

529 Plan Updates

SECURE Act Update

On December 20, 2019, the president signed new tax legislation into law. The legislation includes the following provisions related specifically to 529 plan accounts. Beginning with the 2019 tax year, under federal law:

- Account owners can use assets to pay for fees, books, supplies or equipment required for the Beneficiary's participation in a registered apprenticeship program.
- Account owners can use assets to pay the principal or interest on a qualified education loan of the Beneficiary and/or the Beneficiary's sibling, up to the federal lifetime limit (\$10,000 per qualifying individual).

Nebraska statutes currently limit the use of NEST 529 college savings plan accounts only to qualified higher education expenses at eligible educational institutions (e.g., four-year colleges and universities, community colleges, technical schools, or graduate programs). Apprenticeship programs are not classified as eligible educational institutions under Nebraska law. In addition, Nebraska statutes does not allow the use of plan assets to repay education loans. Until the Nebraska Legislature adopts new legislation, the use of 529 accounts for costs associated with apprenticeship programs or to repay student loans would trigger recapture of amounts previously deducted by the account owner, and any earnings portions of the withdrawals may be subject to Nebraska state income tax.

We encourage you to consult a qualified tax advisor about your personal situation and how these changes may impact you.

Tax Bill Update

On December 22, 2017, the president signed new tax legislation into law. The legislation includes the following provisions related specifically to 529 plan accounts. Beginning with the 2018 tax year, under federal law:

- Account owners can use assets to pay for K-12 tuition at public, private and parochial schools, up to \$10,000 per year per beneficiary.
- Account owners can treat K-12 withdrawals for tuition as qualified expenses, which means that earnings on the withdrawals will not be subject to federal tax or a 10% penalty.
- Account owners can roll over 529 plan account assets to ABLE plans, up to the ABLE annual contribution limit (effective for periods prior to January 1, 2026).

Nebraska statutes currently limit the use of NEST 529 college savings plan accounts only to qualified higher education expenses at eligible educational institutions (e.g., four-year colleges and universities, community colleges, technical schools, or graduate programs). In addition, Nebraska statutes currently provide for the recapture of the Nebraska tax deduction on rollovers to a 529 qualified tuition plan or ABLE plan not issued by the State of Nebraska. Until the Nebraska Legislature adopts new legislation, the use of 529 accounts for K-12 tuition and rollovers to a 529 qualified tuition plan or ABLE plan not issued by the State of Nebraska are subject to recapture to the extent previously deducted by the account owner, and any earnings portions of the withdrawals or rollovers may be subject to Nebraska state income tax.

We encourage you to consult a qualified tax advisor about your personal situation and how these changes may impact you.

An investor should consider the particular 529 college savings plan's investment objectives, risks, charges and expenses before investing. The Program Disclosure Statement, which can be obtained from the plan issuer, contains more information, and should be read carefully before investing.

Investors should also consider before investing whether their or their beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's qualified tuition program and should consult their tax advisor, attorney and/or other advisor regarding their specific legal, investment or tax situation.

Investments Are Not FDIC Insured • No Bank, State or Federal Guarantee • May Lose Value