



# Horizons

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

**SPRING 2015**

## Message from the Nebraska State Treasurer

### Tax Refunds Bring Hugs, Thanks for NEST Owners

Waiting for your income tax refund and thinking about what that extra money will buy? Why not take a step back and think outside the box?

Instead of spending your tax refund on a new television, new laptop, or a fancy vacation, consider the intangible rewards that come with a hug, a word of thanks, or even peace of mind.

Those rewards can't be bought, but are the unanticipated side benefits of using that tax refund to invest in a NEST college savings account for a child, grandchild, niece, nephew, or family friend. Some beneficiaries understandably will be too young to appreciate the wise choice you are making, so the hugs and thanks may be delayed. But years from now, they will know and you will be glad you made the choice you did.

Strongly consider using your tax refund to increase the value of your college savings account. The size of the refund doesn't matter. Large or small, the investment is an important one.

Here's why you can be glad you invested in NEST:

- Investing in NEST is a tangible way to demonstrate your love for your family member or friend and your commitment to the value of higher education for all.
- Knowing that the refund will be going to a good cause and could grow in value will bring you peace of mind.
- Contributing a tax-refund check to an existing account is easy. Directions on how to do this are below.
- Putting your refund to work through NEST will bring sincere appreciation from those you love, now or down the road.

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## Putting Your Tax Refund to Good Use

If you have a tax refund coming your direction, consider contributing all or part of your refund to your NEST account. What a great opportunity to take money you may not have been planning on to boost your college savings. Continue growing toward your college savings goal and taking advantage of the benefits 529s provide both now and later.

Easily deposit federal or state refunds into your NEST 529 account.



### If you receive a refund check:

Endorse the check over to "NEST Direct Plan" or "NEST Advisor Plan" and include a contribution coupon or write your NEST account number on the check. Then send to the plan.



### If you receive an electronic refund:

Send a personal check or log onto your NEST account and send an Electronic Funds Transfer. After you log in, click on "Asset Management," then click on "Make a Contribution," select "Electronic Funds Transfer" and follow the instructions.

Please call the plan with any questions.

### Did You Know?

The average tax refund is just over \$3,000.\*

8 out of 10 filers can expect refunds.\*

\*IRS.gov, 2014

## Market Commentary



**Kurt Spieler, CFA**  
Vice President,  
Chief Investment Officer  
First National  
Wealth Management

After a brief January correction, the U.S. stock market rebounded in February with the S&P 500 now up 2.57% in 2015.<sup>1</sup> Gains were widespread and NASDAQ exceeded the 5,000 level. The U.S. market was led by mid-capitalization stocks with growth stocks outperforming value stocks. On a sector basis, the market

was led by basic materials and health care. International and emerging market returns, which lagged in 2014, rebounded with MSCI EAFE up 6.50% and MSCI Emerging Markets up 3.71% so far this year.<sup>2</sup>

The U.S. economy continues to report modest expansion with Q4 2014 GDP growth +2.2%.<sup>3</sup> Personal consumption was particularly strong at +4.2%, the strongest increase since the first quarter of 2006.<sup>4</sup> This was partially offset by a decline in government spending and a rising trade deficit. The February employment report was positive with nonfarm payrolls up 295,000 and the unemployment rate down to

5.5%.<sup>5</sup> Inflation declined over the last quarter, primarily due to a fall in energy and gasoline prices.

The debate has begun on when the Federal Reserve will increase interest rates and the subsequent impact on the stock and bond market. In Chairperson Yellen's presentation to Congress, she reaffirmed that rate increases will be data dependent with the Fed focused on the labor market and inflation. The hike speculation has impacted the bond market with interest rates increasing in February. Any subsequent impact on the stock market is more uncertain and does not necessarily mean an end to the bull market. Volatility may increase as equity valuations remain somewhat elevated; the S&P 500 is trading on an estimated price-to-earnings ratio of 17.8x.<sup>6</sup> Equities look attractive relative to bonds assuming continued growth in earnings and low interest rates.

- 1 Measured by the S&P 500 Index, February 28th year-to-date returns
- 2 Measured by Morgan Stanley Capital International (MSCI) Indices, February 28th year-to-date returns
- 3 Bloomberg, Bureau of Economic Analysis
- 4 JP Morgan Asset Management, Economic Update
- 5 Bloomberg, Bureau of Labor Statistics
- 6 Bloomberg, S&P 500 Index P/E Valuation as of February 28th

## New NEST 529 Direct Website

If you haven't been to NEST529Direct.com lately, we encourage you to visit soon. There you will find a refreshed home page that's easy to use. We are paying attention and have brought your most-requested items and most-utilized tools to the forefront.

Check out the simple slider for a glance at how much you could potentially save for college. You can also quickly navigate to your account in the "Login" area and find Drawings/Scholarships/Bonuses, tax-form tips and Gift Giving information.

Check back frequently to see new featured content and functionality. Just around the corner is additional practical information on planning to save and a section on easily making qualified withdrawals.

