



Horizons

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

FALL 2017

Message from the Nebraska State Treasurer

As a NEST 529 account owner, you already have come a long way toward achieving your goal of helping your child or grandchild pay for college. You have done the research, read the fine print, and developed the habit of contributing regularly to a NEST 529 college savings account. Maybe you contribute regularly to more than one. You are in good company.

While the Nebraska Educational Savings Trust, known as NEST 529, has 252,000 accounts nationwide and assets exceeding \$4.5 billion, many families today do not know about state-sponsored 529 college savings accounts and the benefits they offer. In fact, a survey by a major investment firm released earlier this year showed that only 32 percent of people surveyed could correctly identify a 529 plan as an option for saving for college.

So, while you are well ahead of the game, I encourage you to take advantage of additional ways to increase your NEST 529 savings through a variety of possibilities. Think about making an additional contribution to a NEST 529 plan as a back-to-school gesture for your child or grandchild this autumn or as a gift for a birthday or special occasion. Think about increasing your regular contribution even by a small amount. It all adds up, you know. And think about taking advantage of automatic withdrawals from your checking or savings account, a feature offered by NEST 529.

As the traditional harvest season gets underway, look for new ways to ensure that the “harvest” you anticipate years down the road — when your child or grandchild approaches age 18 — will be not only sufficient, but most likely bountiful.

Optimizing Your NEST 529 College Savings Accounts

You already know that the NEST 529 College Savings Plan is a great way to help your kids reach their dreams through higher education. Did you know the plan offers features and benefits to make saving easier and more effective?

Payroll direct deposit

You can make automatic contributions to your NEST 529 account from your paycheck through a payroll direct deposit of after-tax dollars. If your employer offers direct deposit, log in to your account, select the payroll deduction option, and follow the instructions.

Auto-annual AIP increase

Sign up for this feature, which will automatically increase your AIP contributions annually. After you're set up, your contribution will be adjusted each year in the month you specify by the amount you request.

Gifts into a NEST 529 account

It is easy for your family and friends to provide gifts into your NEST 529 account. We offer printable gift cards for those special occasions that call for a unique gift. We also offer Ugift, a free online gifting service that allows others to contribute to your account online, by mail, or over the phone. Just search for “Gifting” on NEST529.com to see how easy giving the gift of education can be.

NEST 529 online tools

Our website offers planning tools and calculators to help you plan your savings to meet your goals. The secure account area features personalized reports, intuitive processes for making contributions and withdrawals, and more.

Market Commentary



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Chief Investment Officer
First National
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The U.S. economy grew at a 3.0% annualized rate in the second quarter, a solid rebound from the sluggish first quarter.¹ It represents the fastest pace of growth in more than two years and is higher than the approximate 2% growth over the life of the expansion. In assessing the U.S. economic outlook, we utilize

the Leading Economic Indicators (LEI) report. The LEI report consists of 10 economic statistics that tend to predict the near term outlook for an economy based on indicators such as employment, demand, confidence and market signals. The most recent LEI increased 0.6%, which was the largest gain since December 2014.² Based on this strong report, we expect continued economic growth in the U.S.

In addition, the global economy has continued to accelerate in 2017 as demand, manufacturing, and company earnings all have expanded. While geopolitical risks still exist, we feel that we are currently in a landscape that supports continued growth. Large U.S. companies are benefiting from the accelerating international sales and weaker dollar. In the second quarter, sales and earnings growth from companies in the S&P 500 were 5.2% and 10.3%, respectively.³ The solid company fundamentals

have contributed to the positive market with the S&P 500 year-to-date return +11.9%.⁴ International returns have surpassed the U.S. stock returns with the MSCI Europe Australia Far East (EAFE) return +17.0%.⁵

Investors have increasingly become concerned about the political environment and the potential market impact. Although increased volatility is possible, stock market corrections typically occur when the economy and earnings decelerate. While the somewhat elevated stock market valuations and politics may limit future returns, a U.S. economy with low unemployment, inflation and interest rates is likely to continue to be a good environment for equities. The fixed income market also continues to confound experts with interest rates remaining low. This has led to a year-to-date return of +2.8% in taxable bonds.⁶ The major risk in fixed income is acceleration in inflation, which does not appear to be occurring.

- 1 U.S. Gross Domestic Product (GDP) as of 06.30.2017, Bureau of Economic Analysis; Source Bloomberg
- 2 U.S. Leading Economic Indicators as of 07.31.2017, Conference Board; Source Bloomberg
- 3 S&P 500 2nd Quarter Sales and Earnings Growth as of 08.31.2017; Source FactSet
- 4 S&P 500 YTD Return as of 08.31.2017; Source FactSet
- 5 MSCI EAFE YTD Return as of 08.31.2017; Source FactSet
- 6 Barclays Capital U.S. Intermediate Government/Credit YTD Returns as of 08.31.2017; Source FactSet

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**NEST 529 College
Savings Plans**
and visit often to
see new events,
scholarship
opportunities,
updates, and more.



