

STATE OF NEBRASKA
STATE TREASURER



John Murante
State Treasurer
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MEMORANDUM

TO: NEBRASKA INVESTMENT COUNCIL

FROM: TREASURER JOHN MURANTE

DATE: JUNE 10, 2021

RE: TRANSITION OF TD AMERITRADE 529 COLLEGE SAVINGS PLAN

Since 2010, the Nebraska State Treasurer, as trustee of the Nebraska Educational Savings Plan Trust (the “Trust”), and the Nebraska Investment Council have been parties to a marketing and consulting services agreement with TD Ameritrade (“Marketing Agreement”). The Marketing Agreement governs the TD Ameritrade 529 College Savings Plan (the “Plan”) and subcontracts certain marketing duties to TD Ameritrade. The parties amended the Marketing Agreement in August 2019 to add TD Ameritrade Investment Management, LLC (“TDAIM”) as a provider of portfolio consulting services. In addition, the parties entered into a successor agreement in December 2020 in which Union Bank and Trust Company (“UBT”) assumed all of First National Bank of Omaha’s responsibilities under the Marketing Agreement, in connection with the change in program managers.

The Marketing Agreement was scheduled to expire in November 2024. However, on March 2, 2021, TD Ameritrade and TDAIM notified the State of their intention to terminate the Marketing Agreement early. In the event of termination, all Plan assets shall remain part of the Trust, but the Plan can no longer bear any references to TD Ameritrade. The two options are to rebrand the Plan or merge the Plan into another 529 plan in the Trust (such as the NEST Direct Plan).

The Treasurer’s Office and UBT propose rebranding the Plan. This will entail developing a new name for the Plan, new forms and marketing materials, and a new website. UBT will be responsible for marketing the rebranded plan. However, the plan’s investment options would remain the same, which we believe presents the least disruption to account owners and registered investment advisors. In addition, account numbers and login information will remain the same.

Plan account owners currently pay the following fees:

- Program Management Fee – 12 basis points
- State Administration Fee – 2 basis points
- TD Ameritrade Sub-administration Fee – 5 basis points
- TDAIM Portfolio Consulting Fee¹ – 10 basis points

¹ This fee is charged on age-based and static investment options only, not on individual fund investment options.

When the plan is rebranded, account owners would pay the following fees:

- Program Management Fee – 12 basis points
- State Administration Fee – 2 basis points

There are currently no annual account fees, enrollment, withdrawal or investment change fees charged by the Plan. We propose that this remain the same after the Plan is rebranded.

We are requesting the Nebraska Investment Council's approval of the rebranding of the Plan, with the same investment options that are currently offered, but with the elimination of the TD Ameritrade sub-administration fee and the TDAIM portfolio management fee effective July 23, 2021.