

Columbia 529 Plan



Your education savings starts here

Columbia Management.



Their dreams for tomorrow

You want to help make their dreams come true. A college education can be a child's key to the world, opening doors and creating the opportunities they're hoping for. Planning today for tomorrow's possibilities can help you give your children the opportunity to make their dreams a reality.

A plan for today

Developing a plan for education savings can be difficult. The Columbia 529 Plan may simplify the process with options that allow you to begin saving today, including low investment minimums, an automatic investment plan and flexible investment choices designed to match your individual needs. Talk to your financial advisor today about setting up a Columbia 529 Plan, and offer your children a brighter tomorrow.

The information in this brochure does not constitute tax or legal advice. Neither Columbia Management nor its affiliates, including Columbia Management Distributors, Inc., provide tax or legal advice. Consult with your financial or tax advisor regarding how aspects of the Columbia 529 Plan relate to your own specific circumstances.

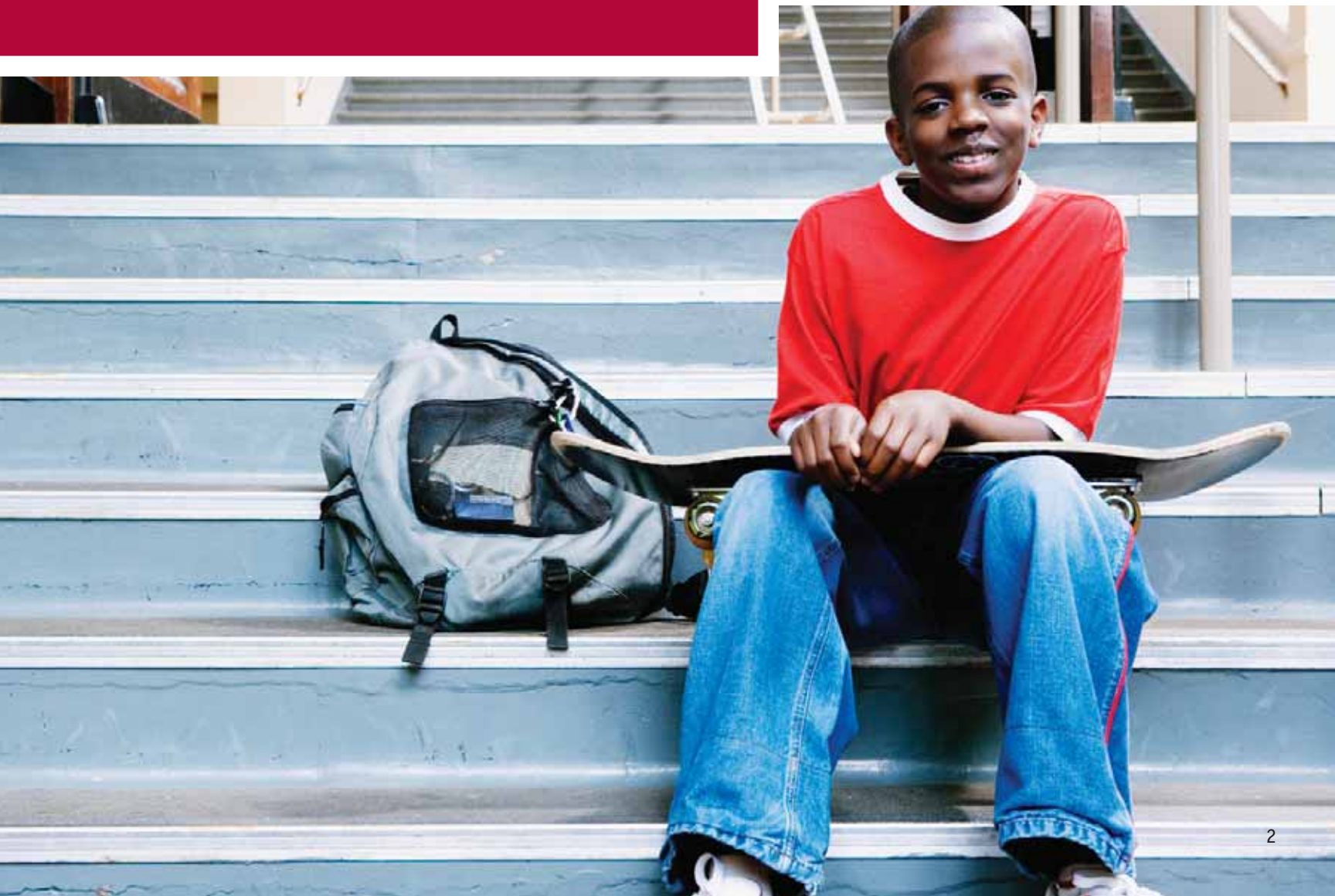
NOT FDIC INSURED	May Lose Value
NOT BANK ISSUED	No Bank, State or Federal Guarantee

Concerned about rising tuition?

