

**Bloomwell 529 Education Savings Plan
Program Disclosure Statement dated July 1, 2024
Supplement Number One dated January 1, 2025**

This Supplement amends the Program Disclosure Statement dated July 1, 2024 (the “Program Disclosure Statement”). You should read this Supplement in conjunction with the Program Disclosure Statement and retain it for future reference.

Gift Tax Annual Exclusion Increase

Effective January 1, 2025, the federal gift tax exclusion increased to \$19,000 per donee (\$38,000 for a married couple that elects on a federal gift tax return to “split” gifts). This is an increase over 2024, when the exclusion was \$18,000 per donee (\$36,000 for a married couple that elects on a federal gift tax return to “split” gifts).

All references to the gift tax annual exclusion found throughout the Program Disclosure Statement are updated accordingly.

The first six paragraphs of the section titled “**Estate and gift tax**” on pages 70-71 of the Program Disclosure Statement are replaced with the following:

Estate and gift tax

For federal gift and GST tax purposes, contributions to an account are considered a completed gift from the contributor to the Beneficiary. Accordingly, except as described below, if an account owner dies while there is a balance in the account, the value of the account is not includable in the account owner’s estate for federal estate tax purposes. However, amounts in an account at the death of the Beneficiary are includable in the Beneficiary’s gross estate.

An account owner’s contributions to an account for a Beneficiary are eligible for the gift tax annual exclusion. Contributions that qualify for the gift tax annual exclusion are generally also excludible for purposes of the federal GST tax, unless an election is made on the federal gift tax return to the contrary. A donor’s total contributions to an account for the Beneficiary in any given year (together with any other gifts made by the donor to the Beneficiary in the year) will not be considered taxable gifts and will generally be excludible for purposes of the GST tax if the gifts do not in total exceed the annual exclusion for the year. For 2025, the annual exclusion is \$19,000 per donee (\$38,000 for a married couple that elects on a federal gift tax return to “split” gifts). This means that in each calendar year you may contribute up to \$19,000 to a Beneficiary’s account without the contribution being considered a taxable gift, if you make no other gifts to the Beneficiary in the same year.

The annual exclusion is indexed for inflation and therefore is expected to increase over time.

Five-year election

In addition, if your total contributions to an account for a Beneficiary during a single year exceed the annual exclusion for that year, you may elect to have the amount you contributed that year treated as though you made one-fifth of the contribution that year, and one-fifth of the contribution in each of the next four calendar years. You must make this election on your federal gift tax return by filing IRS Form 709.

This means that you may contribute up to \$95,000 in a single year to an account without the contribution being considered a taxable gift, provided that you make no other gifts to the Beneficiary in the same year in which the contribution is made and in any of the succeeding four calendar years. Moreover, a married contributor whose spouse elects on a federal gift tax return to have gifts treated as “split” with the contributor may contribute up to twice that amount (\$190,000 effective January 1, 2025) without the contribution being considered a taxable gift, provided that neither spouse makes other gifts to the Beneficiary in the same year and in any of the succeeding four calendar years. **An election to have the contribution taken into account ratably over a five-year period must be made by the donor on a federal gift tax return.**

For example, an account owner who makes a \$95,000 contribution to an account for a Beneficiary in 2025 may elect to have that contribution treated as a \$19,000 gift in 2025 and a \$19,000 gift in each of the following four years. If the account owner makes no other contributions or gifts to the Beneficiary before January 1, 2030, and has made no excess contributions treated as gifts subject to the one-fifth rule during any of the previous four years, the account owner will not be treated as making any taxable gifts to the Beneficiary during that five-year period. As a result, the \$95,000 contribution will not be treated as a taxable gift and also will generally be excludible for purposes of the GST tax. However, if the account owner dies before the end of the five-year period, the portion of the contributions allocable to years after the year of death will be includable in the account owner's gross estate for federal estate tax purposes.

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