

NEBRASKA EDUCATIONAL SAVINGS PLAN TRUST INVESTMENT POLICY STATEMENT

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to set forth the investment objectives, asset allocations, investment strategy and responsibilities for the Nebraska Educational Savings Plan Trust and plans offered under the trust. The plans operate as qualified tuition programs pursuant to Section 529 of the U.S. Internal Revenue Code. The Nebraska Investment Council (the Council) invests the money in the plans for the benefit of account owners and beneficiaries.

The State Treasurer shall deposit money received by the Nebraska Educational Savings Plan Trust into three funds: The College Savings Plan Program Fund, the College Savings Plan Expense Fund, and the College Savings Plan Administrative Fund. Per statute, any money available for investment in these three Funds shall be invested by the State Investment Officer.

ENTITIES

- Nebraska Educational Savings Plan Trust

STATUTORY REFERENCES

- Nebraska Educational Savings Plan Trust Neb. Rev. Stat. §§85-1801 - 85-1814
- State Funds Investment Act Neb. Rev. Stat. §§72-1239.01

INVESTMENT OBJECTIVES

The fundamental objective for funds deposited into the College Savings Plan Program Fund is to help account owners meet their savings goals for future education expenses for the account beneficiaries. Account owners will have different risk and return objectives and time horizons will vary based on the expected date the account beneficiary will need the funds for education expenses. Each account owner will direct how the assets in their account will be invested using a diverse mix of investment options offered in the Plan.

The College Savings Plan Expense Fund and the College Savings Plan Administrative Fund are included in the Operating Investment Pool. The Operating Investment Pool has its own Investment Policy Statement.

ASSET ALLOCATION AND STRATEGY

In accordance with the investment objectives, the Council's goal is to provide account owners with a choice of investment options that cover a broad selection of asset classes and asset allocation portfolios with varying risk and return characteristics. The list below includes possible asset classes and portfolios to include in the Plans. The Council will make the final determination on what will be offered as investment options including the specific funds and investment managers.

- Asset Allocation Portfolios (including Age-Based and Static Portfolios)
- Domestic Equities

- International Equities
- Global Equities
- Fixed Income (domestic and international)
- Cash Equivalents

Benchmarks will be used for each investment option to help monitor performance and adherence to fund guidelines.

Investment options for account owners may be different depending on which 529 Plan they are participating in. For instance, there may be a direct sold 529 Plan with different investment options offered than in an advisor sold 529 Plan.

RESPONSIBILITIES FOR THE NEBRASKA EDUCATIONAL SAVINGS PLAN TRUST

The Council:

- Approves the IPS for the Portfolio. The IPS includes the investment objectives, asset allocation, and investment strategy.
- Approves exceptions to the IPS as requested by the SIO.
- Approves investment managers upon recommendation of the SIO.

The State Investment Officer:

- Makes recommendations to the Council regarding components of the IPS, such as asset allocation, investment options offered, investment managers utilized, and manager benchmarks.
- Implements the Council-approved IPS for the Portfolio.
- Evaluates and reports investment performance and other investment-related issues of the Portfolio.
- Maintains a current written IPS approved by the Council.
- Establishes written procedures for internal implementation of the IPS as needed.
- Obtains Council-approved IPS exceptions as needed.

ADMINISTRATIVE AND GOVERNANCE POLICIES

Council Administrative and Governance Policies are contained in two additional documents.

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