The screenshot shows the NEST 529 Direct website interface. At the top, there's a navigation bar with 'START SAVING' highlighted. Below it, a main banner features a young boy in a suit and glasses, with the headline 'Saving for college is serious business.' and a sub-headline 'Investing in a NEST 529 account can provide benefits now and later.' There are 'START SAVING' and 'DREAM BIG WITH NEST' buttons. Below the banner are several promotional tiles: 'Take advantage. Get your Nebraska tax form tips here.', 'Give the best gift ever. THE GIFT OF EDUCATION', 'DRAWINGS SCHOLARSHIPS BONUSES!', 'TOP 10 ADVANTAGES FOR SAVING WITH THE NEST DIRECT PLAN', and a calculator titled 'See how much your savings could grow.' The footer contains contact information for the Nebraska State Treasurer and First National Bank of Omaha.

## You are In Good Company

Did you know? NEST 529 has more than 169,000 accounts and more than \$3.4 billion invested for college savings. And there are NEST account owners in every state in the country and abroad. Thank you for choosing to invest with NEST.



## EXCITING NEWS: 2X Investment Changes!

With new federal legislation passed, 529 plan account investment changes can now be made twice yearly or upon a change of beneficiary. This replaces the previous IRS rule that 529 investments could be changed once yearly. You can easily change your NEST 529 investments on our website.

## Scholarship Corner

### Dear Grandchild

Dear Grandchild invites grandparents to write letters to grandchildren annually, sharing the grandparents' hopes and dreams and urging the grandchildren to plan for college. More than 290 letters were entered in 2014 and four were randomly selected as winners to receive scholarships of \$2,000 each.

The winners were as follows:

- Kimberly Barnes
- Merry Hadfield
- Susan Fulton
- Victoria Springer

Thank you to all the grandparents and great aunts and uncles who wrote letters to the special children in their lives. This contest proved to be a great opportunity for grandparents to share hopes and dreams for their grandchildren's future. Clearly, grandparents want success and happiness for their grandchildren. Following are a few excerpts from the winners' letters.

"What I wish for you is a continued quest for knowledge. You are only 5 ½, but you are like a sponge for learning. I want to make sure you continue on this knowledge journey your entire life. You never stop learning. Even if you live to be 100."

– Merry Hadfield to granddaughter Ella

"Grandma wants you to dream large and live your life to the fullest. It doesn't matter what you decide to do, live the life you can imagine. This will bring you contentment and happiness...Keep your head up and your heart and mind open. Life isn't always about getting. You will find that when you give of yourself, you will feel the best."

– Susan Fulton to her grandsons Thomas and James and a grandchild on the way



"We love many qualities about you both; however, one trait rises above the others - your imaginations. You both are creative and full of great ideas in whatever situation you are in...We eagerly look forward to the days you both begin college...Until then, please continue to dream, be inspired, and enjoy the gift of learning. We will do our part, too. We will continue to encourage, support, and delight in you both. Most importantly, we will love you both 'to the moon and back.'"

– Victoria Springer to her grandchildren Tyler, 10, and Alaina, 8

Look for Dear Grandchild 2015 to begin in September.

## Two New NEST Advisor Plan Accounts win \$5,529

NEST recently offered a nationwide drawing for new NEST Advisor accounts opened for a beneficiary 8 years old and younger. New accounts were opened by both grandparents and parents from nine states, including Nebraska. Two account owners were randomly selected as winners to receive scholarships of \$5,529 each, provided by First National Bank of Omaha, Program Manager. Sarah Barth of Lincoln, Neb., won a scholarship for her grandson Everett. Alexander C. Williams of Anchorage, Alaska, won for his child Madeline.

Visit our website to find out about scholarship opportunities available throughout the year.



# Voice of the Customer

Commonly asked questions from our customers.

**Q:** How can I review my account online?

**A:** Register on the NEST website:

1. From the [NEST529Direct.com](http://NEST529Direct.com) home page, click *Login* or from [NEST529Advisor.com](http://NEST529Advisor.com) home page, click "Access Your Account."
2. Click on "Create a Username and Password."
3. Enter the account number, account owner SSN and permanent address ZIP code.  
Note: Do not include any dashes when entering the account number.  
Correct: 12345678901  
Incorrect: 123456789-01
4. Indicate your e-delivery preferences.
5. Create answers to the security questions and pick a security icon.

**Q:** I opened a NEST account and sent a form to NEST requesting a transfer of funds from another state's college savings plan into my new account. How long does it take before I see my money in my account?

**A:** The transfer typically takes up to 15 business days. NEST will process your request on the day it is received in good order. We then send a letter to your former college savings plan to request the funds. They will process the request and send a check back to NEST, which will be deposited into your account on the day it is received.

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## Contact Us

**by Web:**

[www.NEST529Direct.com](http://www.NEST529Direct.com)  
[www.NEST529Advisor.com](http://www.NEST529Advisor.com)

**by email:**

[clientservice@NEST529Direct.com](mailto:clientservice@NEST529Direct.com)  
[clientservice@NEST529Advisor.com](mailto:clientservice@NEST529Advisor.com)

**by phone:**

Direct – 888.993.3746  
Advisor – 888.659.NEST (6378)

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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](http://www.NEST529Direct.com) or [www.NEST529Advisor.com](http://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



Nebraska State Treasurer, Trustee

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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 **First National Bank Omaha**  
Program Manager