

The State of Michigan, through the Michigan Department of the Treasury offers a 529 Michigan Education Savings Program.

Michigan Income Tax Deduction

Amounts contributed by a Michigan taxpayer to Michigan Education Savings Program accounts during the tax year, less the amount of any qualified withdrawal from those accounts during the tax year, is deductible from Michigan adjusted gross income in an amount not to exceed \$5,000 for a single return or \$10,000 for a joint return for that tax year. Amounts transferred from or contributed to another 529 college savings account plan are not eligible for the Michigan income tax deduction.

The 529 College Saving program offered by MEA Financial Services/Paradigm Equities through American Funds is considered an out-of-state program and does not qualify for these tax benefits offered by the State of Michigan.

Suitability

Choosing the right college savings plan is an important decision. Make sure the plan you choose provides those features and benefits that are best suited to your risk tolerance, income, investment style and investment goals. Remember, state tax deduction is only one variable to consider when investing in a college savings program, other items to consider should include: the variety of investment options, self-managed vs. preprogrammed investment options, the maximum contribution limit, contribution flexibility, investment fund performance, the program's fees and charges, web-based planning tools, customer service, account access and transfer and distribution options.

Please consult with your financial advisor or tax consultant to determine if the benefits and features of this 529 College Savings Program or any other college savings program apply to your specific circumstances and goals.

Investments in the 529 plans are subject to market risk and there is no guarantee that funds will be sufficient to cover all college costs.

For more information, or to obtain the offering statement, please call MEA Financial Services/Paradigm Equities, Inc. at (800) 292-1950.

The offering statement contains information relating to the product's investment objectives, risks, charges and expenses as well as other important information.

Please carefully read the offering statement and participation agreement and carefully consider the investment objectives, risks, charges and expenses before investing or sending money.

mea
Financial
Services

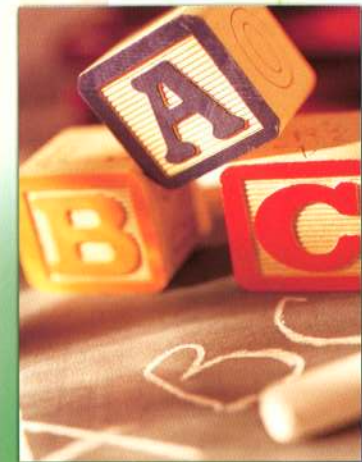
Securities offered through:

PARADIGM EQUITIES, INC.

Paradigm is a wholly-owned subsidiary of MEA Financial Services.

P.O. Box 2501 • East Lansing, MI 48826-2501

1-800-292-1950 www.meafs.com



529
College Savings
Program

Saving for college

mea
Financial
Services

There is no better way to prepare for the future than to have a solid education. This fact is proven by a number of studies that demonstrate the significant lifetime earnings advantage of a college educated graduate.

The other fact that a good education is expensive is equally true. Consider some recent statistics sponsored by the College Board regarding the average annual cost of tuition, room and board at a four-year college or university for the 2005-2006 school year. For a public four-year college or university, the expense averages \$15,566. For a private four-year college or university the expense averages \$31,916. And, it is estimated that over the last five years, the average increase of a college education has risen in the range of 6% to 7% per year.

While saving for college has always been a challenge, the sooner you begin the easier it is to accomplish your goal. Even small amounts, wisely invested and set aside early can grow to meaningful savings through the power of compounding, regular scheduled saving and tax deferral.

Once you have determined how much time you have and the size of your savings goal, you will need to decide the type of education saving vehicle that best fits your plans. One such plan is the 529 College Savings Plan.

What is a 529 Plan?

Named after the section of the federal tax code that governs these programs, 529 plans, or qualified tuition programs are a means of saving for future college costs. 529 Plans offer tax and estate planning benefits along with no income restrictions for participation and no age limit for the account holders. Contributions to 529 plans are not eligible as a tax deduction on federal income tax but earnings on investment contributions and withdrawals made for qualified higher education expenses are free from Federal taxes.

Are there different types of 529 Plans?

There are two types of 529 Plans – prepaid tuition plans and college savings plans. A prepaid tuition plan allows parents, grandparents and others to prepay tuition, at today's tuition rates, at eligible public and private colleges and universities. Under prepaid plans, the price of the contract is determined prior to purchase and usually depends on the type of contract, the current grade of the beneficiary, the current and projected cost of tuition and the expected rate of return. Unlike college savings plans, prepaid tuition plans usually have no investment options. They may also contain a residence requirement as well as age and grade limits for enrollment.

College savings plans are investment accounts which accept contributions from students of all ages, parents, grandparents and others to save for college costs, including tuition fees, room and board, textbooks and computers for the designated beneficiary. College savings plans are flexible, have no age or residency requirements and may offer client directed investment options. Contributions to the plan may vary and are usually limited to minimum and maximum contribution

amounts. Funds within the college savings plan may be moved from one college funding plan to another within limits. College savings plans are subject to investment risk with performance of the investments varying depending on market conditions. Unlike tuition prepay plans, college funding accounts do not lock in tuition prices.

State Tax Advantages

Individual States provide different benefits for College Savings 529 plans which differ from state to state. In most cases you must participate in the home state sponsored 529 plan in order to take advantage of the particular state provided benefit. Many states also follow the federal tax provisions of allowing earnings to grow tax-free and imposing no state tax on qualified withdrawals from in-state and out-of state plans.

Transfers

Transfers between College Savings 529 Plans for the same beneficiary are permitted tax-free, however only one transfer per year is allowed. Asset transfers from one 529 college savings account to another 529 account for a different beneficiary is also permitted provided that the new beneficiary is a "family member" of the original beneficiary of the 529 plan from which the transfer was made.

Control

529 plans permit the account owner to maintain control over the assets of the plan for the life of the account and to change the beneficiary of the account provided the change is to a "family member" of the original beneficiary. For prepaid tuition plans, some restrictions may apply.