

New tax law provisions expand benefits of 529 plans

On December 22, 2017, President Donald J. Trump signed new tax legislation into law. The TD Ameritrade 529 College Savings Plan website, forms, and Program Disclosure Statement have not yet been updated to reflect changes in the new law.

Key 529 plan-related federal reforms

The law includes the following provisions related specifically to 529 plan accounts. Beginning with the 2018 tax year, the tax treatment under federal law allows 529 plan account owners to:

- Use assets in 529 plans to pay for K-12 tuition at public, private, and parochial schools (up to \$10,000 per year per beneficiary)
- Treat K-12 withdrawals for tuition as qualified expenses, which means that earnings on withdrawals are not subject to federal tax or to a 10% penalty
- Roll over 529 plan account assets to ABLE (Achieving a Better Life Experience Program) plans up to the ABLE annual contribution limit

Status of Nebraska 529 plan statutes

Nebraska statutes currently restrict the use of NEST 529 college savings plan accounts for paying qualified higher-education expenses (four-year colleges and universities, community colleges, technical schools, graduate programs)—not for K-12 expenses. Also, the statutes currently provide for the recapture of the Nebraska tax deduction on rollovers to other states' 529 plans, including ABLE plans. The Nebraska State Treasurer's Office, Trustee of the Nebraska Educational Savings Trust (NEST), is working with the Nebraska Legislature to bring state statutes in line with the new federal provisions regarding the use of 529 accounts. Until the Nebraska Legislature adopts legislation authorizing otherwise, using 529 accounts for K-12 tuition and rollovers to another state's ABLE plan is subject to recapture to the extent previously deducted by the account owner.

The Nebraska State Treasurer plans to ask that a bill be introduced in the current legislative session, to align the state's 529 statutes with the new federal tax law.

We encourage you to consult a qualified tax advisor about your personal situation and how these changes may affect you. Please check this website periodically for updates.

The TD Ameritrade 529 College Savings Plan (the "Plan") is sponsored by the State of Nebraska and administered by the Nebraska State Treasurer. The Plan offers a series of investment portfolios within the Nebraska Educational Savings Plan Trust (the "Trust"), which offers other investment portfolios not affiliated with the Plan. Nebraska Educational Savings Plan Trust serves as Issuer. The Plan is intended to operate as a qualified tuition program to be used only to save for qualified higher education expenses, pursuant to Section 529 of the U.S. Internal Revenue Code.

An investor should consider the Plan's investment objectives, risks, charges and expenses before investing. The Program Disclosure Statement at <https://www.tdameritrade.com/account-types/education/529-plans.page>, which contains more information, should be read carefully before investing.

Investors should 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.

This material is provided for general and educational purposes only, and is not intended to provide legal, tax or investment advice, or for use to avoid penalties that may be imposed under U.S. federal tax laws. This material is not an offer to sell or a solicitation of an offer to buy any securities. Any offer to sell units within the Plan may only be made by the Program Disclosure Statement and Participation Agreement relating to the Plan.

TD Ameritrade does not provide tax advice. Every individual's tax situation is different, and it is important to consult a qualified tax advisor regarding the application of the Plan's benefits to your own individual situation.

Participation in the Plan does not guarantee that contributions and the investment return on contributions, if any, will be adequate to cover future tuition and other higher education expenses, or that a beneficiary will be admitted to or permitted to continue to attend an eligible educational institution.

Investments in the TD Ameritrade 529 College Savings Plan are not guaranteed or insured by the FDIC, SIPC or any other government agency, and are not deposits or other obligations of any depository institution. Investments are not guaranteed or insured by the State of Nebraska, the Nebraska State Treasurer, the Nebraska Investment Council, First National Bank of Omaha or TD Ameritrade, or their authorized agents or their affiliates, and are subject to investment risks, including loss of the principal amount invested.

Withdrawals used to pay for qualified higher education expenses are free from federal and Nebraska state income tax. These expenses include tuition, fees, books, computer equipment and software, supplies and equipment required for enrollment at a qualified institution of higher education. Room and board is considered a qualified education-related expense if the student is enrolled on at least a half-time basis. The earnings portion (if any) of a Non-Qualified Withdrawal will be treated as ordinary income to the recipient and may be subject to an additional 10% federal tax penalty.

Nebraska Educational Savings Plan Trust Issuer

Nebraska State Treasurer Trustee

Nebraska Investment Council Investment Oversight

First National Bank of Omaha Program Manager

First National Capital Markets, Inc. Distributor, Member FINRA, SIPC

TD Ameritrade, Inc. sub-administrator

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