fee Structure C						
Annual Asset-Based Fees				Additional Investor Expenses		
Investment Management Related Expense Range*	Administrative Fee	West Virginia Fee	Annual Distribution Fee	Total Annual Asset-Based Fees Range	Maximum Deferred Sales Charge	Annual Account Maintenance Fee
.70-1.41%	.34%	.10%	.99%	2.13-2.81%	1.00%	\$25.00

* See “Investment Management Related Expenses” section below.

Definitions of Fees and Charges

ANNUAL DISTRIBUTION AND ADMINISTRATIVE FEE:

The Distribution and Administrative Fees are used by the Program Manager to cover expenses related to the distribution, servicing and administration of Accounts. These fees are accrued and deducted daily as a percentage of average daily net assets in the Account.

WEST VIRGINIA FEE: The West Virginia Fee is charged to help cover the Board of Trustees’ expenses related to the overall operation of the West Virginia Prepaid Tuition and Savings Program. This fee is accrued and deducted daily as a percentage of average daily net assets in the Account.

TOTAL ANNUAL ASSET-BASED FEES: This is the total of the applicable Investment Management Related Expenses, Administrative Fee, West Virginia Fee and Distribution Fee for each fee structure, all of which will be deducted from your Account on a daily basis as a percentage of average daily net assets in the Account.

MAXIMUM SALES CHARGE: This is the maximum Sales Charge that may be assessed in any one year. For the Class A fee structure, your maximum is an Up-Front Sales Charge. For the Class B and Class C fee structures, your maximum is in the form of Maximum Contingent Deferred Sales Charges.

ANNUAL MAINTENANCE FEE: Please note that the Annual Maintenance Fee of \$25 will be deducted from each Account in equal portions at the end of each quarter unless you sign up for the Automatic Investment Program of \$50 or more, your Account balance is

\$25,000 or more, you or the Designated Beneficiary are a West Virginia resident, or you are eligible for and purchase the Class E fee structure. This fee is retained by the Program Manager.

ACCOUNT CANCELLATION CHARGE: A charge of \$50 is assessed to any Non-Qualified Distribution that totally depletes an Account. This Account Cancellation Charge will not apply if the Account Owner indicates that the distribution is for the Qualified Higher Education Expenses of the Designated Beneficiary.

ROLLOVER CHARGE: A \$50 Rollover Charge will be assessed if you rollover your Leaders SMART529 Account into another 529 Plan that is not part of the SMART529 Program.

POSTAGE FEE: A fee will apply when accelerated mailing services (overnight or two-day service) are requested on distributions. The fee will be deducted from the distribution amount at the time of the mailing.

INVESTMENT MANAGEMENT RELATED EXPENSES: Your Account will indirectly bear some or all of the fees and expenses of the Underlying Funds in which the Investment Options invest. The Investment Management Related Expense is a Program charge and is accrued and deducted from your Account daily as a percentage of average daily net assets in the Account. The Investment Management Related Expense for these Investment Options for any given day may be slightly less

than the fee listed, on an annualized basis, but will not be more than the amount listed.

Age-Based and Static Portfolios	Investment Management Related Expense	Investment Management Related Expenses as Dollar Amount of \$10,000 Account Value
Leaders SMART529 Age-Based Portfolio 0-8	1.05%	\$105
Leaders SMART529 Age-Based Portfolio 9-13	1.02%	\$102
Leaders SMART529 Age-Based Portfolio 14-18	0.98%	\$98
Leaders SMART529 Age-Based Portfolio 19+	0.91%	\$91
Leaders SMART529 Aggressive Growth Portfolio	0.96%	\$96
Leaders SMART529 Growth Portfolio	0.93%	\$93
Leaders SMART529 Balanced Portfolio	0.97%	\$97
Leaders SMART529 Conservative Portfolio	1.01%	\$101

The following chart provides the Investment Management Related Expense applicable to each Individual Fund Option. Except for The SMART529 Stable Value Fund, the Investment Management Related Expenses listed are based on the most recent quarterly expense figures for the Underlying Funds. However, this fee is a Program charge, not a direct charge to you by the Underlying Fund. Since the actual fees and expenses for the Underlying Funds vary daily, the Investment Management Related Expenses payable by Account Owners for any given day may be slightly greater than or less than the amount listed below, on an annualized basis.

Individual Fund Options	Investment Management Related Expenses	Investment Management Related Expenses as Dollar Amount of \$10,000 Account Value
The AIM Basic Value 529 Fund (1)	1.15%	\$115
The AIM Constellation 529 Fund (1)	1.21%	\$121
The AIM Large Cap Basic Value 529 Fund (1)	1.24%	\$124

Individual Fund Options	Investment Management Related Expenses	Investment Management Related Expenses as Dollar Amount of \$10,000 Account Value
The American Mutual 529 Fund	0.70%	\$70
The Franklin Capital Growth 529 Fund	0.96%(2)	\$96
The Franklin Small-Mid Cap Growth 529 Fund	0.97%	\$97
The Franklin Strategic Income 529 Fund	0.91%(2)	\$91
The Massachusetts Investors Growth Stock 529 Fund	1.17%	\$117
The Massachusetts Investors Trust 529 Fund	1.18%	\$118
The MFS Research Bond 529 Fund	1.05%	\$105
The MFS Total Return 529 Fund	1.14%(2)	\$114
The MFS Value 529 Fund	1.41%	\$141
The Mutual Shares 529 Fund	1.16%(2)	\$116
The SMART529 Stable Value Fund	0.72%	\$72
The Templeton Foreign 529 Fund	1.23%	\$123

(1) The total annual charges incurred by Account Owners investing in the AIM Individual Fund Options will be different from the total of the fees described in the above tables. Through December 31, 2005, the total annual charges for each Leaders SMART529 Fee Structure will be as follows:

SMART529 Fee Structure			
Individual Fund Option	Class A	Class B	Class C
The AIM Basic Value 529 Fund	1.74%	2.24%	2.43%
The AIM Constellation 529 Fund	1.66%	2.16%	2.35%
The AIM Large Cap Basic Value 529 Fund	1.82%	2.32%	2.51%

(2) Net of fee reduction; see Underlying Fund prospectus for more complete information.

Approximate Costs of Each Fee Structure Over Time

The following table compares the approximate cost of investing in the different fee structures within Leaders SMART529 over different periods of time. Your actual cost may be higher or lower. The table is based on the following assumptions:

- ✓ A \$10,000 investment invested for the time periods shown
- ✓ A 5% annually compounded rate of return on the net amount invested throughout the period
- ✓ All units are redeemed at the end of the period shown for qualified higher education expenses (the table does not consider the impact of any potential state or federal taxes on the redemption)
- ✓ Total annual asset-based fees remain the same as those shown in the Fee Structure tables above
- ✓ Expenses for each Investment Option include the entire annual account maintenance fee of \$25, if applicable
- ✓ The investor pays the applicable maximum initial sales charge (without regard to possible breakpoints) in the Class A fee structure and any contingent deferred sales charges applicable to units invested for the applicable periods in the Class B and C fee structures
- ✓ In the case of the ten-year investment period, the annual costs shown for the Class B fee structure assume units are converted to the Class A fee structure after 8 years.

Fee Structure	One Year					Three Years				
	A	B(1)	B(2)	C(1)	C(2)	A	B(1)	B(2)	C(1)	C(2)
Leader529 Age Based 0-8	\$ 776.99	\$ 772.06	\$ 260.07	\$ 381.31	\$ 279.10	\$1,278.73	\$1,264.85	\$ 835.21	\$ 895.26	\$ 895.26
Leader529 Age Based 9-13	\$ 774.12	\$ 769.20	\$ 257.06	\$ 378.34	\$ 276.10	\$1,269.55	\$1,255.71	\$ 825.69	\$ 885.80	\$ 885.80
Leader529 Age Based 14-18	\$ 770.28	\$ 765.39	\$ 253.04	\$ 374.37	\$ 272.10	\$1,257.30	\$1,243.50	\$ 812.97	\$ 873.18	\$ 873.18
Leader529 Age Based 19+	\$ 660.27	\$ 758.70	\$ 246.00	\$ 367.43	\$ 265.08	\$1,125.60	\$1,222.10	\$ 790.68	\$ 851.05	\$ 851.05
Leader529 Aggressive Growth	\$ 768.36	\$ 763.48	\$ 251.03	\$ 372.39	\$ 270.09	\$1,251.17	\$1,237.39	\$ 806.61	\$ 866.87	\$ 866.87
Leader529 Growth	\$ 765.48	\$ 760.61	\$ 248.01	\$ 369.42	\$ 267.09	\$1,241.96	\$1,228.22	\$ 797.05	\$ 857.38	\$ 857.38
Leader529 Balanced	\$ 769.32	\$ 764.43	\$ 252.03	\$ 373.38	\$ 271.09	\$1,254.23	\$1,240.45	\$ 809.79	\$ 870.03	\$ 870.03
Leader529 Conservative	\$ 669.96	\$ 768.25	\$ 256.05	\$ 377.35	\$ 275.10	\$1,156.60	\$1,252.66	\$ 822.51	\$ 882.65	\$ 882.65
Leader529 Aim Basic Value	\$ 786.56	\$ 781.59	\$ 270.09	\$ 391.20	\$ 289.09	\$1,309.24	\$1,295.24	\$ 866.87	\$ 926.68	\$ 926.68
Leader529 AIM Constellatn	\$ 792.29	\$ 787.29	\$ 276.10	\$ 397.12	\$ 295.07	\$1,327.49	\$1,313.42	\$ 885.80	\$ 945.48	\$ 945.48
Leader529 AIM Large Cap	\$ 692.19	\$ 790.14	\$ 279.10	\$ 400.08	\$ 298.06	\$1,227.45	\$1,322.50	\$ 895.26	\$ 954.86	\$ 954.86
Leader529 American Mutual	\$ 639.85	\$ 738.58	\$ 224.82	\$ 346.55	\$ 243.99	\$1,060.09	\$1,157.53	\$ 723.42	\$ 784.29	\$ 784.29
Leader529 Frank Cap Grow	\$ 768.36	\$ 763.48	\$ 251.03	\$ 372.39	\$ 270.09	\$1,251.17	\$1,237.39	\$ 806.61	\$ 866.87	\$ 866.87
Leader529 Frank Mut Share	\$ 684.47	\$ 782.54	\$ 271.09	\$ 392.18	\$ 290.08	\$1,202.88	\$1,298.28	\$ 870.03	\$ 929.82	\$ 929.82
Leader529 Frank Sm-Md Cap	\$ 769.32	\$ 764.43	\$ 252.03	\$ 373.38	\$ 271.09	\$1,254.23	\$1,240.45	\$ 809.79	\$ 870.03	\$ 870.03
Leader529 Frank Strat Inc	\$ 763.56	\$ 758.70	\$ 246.00	\$ 367.43	\$ 265.08	\$1,235.81	\$1,222.10	\$ 790.68	\$ 851.05	\$ 851.05
Leader529 MFS Inv Gro Stk	\$ 685.44	\$ 783.49	\$ 272.10	\$ 393.17	\$ 291.08	\$1,205.95	\$1,301.31	\$ 873.18	\$ 932.95	\$ 932.95
Leader529 Mass Inv Trust	\$ 789.42	\$ 784.44	\$ 273.10	\$ 394.16	\$ 292.08	\$1,318.37	\$1,304.34	\$ 876.34	\$ 936.09	\$ 936.09
Leader529 MFS Resrch Fund	\$ 776.99	\$ 772.06	\$ 260.07	\$ 381.31	\$ 279.10	\$1,278.73	\$1,264.85	\$ 835.21	\$ 895.26	\$ 895.26
Leader529 MFS Total Ret	\$ 682.54	\$ 780.64	\$ 269.09	\$ 390.21	\$ 288.09	\$1,196.72	\$1,292.21	\$ 863.71	\$ 923.54	\$ 923.54
Leader529 MFS Value	\$ 811.34	\$ 806.26	\$ 296.07	\$ 416.82	\$ 314.96	\$1,388.01	\$1,373.71	\$ 948.61	\$1,007.82	\$1,007.82
Leader529 Stable Value	\$ 745.28	\$ 740.50	\$ 226.84	\$ 348.54	\$ 246.00	\$1,177.19	\$1,163.70	\$ 729.85	\$ 790.68	\$ 790.68
Leader529 Temple Foreign	\$ 536.77	\$ 789.19	\$ 278.10	\$ 399.09	\$ 297.06	\$1,060.61	\$1,319.47	\$ 892.11	\$ 951.73	\$ 951.73

