

# Important Information about your State Farm 529 Savings Plan Account.

Your college savings plan is changing. As of August 6, 2018, the plan will have a new name, State Farm 529 Savings Plan, lower fees, more diversified investment options, a new secure website and improved services and benefits. **There is nothing you need to do for these changes to occur.** Existing plan account information, records and assets will automatically move to the new plan. And good news — a State Farm registered agent can once again provide service on your plan account.

This newsletter explains how the transition will occur and highlights new investments, features and benefits. Please read the enclosed Program Disclosure Statement (renamed from “Enrollment Handbook”) which provides detailed information about the plan.

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#### Plan Flexibility Has Not Changed

- Contributions grow tax-deferred and earnings on withdrawals are tax-free if used for qualified expenses<sup>1</sup>
- No income or age limit to open an account or use the funds
- High contribution limit of \$400,000<sup>2</sup>
- No state residency requirements
- Assets can be used for 2- or 4-year college, trade and vocational schools
- As the account owner, you can change beneficiaries to another family member<sup>3</sup>
- Potential gift tax benefits

#### CONTACT BEGINNING AUGUST 6, 2018

Phone Number:	800-321-7520 M–F 8 am to 8 pm CT
Website:	<a href="http://www.statefarm.com">www.statefarm.com</a>
Mailing Address:	P.O. Box 419096 Kansas City, MO 64141-9096

## Plan Changes

- The Enrollment-Based Portfolio will become the Age-Based Investment Option. At conversion your beneficiary will be placed in a portfolio that represents his/her age (see next page, Account Mapping).
- Two new Static Investment Options will be added (Conservative and Bank Savings).
- Expanded gifting program and a new rewards program.
- There is a \$25 annual account fee that will be charged to accounts with balances of \$20,000 or less as of the last day of the fee period. For converted accounts, the first fee will be charged a pro-rata fee in early December 2018 and each December going forward.

For accounts established after August 6, 2018, the annual account fee will be charged in or near the anniversary of the month when the account was opened.

- The maximum up-front sales charge for contributions will decrease from 5.50% to 3.50%. Breakpoints may apply.
- All investment portfolios, with the exception of the Money Market Static Portfolio, will see a significant decrease in the total asset-based fees – ranging from a 25%-55% decrease.
- New secure and fully-featured account access site.

## Investment Options

- One Age-Based Investment Option with nine age bands.
- Seven Static Investment Options to allow for more investment flexibility.
- Underlying investments have been changed from predominately actively-managed to a mostly passively-managed strategy.
- Seven index or Exchange Traded Funds (ETFs), one actively-managed fund, one FDIC-insured bank account, one money market fund.
- Open architecture - funds from six well respected fund families (State Street, Vanguard, DFA, iShares, Goldman Sachs and First National).

## Investment Choices and Asset Classes\*\*

				Age-Based Investment Option										
				Age 0-2	Age 3-5	Age 6-8	Age 9-10	Age 11-12	Age 13-14	Age 15-16	Age 17-18	Age 19+	Money Market	Bank Savings
				Static Investment Options										
				All Equity		Growth		Moderate Growth	Balanced			Conservative		
Asset Class	Investment Style	Fund Name	Ticker											
Domestic Equity	Large Cap	State Street S&P 500 <sup>®4</sup> Index	N/A	61.00%	58.00%	52.00%	46.00%	40.00%	34.00%	28.00%	22.00%	16.00%		
	Mid Cap Core	Vanguard Extended Market ETF	VXF	10.50%	10.00%	8.00%	7.00%	6.00%	5.00%	4.00%	3.00%	2.00%		
	Real Estate Equity	Vanguard REIT ETF	VNQ	5.25%	5.00%	5.00%	4.50%	4.00%	3.50%	3.00%	2.50%	2.00%		
International Equity	International Equity	State Street MSCI <sup>®</sup> ACWI ex USA Index	N/A	23.25%	22.00%	20.00%	17.50%	15.00%	12.50%	10.00%	7.50%	5.00%		
International Bond	World Bond	DFA World ex US Government Fixed Income	DWFIX			2.00%	2.50%	3.00%	3.50%	4.00%	4.00%	4.00%		
Domestic Fixed Income	Fixed Income	iShares Core US Aggregate ETF	AGG		5.00%	13.00%	17.50%	22.00%	23.50%	25.00%	26.50%	28.00%		
	Fixed Income	Vanguard Short-Term Bond ETF	BSV				3.00%	6.00%	9.50%	13.00%	15.00%	17.00%		
	Inflation-Indexed Securities	Vanguard Short-Term Inflation Protected ETF	VTIP								2.50%	5.00%		
Cash Equivalents	Money Market	Goldman Sachs Financial Square <sup>®</sup> Govt. MM <sup>®</sup>	FGTXX				2.00%	4.00%	8.50%	13.00%	17.00%	21.00%	100.00%	
	FDIC Insured	Bank Savings	N/A											100.00%
<b>Total Asset-Based Fees</b>				0.57%	0.57%	0.57%	0.57%	0.58%	0.59%	0.59%	0.60%	0.61%	0.45%	0.20%

