



Horizons

The newsletter for Nebraska's 529 Direct and Advisor College Savings Plan account owners.

SPRING 2013

Message from the Nebraska State Treasurer

Encouraging youngsters to learn about personal finance and to establish good financial habits early is at the heart of new initiatives being pursued in the Nebraska State Treasurer's Office and NEST. As the chief financial officer of the state, the State Treasurer is in an ideal position to develop and promote financial literacy opportunities whether that be through new NEST scholarship offerings, online educational programs, outreach events at schools and in communities, or one-on-one conversations.

Those opportunities will help our young people make good decisions about their personal finances and help them reach their goals and achieve their dreams, including college. These efforts also fit nicely with the Treasurer's responsibility as Trustee of the Nebraska Educational

Savings Trust. Saving for college from a child's young age is a financially sound decision and one of the first steps in a young person's financial literacy education.

As we move forward with a variety of programs to promote financial literacy and college savings, we will be mindful of our responsibility as a role model and as a resource for parents, educators, program sponsors, and young people themselves. In addition to providing more scholarship funds for NEST college savings plans, we will be announcing additional financial literacy initiatives in 2013. We welcome your ideas for how we might best live out our role not only as public servants, but also as adults who want the brightest future for our children, grandchildren, nieces, nephews, neighbors, and friends.

NEST Promotes Helping Children Learn How to Save, Share, Spend

2013 marks the kickoff of the NEST Financial Literacy Program, *NEST Builders*. Throughout the year, we will be building awareness about the importance of a child's ability to manage money and the linkage between a child dreaming about his or her future and parents saving for those dreams.

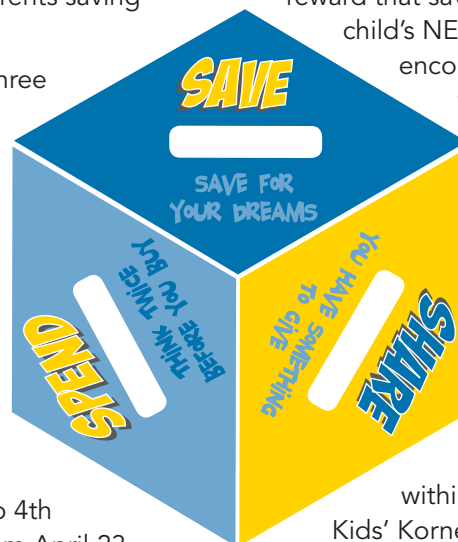
Within Nebraska, NEST is undertaking three *NEST Builders* initiatives beginning with Teach Children to Save Day, a 16-year initiative by the American Bankers Association. This year, April 23 is set aside for bankers throughout the country to go into schools to promote money management.

In conjunction with First National Bank of Omaha, a longtime participant in this community outreach, NEST will lead the effort with "Ben Franklin" presenting money management ideas to 4th grade students throughout Nebraska from April 23 through mid-May. The students will be encouraged to

use and think about money; budget for saving, sharing and spending; and to understand the importance of higher education. The second effort, the Kids Savings Program, encourages children to save in bank accounts. NEST will reward that savings with a \$25 bonus deposit into the child's NEST account. The third initiative directly

encourages children to dream about their future with an interactive exhibit called "Fantastic Future Me" that will travel to children's museums in Nebraska.

For those of you who live outside of Nebraska, NEST is developing educational materials that will be available on the website including children's activity pages. Scholarship initiatives, to encourage children to think about their dreams and the importance of saving, will be available to those both within and outside of Nebraska. Check out the Kids' Korner and Scholarship sections of this newsletter and updates on NEST websites for more information.



Market Commentary



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The stock market has continued its recent pattern of solid returns in the first quarter with the S&P 500 up 6.6% through February.¹ Companies continue to report strong fundamentals and have the financial strength to invest in their respective businesses. For the fourth quarter, company and actual revenue and earnings exceeded Wall Street expectations. International markets

lagged the domestic market as European elections and Chinese economic concerns led to lower returns.

In fixed income, the market has begun to debate when the Federal Reserve will end quantitative easing. Chairman Bernanke recently reiterated the case for quantitative easing in Congress. The fixed income market has reacted to the debate and increase in commodity prices with slightly higher interest rates. Bond returns are relatively flat (+0.1%) in 2013.²

U.S. economic growth in the fourth quarter was recently revised to +0.1% with positive results in consumption

expenditures (+2.1%) and fixed investment (+11.2%) offset by exports (-3.9%) and government expenditures (-6.9%).³ Residential and commercial construction continues to recover with home prices accelerating to a year-over-year increase of 7.3%.⁴ Most economists believe that higher taxes and automatic federal spending cuts known as sequestration will not tip the economy into a recession. We agree, as government expenditures represent around 17% of the U.S. economy.⁵ Consumption and corporate investment should continue to grow albeit at relatively subdued levels. In this slow growth economy, we expect positive stock market returns as valuations remain attractive with the S&P 500 trading on an estimated price-to-earnings (P/E) ratio of 13.7x, a discount to historic averages.