Fee Structure	Five Years					Ten Years				
	A	B(1)	B(2)	C(1)	C(2)	A	B(1)	B(2)	C(1)	C(2)
Leader529 Age Based 0-8	\$1,850.77	\$1,488.58	\$1,491.08	\$1,596.33	\$1,596.33	\$3,648.33	\$3,550.38	\$3,550.38	\$3,789.19	\$3,789.19
Leader529 Age Based 9-13	\$1,834.49	\$1,471.85	\$1,474.35	\$1,579.79	\$1,579.79	\$3,610.28	\$3,512.23	\$3,512.23	\$3,751.81	\$3,751.81
Leader529 Age Based 14-18	\$1,812.74	\$1,449.50	\$1,452.00	\$1,557.69	\$1,557.69	\$3,559.35	\$3,461.16	\$3,461.16	\$3,701.78	\$3,701.78
Leader529 Age Based 19+	\$1,656.96	\$1,410.26	\$1,412.76	\$1,518.89	\$1,518.89	\$3,331.39	\$3,371.27	\$3,371.27	\$3,613.70	\$3,613.70
Leader529 Aggressive Growth	\$1,801.85	\$1,438.31	\$1,440.81	\$1,546.62	\$1,546.62	\$3,533.80	\$3,435.55	\$3,435.55	\$3,676.68	\$3,676.68
Leader529 Growth	\$1,785.48	\$1,421.49	\$1,423.99	\$1,529.99	\$1,529.99	\$3,495.37	\$3,397.02	\$3,397.02	\$3,638.93	\$3,638.93
Leader529 Balanced	\$1,807.30	\$1,443.91	\$1,446.41	\$1,552.16	\$1,552.16	\$3,546.58	\$3,448.36	\$3,448.36	\$3,689.23	\$3,689.23
Leader529 Conservative	\$1,712.04	\$1,466.27	\$1,468.77	\$1,574.27	\$1,574.27	\$3,460.62	\$3,499.48	\$3,499.48	\$3,739.32	\$3,739.32
Leader529 Aim Basic Value	\$1,904.83	\$1,544.12	\$1,546.62	\$1,651.26	\$1,651.26	\$3,774.29	\$3,676.68	\$3,676.68	\$3,912.94	\$3,912.94
Leader529 AIM Constellatn	\$1,937.11	\$1,577.29	\$1,579.79	\$1,684.07	\$1,684.07	\$3,849.21	\$3,751.81	\$3,751.81	\$3,986.55	\$3,986.55
Leader529 AIM Large Cap	\$1,837.50	\$1,593.83	\$1,596.33	\$1,700.43	\$1,700.43	\$3,752.61	\$3,789.19	\$3,789.19	\$4,023.18	\$4,023.18
Leader529 American Mutual	\$1,540.22	\$1,291.58	\$1,294.08	\$1,401.52	\$1,401.52	\$3,055.41	\$3,097.48	\$3,097.48	\$3,345.46	\$3,345.46
Leader529 Frank Cap Grow	\$1,801.85	\$1,438.31	\$1,440.81	\$1,546.62	\$1,546.62	\$3,533.80	\$3,435.55	\$3,435.55	\$3,676.68	\$3,676.68
Leader529 Frank Mut Share	\$1,794.05	\$1,549.66	\$1,552.16	\$1,656.74	\$1,656.74	\$3,651.87	\$3,689.23	\$3,689.23	\$3,925.24	\$3,925.24
Leader529 Frank Sm-Md Cap	\$1,807.30	\$1,443.91	\$1,446.41	\$1,552.16	\$1,552.16	\$3,546.58	\$3,448.36	\$3,448.36	\$3,689.23	\$3,689.23
Leader529 Frank Strat Inc	\$1,774.56	\$1,410.26	\$1,412.76	\$1,518.89	\$1,518.89	\$3,469.69	\$3,371.27	\$3,371.27	\$3,613.70	\$3,613.70
Leader529 MFS Inv Gro Stk	\$1,799.49	\$1,555.19	\$1,557.69	\$1,662.21	\$1,662.21	\$3,664.51	\$3,701.78	\$3,701.78	\$3,937.53	\$3,937.53
Leader529 Mass Inv Trust	\$1,920.98	\$1,560.72	\$1,563.22	\$1,667.68	\$1,667.68	\$3,811.81	\$3,714.30	\$3,714.30	\$3,949.80	\$3,949.80
Leader529 MFS Resrch Fund	\$1,850.77	\$1,488.58	\$1,491.08	\$1,596.33	\$1,596.33	\$3,648.33	\$3,550.38	\$3,550.38	\$3,789.19	\$3,789.19
Leader529 MFS Total Ret	\$1,783.16	\$1,538.58	\$1,541.08	\$1,645.79	\$1,645.79	\$3,626.55	\$3,664.11	\$3,664.11	\$3,900.62	\$3,900.62
Leader529 MFS Value	\$2,043.89	\$1,687.03	\$1,689.53	\$1,792.59	\$1,792.59	\$4,095.49	\$3,998.78	\$3,998.78	\$4,228.54	\$4,228.54
Leader529 Stable Value	\$1,670.11	\$1,302.95	\$1,305.45	\$1,412.76	\$1,412.76	\$3,222.87	\$3,123.82	\$3,123.82	\$3,371.27	\$3,371.27
Leader529 Temple Foreign	\$1,658.43	\$1,588.32	\$1,590.82	\$1,694.98	\$1,694.98	\$3,539.03	\$3,776.74	\$3,776.74	\$4,010.99	\$4,010.99

- (1) Assumes maximum Sales Charge for Class A Fee Structure (5.5 % for Initial Contribution under \$50,000). See Class A Sales Charges Section above for additional sales charge structures.
- (2) Assumes redemption at the end of the period.

Taking Money Out of Your Leaders SMART529 Account

Only the Account Owner can withdraw money from the Account. The minimum withdrawal amount is \$50, and each distribution from your Account will consist of a portion of your contributions and a portion of your Account's earnings. Distributions will be paid by check and we will send a confirmation of the distribution. For each distribution, you must send the completed and signed Distribution Request Form to us. You can get the appropriate forms by calling us at 866-574-3542 or by visiting our website www.SMART529.com. Unless accelerated mailing services are requested, our standard delivery method is via first class United States Postal Service which generally takes three (3) business days. An additional Postage Fee will apply if accelerated mailing services are requested.

When you request a distribution that includes a contribution amount not yet collected, the request will be executed in a timely fashion, but the distribution will not be released until your contribution clears. This may take up to ten (10) business days after the contribution is received.

Section 529 of the Code distinguishes between two types of distributions:

Qualified Distributions

This type of distribution is used to pay for the Designated Beneficiary's Qualified Higher Education Expenses at an Eligible Educational Institution. A Qualified Higher Education Expense is defined by federal law and includes:

- ▶ Tuition, fees, the cost of books, supplies and equipment required for enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution.
- ▶ Expenses for special needs services that are incurred in connection with the enrollment or attendance of a special needs Designated Beneficiary at an Eligible Educational Institution.
- ▶ The cost of room and board for a Designated Beneficiary enrolled at least half time. In general, reasonable room and board should not exceed:
 - ✔ The allowance for room and board included in the cost of attendance by the Eligible Educational Institution; or
 - ✔ If greater, the actual amount the Designated Beneficiary residing in housing owned or operated by the Eligible Educational Institution is charged for room and board.

Hartford Life will make the check payable to the Designated Beneficiary, the Account Owner or the Eligible Educational Institution.

Non-Qualified Distribution

A Non-Qualified Distribution is any distribution that is not a Qualified Distribution. You may request a Non-Qualified Distribution at any time. However, the earnings portion of a Non-Qualified Distribution may be subject to a 10% federal income tax penalty in addition to any income taxes that may be due. The earnings portion of a Non-Qualified Distribution is taxable to the individual who receives the payment, either the Account Owner or the Designated Beneficiary. If the payment is not made to the Designated Beneficiary or to an Eligible Educational Institution for the benefit of the Designated Beneficiary, it will be deemed to have been made to the Account Owner.

If you are a West Virginia taxpayer and you took a deduction for a contribution, you need to recapture the contribution portion of a Non-Qualified Distribution on your West Virginia personal income tax return. Please consult with a qualified tax advisor for more information.

In the event that the Designated Beneficiary receives a scholarship for Qualified Higher Education Expenses, you can request a federal income tax penalty-free distribution from your Account for the amount of the scholarship. If you withdraw an amount equal to or less than the scholarship from the Account and do not use it for Qualified Higher Education Expenses, the amount of the distribution that represents earnings will be subject to ordinary income tax, but will not be subject to a 10% federal income tax penalty. You should consult a qualified tax advisor to ensure that these distributions are correctly characterized on your income tax returns.

There is a \$50 Account Cancellation Charge for any Non-Qualified Distribution that totally depletes an Account.

Rollovers

You may also take money out of your Account with no income tax due by rolling your Account to another 529 Plan within sixty days of the distribution. Generally, the following conditions must be met:

- ▶ You keep the same Designated Beneficiary or name an Eligible Family Member of the Designated Beneficiary as the new Designated Beneficiary on the new Plan account;
- ▶ You make only one rollover for the same Designated Beneficiary per calendar year; and

- ▶ The check is made payable to the new qualified tuition program for the benefit of the Designated Beneficiary.

Please contact us for additional information about rolling a Leaders SMART529 Account over to another qualified tuition program.

There is a \$50 Rollover Charge if you rollover your Leaders SMART529 Account into another 529 Plan. This charge is waived when rolling from Leaders SMART529 to another SMART529 product, sponsored by the Board of Trustees.

Tax and Planning Considerations

Leaders SMART529 is based on Section 529 of the Code. There may be changes to the Code in the future that will require changes to Leaders SMART529. We have tried to summarize some of the tax benefits and financial planning opportunities offered through Leaders SMART529. However, you should consult a qualified tax advisor in your state for more information. The tax information in the Offering Statement is based on the information that is currently available.

Tax Advantages

Federal Tax Advantages— The earnings in your Account will grow on a tax-deferred basis until withdrawn. Qualified Distributions are not subject to federal income tax. The earnings portion of all Non-Qualified Distributions will be taxable to either the Account Owner or the Designated Beneficiary, depending on who receives the payment, and may also be subject to a 10% federal income tax penalty.

The federal tax treatment of 529 Plans is part of the Economic Growth and Tax Relief Reconciliation Act of 2001 (the “2001 Tax Act”). This legislation will “sunset,” or is automatically repealed on December 31, 2010, unless Congress takes action before then. If the legislation is repealed, the original law is restored and the favorable federal tax treatment described in this Offering Statement will expire. Account Owners should consult a qualified tax advisor about the potential likelihood of this happening and the consequences of any potential repeal.

State Tax Advantages— Leaders SMART529 is a qualified tuition program available to residents of any state. If you reside in or have taxable income in a state other than West Virginia, you should consider whether your state has a qualified tuition program that offers favorable state income tax or other benefits exclusive to your state’s program that are not available under Leaders SMART529. Taxpayers and residents of other states who are interested in exploring such tax consequences should consult with a qualified tax advisor.

West Virginia Taxpayers

Each year, if you are a West Virginia taxpayer, you may deduct all of that year’s total contributions to your SMART529 Accounts from the federal adjusted gross income on your West Virginia Personal Income Tax return. You are allowed the deduction for contributions you make for each Designated Beneficiary and may carry the amount forward for up to five years. To take a deduction for your contribution, it must be postmarked by December 31 of the year for which the deduction is taken. The West Virginia state deduction is subject to recapture for non-qualified distributions.

Coverdell Education Savings Account (formerly known as Education IRA)— You may contribute to a Coverdell Education Savings Account and a qualified tuition program for the same beneficiary in the same year. You may elect to take a distribution of part or all of your existing Coverdell Education Savings Account and invest it as a contribution to your Account. That distribution should be considered a qualifying Coverdell Education Savings Account distribution that is not subject to federal income tax.

UGMA/UTMA Accounts— If you are the custodian of a Uniform Gifts to Minors Act (“UGMA”) or Uniform Transfers to Minors Act (“UTMA”) Account, you may be able to transfer all or part of the Account to a Leaders SMART529 account. You should consider the following before you transfer an UGMA/UTMA account to your Leaders SMART529:

- ▶ Since UGMA/UTMA accounts are owned by the beneficiary, the Account must be opened with the child named as both the Account Owner and the Designated Beneficiary. A Qualified Adult must be named for the Account if the child is a minor under the state law of the domicile of the Designated Beneficiary.
- ▶ The transfer may be a taxable transaction that would need to be reported under the minor’s Social Security number, but future earnings would grow tax-deferred in the Leaders SMART529 Account.
- ▶ An Account with a child as the Account Owner can only be funded with the proceeds of the UGMA/UTMA account, and cannot be funded with a check written by a parent or other individual. Only money that is already in the child’s name can be invested in the Account.

