

# Horizons

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

**FALL 2015**

## Message from the Nebraska State Treasurer

As parents, you are faced with many choices. These choices start at birth, or even before, when a child's name is chosen.

The choices continue as parents and children make decisions that nurture talents, forge friendships, develop good habits, cultivate a love for learning and more. Each of these choices helps to define the child's life and the adult to come.

At NEST, we want you to know you made a good choice by investing in your child's future with a Nebraska Educational Savings Trust 529 college savings account.

Whether you started the account when your child was young or began when the child was older, your account will help with the choice of pursuing higher education.

You also are making a wise choice investing in NEST because studies show young people who have college savings accounts are six times more likely to attend college than those who don't. And studies also show that a college graduate with a bachelor's degree is likely to make \$1 million more in a lifetime of work than a high school graduate.

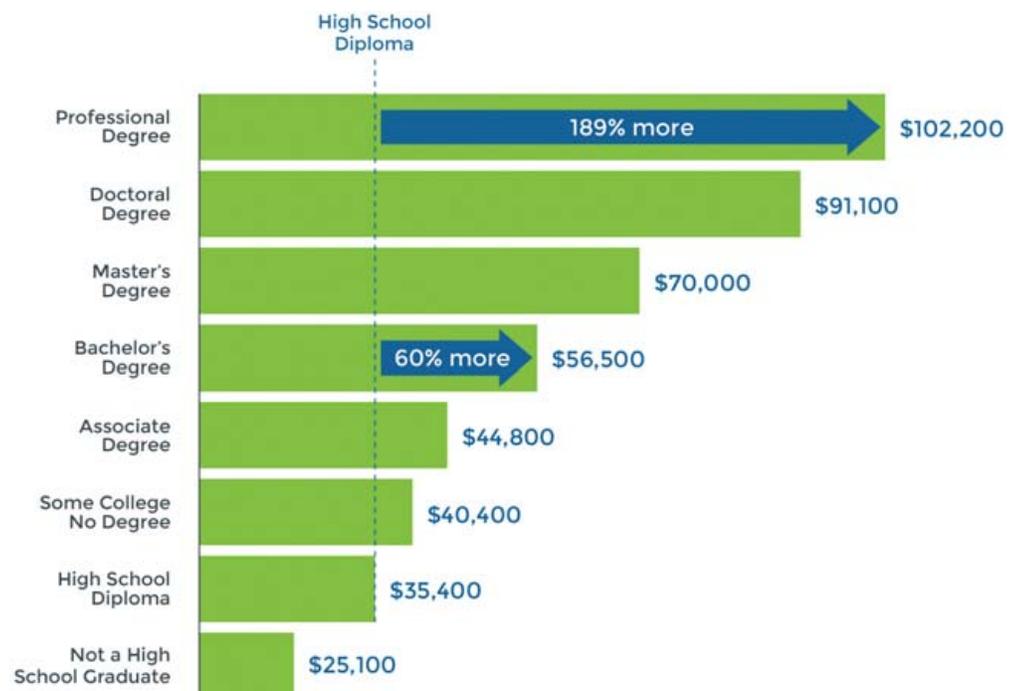
So, congratulations on making the choice to invest in a NEST account.

## Saving for College Now, Better Wages Down the Road

Why is saving for college important?

Whether your child attends a four-year, two-year or technical college, students learn communication skills, expand their knowledge and open doors to countless opportunities. In addition, higher education often adds up to higher wages.

As you can see in the accompanying chart, the average annual earnings for someone with a bachelor's degree are 60% higher than earnings for a high school graduate.<sup>1</sup> For a professional degree, the average annual earnings are 189% more. You can feel good about your investment being one that will benefit your child throughout a lifetime.



<sup>1</sup> U.S. Bureau of Labor Statistics, Data for persons age 25 and over. Current Population Survey, U.S. Bureau of Labor Statistics

## Market Commentary



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

In August, stock markets corrected as investors became concerned about China. Slower growth in the world's second largest economy has reduced global growth expectations and impacted other emerging markets and commodity prices. The stock downturn represents the first 10% correction since 2011 and has

pushed all major equity indices into negative territory. Year-to-date, the S&P 500 return is -2.9%, MSCI EAFE -0.2% and MSCI Emerging Markets -12.8%. Fixed income markets held steady during this volatile period with the Barclay's Capital Intermediate Government/Credit Index return +1.1%.<sup>2</sup>

The U.S. economy has been resilient and grew at a better-than-expected 3.7% annualized rate in the second quarter.<sup>3</sup> Good economic reports on jobs, housing, consumer confidence and durable goods point toward expansion. However, a stronger dollar and slower global growth may limit growth. With the U.S. economy on solid footing, the Federal

Reserve continues to debate whether to increase interest rates. Confounding economists, inflation is slowing despite economic growth and lower unemployment. With the global slowdown, investors no longer expect a September rate hike.

A continuation of U.S. economic growth and a resumption of earnings growth are keys to a stock market rebound. As a result of the decline in oil prices and subsequent fall in energy company profits, earnings growth for the overall market has plateaued. Over the next 12 months, analysts expect 7% growth in large company earnings and 11% growth in small cap profits.<sup>4</sup> Meeting these expectations is critical as investors have been reluctant to buy the downturn on a valuation basis. Our view on fixed income has not changed. The softness in the global economy, subdued inflation and low international interest rates should continue to suppress U.S. yields and prevent a sharp increase even if the Federal Reserve changes its monetary policy.