  

Asset Class	Age 0-2	Age 3-5	Age 6-8	Age 9-10	Age 11-12	Age 13-14	Age 15-16	Age 17-18	Age 19+
Equity	100.00%	95.00%	85.00%	75.00%	65.00%	55.00%	45.00%	35.00%	25.00%
Fixed	0.00%	5.00%	15.00%	23.00%	31.00%	36.50%	42.00%	48.00%	54.00%
Cash Equivalents	0.00%	0.00%	0.00%	2.00%	4.00%	8.50%	13.00%	17.00%	21.00%

\*\* Account owners do not own shares of the underlying investments, or, in the case of the Bank Savings Static Investment Option, directly hold a savings account, but rather own an interest in the individual investment options offered by the State Farm 529 Savings Plan.

<sup>4</sup> The S&P 500<sup>®</sup> Index is a product of S&P Dow Jones Indices LLC, and has been licensed for use by State Street Bank and Trust Co.

<sup>5</sup> The MSCI ACWI ex USA Index is a trademark of MSCI Inc. State Street Bank and Trust Co.

<sup>6</sup> **You could lose money by investing in this investment option. Although a money market fund seeks to preserve the value of an investment at \$1 per share, it cannot guarantee it will do so. Investment in the Money Market Static Option is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The sponsor has no legal obligation to provide financial support to the underlying fund, and you should not expect that the sponsor will provide financial support to the underlying fund at any time.**

## Account Mapping

The assets in your account will move (map) automatically on August 3, 2018 to new investment options and portfolios that most closely match your current investments.

- This change is a non-taxable, non-reportable event and is not counted towards the twice per calendar year investment option change limit.
- If your account is currently in an Enrollment-Based Portfolio, the beneficiary will be placed in the new age-band portfolio based on his/her age. Your beneficiary will move to the next age-band portfolio on or about the 5th of the month after his/her birthday month.

## Lower Costs

- Reduced sales charge from 5.50% to 3.50%.
- Reduced Total Asset-Based Fees (see chart below).

## Investment Option and Portfolio Mapping and Fee Chart

PRIOR PLAN		NEW	
Portfolio	Total Asset-Based Fees	Portfolio	Total Asset-Based Fees
<b>Enrollment-Based Portfolio</b>		<b>Age-Based Investment Option</b>	
13+ Years to College	1.28%	Age 0-2	0.57%
		Age 3-5	0.57%
7-12 Years to College	1.27%	Age 6-8	0.57%
		Age 9-10	0.57%
4-6 Years to College	1.16%	Age 11-12	0.58%
		Age 13-14	0.59%
1-3 Years to College	0.96%	Age 15-16	0.59%
		Age 17-18	0.60%
College Now	0.81%	Age 19+	0.61%
<b>Static Investment Options</b>		<b>Static Investment Options</b>	
Growth	1.28%	All Equity	0.57%
Moderate Growth	1.27%	Growth	0.57%
Balanced	1.16%	Moderate Growth	0.58%
		Balanced	0.59%
		Conservative	0.61%
Money Market	0.38%	Money Market	0.45%
		Bank Savings	0.20%

See the enclosed Program Disclosure Statement for more information about expenses and fees, and sales load waivers.

## Key Dates

Your accounts will automatically transfer to the investment options and portfolios on Friday, August 3, 2018. At that time the account balances will be calculated and the new plan will reinvest those balances in the new investment options. The following table highlights key transition dates:

Key Dates	Action
Ongoing through Wednesday, August 1, 2018, 3 pm CT	Continue to invest, transact and make changes to your account. All transaction or account change requests received in good order will be processed until 3 pm CT. Systematic investment transactions will be processed through 3 pm CT.
Wednesday, August 1, 2018, 3 pm CT	Deadline to invest, transact and make changes to your account or to transact online.
Wednesday, August 1, 2018, 3 pm CT – Monday, August 6, 2018, 8 am CT	Online account access is suspended for plan transition. No transaction of any kind will be processed during this time.
Thursday, August 2 – Friday, August 3, 2018	The existing plan will calculate prices each evening so your assets will continue to be invested.
Friday, August 3, 2018	The existing plan will transfer all account records and assets to the new plan with First National Bank.
Monday, August 6, 2018, 8 am CT	<p>The new customer service representatives are available by calling toll-free 800-321-7520, 8 am to 8 pm CT, Monday through Friday.</p> <p>The secure website at <a href="http://www.statefarm529.com">www.statefarm529.com</a> is live for account access, online transaction processing and account maintenance. You must create a new username and password to use the new secure website.</p> <p>The existing plan will forward all mail received after August 1, 2018 to First National Bank. Transaction requests received in good order on or after August 6, 2018 will be processed by close of business on the day of receipt by First National Bank using market values of the new State Farm 529 Savings Plan's investment options as of 3 pm CT. We will not backdate items from August 2 – August 3, 2018; the trade date will be the day the transactions are processed.</p> <p>Processing by the new State Farm 529 Savings Plan begins on August 6, 2018. Any systematic contributions (e.g. Automatic Investment Plans, systematic withdrawals, etc.) with a scheduled date of August 2 – 6 will be processed on August 6, 2018.</p>

## Things to Know

### **Will I need to re-register for online access?**

For the security of your information, all account owners must re-register for account access after the transition. Re-registering beginning Monday, August 6 should only take a few minutes. You will need your current or new account number, your Social Security number and zip code.

