



Horizons

The newsletter for the NEST 529 Direct and Advisor College Savings Plan account owners.

FALL 2016

Message from the Nebraska State Treasurer

NEST is making it easier than ever to give the gift of education to your children, grandchildren, and even great-grandchildren this coming holiday season. At NEST529direct.com, you can download a greeting card appropriate to the occasion and a gift contribution coupon to be filled in with details about the gift. Write a personal message to your loved one in the gift card, and mail the contribution coupon and your check to NEST. It's that easy.

In addition to the satisfaction of knowing that you are contributing to the future well-being of your family's next generation, you also may benefit from tax advantages that come with investing in Nebraska's state-sponsored 529 college savings program. Nebraska account owners are reminded that contributions to a NEST account must be postmarked on or before Dec. 31 to be eligible for up to a \$10,000 state income tax deduction (\$5,000 if married, filing separately).¹

In addition to state tax benefits, many account owners may also be able to take advantage of gift tax benefits.

Contributions to a NEST account up to \$14,000 per beneficiary—\$28,000 if a couple files jointly—are eligible for the annual federal gift tax exclusion. Talk to your tax or financial advisor for more information.

During this holiday season, talk with your extended family about how they can set up their own accounts, naming their loved ones as beneficiaries. That way, the benefits of saving for college with NEST are spread across generations, preparing young people for their future educational paths and enabling your family to be a part of those preparations and help make those plans reality.

Any way you look at it, whether from the perspective of the investor or the beneficiary, the child or the grandparent, a NEST college savings account and the doors that it will open are among the most meaningful gifts one generation can give the next, not just this holiday season but throughout the year. Happy gifting from one generation to the next.

¹ Deductions are subject to recapture if you cancel your Participation Agreement, take a Non-Qualified Withdrawal or rollover assets to another state's qualified tuition program.



This Is a Great Time to Review Your College Savings Plan

With kids at school and the holiday season approaching, we reflect on our families and loved ones. It is also a great

time to think about your college savings plan and steps you and your family can take to help make a child's higher education dream come true.

Have your savings goals changed?

Re-evaluate your savings goals annually. Here are some tips to help you in the process.

- Look at the map of the United States in the Plan section of the Direct or Planning Tools section of the Advisor site to help you understand the potential cost.

- Remember you don't need to save for all costs. In fact, 16 percent of people paying for college are using grants and scholarships.
- Use our calculator at NEST529Direct.com to create a personalized college savings report unique to your family.

Can you afford to save more?

Evaluate if your financial situation has changed so you can save more. You might want to contribute some of the day care expenses you no longer have or a portion of your bonus or salary increase. Even saving \$50 more each month may help you meet your savings goal.

Market Commentary



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

After a volatile start in 2016, both the stock and bond markets have rallied since February. Equities are trading at fresh all-time highs as the S&P 500 finished up 7.7% year-to-date.² The market rebound coincided with months of better-than-expected economic news leading most economists to expect good growth

in the second quarter. However, the U.S. economy grew at a meager 1.2% annualized rate in Q2, falling considerably short of a 2.5% expectation. On a positive note, personal consumption was up 4.4%, which should continue to drive overall growth moving forward. However, investment spending continues to disappoint and is limiting the capacity of the economy to continue growing in the future.³

The biggest storyline to follow continues to be the same: how will monetary policy, both domestically and especially abroad, continue to affect markets. Right now, it appears that the negative interest rates that have infiltrated Europe and many other countries overseas are not working as intended and may have inadvertently caused the opposite behavior they intended. People are saving *more* instead of spending more at lower interest rates due to the uncertainty and lower

returns they earn on their investments.⁴ Zero and negative interest rates have also had the effect of artificially inflating asset prices globally and the market is trading near all-time highs in all three of the major asset classes: stocks, bonds, and real estate.⁵ Global monetary policy will play a role in how the market trades in shorter-term increments, and it will be interesting to see if and when banks decide to reverse course on their prior actions.

The key to a longer-term continuation of positive stock market returns will be a resumption of sales and earnings growth. After reporting negative earnings in the first quarter, second quarter earnings also came in negative marking the fifth consecutive quarter of earnings decline, which last occurred during the 2008/2009 recession. We are seeing negative earnings revisions, and analysts now expect negative earnings for the sixth straight quarter in Q3. However, analyst expectations are for earnings growth to resume in the fourth quarter. Nevertheless, FY 2016 earnings are projected to be negative.

2 S&P500 Index return as of 7.31.16 as measured by FactSet
Wall Street Journal

3 Barron's

4 Wall Street Journal

5 FactSet

Steps You Can Take Now to Boost Your Savings

Your account is already opened. Now let's see how easy it is to increase your savings.