It's probably no surprise that college costs are on the rise. Understanding the effects of rising costs on your prospective student's college expenses is important when you consider your college savings strategy.

- Over the past two decades, tuition, fees and room and board have increased 66% for four-year private universities and 70% for four-year public universities.*
- For the 2006–2007 school year, tuition has increased 6.3% over the previous year for private universities and 5.9% for public universities.*
- College inflation for both four-year private and public universities continued to outpace the general inflation rate as expressed by the Consumer Price Index (CPI).

*Source: The College Board *Trends in College Pricing 2006* and the U.S. Department of Labor Bureau of Labor Statistics.



Why invest in the Columbia 529 Plan?

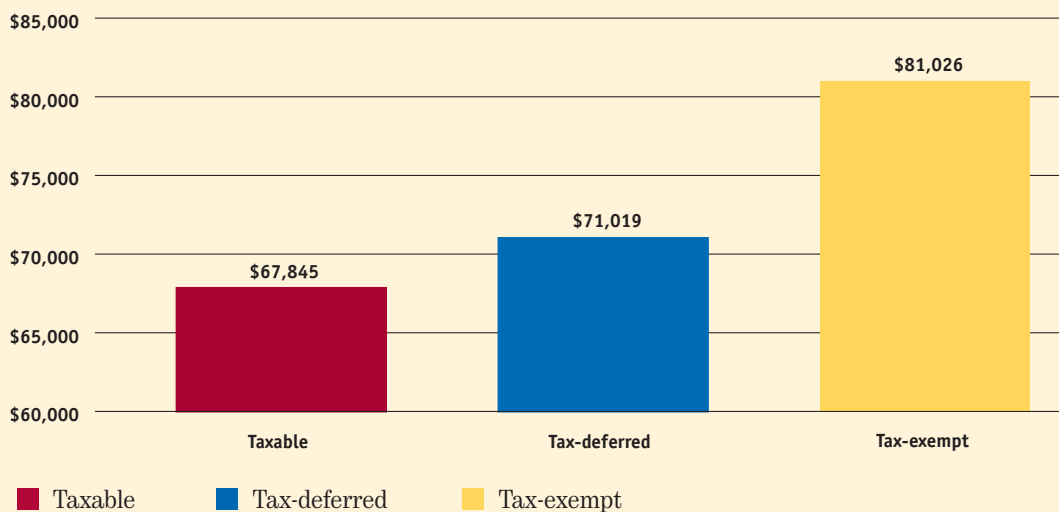
Saving for college is difficult enough without seeing your investment earnings and withdrawals reduced by taxes. The Columbia 529 Plan can offer earnings free of federal income tax and freedom from many of the restrictions that go along with other college savings alternatives. (A chart summarizing the differences among 529 plans and other college savings investment vehicles can be found on pages 7 and 8.)

Earnings on nonqualified withdrawals are subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes.

Before investing in the Columbia 529 Plan, please read carefully the Program Description and Participation Agreement accompanying this brochure, which contain more complete information on the Columbia 529 Plan, including a description of fees, expenses and risks. For additional copies of the Program Description, please contact your financial advisor.



Watch what can happen when your earnings grow tax-free



This chart compares the difference between \$5,000 invested in a taxable account, a tax-deferred account and a tax-exempt account with subsequent investments of \$2,400 per year over 15 years. This illustration demonstrates the value of the potential tax-exempt earnings in a 529 education savings plan such as the Columbia 529 Plan. (Chart does not include the effects of any expenses or state taxes that may apply.)

Source: "Compare Taxable, Tax-Deferred And Tax-Free Investment Growth" calculator on www.fincalc.com. Financial Calculators, Inc.

Results will vary based on actual rates of return. This chart is for illustrative purposes only and is intended to help you understand the benefits of tax exemption. Tax benefits are subject to certain limitations and certain withdrawals are subject to federal, state and local taxes. If you or the beneficiary are a resident or taxpayer of another state, you should consider whether your state or the beneficiary's home state offers a 529 plan with tax or other benefits that are not available through this Program. You should consult your tax advisor.

