



# Horizons

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

WINTER 2017

## Message from the Nebraska State Treasurer

Out with the old and in with the new. You've no doubt heard that before. Here at the Nebraska Educational Savings Trust, we're taking our own advice and reminding you of new ways to save and new opportunities to boost your savings with scholarships, bonuses, and rewards.

NEST offers many ways to save. Maybe some of these are new to you:

- You can set up a systematic or lump sum contribution from your bank account or paycheck. Recurring contributions are an effortless way to add to an account without having to remember to write a check.
- You can sign up for the auto-annual AIP (Automatic Investment Plan) increase, a feature that automatically increases your AIP contributions annually.
- You can let friends and family know how to make gift contributions for your child's special milestones—birthdays, holidays, or graduation. Family and friends can contribute quickly and easily using electronic transfer or mailing a check. A unique Ugift code that can be used by others is assigned to your child's account.
- You can turn everyday purchases into cash back for college with our NEST rewards program through Upromise® by Sallie Mae.

As for new scholarships and bonuses, check [NEST529.com](http://NEST529.com) and [treasurer.nebraska.gov](http://treasurer.nebraska.gov) for updates. You'll find opportunities for everyone.

Our annual "Why I Want to Go to College" writing contest for 7th and 8th graders gets underway nationwide in January. Winners receive NEST savings accounts—\$2,000 for first place, \$1,000 for second place, and \$500 for third place. The contest closes in March 2018.

Nebraska families of middle school students who have NEST accounts or open new accounts can enter a drawing

to win a \$529 contribution. Eighteen account owners—six from each of Nebraska's three congressional districts—will be selected at random to win. The drawing closes May 31, 2018.

In this new year, take advantage of these new opportunities with NEST 529 College Savings.

## New Year, New Ways to Save

The new year is a perfect time to refresh your finances and implement new college savings strategies. Here are our tips to help you start off on the right foot in 2018:

**Lay out your plan:** Any effective resolution requires an action plan. Identify what exactly you want to accomplish. Contributing to your NEST 529 account more regularly? Increasing contributions? Write it down—you'll be more likely to stick with it.

**Track your progress:** Keep a record of spending habits and continuously evaluate where you stand relative to your goals, making adjustments as necessary. Spending too much on dinners out? Cook at home more often, and allocate the extra money toward your child's college fund.

**Use your resources:** Have you been setting aside money for college from tax returns or pay raises? Are you taking advantage of NEST 529 scholarships and giveaways? Seek out additional savings opportunities whenever possible.

**Automate your savings:** One of the simplest ways to stay on track is to make your contributions automatic, making it more convenient than ever to save for higher education. Our Automatic Investment Plan and Payroll Direct Deposit are great options for those looking to put their savings on autopilot—just set it and forget it, and watch your savings grow.

## Market Commentary



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

The recent U.S. GDP report revealed that the domestic economy expanded at a 3.3% annualized rate.<sup>1</sup> If growth exceeds 3% in the fourth quarter, it will represent the strongest three consecutive quarters in more than 10 years. Over the last couple of

years, consumer spending has been the primary driver of growth. However, with the savings rate recently falling, the consumer may have less capacity to spend. Fortunately, in 2017, we have witnessed a marked pickup in business spending. In addition, global economic growth continues to accelerate, with solid growth anticipated in developed and emerging markets.

Economic growth is important because of the high correlation to companies' ability to generate sales and profit growth, which ultimately drives equity returns. Based on the improving fundamentals, revenue growth of 6.5% and earnings growth of 10.5% is expected in the fourth quarter. In 2018, revenue and earnings growth of 5.4% and 11.1%, respectively, is anticipated.<sup>2</sup>

The economic and earnings environment and high probability of U.S. tax reform have led to a surge in equity

prices, with the S&P 500 year-to-date return +20.5%.<sup>3</sup> For the first time in years, international returns have surpassed U.S. stock returns, with the MSCI Europe Australia Far East (EAFE) return +23.1%.<sup>4</sup> Due to price appreciation, the stock market is trading at somewhat elevated valuations, with the S&P 500 trading on a 18.2x price-to-earnings (P/E) ratio.<sup>5</sup> Although market valuation is historically a poor market timing indicator, high valuations may limit future returns.