You will not be able to access your account online until 8:00 am CT on August 6 at the new secure website.

### **How can I access my account after the transition?**

You can access your account online by visiting [www.statefarm529.com](http://www.statefarm529.com). This easy-to-use secure website contains the tools you need to contribute to your account, make withdrawals, change your investment options and view your transactions and statements.

### **Will my account number change?**

Yes. But you will be able to access your account securely with the former or new account number.

### **Will the balance in my account change?**

No, the dollar amount will not change. In fact, you will receive a statement from the former plan showing the assets have been transferred that will match the opening statement from the new plan. The units may be different, but the dollar amount will be the same. The opening statement will have your new account number.

### **Want to save the trees?**

If you currently have e-delivery you will need to establish it again on the new secure access site. If you do not have e-delivery already think of signing up. When you first establish secure access on [www.statefarm529.com](http://www.statefarm529.com) you will be asked to establish e-delivery.

### **Do you contribute systematically?**

Electronic bank contributions will continue if you currently transfer money from your bank account to your plan account on a periodic basis. If your employer currently sends the plan a portion of your check through payroll deduction, watch for an important mailing to find out what information you need to tell your payroll department to ensure that contributions continue after the transition.

### **What happens if I send my forms to the current plan during the transition?**

Requests, contributions and applications will be processed through 3 pm CT on August 1, 2018.

Mail received after August 1 will be forwarded to the new plan and processed when received beginning August 6, 2018. Because the investment options will have changed, account applications on the plan's current form will be returned requesting that you complete a new Enrollment Form for the State Farm 529 Savings Plan. Existing State Farm forms will not be accepted but new forms will be available beginning August 6 on [www.statefarm.com](http://www.statefarm.com).

### **Want to change your investment?**

If you haven't already made two investment changes in 2018 you may make investment changes until December 31, 2018. This transition does not count toward the investment option change limit for your beneficiary for the calendar year.

### **Planning a withdrawal for qualified expenses?**

Need to withdraw money to pay qualified higher education expenses? Request the withdrawal prior to August 1 or after August 6, 2018.

### **Will I still get quarterly statements?**

Yes, however, quarterly statements will not be sent for the 1st, 2nd, or 3rd quarter if there was no activity during the quarter.

<sup>1</sup> If assets are not used for qualified expenses, the earnings portion of the withdrawal is subject to federal income tax and an additional 10% federal tax and may be subject to state and local taxes.

<sup>2</sup> No additional contributions can be made for any beneficiary when the fair market value of all accounts maintained for that beneficiary within all plans offered by the state of Nebraska reaches \$400,000. Assets can grow beyond \$400,000.

<sup>3</sup> A "member of the family" includes an individual who is a son, daughter, stepson, stepdaughter or a descendant of any such person; a brother, sister, stepbrother, or stepsister; the father or mother, or an ancestor of either; a stepfather or stepmother; a son or daughter of a brother or sister; a brother or sister of the mother; a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; the spouse of the beneficiary or the spouse of any individual described above; or a first cousin of the beneficiary. For purposes of determining who is a "member of the family," a legally adopted child or a foster child of an individual is treated as the child of that individual by blood. The terms "brother" and "sister" include half-brothers and half-sisters.

***The State Farm® 529 Savings Plan (the "Plan") is sponsored by the State of Nebraska and administered by the Nebraska State Treasurer. The State Farm 529 Savings Plan offers a series of investment options within the Nebraska Educational Savings Plan Trust. The Trust offers other investment portfolios not affiliated with the State Farm 529 Savings Plan. The State Farm 529 Savings Plan is intended to operate as a qualified tuition program, 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 [www.statefarm.com](http://www.statefarm.com) 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.***

**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  
**State Farm** Selling Dealer  
First National Capital Markets and First National Bank of Omaha are affiliates

Investments are Not FDIC Insured\*  
No Bank, State or Federal Guarantee  
May Lose Value

\*Except the Bank Savings Static Investment Option

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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.

Except for the Bank Savings Static Investment Option, investments in the State Farm 529 Savings Plan are not guaranteed or insured by the FDIC 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, State Farm VP Management Corp or First National Bank of Omaha or its authorized agents or their affiliates, and are subject to investment risks, including loss of the principal amount invested. FDIC insurance is provided for the Bank Savings Static Investment Option up to the maximum amount set by federal law, currently \$250,000.

Neither State Farm nor its agents provide tax or legal advice.

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Nebraska State Treasurer, Trustee

 **First National Bank Omaha**

Program Manager