Voice of the Customer

Preparing Your Child for College, a NEST529.com Blog Post

by Shannon Wallace, *NEST 529 College Savings Plan Account Owner*

A few short weeks ago, my only child headed to high school. I'm excited and a little worried about the life experiences that await him over the next four years. Reality is also setting in, though; the next four years are really about preparing him for college and being an adult. Is he ready?

Right before he started kindergarten, my employer provided information about the NEST 529 College Savings Plan. The earnings were higher than a savings account, and contributing offered tax savings. Direct deposit from my paycheck could be set up to add to his 529 account every month, and most importantly, the savings can only be used for education-related expenses. The NEST 529 Savings Plan was exactly what I needed to help save for my son's education, but also reinforces my belief in the importance of pursuing a college degree and preparing my son for the rest of his life.

Visit NEST529.com and search for "blogs" to read Shannon's full story.

Scholarship Corner

The NEST on the Farm Fun Photo \$1,000 Drawing was open to children of families across Nebraska, and awards were presented Aug. 26 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 are



Nicole K. of Lincoln, Paige P. of Cordova, Violet N. of Gretna, Josephine W. of Omaha, Rope G. of Eustis, and Evan J. of Gothenburg.

Dear Grandchild Drawing

Ends Nov. 30

Write a letter to your grandchild, great-niece, or great-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 ten winners of a \$529 contribution into a NEST 529 College Savings Plan account.

NOTE: Winning information was incorrect at the time of this posting and has been corrected here. Full details at NEST529.com/scholarship.

Big Dreams \$20K Giveaway

Ends Oct. 31

As the Official Sponsor of Big Dreams, NEST 529 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. Visit NEW529.com/BigDreamsGiveaway for entry information and contest rules.

Year-End Tax Tips

Back-to-school time is the perfect time to plan ahead to ensure you are realizing the most tax saving potential with your NEST 529 account. Take this quick quiz to see how savvy you are about meeting your college savings goals.

- Are you maximizing your full tax savings opportunities in your state? Many states permit a tax benefit even if investing in another state’s plan. That’s why nearly 40% of all NEST 529 accounts are from account owners outside Nebraska. If you are a Nebraska state income taxpayer, account owners are offered tax advantages for investing in NEST 529, including an annual \$10,000 state income tax deduction.⁷ Check your state’s tax benefits and maximize your savings to reap the full benefits provided. Search “Tax Advantages” on NEST529.com to get full details.
- Have you thought of a NEST 529 account as a way to give the gift of education to a child or grandchild as a part of your estate planning? It is a way to pass on wealth while removing assets from the parent’s or grandparent’s taxable estate without having to incur the expense to establish and maintain a trust. Unique to 529 plans, five years of gifting can be accelerated and invested in a 529 plan in a single year.
- Is your calendar marked with a year-end contribution reminder? If you’re mailing a check, the best approach

is to send your contribution a few weeks before the end of the year, although contributions sent by U.S. mail and postmarked on or before December 31 will be treated as having been made in that year. For Electronic Funds Transfers, contributions will be considered in the year that the EFT was initiated. To count for 2017, make your contribution on or before December 31, 11:59:59 p.m. ET.

- Do you owe yourself money? Remember to make your qualified withdrawal before the end of the year to pay yourself back for expenses incurred during 2017. It’s easy to make qualified withdrawals online, by phone or by mail. And don’t forget to keep receipts related to qualified expenses with your tax records.⁸

Talk to your tax professional and don’t wait until the last minute. As always, we’re here to help! Contact us at NEST529.com.

⁷ Nebraska state tax deductions are subject to recapture if you cancel the Participation Agreement, a non-qualified withdrawal is taken, or if assets are rolled out of the Plan.

⁸ If assets in an account 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.

Draw Your Dreams Scholarship Winners

Congratulations to our 12 winners who will each receive a \$1,000 contribution into a NEST Direct College Savings Plan. The contest was open to kindergarten through eighth graders nationwide. Their original art was on display in the Nebraska Capitol and will appear in the 2018 NEST calendar.



Andrew, seventh grade, Lincoln, NE



Bryce, first grade, Holdrege, NE



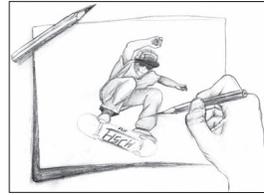
Emma, fourth grade, Firth, NE



Irick, third grade, Bellevue, NE



John, eighth grade, Bloomington, MN



Kolby, fourth grade, Lincoln, NE



Makenzie, second grade, Nunn, CO



Makenzie, fourth grade, Omaha, NE



Raden, sixth grade, Mills, NE



RyLee, eighth grade, Hay Springs, NE



Sadie, second grade, Milford, NE



Sawyer, first grade, Meadow Grove, NE

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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.

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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

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