In order to manage any potential problems that may arise for UGMA or UTMA transfers, the money rolled over to your SMART529 from these accounts will be put into a new Account in your Leaders SMART529. These new Accounts will be closed to new contributions. You then may open another Account for the Designated Beneficiary without any concerns about whether the contributions come from investments that are in the Designated Beneficiary’s name.

Estate Planning Advantages

Federal Gift Tax— Contributions to an Account are treated as completed gifts of a present interest for federal gift tax purposes. Contributions during a taxable year will not be subject to federal gift tax if the contributions, together with any other gifts made to the Designated Beneficiary in that year, do not exceed \$12,000 (\$24,000 if gift-splitting). In addition, you may not have to pay federal gift tax on your contributions of up to \$60,000 for each Designated Beneficiary (\$110,000 if gift-splitting) in a single year. To qualify for this special tax treatment, you must file a gift tax return and elect to treat the gift as if it were made in equal payments over five years. No gift tax will be owed as long as the allocated amount in a year, when combined with other gifts made to the Designated Beneficiary in that year do not exceed \$12,000 (\$24,000 if gift-splitting). If you die during the five-year period, the remaining portion of the gift would need to be included in your estate. If you give more than \$12,000 to a Designated Beneficiary in any single year, you will need to file IRS Form 709. Consult a qualified tax advisor or see IRS Form 709 for more information.

Your Contributions to the Account are Removed From Your Taxable Estate— You maintain control of the Account, including how the money is used and who will be the Designated Beneficiary. If a third party is the Designated Beneficiary, the value of the Account will not be included in the donor's estate for estate tax purposes. The only exception occurs if you are spreading a gift over five years for gift tax purposes. If you die within that five-year period, the gifts for the years up to and including the year of your death are removed from your estate and the subsequent year gifts are included in your estate.

Financial Aid

Financial aid may be available even if you are invested in your Leaders SMART529 Savings Plan. The U.S. Department of Education has issued a Student Guide about financial aid and how it may be affected by investments in 529 Plans. In most cases, if the Account Owner is the parent of the Designated Beneficiary, the Leaders SMART529 Account will be considered an asset of the parent when computing the Designated Beneficiary's financial aid needs. If the Account Owner is the Designated Beneficiary, the SMART529 Account is considered an asset of the Designated Beneficiary. You should consult with a qualified tax or legal advisor, the Office of Postsecondary Education or a college or university financial aid office for more information.

Tax Reporting

IRS Form 709— This form is used to report gifts to another party or to pay the tax for generation-skipping transactions. If your annual gift to a Designated Beneficiary

is more than \$12,000 for any reason, you will need to complete Form 709. You also will need to complete the form if you elect to treat a gift of up to \$60,000 (\$120,000 if gift-splitting) as being made equally over a five-year period. In order for federal gift and generation-skipping taxes not to apply to a change in beneficiaries or a rollover to the account of a new Designated Beneficiary, the new Designated Beneficiary must be an Eligible Family Member of the current Designated Beneficiary and be of the same (or higher) generation as the current Designated Beneficiary. We suggest you consult a tax advisor to determine if you need to file this form.

IRS Form 1099-Q— This form reflects the earnings portion of distributions taken from the Account. In January, we will send a Form 1099-Q reporting the earnings portion of any distribution to the Designated Beneficiary if the distribution was made to the Designated Beneficiary or to an eligible educational institution for the benefit of the Designated Beneficiary. Otherwise, the Account Owner will receive the Form 1099-Q. Check with your tax advisor about filing this information on your tax returns. We also provide the information on Form 1099-Q to the Internal Revenue Service.

Important Information

Change of Leaders SMART529 Guidelines or Leaders SMART529 Manager— The Board of Trustees maintains investment policies applicable to the Program. These investment policies can be changed from time to time by the Board of Trustees in consultation with Hartford Life, if investment conditions indicate that such changes would be beneficial to accomplish the purpose of the Program.

The Hartford Management Agreement expires in February of 2012, including the initial five year contract term and a five year contract extension the continues the agreement for an additional five year term. Either Hartford Life or the Board of Trustees may terminate the agreement prior to its expiration date.

If Hartford Life ceases to be the program manager, the Board of Trustees may hire a different investment manager or, during any period that the Board of Trustees is unable to hire an investment manager or decides not to do so, the Board of Trustees may manage the Program itself.

Any changes in the Board of Trustee's investment policies or in the program manager may affect the manner in which the assets in an Account are invested. The Investment Options and the Underlying Funds in which they invest are subject to change without the consent of the Account Owners. In addition, the Board of Trustees is not obligated to continue to invest in the Underlying Funds.

If there is a change in the investment guidelines or program manager during the term of an Account, the Account Owner may choose to withdraw the assets in the Account. Please see, “Taking Money Out of Your Leaders SMART529 Account” for more information.

Changes to Leaders SMART529 — The Board of Trustees may change the terms and conditions of Leaders SMART529 without the consent of the Account Owners or Designated Beneficiaries to the extent required to achieve or preserve Leaders SMART529’s status as a “qualified tuition program,” or to the extent necessary to ensure the proper administration of Leaders SMART529. These changes, if required, may impose additional requirements on the Account Owner, limit the flexibility of Leaders SMART529 or otherwise change the terms and conditions that the Account Owner considers important. In the event Leaders SMART529 fails to qualify, or loses its qualification, as a “qualified tuition program,” the income tax consequences or gift tax consequences of an investment may be substantially less favorable than those described in this Offering Statement.

Changes to Federal or State Laws — Additional changes to federal or state tax laws could occur in the future that could have a significant impact on Leaders SMART529 and your Account, or result in termination of the Program.

Liability of Investment Risk — The Account Owner assumes all investment risk, including the potential loss of contributions and earnings and may include the liability for taxes and penalties such as those levied for Non-

Qualified Distributions. Accounts and their earnings are not insured or guaranteed by the State of West Virginia, the West Virginia State Treasurer, the Board of Trustees, The Hartford or its affiliates, agents or employees. The State of West Virginia, the West Virginia State Treasurer, the Board of Trustees, The Hartford or its affiliates, agents or employees have no obligation to any Account Owners, Designated Beneficiary or any other person as a result of investments made to an Account.

Participation in Leaders SMART529 — Participation in Leaders SMART529 neither guarantees that contributions and the investment return on such contributions, if any, will be adequate to cover future tuition and other higher education expenses, nor guarantees that a Designated Beneficiary will be admitted to, or permitted to continue to attend, an institution of higher education.

Hartford has entered into agreements with the investment advisors, distributors or other service providers of many of the Underlying Funds. Under the terms of these agreements, Hartford provides administrative and distribution related services and the Underlying Funds pay fees to Hartford that are usually based on an annual percentage of the average daily net assets of the Underlying Funds. These agreements may be different for each Underlying Fund or each Underlying Fund family and may include fees paid under a distribution and/or servicing plan adopted by an Underlying Fund pursuant to Rule 12b-1 under the Investment Company Act of 1940.

Selling Compensation — Commissions are paid for sales of Leaders SMART529 according to the following schedule:

Fee Structure	Commission																																																
Class A	<p>Up-front Commission* For All Investment Options (Except: Leaders SMART529 Age-Based Portfolio 19+, Leaders SMART529 Conservative Portfolio, The Franklin Strategic Income 529 Fund, The MFS Research Bond 529 Fund, and The SMART529 Stable Value Fund):</p> <p>If your Contribution (& market value of Accounts) is:</p> <table> <tr><td>Less than \$50,000</td><td>= 5.00%</td></tr> <tr><td>\$50,000–\$99,999.99</td><td>= 4.00%</td></tr> <tr><td>\$100,000–\$249,999.99</td><td>= 3.00%</td></tr> <tr><td>\$250,000–\$499,999.99</td><td>= 2.00%</td></tr> <tr><td>\$500,000–\$999,999.99</td><td>= 1.75%</td></tr> <tr><td>\$1,000,000–\$3,999,999.99</td><td>= 1.00%</td></tr> <tr><td>\$4,000,000–\$5,999,999.99</td><td>= .50%</td></tr> <tr><td>\$6,000,000 or more</td><td>= .25%</td></tr> </table> <p>Up-front Commission* For Leaders SMART529 Age-Based Portfolio 19+, Leaders SMART529 Conservative Portfolio, The Franklin Strategic Income 529 Fund, and The MFS Research Bond 529 Fund:</p> <p>If your Contribution (& market value of Accounts) is:</p> <table> <tr><td>Less than \$50,000</td><td>= 4.00%</td></tr> <tr><td>\$50,000–\$99,999.99</td><td>= 3.50%</td></tr> <tr><td>\$100,000–\$249,999.99</td><td>= 3.00%</td></tr> <tr><td>\$250,000–\$499,999.99</td><td>= 2.00%</td></tr> <tr><td>\$500,000–\$999,999.99</td><td>= 1.75%</td></tr> <tr><td>\$1,000,000–\$3,999,999.99</td><td>= 1.00%</td></tr> <tr><td>\$4,000,000–\$5,999,999.99</td><td>= .50%</td></tr> <tr><td>\$6,000,000 or more</td><td>= .25%</td></tr> </table> <p>Up-front Commission* For The SMART529 Stable Value Fund:</p> <p>If your Contribution (& market value of Accounts) is:</p> <table> <tr><td>Less than \$50,000</td><td>= 2.50%</td></tr> <tr><td>\$50,000–\$99,999.99</td><td>= 2.00%</td></tr> <tr><td>\$100,000–\$249,999.99</td><td>= 1.75%</td></tr> <tr><td>\$250,000–\$499,999.99</td><td>= 1.25%</td></tr> <tr><td>\$500,000–\$999,999.99</td><td>= 1.00%</td></tr> <tr><td>\$1,000,000–\$3,999,999.99</td><td>= 1.00%</td></tr> <tr><td>\$4,000,000–\$5,999,999.99</td><td>= .50%</td></tr> <tr><td>\$6,000,000 or more</td><td>= .25%</td></tr> </table> <p>Trail Commission* For All Investment Options = 0.25%</p>	Less than \$50,000	= 5.00%	\$50,000–\$99,999.99	= 4.00%	\$100,000–\$249,999.99	= 3.00%	\$250,000–\$499,999.99	= 2.00%	\$500,000–\$999,999.99	= 1.75%	\$1,000,000–\$3,999,999.99	= 1.00%	\$4,000,000–\$5,999,999.99	= .50%	\$6,000,000 or more	= .25%	Less than \$50,000	= 4.00%	\$50,000–\$99,999.99	= 3.50%	\$100,000–\$249,999.99	= 3.00%	\$250,000–\$499,999.99	= 2.00%	\$500,000–\$999,999.99	= 1.75%	\$1,000,000–\$3,999,999.99	= 1.00%	\$4,000,000–\$5,999,999.99	= .50%	\$6,000,000 or more	= .25%	Less than \$50,000	= 2.50%	\$50,000–\$99,999.99	= 2.00%	\$100,000–\$249,999.99	= 1.75%	\$250,000–\$499,999.99	= 1.25%	\$500,000–\$999,999.99	= 1.00%	\$1,000,000–\$3,999,999.99	= 1.00%	\$4,000,000–\$5,999,999.99	= .50%	\$6,000,000 or more	= .25%
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Class C	<p>Up-front Commission* = 1.0% of each contribution Trail Commission* = 1.0%</p>																																																
Class D	None																																																
Class E	None																																																

* For all commission payments, the actual commission paid for sales of interests in Leaders SMART529 may be slightly more or slightly less than the amount indicated due to rounding.

Broker-dealers, including HSD, financial advisors or financial institutions may be compensated according to any applicable rules or regulations for municipal fund securities. Compensation is generally based on contributions made to the Account. This compensation is usually paid from the sales charges described in this

document. HSD may retain a percentage of the Class A sales charge to cover its expenses or other expenses.

In addition, an investment professional, broker-dealer or financial institution may also receive additional compensation for, among other things, training, marketing or other services provided. HSD, its affiliates or

Hartford may also make compensation arrangements with certain broker-dealers or financial institutions based on total sales by the broker-dealer or financial institution of insurance products. These payments, which may be different for different broker-dealers or financial institutions, will be made by HSD, its affiliates or Hartford out of their own assets and will not affect the amounts paid by the Account Owner for Leaders SMART529.

Hartford has entered into agreements with the investment advisors, distributors or other service providers of many of the Underlying Funds. Under the terms of these agreements, Hartford provides administrative and distribution related services and the Underlying Funds pay fees to Hartford that are usually based on an annual percentage of the average daily net assets of the Underlying Funds. These agreements may be different for each Underlying Fund or each Underlying Fund family and may include fees paid under a distribution and/or servicing plan adopted by an Underlying Fund pursuant to Rule 12b-1 under the Investment Company Act of 1940.