Assumptions: \$5,000 initial investment with subsequent annual investments of \$2,400 for a period of 15 years; annual rate of return on investment of 8% and no funds withdrawn during the time period specified; taxpayer is in the 25% federal tax bracket for all options at the time of contribution and withdrawal.

Withdrawal of earnings not used for qualified higher education expenses will be subject to federal and possibly state income tax and may be subject to an additional 10% penalty. The illustration does not reflect the deduction of any fees or charges, and is not indicative of the actual performance of any Columbia-distributed product, including any portfolio or combination of portfolios available through the Columbia 529 Plan, or any other 529 plan.

None of the State of Nevada, its agencies, the Federal Deposit Insurance Corporation (FDIC), Columbia Management Group, LLC, Upromise Investments, Inc. or their affiliates insures accounts or guarantees the principal invested therein or any investment returns on any account or investment portfolio. The value of your account will vary based on market conditions and the performance of the investment options you select, and may be more or less than the amount you invest.

References to third party Web sites or calculators should not be construed as an endorsement by Columbia Management or any of its affiliates. Although we believe the sites and calculators to be reliable, neither Columbia Management nor any of its affiliates represents or guarantees that they are accurate or complete, and they should not be relied upon as such.

Plan advantages and benefits

The Columbia 529 Plan can be tailored to match your savings needs, no matter what your time horizon or risk tolerance is. The plan offers multiple investment approaches, including age-based investments that are automatically adjusted as the beneficiary nears college age, and customized portfolios. Also, favorable estate tax treatment and account owner control over assets make the Columbia 529 Plan a good choice for investors in a variety of circumstances. The chart below summarizes the benefits the Columbia 529 Plan can provide for you. Please remember there's always the potential of losing money when you invest in securities.

The following summary and others in this brochure are not comprehensive. Participants are advised to review the Program Description and consult their financial and tax advisors regarding details of the matters described below and how they relate to their own circumstances.

What is a 529 savings plan?

Created under Section 529 of the Internal Revenue Code (IRC) and sponsored by individual states, 529 savings plans are tax-advantaged education savings vehicles. Though the plans themselves have been around since 1996, changes to the IRC have rendered them superior to many other savings vehicles in tax treatment of withdrawals used for qualified education expenses. (Many of these advantages are summarized in the chart below.)

Plan benefit	What this means for you
Account grows federal tax free	Federal tax free growth means that more of your earnings go to work for you instead of going to pay your tax bill.
Qualified withdrawals are free of federal tax	Withdrawals for qualified education expenses are free of federal tax. Nonqualified withdrawals are subject to federal income tax and a 10% penalty on earnings.
No income limits	Unlike some college savings vehicles, such as Coverdell Education Savings Accounts, the Columbia 529 Plan does not impose income restrictions on participants.
High maximum account value	The Columbia 529 Plan's maximum account value is \$310,000 for each beneficiary (across all account owners). Additional contributions are not permitted while the account is at or above the maximum.
Account owner retains control of the account assets	Funds withdrawn from a 529 plan account must be used for qualified educational expenses for the named beneficiary in order to avoid federal taxes and penalties. However, the account owner retains control of the account assets and may withdraw the assets at any time for any purpose, subject to applicable federal and state taxes and penalties for nonqualified withdrawals.
Account assets removed from the account owner's taxable estate	Although the account owner retains control of the assets, funds contributed to a 529 plan are excluded from the account owner's estate for estate tax purposes.
Special gifting provision allows for larger gifts in a single year without gift tax	Gifts of up to \$60,000 per beneficiary (\$120,000 for a married couple) can be made in the first year of a five-year period without incurring gift tax. This means that individuals can contribute five years' worth of gifts in one lump sum without incurring gift tax. (The normal annual gift tax exclusion is \$12,000 per year for individuals or \$24,000 for married couples filing jointly.) In the event that the donor does not survive the ensuing five years, a prorated amount will revert back to the donor's taxable estate.
Option to change beneficiaries	The account owner can change a beneficiary to a qualified member of the family of the current beneficiary at any time without adverse federal tax consequences. (State tax consequences may apply.)
Revocable assets	Contributions made to a 529 plan account can be withdrawn by the account owner through a nonqualified withdrawal (see second item above for important information regarding nonqualified withdrawals).

Underlying investments from multiple investment managers mean greater choice for you

The Columbia 529 Plan offers portfolios that invest in offerings from some of America's leading investment managers.