2 FactSet, S&P 500, MSCI Europe, Far East, Australia, MSCI Emerging Markets, Barclays Capital Intermediate Government/Credit Index, August 31st year-to-date returns

3 Bloomberg, Bureau of Economic Analysis, GDP growth for Q2 2015

4 FactSet, Consensus Forecasted Earnings Growth for S&P 500 and S&P 600 Indices

**NEST 529** COLLEGE SAVINGS  
Major Milestone

**Happy 1st Birthday!**

**Sarah, have your cake (and eat it, too).**  
From Your Friends at NEST 529

You've reached the first major milestone in your little one's life...and a first parent's life...one of many firsts! While you celebrate with gifts and they shower themselves with cake, one gift to keep in mind is the gift of education. As a NEST 529 account holder, thank about marking this occasion by increasing your existing contribution.

**CONTRIBUTE NOW!**  
Login and 529: First Milestone

Running out of space for all the toys? Suggest a 529 gift contribution to family and friends via **Gift**. They can send a gift contribution that's invested in your account. It's easy, electronic (and space saving).  
Mark this first birthday by making a contribution today!

## Happy Birthday!

During the birthday month of your beneficiary, look for a happy birthday wish from NEST in your email inbox. We appreciate your choice to save with NEST and want to celebrate these milestones right along with you. These wishes also serve as a reminder to mark the occasion with the gift of college savings. There's no better birthday gift.

## New Secure Account Access for NEST Direct Accounts

Go to NEST529.com and log in for a whole new and improved online account management experience. The new secure account area features personalized reports, intuitive processes for making contributions and withdrawals and more. Plus, the new site fully supports viewing and managing your account from any computer, tablet or mobile device. Now, you can manage NEST on the go!

**NEST 529** COLLEGE SAVINGS  
Financial Professionals | Contact | My Accounts | Log off | **START SAVING**

LEARN | PLAN | GROW | MANAGE | ENROLL

John M. Doe  
Individual

Overview

- Make a contribution
- Manage recurring contributions
- View and invite savings with Gift
- Link with Upromise
- Roll over from another 529
- Make a withdrawal
- Manage systematic withdrawal
- Transfer to another beneficiary
- Change investment options
- View profile and documents
- Change beneficiary's image

Balance: \$9,708.01  
as of 09/16/2015

May 2014 vs Today

Annualized Personal Rate of Return

## Voice of the Customer

Commonly asked questions from our customers.

### End-of-year Tax and Qualified Withdrawals

**Q** When do I need to send my contribution to the Plan to make sure it is counted as a 2015 contribution?

**A:** If mailing a check, it's wise to send your contribution a few weeks before the end of the year. Technically, contributions sent by U.S. mail that are postmarked on or before December 31 will be treated as having been made in that year even if the check was actually received by the Plan in the first few days of the subsequent year.

For Electronic Funds Transfers (the electronic movement of money from your bank account to your NEST Direct Plan account), the contributions will be considered in the year that the EFT was initiated. To count for 2015, make your contribution on or before December 31, 11:59:59 p.m. ET.

**Q:** How can I make a withdrawal to pay directly to my child's school or to pay myself back for qualified higher education expenses?

**A:** It's easy to make qualified withdrawals online, by phone or by mail.

 Log in to your NEST Direct Plan account. Click on "Make a Withdrawal." Select where you would like the funds to go, you, the beneficiary or the college or university, enter the amount you'd like to withdraw and submit.

Or, log in to your NEST Advisor Plan account. Click on "Asset Management," then click on "Make a Withdrawal," and follow the steps listed.

 Print a "Withdrawal Request Form" from the Forms page of the website and send it to us at the address listed on the form.

 Give us a call and we will make the withdrawal for you over the phone.  
NEST Direct Customer service line: **1.888.993.3746**  
NEST Advisor Customer service line: **1.888.659.6378**

Remember to make your withdrawal before the end of the 2015 year to pay yourself back for expenses incurred during 2015. Don't forget to keep your receipts related to your expenses with your tax records.

## Give the Gift of NEST

The holidays are just around the corner and a NEST contribution makes the BEST. GIFT. EVER. You can go to our website to download printable gift certificates—not just for the holidays, but for many occasions.

Direct Plan owners, go to:  
**[NEST529.com/Gift](http://NEST529.com/Gift)**

Advisor Plan owners, go to:  
**[NEST529Advisor.com/Gift](http://NEST529Advisor.com/Gift)**



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## Increase Your Savings

As the end of the year approaches, and you think about your financial plan, keep college savings in mind. Increasing your contributions can help you reach your goals and could have tax benefits.

If you're not already contributing regularly, you may want to consider starting an Automatic Investment Plan (AIP), where money is automatically deposited into your NEST account from your bank account on a timeline you specify. Account owners who contribute with AIP typically save more over time.

And, with our Auto-Annual AIP Increase, you can automatically increase your contributions each year. This is a simple way to continue increasing your college savings and taking one task off of your to-do list.

## Scholarship Corner

NEST is proud to present two new scholarships open to people across the United States. Spread the news to your friends and family.



### NEST Direct: 10K Giveaway

Soon you can go to the NEST Direct website to register to win one of two \$5,000 NEST scholarships. All you have to do is provide us your contact information

to get in touch with you if you win. And, you'll have the chance to opt-in to updates on NEST features and tips on saving for college. The 10K giveaway entry period runs from October 15 through December 31.

Go to [NEST529.com/scholarships](http://NEST529.com/scholarships).

### NEST Advisor: Young Beneficiary New Account Drawing

Open and contribute to a new account for a child who is eight years old or younger between now and December 31, 2015, with Promo Code "NEWACCOUNT2015," to be entered into drawing(s) to win one of four \$5,529 scholarships. *One winner will be drawn each month from all eligible entries.*

Find rules at [NEST529Advisor.com](http://NEST529Advisor.com)

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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** Primary Distributor, Member FINRA, SIPC

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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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Program Manager