Frequently Asked Questions

Opening an Account

Q. How can I enroll in Leaders SMART529?

A. You should contact your investment representative to enroll in a Leaders SMART529 Account. Be sure to read the Offering Statement before enrolling. During enrollment, you should include a check, or if transferring money from an existing 529 Qualified Tuition Plan or Coverdell Education Savings Account (formerly called an Education IRA), please include the Transfer/Rollover Request form. For more information, please call a SMART529 customer service representative toll-free at 866-574-3542, or contact your investment representative.

Q. Are there any limitations as to who can be an Account Owner?

A. If an individual, the Account Owner must be a U.S. citizen or resident; there are no other state residency, income, or age requirements. However, if a minor is going to be the Account Owner, he or she must have an adult willing to act as Account Owner until the minor reaches the age of majority and becomes the Account Owner. It may be possible for businesses, government entities and not-for-profit organizations to own an account, as well.

Q. Who can be a Designated Beneficiary?

A. Any individual who is a U.S. citizen or resident can be named — Account Owners can even open accounts for themselves. The Designated Beneficiary does not have to be related to the Account Owner.

Q. Can there be joint Account Owners or multiple Designated Beneficiaries on an account?

A. There can be only one Account Owner and one Designated Beneficiary for each account. An individual can own more than one account, however, and there can be multiple accounts for any particular Designated Beneficiary. There is additional flexibility in that a Successor Owner can be named on each account, which will become the Account Owner in the event of the current Account Owner's death.

Q. Can the Designated Beneficiary be changed on an Account?

A. The Account Owner can change the Designated Beneficiary at any time. The new Designated Beneficiary must be an "Eligible Family Member" as defined in Section 529 of the Code to avoid federal income tax and a 10% federal income tax penalty.

Making Contributions

Q. What are the investment minimums and maximums?

A. The minimum investment to open an Account is just \$500, or \$100 if you are a resident of West Virginia. After that, the minimum subsequent investment is only \$50, or \$15 if you are a resident of West Virginia. Under Leaders SMART529, no more contributions are accepted once the cumulative account value for any Designated Beneficiary in all 529 plans equals or exceeds \$265,620. Please note that an Annual Maintenance Fee of \$25 will be deducted from each Account in equal portions at the end of each quarter unless your Account balance is \$25,000 or more, you sign up for the Automatic Investment Program of \$50 or more, or you or the Designated Beneficiary are a West Virginia resident.

Q. Can I invest in Leaders SMART529 directly from my checking or savings account?

A. By filling out the Automatic Investment Program enrollment form, you can have money invested directly from your bank checking or savings account on a monthly basis. The minimum transfer amount is \$50, or \$15 if you are a West Virginia resident. By participating in the Automatic Investment Program the \$25 Annual Maintenance Fee will be waived.

Q. Will making contributions to Leaders SMART529 affect my ability to invest in a Coverdell Education Savings Account (also known as an Education IRA)?

A. You can invest in both a 529 plan (like Leaders SMART529) and a Coverdell Education Savings Account. The only planning consideration for federal income tax-free distributions is that money taken from the accounts cannot be used for the same qualified expense.

Investment Options

Q. Are there any investment performance guarantees?

A. No. The Account value is based solely on the performance of the Underlying Funds in which the Investment Options invest. There are risks, including the possible loss of the principal amount invested. The contributions or earnings in Leaders SMART529 are not guaranteed or insured by the State of West Virginia, the Board of Trustees of the West Virginia College Prepaid Tuition and Savings Program, the West Virginia State Treasurer's Office, The Hartford or its affiliates, or any depository institution.

Q. Can I change how money is invested in my Account?

A. The Account Owner can change the existing allocation of the Account once per calendar year, or any time if also changing the Designated Beneficiary on the Account. The allocation of future investments to your Leaders SMART529 Account can be changed at any time.

Taking Money out of Your Leaders SMART529 Account

Q. What happens when money is needed from the Account?

A. The Account Owner simply fills out the Distribution Request form and returns it to the address listed at the top of the form. If the distribution will totally deplete the Account, a \$50 Account Cancellation Charge will apply unless the Account Owner indicates that the money will be used for a Qualified Higher Education Expense. A check can be sent to the Designated Beneficiary, Account Owner, or to an Eligible Educational Institution, if requested.

Q. What expenses constitute a Qualified Distribution?

A. Federal income tax-free distribution can be taken for any Qualified Higher Education Expense as defined in section 529 of the Code, including: room and board, required supplies and equipment, books, tuition and fees at any accredited post-secondary institution nationwide.

Q. Where can the Account be used to pay for expenses?

A. The account proceeds can generally be used at any Eligible Educational Institution. An Eligible Educational Institution is any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the Department of Education. It includes virtually all accredited, public, nonprofit, and proprietary (privately owned profit-making) postsecondary institutions. The educational institution should be able to tell you if it is an Eligible Educational Institution.

Certain educational institutions located outside the United States also participate in the U.S. Department of

Education's Federal Student Aid (FSA) programs. You can find a list of these foreign schools on the Department of Education's website at www.fafsa.ed.gov/index.htm. Click on "Find my school codes." Complete the two items on the first page and click "Next." Follow the instructions to search for a foreign school.

Q. How long does the Designated Beneficiary have to use the benefits?

A. There is no set time limit by which the beneficiary needs to use the plan proceeds.

Q. What happens if the Designated Beneficiary does not attend an Eligible Educational Institution?

A. In that scenario, the Account Owner has three options: (1) to leave the money in the Account, in the event that the Designated Beneficiary decides to attend school at a later date, (2) to change the Designated Beneficiary on the Account to another Eligible Family Member, or (3) to withdraw the Account value, which would be subject to ordinary income tax to the extent of earnings, a 10% federal income tax penalty, \$50 Account Cancellation Charge and recapture of any West Virginia personal income tax deduction if previously taken.

Q. What if the Designated Beneficiary receives a scholarship?

A. If the Designated Beneficiary receives a grant or scholarship for Qualified Higher Education Expenses, that amount can be withdrawn from the Account without a federal income tax penalty. The earnings portion of the distribution will be subject to ordinary income tax if it is not used for Qualified Higher Education Expenses. Proper documentation of the grant or scholarship must be provided if requested by Hartford Life.

Q. What if the Designated Beneficiary dies or becomes disabled and does not attend an Eligible Educational Institution?

A. If the Designated Beneficiary dies or becomes disabled and does not attend college, the Account Owner has two options: (1) to change the Designated Beneficiary on the Account to another Eligible Family Member, or (2) to withdraw the Account value, which would be subject to ordinary income tax to the extent of earnings.

Tax and Planning Considerations

We have tried to summarize some of the tax benefits and financial planning opportunities offered through Leaders SMART529, however, you should consult a qualified tax advisor in your state for more information.

Q. What are the federal income tax benefits of Leaders SMART529?

A. Because Leaders SMART529 operates as a “Qualified Tuition Program” under Section 529 of the Internal Revenue Code, any growth in account value accumulates federal income tax-deferred. If taken for a Qualified Higher Education Expense, distributions are federal income tax-free.

Q. What are the state income tax benefits?

A. Each year, if you are a West Virginia taxpayer, you may deduct that year’s total contributions to your Leaders SMART529 from the federal adjusted gross income on your West Virginia Personal Income Tax return. The amount of any income tax deduction must be recaptured if a distribution from the Account is not used for Qualified Higher Education Expenses. The West Virginia state deduction is subject to recapture for non-qualified distributions. If you are not a West Virginia Taxpayer, you should check with your investment professional to determine whether another 529 Plan has any other tax benefits.

Q. How are contributions treated for gift tax purposes?

A. Contributions to an Account for a Designated Beneficiary are treated as a completed gift of present value, so they are eligible for the annual gift tax exclusion (\$12,000 for 2006, or \$24,000 if gift-splitting).

There is an additional exception made for 529 plans in that donors may elect to treat a lump-sum gift as being made in equal installments over a 5-year period by filing IRS Form 709. This allows up to \$60,000 to be invested for a Designated Beneficiary at a time (\$120,000 if gift-splitting). No gift taxes would be owed if no other gifts were made to that same Designated Beneficiary within that 5-year period.

Q. How are contributions treated for estate tax purposes?

A. Because money contributed to an Account is considered a completed gift, that amount is removed from the donor’s taxable estate. The exception is if the donor elected to treat a gift as made over a 5-year period for gift tax purposes. In that instance, the portion of the contribution allocable to periods after the donor’s death will be included in the donor’s estate.

PART TWO

DESCRIPTION OF THE UNDERLYING FUNDS

All of the Individual Fund Options under Leaders SMART529 invest in Underlying Funds. The AIM Basic Value 529 Fund, The AIM Constellation 529 Fund, and The AIM Large Cap Basic Value 529 Fund purchase Class A shares of underlying mutual funds sponsored by AIM. The American Mutual 529 Fund purchase Class F shares of an underlying mutual fund sponsored by American Funds. The Franklin Capital Growth 529 Fund, The Franklin Small-Mid Cap Growth 529 Fund, The Franklin Strategic Income 529 Fund, The Mutual Shares 529 Fund, and The Templeton Foreign 529 Fund purchase Class A shares of underlying mutual funds sponsored by Franklin Templeton. The Massachusetts Investors Growth Stock 529 Fund, The Massachusetts Investors Trust 529 Fund, The MFS Research Bond 529 Fund, The MFS Total Return 529 Fund and The MFS Value 529 Fund purchase Class A shares of underlying mutual funds sponsored by MFS. The SMART529 Stable Value Fund is a separately managed investment portfolio that earns a composite rate of return and is offered exclusively through the Savings Plan. In the case of the Age-Based or Static Portfolios, they invest in a combination of Underlying Funds. The Underlying Funds are described below. For more complete information about the Underlying Fund's investment strategies and risk factors, you may obtain a prospectus or disclosure document by calling a SMART529 representative at 866-574-3542.

The following Underlying Funds are currently available:

Equity Funds

AIM Basic Value Fund — The fund's investment objective is long-term growth of capital. The investment objective of the fund may be changed by the Board of Trustees without shareholder approval. The fund seeks to meet this objective by investing, normally, at least 65% of its total assets in equity securities of U.S. issuers that have market capitalizations of greater than \$500 million and that the portfolio managers believe to be undervalued in relation to long-term earning power or other factors. The fund may also invest up to 35% of its total assets in equity securities of U.S. issuers that have market capitalizations of less than \$500 million and in investment-grade non-convertible debt securities, U.S. government securities and high-quality money market instruments, all of which are issued by U.S. issuers. The fund may also invest up to 25% of its total assets in foreign securities. Any percentage limitations with respect to assets of the fund are applied at the time of purchase. In selecting investments, the portfolio managers seek to identify those companies whose prospects

and growth potential are undervalued by investors and that provide the potential for attractive returns. The portfolio managers allocate investments among equity securities based on their views as to the best values then available in the marketplace. The portfolio managers consider whether to sell a particular security when any of these factors materially changes. In anticipation of or in response to adverse market conditions, for cash management purposes, or for defensive purposes, the fund may temporarily hold all or a portion of its assets in cash, money market instruments, shares of affiliated money market funds, or high-quality debt securities. As a result, the fund may not achieve its investment objective.

AIM Constellation Fund — This fund's investment objective is growth of capital. The investment objective of the fund may be changed by the Board of Trustees without shareholder approval. The fund seeks to meet this objective by investing principally in common stocks of companies the portfolio managers believe are likely to benefit from new or innovative products, services or processes as well as those that have experienced above-average, long-term growth in earnings and have excellent prospects for future growth. The portfolio managers consider whether to sell a particular security when it no longer meets these criteria. The fund will invest without regard to market capitalization. The fund may also invest up to 20% of its total assets in foreign securities. For cash management purposes, the fund may also hold a portion of its assets in cash or cash equivalents, including shares of affiliated money market funds. Any percentage limitations with respect to assets of the fund are applied at the time of purchase. In anticipation of or in response to adverse market or other conditions, or atypical circumstances such as unusually large cash inflows or redemptions, the fund may temporarily hold all or a portion of its assets in cash, cash equivalents or high-quality debt instruments. As a result, the fund may not achieve its investment objective.