- Columbia Management Advisors, LLC
- Columbia Wanger Asset Management, L.P.
- Marsico Capital Management, LLC
- OppenheimerFunds, Inc.



Dollar cost averaging within the Columbia 529 Plan

Dollar cost averaging from within the Columbia 529 Plan allows you to get the potential dollar cost averaging benefits of smaller, regular monthly investments. When you select this option, a lump sum investment (\$5,000 minimum) goes into the Columbia Short Term Bond 529 Portfolio, from which a smaller set amount (\$100 minimum) is transferred each month to the portfolio(s) you have selected for your contribution. As the price of each portfolio fluctuates, the amount transferred buys more units when the portfolio price is lower, and fewer when it is higher. As a result, the average unit price you pay for each portfolio may be lower over the course of your investment, which may help reduce the effects of market volatility on your investment. (A change in your monthly investments from the Columbia Short Term Bond 529 Portfolio constitutes an investment change and may only be done once per calendar year.)

A program of regular investment cannot assure a profit or protect against a loss in a declining market. Since the dollar cost averaging method involves monthly transfers from the Columbia Short Term Bond Portfolio regardless of fluctuating price levels of a portfolio's underlying funds (and resulting fluctuations of the portfolio's unit value), you should consider your financial ability not to withdraw the lump sum(s) contributed through periods of low price levels.

Three ways to invest

1. Age-based

(minimum investment \$1,000)

When you select the Columbia 529 Plan's age-based option, you can choose to have your contributions invested in a predesigned asset allocation model with a risk profile tailored to your beneficiary's time horizon (the number of years before your beneficiary enters college). As your beneficiary ages, the assets in your Columbia 529 Plan account will be automatically transferred to more conservative portfolios.

2. Asset allocation portfolio

(minimum investment \$1,000 per portfolio)

You can also choose to invest in one or a combination of our asset allocation models, based on your investment style and tolerance for risk. With this option, you choose the specific portfolio(s) in which you would like your contribution to be invested. (Unlike the age-based option, assets will be reallocated to another portfolio only at your instruction. Keep in mind that new contributions must be allocated as they are made, but changes to existing investments within the plan can be made only once per calendar year.)

3. Customized portfolio

(minimum investment \$1,000 per portfolio)

The Columbia 529 Plan also offers investments in single-fund portfolios, which focus on a single asset class by investing in only one underlying fund. With the custom portfolio option, the assets in your Columbia 529 Plan account will be reallocated only at your instruction. (Keep in mind that new contributions must be allocated as they are made, but changes to existing investments within the plan can be made only once per calendar year.) Use the custom portfolio option to target only one or two asset classes or to design your own asset allocation model. You have the option to invest in any combination of the available portfolios, provided that you meet the investment minimum for each portfolio in which you choose to invest.

Please remember there's always the potential of losing money when you invest in securities.

Columbia 529 Plan vs. other saving options

	Columbia 529 Plan	UGMA/UTMA	EE or I savings bonds
Federal taxation of account earnings	Tax exempt when used for qualified higher education expenses	Taxable	Tax exempt to the extent qualified higher education expenses equal or exceed the redemption amount
Income limits	None	None	Yes. Tax exclusion above phased out for taxpayers above certain adjusted gross income levels.
Maximum account balance	Contribute until the aggregate value of all accounts held for the same beneficiary reaches \$310,000 ¹	None	None
Control of assets	Account owner retains control of assets and can choose to change the account beneficiary or revoke the assets through a nonqualified withdrawal ²	Custodian controls the assets until the beneficiary reaches the age of majority	Registered owner controls assets
Ability to change beneficiaries	Can be changed to a qualified family member of the current beneficiary without adverse federal tax consequences	No	Can be used for any dependent's education tax free if other requirements met.
Revocability of assets	Assets are revocable ² (see below for treatment of nonqualified distributions)	Assets are irrevocable	Assets are revocable (see below for treatment of nonqualified withdrawals)
Investment options	Multiple investment options, from conservative to aggressive, including both asset allocation and customized portfolio options	Can include any tangible asset or registered security	EE bonds
Penalty for nonqualified withdrawals	Earnings withdrawn subject to federal and state income tax and a 10% federal penalty tax	Not applicable	Loss of exclusion from federal income tax if not used for qualified higher education expenses
Estate planning benefits	Account assets are removed from account owner's taxable estate	Assets are removed from donor's estate if donor does not act as custodian	None
Impact on federal needs-based student aid	Treated as assets of the account owner, not the beneficiary (if the parent is account owner, assessed at 5.64% maximum)	Assets considered to be student's (where student is the beneficiary); assessed at 20%	Treated as assets of the bond owner, not the beneficiary (if the parent is account owner, assessed at 5.64% maximum)
Gift tax treatment	Gifts of up to \$60,000 (\$120,000 for married couples filing jointly) qualify for federal gift tax exclusion, provided no other gifts are given to the beneficiary over the ensuing five years. In the event that the donor does not survive the ensuing five years, a prorated amount will revert back to the donor's taxable estate.	Qualifies for the annual \$12,000 gift tax exclusion	Not applicable