Set it and forget it contributing

When you sign up for NEST's Automatic Investment Plan (AIP) or payroll direct deposit, you don't need to remember to contribute to your account – it's done automatically. And by automatically contributing, your account balance can add up. Already contributing through AIP or from your paycheck? Think about increasing your contributions. Even a modest increase of \$20 could get you closer to your savings goal. Aren't contributing automatically? It's simple to set it up online; just log into your account.

Make a year-end contribution

Do you have more money because of a year-end bonus or you have met your Social Security contribution maximum? Do you want to take advantage of a state tax deduction? Why don't you make a lump-sum contribution into your

account to keep up with your savings goals. To contribute, send in a check or log into your account.

Put college savings on you and your child's wish list

When you are surrounded by family and friends this holiday season, encourage others to make gift contributions into your beneficiary's account. Family members are a wonderful resource to help you save for your child. Encourage them to use Ugift^{®6} or NEST gift certificate contributions. Go to the website for more information.

Take advantage of rewards from NEST

Boost your savings by having NEST make a contribution! Check out the current scholarships in this newsletter and on the website to find opportunities for scholarships and bonuses that can help you maximize your savings.⁷

6 Ugift[®] is a registered service mark of Ascensus Broker Dealer Services, Inc.

7 Scholarships, drawings, and bonuses are subject to official rules and eligibility criteria. Speak to your tax or financial advisor about potential tax implications.

NEST College Savings Plans Earn Top 10 Ranking

As of Sept. 1, 2016, the NEST Direct Plan and the NEST Advisor Plan continue to be ranked in the top 10 for one-year investment performance for 529 college savings plans in a recently released nationwide analysis by savingforcollege.com.⁸ The NEST Direct Plan ranked fifth in the list of top-performing direct-sold 529 plans and the NEST Advisor Plan ranked sixth in the list of top-performing advisor-sold 529 plans.

We are continuously improving NEST and looking for ways to make these plans as efficient and cost-effective as possible.

⁸ Savingforcollege.com ratings are evaluated based on offering outstanding flexibility, attractive investments, and additional economic benefits (such as generous state tax incentives) that for some people, at least, will provide a substantial boost to their savings. They note that there are few, if any, weaknesses in the program.



Year-end Tax Tips

Do you want to maximize your tax saving potential?

If you answer no to any of these questions, work with your tax or financial advisor to see if you might want to contribute before year-end to take advantage of these tax benefits.

- Did you meet your federal gift tax annual exclusion?
- Did you contribute the maximum to receive state tax benefits from your or your beneficiary's home state?

This is a good time to talk to other family members to see if they want to open or contribute to an account for your loved one so they can take advantage of their own tax benefits.

Scholarship Corner

Visit NEST529Direct.com or NEST529Advisor.com for rules and details about these scholarships.

Dear Grandchild Drawing

(Ends Nov. 30)

Write a letter to your grandchild, great niece, or nephew, explaining your hopes and dreams for them and why higher education will be important. Share it with us for a chance to be drawn as one of six winners of a \$1,000 contribution into a NEST 529 College Savings Plan account. You won't

have to choose a favorite; you can divide equally among up to four children.



Big Dreams \$20K Giveaway

(Ends Dec. 31)

As the Official Sponsor of Big Dreams, NEST is giving away a \$5,000 contribution into each of four NEST 529 College Savings Plan accounts for a child 10 years old or younger. Entering is easy. Just fill out the entry form or send in a postcard by 12/31/16.



Increase or Start an Automatic Investment Plan Bonus

(Starts Nov. 1 and ends Dec. 30)

The first 100 eligible account owners who start or increase contributions into an Automatic Investment Plan during the contest period can get a \$100 bonus into their account.

NEST on the Farm Contest Winners

The NEST on the Farm Fun Photo \$1,000 Drawing was open to children of families across Nebraska, and awards were presented Aug. 27 at the Nebraska State Fair. Six young Nebraskans each won a \$1,000 contribution into a NEST 529 College Savings Plan account. The winners were selected from two age groups – newborn to 5 and 6 to 13 – in each of Nebraska’s three congressional districts. The winners were **Todd M.** of Hickman; **Kylason S.** of Columbus; **Alivia E.** of Omaha; **William C.** of Omaha; **Reese H.** of Davenport; and **Barrett W.** of Kearney.



 Follow us on Facebook!

Find us by searching NEST 529 College Savings Plans and visit often to see new events, scholarship opportunities, updates, and more.

Contact Us

by Web:

www.NEST529Direct.com
www.NEST529Advisor.com

by email:

clientservice@NEST529Direct.com
clientservice@NEST529Advisor.com

by phone:

Direct – 888.993.3746
Advisor – 888.659.NEST (6378)

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, Inc. Primary Distributor, Member FINRA, SIPC

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



Nebraska State Treasurer, 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

©2016 First National Bank of Omaha

Q3V12016