AIM Large Cap Basic Value Fund — This fund's primary investment objective is long-term growth. The investment objectives of the fund may be changed by the Board of Trustees without shareholder approval. The fund seeks to meet its objectives by investing, normally, at least 80% of its assets in securities of large-capitalization companies that offer potential for capital growth, and may offer potential for current income. In complying with this 80% investment requirement, the fund will invest primarily in marketable equity securities, including convertible securities, but its investments may include other securities, such as synthetic instruments. Synthetic instruments are investments that have economic characteristics similar to the fund's direct investments, and may include warrants, futures, options, exchange-traded funds and American Depositary Receipts. The fund considers a company to be a large-

capitalization company if it has a market capitalization, at the time of purchase, no smaller than the smallest capitalized company included in the Russell 1000 — Registered Trademark — Index during the most recent 11-month period (based on month-end data) plus the most recent data during the current month. The Russell 1000 Index is a widely recognized, unmanaged index of common stocks that measures the performance of the 1,000 largest companies in the Russell 3000 — Registered Trademark — Index, which measures the performance of the 3,000 largest U.S. companies based on total market capitalization. The fund may also invest up to 25% of its total assets in foreign securities. The fund may also invest in debt instruments that are consistent with its investment objectives of long-term growth of capital and current income. For cash management purposes, the fund may also hold a portion of its assets in cash or cash equivalents, including shares of affiliated money market funds. Any percentage limitations with respect to assets of the fund are applied at the time of purchase.

The portfolio managers purchase securities of companies that they believe have the potential for above-average growth in revenues and earnings and that they believe are undervalued in relation to long-term earning power or other factors. The portfolio managers consider whether to sell a particular security when they believe the security no longer has that potential. In anticipation of or in response to adverse market or other conditions, or atypical circumstances such as unusually large cash inflows or redemptions, the fund may temporarily hold all or a portion of its assets in cash, cash equivalents, or high-quality debt instruments. As a result, the fund may not achieve its investment objective.

American Mutual Fund — This fund strives for the balanced accomplishment of three objectives: current income, growth of capital and conservation of principal. The fund seeks to invest primarily in common stocks of companies that are likely to participate in the growth of the American economy and whose dividends are well protected. In addition, the fund may invest in companies domiciled in Canada or that are part of the Standard & Poor's 500 Composite Index. The fund may also invest in debt securities. The fund's equity investments are limited to securities of companies that are included on its eligible list. The list consists of securities deemed suitable by the fund's investment advisor in light of the fund's investment objectives and policies generally described above. Securities are added to, or deleted from, the eligible list by the fund's board of directors after reviewing and acting upon the recommendations of the fund's investment advisor. The prices of and the income generated by securities held by the fund may decline in response to certain events, including: those directly involving the companies whose securities are owned in the fund; conditions affecting

the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate fluctuations. The values of and the income generated by most debt securities held by the fund may be affected by changing interest rates and by changes in effective maturities and credit ratings of these securities. For example, the values of debt securities in the fund's portfolio generally will decline when interest rates rise and increase when interest rates fall. The fund may also hold cash or money market instruments. The size of the fund's cash position will vary and will depend on various factors, including market conditions and purchases and redemptions of fund shares. A larger cash position could detract from the achievement of the fund's growth objective in a period of rising market prices; conversely, it would reduce the fund's magnitude of loss in the event of a general market downturn and provide liquidity to make additional investments or to meet redemptions. The fund relies on the professional judgment of its investment advisor, Capital Research and Management Company, to make decisions about the fund's portfolio investments. The basic investment philosophy of the investment advisor is to seek attractively priced securities that represent above average long-term investment opportunities. This can be accomplished through fundamental analysis, including meeting with company executives and employees, suppliers, customers and competitors. Securities may be sold when the investment advisor believes they no longer represent good long-term value.

Franklin Capital Growth Fund — The fund's principal investment goal is capital appreciation. Its secondary goal is to provide current income return through the receipt of dividend or interest from its investments. Under normal market conditions, the Fund invests primarily in equity securities of companies that trade on a securities exchange or in the over-the-counter market. An equity security, or stock, represents a proportionate share of the ownership of a company; its value is based on the success of the company's business, any income paid to stockholders, the value of its assets, and general market conditions. Common stocks and preferred stocks are examples of equity securities. The Fund may invest in securities of companies of any size market capitalization (share price multiplied by the number of common shares outstanding), including a significant portion of its assets in companies falling within the mid-cap (less than \$8 billion) range. The Fund may invest a portion of its assets in foreign securities and small-cap companies. The Fund's manager is a research driven, fundamental investor, pursuing a growth strategy. As a "bottom-up" investor focusing primarily on individual securities, the manager chooses companies that it believes are positioned for above-average growth in revenues, earnings or assets. The manager relies on a team of analysts to provide in-depth industry expertise and uses both qualitative and quantitative analysis to

evaluate companies for distinct and sustainable competitive advantages that are likely to lead to growth in earnings and/or share price. Advantages such as a particular market niche, proven technology, sound financial records, strong management, and industry leadership are all factors the manager believes point to strong growth potential. In choosing individual equity investments, the Fund's manager also considers sectors that have growth potential and fast growing, innovative companies within these sectors. Consequently, the Fund, from time to time, may have significant positions in particular sectors such as technology.

Franklin Small-Mid Cap Growth Fund — The fund's investment goal is long-term capital growth. Under normal market conditions, this fund invests at least 80% of its net assets in equity securities of small cap and mid cap companies. For this fund, mid cap companies are companies with market capitalizations not exceeding \$8.5 billion and small cap companies are those with market capitalizations not exceeding (i) \$1.5 billion or (ii) the highest market capitalization in the Russell 2000 Index, whichever is greater, at the time of purchase. The Russell 2000 Index consists of 2,000 small companies that have publicly traded securities, and its largest company had a market capitalization of \$3.16 billion as of June 30, 2005. Market capitalization is defined as share price multiplied by the number of common stock shares outstanding. In most instances, the manager intends to continue to hold an investment for further capital growth opportunities even if, through market appreciation, the company's market capitalization exceeds the small or mid cap measures described above. In addition to the fund's main investments, the fund may invest in equity securities of larger companies. An equity security, or stock, represents a proportionate share of the ownership of a company; its value is based on the success of the company's business, any income paid to shareholders, the value of its assets, and general market conditions. Common stocks and preferred stocks are examples of equity securities. The fund's manager is a research driven, fundamental investor, pursuing a growth strategy. As a "bottom-up" investor focusing primarily on individual securities, the manager chooses companies that have identifiable indicators of future earnings growth and that present, in the manager's opinion, the best trade-off between that earnings growth, business and financial risk and valuation. The manager relies on a team of analysts to provide in-depth industry expertise and uses both qualitative and quantitative analysis to evaluate companies for distinct and sustainable competitive advantages likely to lead to growth in earnings and/or share price. Competitive advantages such as a particular marketing niche, proven technology, sound financial profits and records, and strong management are all factors the manager believes may contribute to strong growth potential. In choosing equity investments, the fund's manager considers such factors as the financial strength of the company, the

expertise of management, the growth potential of the company within the industry, and the growth potential of the industry itself. Consequently, the fund, from time to time, may have significant positions in particular sectors such as technology (including health care technology and electronic technology).

Massachusetts Investors Growth Stock Fund — The fund's investment objective is to provide long-term growth of capital and future income rather than current income. The fund's objective may be changed without shareholder approval. The fund invests its assets, except for working cash balances, in the common stocks and securities convertible into common stocks of companies which its investment advisor believes offer better than average prospects for long-term growth. This policy may not be changed unless approved by shareholders. In pursuing the policy noted above, the fund will invest, under normal market conditions, at least 80% of its net assets in common stocks and securities convertible into common stocks. MFS uses a bottom-up, as opposed to a top-down, investment style in managing the equity-oriented funds (such as the fund) it advises. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's abilities) performed by the fund's portfolio manager and MFS' large group of equity research analysts. Consistent with its investment strategy, the fund may invest in foreign securities through which it may have exposure to foreign currencies. The fund has engaged and may engage in active and frequent trading to achieve its principal investment strategies.

Massachusetts Investors Trust Fund — The fund's objective is to seek long-term growth of capital, with a secondary objective to seek reasonable current income. The fund's objective may be changed without shareholder approval. The fund invests, under normal market conditions, at least 65% of its net assets in common stocks and related securities, such as preferred stock, convertible securities and depositary receipts. While the fund may invest in companies of any size, the fund generally focuses on companies with larger market capitalizations that its investment advisor, believes have sustainable growth prospects and attractive valuations based on current and expected earnings or cash flow. "The advisor considers the portfolio's overall prospects for appreciation as well as income in managing the fund." The fund also seeks to generate gross income equal to approximately 90% of the dividend yield on the Standard & Poor's 500 Index. MFS uses a bottom-up, as opposed to a top-down, investment style in managing the equity-oriented funds (such as the fund) it advises. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's abilities) performed by the fund's portfolio managers and MFS' large group of equity research analysts. The fund may invest in foreign

securities and may have exposure to foreign currencies through its investment in these securities.

MFS Value Fund — This fund’s investment objective is to seek capital appreciation and reasonable income. The fund’s objectives may be changed without shareholder approval. The fund invests, under normal market conditions, at least 65% of its net assets in income producing equity securities of companies which its advisor believes are undervalued in the market relative to their long term potential. Equity securities include common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts for those securities. While the fund may invest in companies of any size, the fund generally focuses on undervalued companies with large market capitalizations. The equity securities of these companies may be undervalued because they are temporarily out of favor in the market due to a decline in the market, poor economic conditions, developments that have affected or may affect the issuer of the securities or the issuer’s industry and the market has overlooked them

Undervalued equity securities generally have low price-to-book, price-to-sales and/or price-to-earnings ratios. The fund seeks to achieve a gross yield that exceeds that of the S&P 500 Index. Equity securities may be listed on a securities exchange or traded in the over-the-counter markets. MFS uses a bottom-up, as opposed to a top-down, investment style in managing the equity-oriented funds (such as the fund) it advises. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management’s abilities) performed by the fund’s portfolio manager and MFS’ large group of equity research analysts. The fund may invest in foreign securities through which it may have exposure to foreign currencies.

Mutual Shares Fund — The fund’s principal investment goal is capital appreciation, which may occasionally be short-term. Its secondary goal is income. Under normal market conditions, the fund invests mainly in equity securities (including securities convertible into, or that the manager expects to be exchanged for, common or preferred stock) of companies of any nation that the manager believes are available at market prices less than their value based on certain recognized or objective criteria (intrinsic value). Following this value-oriented strategy, the fund invests substantially in undervalued securities (securities trading at a discount to intrinsic value), and to a lesser extent, also invests in risk arbitrage securities (securities of companies involved in restructurings such as mergers, acquisitions, consolidations, liquidations, spinoffs, or tender or exchange offers) or that the manager believes are cheap relative to an economically equivalent security of the same or another company, and distressed companies (securities of companies that are, or are about to be, involved in reorganizations, financial restructurings, or bankruptcy).

In pursuit of its value-oriented strategy, the fund is not limited to pre-set maximums governing the size of the companies in which it may invest. However, the fund invests substantially in mid- and large-cap companies with market capitalization values (share price times the number of common stock shares outstanding) greater than \$1.5 billion. The fund also may invest a significant portion of its assets in small-cap companies. While the fund generally purchases securities for investment purposes, the manager may seek to influence or control management, or invest in other companies that do so, when the manager believes the fund may benefit. The fund expects to invest a significant portion (up to 35%) of its assets in foreign securities. The fund may attempt, from time to time, to hedge (protect) against currency risks, largely using forward currency exchange contracts (Hedging Instruments), when, in the manager’s opinion, it would be advantageous to the fund to do so. The fund’s investments in Distressed Companies typically involve the purchase of bank debt, lower-rated or defaulted debt securities, comparable unrated debt securities, or other indebtedness (or participations in the indebtedness) of such companies. Such other indebtedness generally represents a specific commercial loan or portion of a loan made to a company by a financial institution such as a bank or insurance company. Loan participations represent fractional interests in a company’s indebtedness and are generally made available by banks or insurance companies. By purchasing all or a part of a company’s direct indebtedness, a Fund, in effect, steps into the shoes of the lender. If the loan is secured, the Fund will have a priority claim to the assets of the company ahead of unsecured creditors and stockholders. The Fund generally makes such investments to achieve capital appreciation, rather than to seek income. The Fund may also engage from time to time in an “arbitrage” strategy. When engaging in an arbitrage strategy, the Fund typically buys one security while at the same time selling short another security. The Fund generally buys the security that the manager believes is either cheap relative to the price of the other security or otherwise undervalued, and sell short the security that the manager believes is either expensive relative to the price of the other security or otherwise overvalued. In doing so, the Fund attempts to profit from a perceived relationship between the values of the two securities. The Fund generally engages in an arbitrage strategy in connection with an announced corporate restructuring, such as a merger, acquisition or tender offer, or other corporate action or event. The manager employs a research driven, fundamental value strategy for the Fund. In choosing equity investments, the manager focuses on the market price of a company’s securities relative to the manager’s own evaluation of the company’s asset value, including an analysis of book value, cash flow potential, long-term earnings, and multiples of earnings. Similarly, debt securities and other indebt-

edness, including loan participations, are generally selected based on the manager's own analysis of the security's intrinsic value rather than the coupon rate or rating of the security. The manager examines each investment separately and there are no set criteria as to specific value parameters, asset size, earnings or industry type.