1 Measured by the S&P 500 Index, February 28 returns

2 Measured by the Barclays Capital Intermediate Government/Credit Index, February 28 returns

3 Bureau of Economic Analysis, Crandall, Pierce & Company

4 Case-Shiller Index of home prices, fourth quarter data

5 Organization for Economic Co-operation and Development, 12/31/12 data

6 Bloomberg

Developing a Child's Money Management Habits

You can help your child dream about the future while developing money management habits that can last a lifetime. Below are some activities you can do with your child.

Building Dreams

Encourage your child to choose some things they want or care about:

- What do you want to be when you grow up?
- What do you wish you could buy this year?
- What would you do if you had \$100?

Talk about your family's dreams, how you are planning to meet them, and how to set goals to achieve them.

Earning Money

Talk about ways your child can obtain money for future dreams.

- Earning allowances for chores around your house
- Working for a neighbor such as babysitting, walking the dog or mowing lawns, or getting a job
- Getting money from relatives for special events

Developing a Three-part Plan

Remind your child of the importance of using money wisely and setting goals to ensure dreams can be met. Small goals may seem more achievable.

- **Save** – Discuss the importance of saving for a goal. Saving a little on a routine basis adds up. It is always a good time to discuss with your child what your child wants to be as a grown-up. Studying hard and graduating from college can help reach future dreams.
- **Spend** – Talk about the differences between needs and wants. Remind your child about how to spend wisely, how to resist impulse buying, and how to look for sales.
- **Share** – What does your child care about? How can that translate to helping others? Remind your child that no matter how big or small the effort, sharing can make a difference.

Setting a Budget

Discuss with your child where money will come from and how much should be allocated for savings, spending, and sharing. Then discuss how you make the same choices with the family budget. Work with your child to develop a spreadsheet to document the plan and the budget.

Developing Ways to Start and Track

Help your child establish routines including going to the family bank to deposit money. Remember to cheer your child's success with a "Job well done."



Voice of the Customer

Commonly asked questions from our customers.

Q: How can I withdraw money for qualified higher education expenses?

A: **Online:** Log in to your account. Click on the *Asset Management* link, select "Make a Withdrawal," and follow the instructions.

By mail: Click on the *Forms* link at the top of the home page to download a *Withdrawal Request Form* and mail it in.

By phone: Call the Customer Service Center. If you have an Advisor Plan account, you may want to talk to your Advisor.

Qualified withdrawals can be sent to the beneficiary's school, the account owner, or the beneficiary of the account. If banking information is on file, the withdrawal can be sent electronically to the account owner's bank of record.

Q: How can I review my account online?

A: Register on the NEST website:

1. **Direct Account Owners:** Select *Account Access* from the www.NEST529Direct.com home page and create a user name and password.

Advisor Account Owners: In the *Access/Client* file folder on www.NEST529Advisor.com, click "Sign up for online access."

2. Enter a NEST account number, and the account owner's SSN and permanent address ZIP code—then click "Next." Do not include any dashes when entering the account number.

Correct: 12345678901

Incorrect: 123456789-01

3. Indicate if statements should be sent via email address or by regular mail.

4. Create answers to the security questions and pick a security icon.

Contact Us

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The NEST Direct and NEST Advisor Plans are sponsored by the State of Nebraska and administered by the Nebraska State Treasurer. The NEST Direct and NEST Advisor Plans offer a series of investment portfolios within the Nebraska Educational Savings Plan Trust, which offers other investment portfolios not affiliated with the NEST Direct or NEST Advisor Plans. The NEST Direct and NEST Advisor Plans are intended to operate as qualified tuition programs 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 Plans' investment objectives, risks, charges and expenses before investing. The Program Disclosure Statements, at www.NEST529Direct.com or www.NEST529Advisor.com, which contain 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 benefits 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.

Participation in the Plans does not guarantee that contributions and the investment return on contributions, if any, will be adequate to cover 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 Individual Investment Option, investments in the NEST Direct and NEST Advisor Plans 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 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 Individual Investment Option up to the maximum amount set by federal law, currently \$250,000.

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 Principal Distributor, Member FINRA, Member SIPC

First National Capital Markets and First National Bank of Omaha are affiliates



Trustee



First National Bank Omaha

Program Manager

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

*Except the Bank Savings Individual Investment Option

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