¹ This limit includes all 529 savings plan accounts held through the State of Nevada. Although no additional contributions will be accepted when your account value reaches this maximum, your earnings may continue to accumulate beyond this maximum based on the performance of the investment option you choose.

² Not applicable for accounts opened under an UGMA/UTMA registration.

Coverdell Education Savings Account (formerly Education IRA)

Qualified prepaid tuition plan

Regular investment account

Tax exempt when used for qualified education expenses (including primary, until 2010, and secondary education expenses)

Tax exempt when used for qualified higher education expenses at designated institutions

Taxable

Eligibility phases out at \$110,000 for single filers and \$220,000 for joint filers

Varies by state

None

Limited by \$2,000 annual contribution limit

Varies by state

None

Controlled by the responsible individual named on the account, but must be used for the benefit of the named minor. Assets will be transferred to the beneficiary at age 30.

Account owner controls assets

Account owner controls assets

Can be changed to a member of the family of the current beneficiary if the right to do so is established when the account is opened

Can be changed to a qualified member of the family of the current beneficiary without adverse federal tax consequences

Yes

Assets must be used for the beneficiary. Any remaining balance will be transferred to the beneficiary at age 30, subject to taxes and penalty.

Assets are revocable (see below for treatment of nonqualified distributions)

Account owner has discretion over assets

May invest in any registered security with the exception of life insurance contracts

Varies by plan

Can invest in any registered security

Earnings withdrawn subject to federal and possibly state income tax and a 10% penalty

Subject to federal and possibly state income tax and a 10% penalty on earnings

Not applicable

Assets are generally removed from donor's estate

Contributions are generally removed from the account owner's estate

None

Treated as assets of the account owner, not the beneficiary (if the parent is account owner, assessed at 5.64% maximum)

Treated as assets of the account owner, not the beneficiary (if the parent is account owner, assessed at 5.64% maximum)

Assets in parent's name assessed at 5.64% maximum

Qualifies for the annual \$12,000 gift tax exclusion

Gifts of up to \$60,000 (\$120,000 for married couples filing jointly) qualify for federal gift tax exclusion, provided no other gifts are given to the beneficiary over the ensuing five years. In the event that the donor does not survive the ensuing five years, a prorated amount will revert back to the donor's taxable estate.

Qualifies for the annual \$12,000 gift tax exclusion

Frequently asked questions

Eligibility

Q Can my plan beneficiary attend college anywhere?

Yes. Qualified withdrawals, withdrawals that are used to pay for tuition, fees, room and board (with limitations), books, supplies and equipment required for enrollment or attendance, can be used at any eligible educational institution. A list of eligible educational institutions can be found at www.fafsa.ed.gov.

Q Who is eligible to open a Columbia 529 Plan account?

The Columbia 529 Plan is open to any U.S. citizen or resident alien who has a valid Social Security number or taxpayer identification number. You must have a valid residential address that is not a post office box. The person on whose behalf you're opening the account (the beneficiary) must also be a U.S. citizen or resident alien with a valid Social Security number or taxpayer identification number. There are no income restrictions or state residency requirements.

Beneficiary

Q Who can be the beneficiary of my 529 plan account?

You can save for a child, grandchild, niece, nephew, friend — even yourself. Additionally, you may change your beneficiary or transfer a portion of the assets to an eligible member of the family of the original beneficiary at any time.

Q Can I open more than one account for different beneficiaries?

Yes. Nevada's maximum account balance is imposed per beneficiary rather than per account owner. In other words, each beneficiary is eligible for the maximum account balance of \$310,000.

Q Who is included in the Internal Revenue Code's definition of a "Member of the Family?"