Templeton Foreign Fund — The fund's investment goal is long-term capital growth. Under normal market conditions, the fund invests primarily in the equity securities of companies located outside the U.S., including emerging markets. The fund will invest, under normal circumstances, at least 80% of its net assets in "foreign securities," as defined below, which may include emerging markets. For purposes of the fund's investments, "foreign securities" means those securities issued by companies: (i) whose principal securities trading markets are outside the U.S., or (ii) that derive a significant share of their total revenue from either goods or services produced or sales made in markets outside the U.S., or (iii) that have a significant portion of their assets outside the U.S., or (iv) that are linked to non-U.S. dollar currencies, or (v) that are organized under the laws of, or with principal offices in, a country other than the U.S. The fund's definition of "foreign securities" may differ from the definition of the same or similar term as used in other mutual fund prospectuses. As a result, the fund may hold foreign securities that other funds may classify differently. An equity security, or stock, represents a proportionate share of the ownership of a company; its value is based on the success of the company's business, any income paid to stockholders, the value of its assets, and general market conditions. Common stocks and preferred stocks are examples of equity securities. The Fund also invests in American, European and Global Depositary Receipts. These are certificates issued typically by a bank or trust company that give their holders the right to receive securities issued by a foreign or domestic company. The Fund, from time to time, may have significant investments in one or more countries or in particular sectors such as technology (including computer hardware and software, electronics, and telecommunications) and financial institutions. Depending upon current market conditions, the Fund generally invests a portion of its total assets in debt securities of companies and governments located anywhere in the world. Debt securities represent the obligation of the issuer to repay a loan of money to it, and generally pay interest to the holder. Bonds, notes and debentures are examples of debt securities. The Fund may use various derivative strategies seeking to protect its assets, implement a cash or tax management strategy or enhance its returns. The Fund may invest up to 5% of its total assets in swap agreements and options. With derivatives, the manager attempts to predict whether an underlying investment will increase or decrease in value at some future time. The manager considers various factors, such as availabil-

ity and cost, in deciding whether to use a particular instrument or strategy.

When choosing equity investments for this fund, the manager applies a "bottom-up," value-oriented, long-term approach, focusing on the market price of a company's securities relative to the manager's evaluation of the company's long-term earnings, asset value and cash flow potential. The manager also considers and analyzes various measures relevant to stock valuation, such as a company's price/cash flow ratio, price/earnings ratio, profit margins and liquidation value.

Balanced Funds

MFS Total Return Fund — The main investment objective of this fund is to provide above-average income (compared to a portfolio entirely invested in equity securities) consistent with the prudent employment of capital. Its secondary objective is to provide reasonable opportunity for growth of capital and income. The fund's objectives may be changed without shareholder approval. The fund is a "balanced fund," and invests in a combination of equity and fixed income securities. Under normal market conditions, the fund invests: at least 40%, but not more than 75%, of its net assets in common stocks and related securities (referred to as equity securities), such as preferred stock; bonds, warrants or rights convertible into stock; and depositary receipts for those securities, and at least 25% of its net assets in non-convertible fixed income securities. The fund may vary the percentage of its assets invested in any one type of security (within the limits described above) in accordance with the Fund's investment advisor's interpretation of economic and money market conditions, fiscal and monetary policy and underlying security values. The fund's investments may include securities traded on securities exchanges or in the over-the-counter markets. MFS uses a bottom-up, as opposed to a top-down, investment style in managing the equity-oriented funds (including the equity portion of the fund) it advises. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash-flows, competitive position and management's abilities) performed by the fund's portfolio managers and MFS' large group of equity research analysts. While the fund may invest in all types of equity securities, MFS generally seeks to purchase for the fund equity securities of companies that MFS believes are undervalued in the market relative to their long-term potential.

The equity securities of these companies may be undervalued because they are viewed by MFS as being temporarily out of favor in the market due to a decline in the market, poor economic conditions, developments that have affected or may affect the issuer of the securities or the issuer's industry; or the market has

overlooked them. Undervalued equity securities generally have low price-to-book, price-to-sales and/or price-to-earnings ratios. The fund focuses on undervalued equity securities issued by companies with relatively large market capitalizations (i.e., market capitalizations of \$5 billion or more). As noted above, the fund's investments in equity securities include convertible securities. A convertible security is a security that may be converted within a specified period of time into a certain amount of common stock of the same or a different issuer. A convertible security generally provides: a fixed income stream, and the opportunity, through its conversion feature, to participate in an increase in the market price of the underlying common stock.

The fund invests in securities which pay a fixed interest rate, which include (i) U.S. Government securities, which are bonds or other debt obligations issued by, or whose principal and interest payments are guaranteed or supported by, the U.S. Government or one of its agencies or instrumentalities, (ii) Mortgage-backed and asset-backed securities, which represent interests in a pool of assets such as mortgage loans, car loan receivables, or credit card receivables. These investments entitle the fund to a share of the principal and interest payments made on the underlying mortgage, car loan, or credit card. For example, if the fund invests in a pool that includes your mortgage loan, a share of the principal and interest payments on your mortgage would pass to the fund, and (iii) Corporate bonds, which are bonds or other debt obligations issued by corporations or other similar entities, including lower rated securities commonly referred to as junk bonds. In selecting fixed income investments for the fund, MFS considers the views of its large group of fixed income portfolio managers and research analysts. This group periodically assesses the three-month total return outlook for various segments of the fixed income markets. This three-month "horizon" outlook is used by the portfolio manager(s) of MFS' fixed-income oriented funds (including the fixed-income portion of the fund) as a tool in making or adjusting a fund's asset allocations to various segments of the fixed income markets. In assessing the credit quality of fixed-income securities, MFS does not rely solely on the credit ratings assigned by credit rating agencies, but rather performs its own independent credit analysis. Consistent with the fund's principal investment policies described above, the fund may invest in foreign securities, and may have exposure to foreign currencies through its investment in these securities. The fund has engaged and may engage in active and frequent trading to achieve its principal investment strategies.

Fixed Income Funds

Franklin Strategic Income Fund — This fund's principal investment goal is to earn a high level of current

income. Its secondary goal is capital appreciation over the long term. Under normal market conditions, the Fund invests at least 65% of its assets in U.S. and foreign debt securities. Debt securities include all varieties of fixed and floating rate income securities, including bonds, mortgage securities and other asset-backed securities, and convertible securities. The Fund shifts its investments among the following general asset classes, and at any given time may have a substantial portion of its assets invested in any one of these classes: (i) high yield and investment grade corporate bonds and preferred stocks of issuers located in the U.S. and foreign countries, including emerging market countries, (ii) developed country (non-U.S.) government and agency bonds, (iii) emerging market government and agency bonds, (iv) U.S. government and agency bonds, (v) mortgage securities and other asset-backed securities, (vi) floating and variable interest rate investments (which may be issued by corporations or governments and may be asset-backed securities) that are debt securities; (vii) convertible securities, including bonds and preferred stocks. A bond represents an obligation of an issuer to repay a loan of money to it, and generally provides for the payment of interest. The Fund may invest up to 100% of its total assets in bonds that are rated below investment grade, sometimes called "junk bonds" or "high yield" securities. Investment grade bonds are rated in the top four ratings categories by independent rating organizations such as Standard & Poor's Ratings Group (S&P®) and Moody's Investors Service (Moody's). The Fund may invest in bonds rated below Caa by Moody's or CCC by S&P, or unrated bonds that the Fund's manager determines are comparable. The Fund may invest up to 10% of its assets in defaulted debt securities if, in the opinion of the manager, it appears the issuer may resume interest payments or other advantageous developments appear likely in the near future. Generally, lower rated bonds pay higher yields than more highly rated bonds to compensate investors for the higher risk. The Fund may invest a portion of its assets in bank loans and loan participations. Loan participations represent fractional interests in a company's indebtedness and are generally made available by banks or other institutions. The Fund may use various derivative strategies, including forward currency exchange contracts (forward contracts), as it seeks to protect its assets, implement a cash or tax management strategy or enhance its income. With derivatives, the manager attempts to predict whether a currency, an index or an underlying investment will increase or decrease in value at some future time. The manager considers various factors, such as availability and cost, in deciding whether to use a particular instrument or strategy. The Fund may invest a portion of its assets in credit-linked securities as a means of investing more rapidly and efficiently in permitted segments of the debt securities markets. Credit-linked securities are structured debt securities that derive their

value based on the credit risk of one or more reference securities such as corporate debt obligations, credit default swaps on corporate debt or bank loan obligations. Credit-linked securities are a form of derivatives. A mortgage security is an interest in a pool of mortgage loans. Most mortgage securities are pass-through securities, which means that they provide investors with monthly payments consisting of a pro rata share of both regular interest and principal payments, as well as unscheduled early prepayments, on the underlying mortgage loans. Floating and variable interest rate investments are debt securities, the rate of interest on which is usually established as the sum of a base lending rate (such as the prime rate of a designated U.S. bank) plus a specific margin. A convertible security is generally a debt obligation or preferred stock of an issuer that may be converted within a specified period of time into a certain amount of common stock of the same or a different issuer. The Fund uses an active asset allocation strategy to try to achieve its goals of income and capital appreciation. This means the Fund allocates its assets among securities in various market sectors based on the manager's assessment of changing economic, global market, industry, and issuer conditions. The manager uses a "top-down" analysis of macroeconomic trends combined with a "bottom-up" fundamental analysis of market sectors, industries, and issuers to try to take advantage of varying sector reactions to economic events. The manager will evaluate country risk, business cycles, yield curves, and values between and within markets. The Fund's ability to achieve its investment goals depends in part upon the manager's skill in determining the Fund's asset allocation mix and sector weightings. There can be no assurance that the manager's analysis of the outlook for the economy and the business cycle will be correct.

MFS Research Bond Fund — The fund's investment objective is total return (high current income and long term growth of capital). The fund's objective may be changed without shareholder approval. The fund invests, under normal market conditions, at least 80% of its net assets in fixed income securities. These securities include U.S. investment grade corporate fixed income securities, which are bonds or other debt obligations issued by U.S. corporations or similar entities which are assigned one of the top four credit ratings by credit rating agencies (e.g. rated AAA, AA, A or BBB) or which are unrated and considered by MFS to be investment grade, U.S. government securities, which are bonds or other debt obligations issued by, or whose principal and interest payments are guaranteed or supported by, the U.S. government or one of its agencies or instrumentalities, or municipal obligations, U.S. high yield fixed income securities, commonly known as junk bonds, which are bonds assigned lower credit ratings by credit rating agencies or which are unrated and considered by MFS to be comparable to lower rated bonds, foreign fixed income securities,

which are bonds or other debt obligations issued by foreign governments, including emerging market governments, and other foreign or emerging market issuers, mortgage-backed and asset-backed securities, which represent interests in a pool of assets such as mortgage loans, car loan receivables, or credit card receivables. A committee of fixed income research analysts selects portfolio securities for the fund. This committee includes investment analysts employed not only by MFS, but also by MFS International Ltd. (UK), a wholly owned subsidiary of MFS. Each analyst is assigned to follow a distinct category of the fixed income securities markets. The committee allocates the fund's assets among the various categories described above, and then individual analysts select what they view as the securities best suited to achieve the fund's investment objective within their assigned category. The fund's assets may be allocated among some or all of the various categories of fixed income securities. The fund may invest in derivative securities. Derivatives are securities whose value may be based on other securities, currencies, interest rates, or indices. Derivatives include futures and forward contracts, options on futures contracts, foreign currencies, securities and bond indices, structured notes and indexed securities, and swaps, caps, floors and collars. The fund is a non-diversified mutual fund. This means that the fund may invest a relatively high percentage of its assets in a small number of issuers. The fund may engage in active and frequent trading to achieve its principal investment strategies.

The SMART529 Stable Value portfolio — The investment objectives for The SMART529 Stable Value portfolio are to preserve principal and interest income, to maintain liquidity for inter-fund transfers and withdrawals, and to provide for a portfolio book value crediting rate that moves generally in the direction of prevailing market rates. This conservative investment portfolio seeks to maximize current income while preserving principal and delivering stable investment returns. The investment structures utilized seek to provide for minimal fluctuation in principal values. Returns may fluctuate, and although the portfolio seeks to preserve the value of your investment, it is possible to lose money by investing in the portfolio. The portfolio is not guaranteed by the investment manager. Portfolio investments are subject to the risk that contract issuers or underlying fixed income investments will fail to make timely payments of principal or interest, which may result in a loss of principal or interest. The portfolio's strategy is to minimize this risk by investing in a broadly diversified portfolio of high quality investments.

Investments in the portfolio earn a composite rate of return received under all investments of the portfolio. As individual investments and contracts mature, the portfolio will make new investments that generally reflect then-current interest rates. Consequently, the

composite returns provided by this portfolio are expected to follow, with some amount of lag, the general trends of interest rates.

This portfolio may invest in: (a) insurance company or bank investment contracts which provide for the repayment of principal plus interest credited at fixed or variable rates; (b) other investment contracts which are supported by fixed income obligations of the U. S. Government or its agencies and other corporate fixed income investments, where the repayment of principal and interest from such supporting investments are paid to the portfolio, or units or shares of such investments; and (c) bank short-term investment funds, cash, and cash equivalents. The investment contracts generally provide for payments to investors for withdrawals or transfers to other Investment Options under the Savings Plan amounts equal to principal and accrued interest. The credit quality of the investments held inside investment contracts is expected to average AA- or better.

Investment Risks Generally

The different types of securities, investments, and investment techniques used by each fund all have attendant risks of varying degrees. For example, with respect to equity securities, there can be no assurance of capital appreciation and an investment in any stock is subject to, among other risks, the risk that the stock market as a whole may decline, thereby depressing the stock's price (market risk), or the risk that the price of a particular issuer's stock may decline due to its financial results (financial risk). With respect to debt securities, there exists, among other risks, the risk that the issuer of a security may not be able to meet its obligations on interest or principal payments at the time required by the instrument (credit risk, a type of financial risk). In addition, the value of debt instruments and other income-bearing securities generally rises and falls inversely with prevailing current interest rates (interest rate risk, a type of market risk). **For a more detailed discussion of the risks associated with each Investment Option, see the "Description of Risks of the Investment Options" above beginning on page 12.**

PART THREE

LEADERS SMART529 COLLEGE SAVINGS PLAN PARTICIPATION AGREEMENT

Section 1 — Introduction

1.1 Introduction. The Leaders SMART529 College Savings Plan (the “Plan”) is part of the West Virginia College Prepaid Tuition and Savings Program (the “Program”). The person signing the Application agrees to participate in the Plan, and be subject to and comply with the terms and conditions of this Participation Agreement (the “Agreement”), as may be amended from time to time, the Program and West Virginia Code Section 18-30-1 et seq., as amended, Internal Revenue Code Section 529, and any related rules and regulations (the “Act”). The Account Owner’s participation shall be effective when the completed and fully executed Account Application is received and accepted by Hartford Life (the “Program Manager”).

1.2 Acknowledgements by Account Owner. Account Owner understands, agrees and acknowledges that:

- (a) This Agreement and the Application contain the terms governing all Program Accounts,
- (b) He/she has read this Agreement, the Disclosure Statement and all information the provided by the Program Manager,
- (c) Nothing in this Agreement, the Account or any information provided shall be considered or interpreted to create or constitute a debt or liability of the Board, any Board member, the State Treasurer, the State of West Virginia, Program Manager, nor any agent or employee of the Board, Treasurer, State of West Virginia or the Program Manager,
- (d) Nothing in this Agreement, the Account, and any information provided, nor participation in the Program shall obligate the general revenue or any other fund of the State of West Virginia,
- (e) THE VALUE OF ANY ACCOUNT AT ANY TIME MAY BE MORE OR LESS THAN THE AGGREGATE AMOUNT CONTRIBUTED TO THE ACCOUNT, and
- (f) THE PROGRAM IS SUBJECT TO INVESTMENT RISKS, THAT THE ACCOUNT IS NOT INSURED, AND THAT NEITHER THE PRINCIPAL DEPOSITED NOR THE INVESTMENT RETURN IS GUARANTEED.

Section 2 — Definitions

In addition to definitions provided in the West Virginia Code, the United States Code, and the rules and regulations thereto, the following definitions apply to the Accounts:

“**Account**” means an individual savings account established by an Account Owner in accordance with this Agreement.

“**Account Owner**” means the individual at least 18 years of age, a corporation or other entity that opens one or more Accounts. In the event an employer opens an Account on behalf of a Designated Beneficiary selected by an employee, that employee is considered to be the Account Owner.

“**Application**” means the SMART529 College Savings Plan Application form or a duplicate of the form completed and signed by the Account Owner that opens an Account in the SMART529 College Savings Plan.

“**Designated Beneficiary**” means the person designated by the Account Owner at the time the Account is established to receive Distributions from an Account, or as may be named the replacement Designated Beneficiary in accordance with this Agreement.

“**Distribution**” means a withdrawal from an Account, whether paid to the Account Owner, the Designated Beneficiary or an Eligible Institution.

“**Eligible Educational Institution**” means any eligible educational institution as defined in Section 529.

“**Fees**” means amounts assessed to and withdrawn from an Account by the Program Manager and the Board to cover or defray costs.

“**Non-Qualified Distributions**” are any withdrawals that do not fit within the definition of Qualified Distributions. The earnings portion of a Non-Qualified Distribution may be subject to a 10% federal income tax penalty in addition to any income taxes that may be due.

“**Program**” means the West Virginia College Prepaid Tuition and Savings Program operated by the Board of Trustees of the West Virginia College Prepaid Tuition and Savings Program in accordance with the provisions of West Virginia Code §18-30-1 et seq. The Program includes the College Savings Plan.

“**Program Manager**” means Hartford Life Insurance Company. The Board has contracted with Hartford Life Insurance Company to provide a variety of administrative, investment and marketing services for the Program, including the College Savings Plan.

“**Qualified Distribution**” means a withdrawal used to pay for the Designated Beneficiary’s Qualified Higher

Education Expenses at an Eligible Educational Institution.

“**Qualified Higher Education Expenses**” are defined by federal law and include tuition, fees, the cost of books, supplies and equipment required for enrollment of a Designated Beneficiary at an Eligible Educational Institution. Also included are expenses for special needs services and the cost of room and board for a Designated Beneficiary enrolled at an Eligible Educational Institution.

“**Successor Owner**” means the individual, at least 18 years of age, corporation or other entity authorized to become the Account Owner and assume the responsibilities and duties of the Account Owner.

Section 3 — Contributions

3.1 Receipt of Contributions. All contributions to the Account must be made by automatic investment, wire or check. The Program Manager will accept and hold in the Account the contributions it receives from time to time and will invest the contributions according to the instructions provided by the Account Owner. Restrictions, in addition to those currently in effect, may be imposed by the Board, including limitations as to the amount of contributions and method for making contributions.

3.2 Rollover Contributions. The Account Owner may roll over, or cause to be rolled over, in cash, to the Account, all or a portion of the assets of a tuition program qualified under Section 529 of the Internal Revenue Code (the “Code”) in a form or manner acceptable to the Program Manager. In accepting or making any such transfer the Board of Trustees and the Program Manager assume no responsibility for the tax consequences of the rollover. The Program Manager and the Board of Trustees will not be responsible for any losses the Account Owner may incur as a result of the timing or investment of any transfer from or to a qualified tuition program that are due to circumstances reasonably beyond the control of the Program Manager.

3.3 Account Limits. Federal income tax laws require that a limit be placed on allowable contributions for each Designated Beneficiary. Currently, the limit for SMART529 is \$265,620. That limit includes both contributions and earnings. The Program Manager will monitor contributions to ensure that they do not cause a Designated Beneficiary’s contribution limit to be exceeded. If you have other 529 Plan accounts for the same Designated Beneficiary, at the time of each contribution, you must be sure to add those balances to the balance in this Account, plus the amount of your contribution, to make sure that the total value of all 529 Plans for the same Designated Beneficiary do not exceed the limit of \$265,620. The Program Manager will not monitor account balances that are not part of the SMART529 Program. However, the Program Man-

ager will notify you if a contribution will put you over the limit for this Account. You can ask us to transfer your contribution to another eligible 529 Plan or authorize us to return your contribution to you. If we do not receive instructions from you within three days of the date we receive the ineligible contribution, we will return the contribution to you. If the value of the Account falls below \$265,620, you may resume making contributions to this Account.

3.4 Contributions via Check. The Program Manager reserves the right to convert any contributions remitted to SMART529 by check into an electronic debit format. In this regard, it may initiate credit/debit entries to the payor’s account as well as adjustments for credit/debit entries made in error. The information needed to initiate such entries may be obtained from the check Magnetic Ink Character Recognition (or “MICR”) line and from the depository institution whose name will be obtained from the check. If this method of collecting funds is used, the electronic debit may be posted to your bank account as early as the day after your check was received by the Program Manager. However, the check will not be returned. Instead, an image of the check will remain on file with the Program Manager for a period of two (2) years. The Program Manager may charge a nominal fee for photocopies of check images.

Section 4 — Designated Beneficiary

4.1 Designation of Beneficiary. The Account Owner must specify a Designated Beneficiary on the Application. The Account Owner can be the Designated Beneficiary. The Account Owner may make a federal income tax free change of the Designated Beneficiary on an Account at any time to a new Designated Beneficiary provided the new Designated Beneficiary is an Eligible Family Member of the Designated Beneficiary. The following family members are considered “Eligible Family Members” and can be named as the replacement Designated Beneficiary:

- ▶ son, daughter, or descendant of either;
- ▶ stepson or stepdaughter;
- ▶ brother, sister, stepbrother or stepsister;
- ▶ stepfather or stepmother;
- ▶ father, mother or ancestor of either;
- ▶ son or daughter of brother or sister;
- ▶ brother or sister of father or mother;
- ▶ son-in-law, daughter-in-law, father-in-law, mother-in-law, sister-in-law or brother-in-law;
- ▶ spouse or spouse of any family member listed above; or
- ▶ first cousin.

A change of Designated Beneficiary must be submitted in writing on a form provided or approved by the Program Manager and shall be effective upon receipt and approval by the Program Manager.

4.2 Qualified Adult. In the event a minor is going to be both the Account Owner and the Designated Beneficiary, he or she must have an adult willing to act as Account Owner (“Qualified Adult”) until the minor reaches the age of majority under the laws of the state in which he or she resides at the time the Account is opened. A Qualified Adult must establish the Account on behalf of the minor by completing the Application on behalf of the minor. The Qualified Adult may exercise all Account Owner rights, powers and duties with respect to administration, management and distribution of the Account until the minor attains the age of majority, including but not limited to choosing an investment strategy, designation of any Successor Account Owners and directing distributions. However, the Qualified Adult must act in the best interests of the minor. Until the minor attains the age of majority, the minor will have no authority with respect to the administration, management, designation of Successor Account Owners or distributions from the Account. The Program Manager may rely on any instruction or direction made by the Qualified Adult and will deliver all required notices or documents to the Qualified Adult. When the minor attains the age of majority, he or she shall assume responsibility for the Account and the Qualified Adult will have no further right, power or duty to act upon the Account.

The Qualified Adult may designate another individual to act as the Qualified Adult for the Account in the event he or she becomes incapacitated or dies before the minor reaches the age of majority under the laws of the state in which the minor is a resident. Such designation must be in writing and must be on file with the Program Manager. If no new Qualified Adult has been designated, the new Qualified Adult will be the surviving parents of the minor or, if no parent shall survive the minor, the guardian, conservator or other legal representative, wherever appointed, of the minor. Evidence satisfactory to the Program Manager of the death or disability of the Qualified Adult must be provided.

Section 5 — Investments

5.1 Investment Selection. When an Account is established, the Account Owner will designate Options offered by the Program for the Account. The Program Manager will invest all contributions in the appropriate Investment Option designated by the Account Owner. The Account Owner may not direct the selection of individual investments for the Account or the investment allocations in the Investment Options.

5.2 Account Statements. The Program Manager will provide to the Account Owner periodic statements

reflecting the value of the Account, contributions, distributions and any other transactions in the Account during the period. Unless the Account Owner sends the Program Manager written objection to the Account Statement within sixty (60) days of receipt, the Account Owner will be deemed to have approved the Account Statement, and the Program Manager, the Board of Trustees, the Treasurer and the State of West Virginia, their officers, employees, attorneys and agents will be forever released and discharged from all liability and accountability to anyone with respect to all matters covered by or any mistakes contained in the Account Statement.