A "Member of the Family" of the beneficiary is currently defined for purposes of Section 529 as any person related to the beneficiary as follows:

- Father, mother, or an ancestor of either
- Son, daughter, or a descendant of either
- Stepfather or stepmother
- Stepson or stepdaughter
- Brother, sister, stepbrother, or stepsister
- Brother or sister of the father or mother
- Brother-in-law, sister-in-law, son-in-law, daughter-in-law, father-in-law, or mother-in-law
- Son or daughter of a brother or sister
- Spouse of the beneficiary or any of the individuals mentioned above
- First cousin

A legally adopted child of an individual is to be treated as the child of such individual by blood, and a half-brother or half-sister is treated as a brother or sister.

Rollovers

Q Can I transfer my UGMA/UTMA account into a 529 plan?

You may use money from a Uniform Gifts/Transfers to Minors (UGMA/UTMA) account to open an account in the Columbia 529 Plan, but keep in mind that you may incur capital gains taxes from the sale of the assets currently held in the UGMA/UTMA account.

Since any money gifted to a child in an UGMA/UTMA account is irrevocable, the 529 should be opened as a separate "UGMA/UTMA 529" account. You should consider opening a separate 529 account for the same child if you wish to make additional contributions of non-UGMA/UTMA money. Any money that you contribute to the "UGMA/UTMA 529" account will be considered owned by the child and you will not be able to change the beneficiary of this account.

Q Can I roll my existing Coverdell Education Savings Account (Education IRA) into a 529 plan account?

Yes, subject to restrictions. Because 529 plan accounts accept only cash contributions, assets in a Coverdell account must be liquidated to accomplish the transfer. Taking a distribution from your Coverdell account to invest in a 529 plan is considered a qualified withdrawal, and is not a taxable event for federal tax purposes.

Withdrawals

Q What if the beneficiary of my account decides not to go to college?

You may leave your money in the account in the event that the beneficiary decides to attend college at a later date. You may also name another "Member of the Family" as beneficiary on the account and use the 529 assets to pay for that person's education. If no eligible family members can be named beneficiary, then you may choose to close the account and earnings will be subject to federal income tax and an additional 10% federal penalty tax, as well as state and local income taxes.

Q What if my beneficiary receives a scholarship?

If the account beneficiary receives a scholarship, the account owner is allowed a withdrawal for nonqualified expenses in the amount of the scholarship. While the earnings on this withdrawal would be subject to federal and state income tax, the 10% penalty normally attached to nonqualified withdrawals would be waived to the extent such withdrawal does not exceed the scholarship amount. Any remaining funds in the account can be used to cover educational expenses not covered by the scholarship, or a new beneficiary can be named.

Q What expenses are considered "qualified" under the plan?

As defined by the Internal Revenue Code (IRC), qualified higher education expenses currently include tuition, fees, room and board (while attending at least half-time), books, supplies and equipment required for enrollment in or attendance at an eligible educational institution. Eligible educational institutions include two-year and four-year public and private universities, graduate and professional programs and even some vocational programs. A list of eligible educational institutions can be found at www.fafsa.ed.gov.

Get started today

Included with this brochure is everything you need to open your Columbia 529 Plan account. Talk to your financial advisor about the investment choices that are right for you.



Please consider the investment objectives, risks, charges and expenses carefully before investing in the Columbia 529 Plan. Contact your financial advisor or Columbia Management at 877.994.2529 or visit www.columbia529.com for a Program Description and Participation Agreement, which contains this and other important information. Read it carefully before investing. You should also consider, before investing, whether the investor's or designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. Columbia Management Distributors, Inc., member FINRA and SIPC, distributor and underwriter.

The Columbia 529 Plan is administered by the Board of Trustees of the College Savings Plans of Nevada, chaired by Nevada State Treasurer Kate Marshall. Upromise Investments, Inc. serves as the Program Manager and has responsibility for certain administrative and recordkeeping services for the Plan, including assisting Columbia Management Group, LLC ("Columbia Management") with effecting transactions. These entities are not affiliated with Columbia Management. Columbia Management, through its affiliates, develops the Plan's Portfolios, markets the Plan, assists in the distribution of Portfolio units, performs related management and administrative functions, and performs investment advisory functions to The Columbia 529 Plan. Columbia Management Group is the investment management division of Bank of America Corporation. Columbia Management entities furnish investment management services and products for institutional and individual investors. The Columbia 529 Plan is offered by Program Description, and Columbia Funds by prospectus, and is marketed and distributed by Columbia Management Distributors, Inc., member FINRA and SIPC. Columbia Management Distributors, Inc. is part of Columbia Management and an affiliate of Bank of America Corporation.

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