Section 6 — Distributions

6.1 Distributions. Only the Account Owner can direct a distribution from the Account at any time and from time to time. The Program Manager will process each request upon receipt of a completed distribution request, in a form approved by and acceptable to the Program Manager, and any required documentation. The Designated Beneficiary, unless also the Account Owner, cannot direct a distribution from the Account. The Account Owner may direct the Program Manager to make any distributions from the Account directly to any person, corporation, university, college or any other entity. The Program Manager is empowered to make a distribution if directed to do so by a court order and the Program Manager will incur no liability for acting in accordance with the court order. The Program Manager will report all distributions to the IRS as required under the Act.

6.2 Distribution Due to the Death or Disability of the Designated Beneficiary. In the event of the death or disability of the Designated Beneficiary the Account Owner may designate a new Designated Beneficiary or withdraw the balance of the Account without penalty. The earnings portion of any distribution under this Section will be subject to ordinary income tax and may be subject to other tax consequences. You should consult a qualified tax advisor to ensure that this distribution is correctly characterized on your income tax returns.

6.3 Distribution Due to a Scholarship, or Other Allowance or Payment. In the event the Designated Beneficiary is awarded a scholarship or other qualified allowance or payment, the Account Owner may withdraw from the Account without a federal income tax penalty an amount no greater than the amount of scholarship or other qualified allowance or payment. The earnings portion of the distribution will be subject to ordinary income tax. You should consult a qualified tax advisor to ensure that these distributions are correctly characterized on your income tax returns.

6.4 Rollover Distribution. All or any portion of the assets of the Account may be rolled over to a qualified tuition program if directed by the Account Owner and

requested in a form or manner acceptable to the Program Manager. In accepting or making any transfer, neither the Board of Trustees, any Board member, the State Treasurer, the State of West Virginia, Program Manager, nor any agent or employee of the Board, Treasurer, State of West Virginia or the Program Manager assumes any responsibility for the tax consequences of the Rollover. The Program Manager will not be responsible for any losses the Account Owner may incur as a result of the timing of any transfer from or to a qualified tuition program that are due to circumstances reasonably beyond the control of the Program Manager. There is a \$50 charge for rollovers to another 529 Plan.

Section 7 — Change of Account Owner

7.1 Change of Account Ownership. Account ownership may be transferred to another eligible individual without penalty under certain circumstances. A transfer must be without consideration and the request must be submitted in writing on a form provided or approved by the Program Manager, to be effective upon receipt and approval by the Program Manager and must be accompanied by an Application completed by the new Account Owner. The Program Manager assumes no responsibility for the tax consequences of any such change.

7.2 Designation of Successor Account Owner. The Account Owner may designate, on the Application, any person, including the Designated Beneficiary, as the Successor Account Owner of the Account. This designation may be revoked by the Account Owner at any time, and will be automatically revoked upon receipt by the Program Manager of a subsequent designation in valid form bearing a later execution date. The designation and any subsequent designation must be submitted in writing on a form provided or approved by the Program Manager and will be effective upon receipt and approval by the Program Manager. This right of designation shall extend to the Successor Account Owner in the event the Successor Account Owner becomes the Account Owner.

The rights of a Successor Account Owner are limited solely to the right of survivorship in the event of the Account Owner's death or disability. A Successor Account Owner has no right to direct Account changes, transfers, or cancellations. However, if a named Successor Owner becomes the Account Owner, he or she will have all of the rights and privileges of an Account Owner as described herein. An Account Owner may modify or terminate the Account without the consent or authorization of the Successor Account Owner.

7.3 Death of an Account Owner Prior to the Distribution of the Account. In the event an Account Owner dies, the ownership of the Account will fully vest in the Successor Account Owner designated by the Account

Owner. If there is no surviving Successor Account Owner or if the Successor Account Owner disclaims ownership in the Account, the Account shall fully vest in the Designated Beneficiary. If the Designated Beneficiary becomes a Successor Account Owner due to the death of the original Account Owner and has not attained the age of majority under laws of the state in which the Designated Beneficiary is a resident at such time, the Account shall be administered, as provided in this Agreement by the Qualified Adult. The Qualified Adult will be the surviving parents of the Designated Beneficiary or, if no parent survives the Designated Beneficiary, the guardian, conservator or other legal representative, wherever appointed, of the Designated Beneficiary. In any event, evidence satisfactory to the Program Manager of the death of the persons must be provided.

7.4 Transfer on Divorce. All or a portion of an Account Owner's interest in the Account may be transferred to a new Account established by a spouse or former spouse pursuant to a decree of divorce, separate maintenance or a written instrument incident to a decree, in which event the transferred portion shall be held as a separate Account. In any event, evidence satisfactory to the Program Manager of the divorce or separation may be required.

Section 8 — Amendment and Termination

8.1 Amendment. The Board of Trustees, reserves the right to amend this Agreement, in whole or in part, to meet the requirements of the Code, the Act or for any other purpose. Any amendments may be retroactively effective if such amendment is necessary to conform the Agreement to, or satisfy the conditions of, any law, governmental regulation or ruling and to permit the Agreement to meet the requirements of the Code or Act. The Program Manager will furnish a copy of any amendment to the Account Owner.

8.2 Termination. The Program Manager may terminate an Account and distribute the assets of such Account after the deduction of any applicable penalties as a Non-Qualified Distribution, if it determines that the Account Owner or the Designated Beneficiary has provided false, fraudulent or misleading information or made a material misrepresentation to the Program Manager, the Board of Trustees, the Treasurer or an Eligible Educational Institution as defined in the Act or the Account balance does not meet the minimum balance criteria established by the Program Manager.

The Board of Trustees, reserves the right to terminate or suspend this Agreement, the Trust and the Program at any time. Nothing contained in the Agreement or the Program should be construed as an agreement or representation by the Board of Trustees, the Treasurer or the Program Manager that this Agreement, the Trust or the Program will continue indefinitely.

Section 9 — Miscellaneous

9.1 Fees. All taxes or penalties of whatever kind or character that may be imposed, levied or assessed upon or in respect to an Account all expenses incurred by the Program Manager in the performance of its duties, including fees of attorneys and other persons engaged by the Program Manager for service in connection with an Account; and all fees and other compensation of the Program Manager and the Board of Trustees for their services and/or expenses, according to arrangements in effect from time to time, will be deducted from the Account by the Program Manager.

9.2 Loans. No Account or any portion of an Account may be used as collateral for a loan. Any collateral assignment will have no force or effect. Similarly, an Account Owner or Designated Beneficiary may not borrow, assign or transfer any assets in an Account, except as provided in this Agreement.

9.3 Minors. If a distribution is payable to a person known by the Program Manager to be a minor or otherwise under a legal disability, the Program Manager may, in its absolute discretion, make all or any part of the distribution to a parent of the person, the guardian, committee or other legal representative, wherever appointed, of such person, a custodial Account established under a Uniform Gifts to Minors Act, Uniform Transfers to Minors Act or similar act, any person having control or custody of such person, the Qualified Adult, or to the person directly.

9.4 Exemption from Creditor Process. Under West Virginia law, moneys in the Trust Fund are exempt from creditor process, and are not subject to attachment, alienation, garnishment or other process, and moneys in an Account are exempt from the property of an estate in bankruptcy proceedings.

9.5 Applicable Law. Except as otherwise provided, all questions arising with respect to the Program and this Agreement shall be determined by application of the laws of the State of West Virginia except to the extent the Code or any other federal statutes or regulations supersede West Virginia law.

9.6 Exclusive Benefit. At no time will it be possible for any part of an Account to be used for, or diverted to, purposes other than for the exclusive benefit of the Account Owner or the Designated Beneficiary, except as specifically provided in this Agreement.

9.7 Scope of Liability. The Board of Trustees, the Treasurer, the State of West Virginia and the Program Manager and its affiliates, their successors and assigns will not be responsible in any way for determining the appropriateness of contributions; the amount, character, timing, purpose, or propriety of any distribution or withdrawal; or any other action or non-action taken at the Account Owner's request. The Account Owner and Designated Beneficiary will at all times fully indemnify

and hold harmless the Board of Trustees, any Board member, the State Treasurer, the State of West Virginia, Program Manager, and any agent or employee of the Board, Treasurer, State of West Virginia or the Program Manager from and against any and all liability, loss, damage or expense, including attorney's fees, which may arise in connection with the Program, except liability arising from the gross negligence or willful misconduct of the Board of Trustees, the Treasurer or the Program Manager.

The Program Manager is under no duty to take any action other than that specified with respect to an Account unless the Account Owner furnishes the Program Manager with instructions in proper form and the instructions have been specifically agreed to by the Program Manager in writing; or to defend or engage in any suit with respect to an Account unless the Program Manager first has agreed in writing to do so and is fully indemnified to the satisfaction of the Program Manager.

The Program Manager may conclusively rely upon and be protected in acting upon any order from the Account Owner or any other notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed, and so long as it acts in good faith, in taking or omitting to take any other action. Any order or notification will be provided in writing on an original document or, at the Program Manager's discretion, may be provided by a copy reproduced through photocopying, facsimile transmission or electronic transmission. For this purpose, the Program Manager may (but is not required to) give the same effect to a verbal instruction as it gives to a written instruction, and the Program Manager's action in doing so is protected to the same extent as if the verbal instructions were, in fact, a written instruction. The Program Manager is not obliged to determine the accuracy or propriety of any directions and is fully protected in acting in accordance with the directions. If instructions are received that, in the opinion of the Program Manager, are unclear, or are not given in accordance with the Program and this Agreement, the Program Manager will not be liable for loss of income, or for appreciation or depreciation in an Account's value during the period preceding the Program Manager's receipt of written clarification of the instructions. Although the Program Manager has no responsibility to give effect to a direction from anyone other than the Account Owner or Qualified Adult, the Program Manager may, in its discretion, establish procedures pursuant to which the Account Owner or Qualified Adult may delegate to a third party, any and all of the Account Owner's or Qualified Adult's powers and duties, provided, however, that in no event may anyone other than the Account Owner or Qualified Adult execute the Application by which this Agreement is adopted or the form by which the Designated Beneficiary

ary, Successor Account Owner or Qualified Adult are designated.

The establishment of an Account under the Program does not guarantee that any Designated Beneficiary will be accepted as a student by or will be graduated from any institution of post-secondary education or be treated as a West Virginia State resident for tuition purposes.

9.8 Appointment of Agent. The Program Manager may appoint agents, including The Hartford and its affiliates, and persons in its employ, to perform its ministerial acts under this Agreement, including but not limited to, the acceptance and investment of contributions to the Account, acceptance of transfers from other state programs, maintenance of Account records, filing of any federal or state required information returns, maintenance of Designated Beneficiary information, collection and remittance of the Program Manager's fees, any taxes or penalties and payment of distributions.

9.9 Judicial Determination. Anything to the contrary notwithstanding, in the event of reasonable doubt respecting the proper course of action to be taken, the Program Manager may, in its sole and absolute discretion, resolve the doubt by judicial determination which will be binding on all parties claiming any interest in the Account. In this event all court costs, legal expenses, reasonable compensation of time expended by the Program Manager in its duties, and other appropriate and pertinent expenses and the Program Manager will collect costs from the Account.

9.10 Headers and Nomenclature. Titles of sections and division into sections are for general information and convenience of reference and are to be ignored in any construction of the provisions. The masculine shall include the feminine and the singular, the plural in all cases in which such meanings would be appropriate.

9.11 Binding Agreement. This Agreement shall be binding upon the Account Owner, Successor Account Owner, Designated Beneficiary, their heirs, executors or administrators, and upon any person to whom any Account Owner or Designated Beneficiary has attempted to make an assignment contrary to the provisions of this Agreement.

9.12 Severability. In the event any section, clause or portion of this Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, that section, clause or portion shall be severed from the Agreement and the remainder of this Agreement shall remain in full force and effect.

9.13 Entire Agreement. This Agreement and the Application constitute the entire and exclusive statement of the agreement of the parties, and supersede any and all prior agreements, oral or written, and any communications between the parties relating to the Program.

9.14 ACH Authorization. The Account Owner authorizes the Program Manager and its affiliated companies to initiate credit/debit entries (and to initiate, if necessary, debit/credit entries and adjustments for credit/debit entries made in error) to his/her bank account. The Account Owner will provide the necessary information to allow the Program Manager in order to initiate such entries, and authorizes the Depository to credit and/or debit such amounts to his/her bank account. This authorization shall remain in full force and effect until the Program Manager receives written notice from the Account Owner of its termination, provided that such notice is sent to and received by the Program Manager in such time and manner as to afford the Program Manager a reasonable opportunity to act on it.

This instrument has been executed by the Chairman of the West Virginia Prepaid Tuition and Savings Program Board of Trustees.

West Virginia Prepaid Tuition and Savings Program Board of Trustees

By: _____ JOHN PERDUE _____

SMART529 College Savings Service Center
P.O. Box 5015
Hartford, CT 06102-5015