The macro environment of modest economic growth, low inflation and low interest rates has been positive for equity and fixed income returns. The taxable bond market year-to-date return is +2.0%.<sup>6</sup> In our opinion, the biggest risk to both markets is a pickup in inflation and subsequent spike in interest rates. At this point, inflation does not appear to be occurring as wage growth is modest and certain areas of the economy are experiencing deflation.

- 1 U.S. Gross Domestic Product (GDP) as of 09.30.2017, Bureau of Economic Analysis; Source Bloomberg
- 2 S&P 500 fourth-quarter and 2018 Sales and Earnings Growth as of 12.01.2017; Source FactSet
- 3 S&P 500 YTD Return as of 11.30.2017; Source FactSet
- 4 MSCI EAFE YTD Return as of 11.30.2017; Source FactSet
- 5 S&P 500 price-to-earnings ratio on next 12-month earnings as of 12.01.17; Source FactSet
- 6 Barclays Capital U.S. Intermediate Government/Credit YTD Returns as of 11.30.2017; Source FactSet

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## Voice of the Customer

### Why I Am Thankful for College Savings, a NEST529.com Blog Post

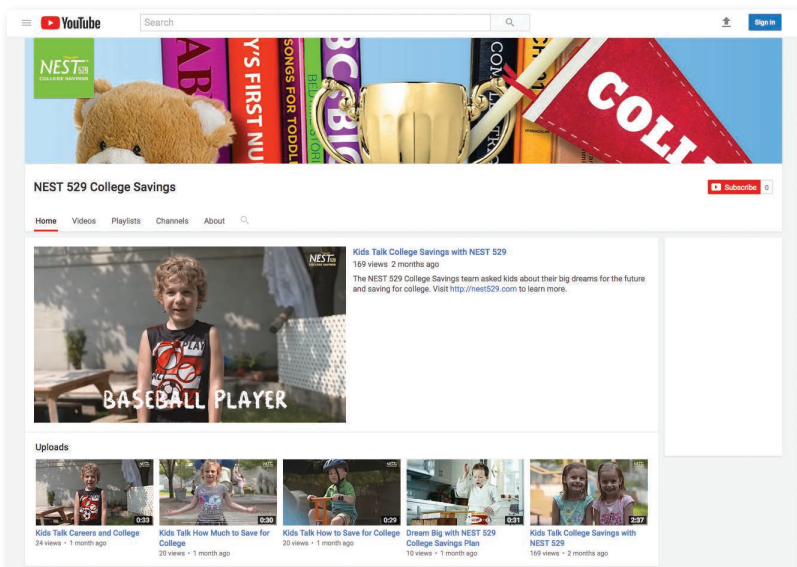
by Karisa Malchow

Thanksgiving is my absolute favorite holiday—it is all about family, food, tradition, and gratitude. Toward the end of November, like many other families, we like to take a step back and focus on what we are truly thankful for. Once you stop to think, that list can get pretty lengthy: family, friends, love, health, careers, food, clothing, and opportunities, to name a few.

One of the other things our family is grateful for is the gift of comfort for our boys' future. At ages three and one, my boys are still young, but we think it is never too early to start talking about education (on the day each of my kids was born, my dad opened their 529 accounts as soon as he learned their names).

Every time I see my three-year-old identify a "K" somewhere, and spell and write his name, or I see my one-year-old begin to put concepts together and formulate words, I am thankful for the schooling they have already had and for the comfort of knowing that will continue. Being young, working parents and paying so much out of pocket for daycare every month is painful. But putting some of each paycheck toward their 529 accounts is encouraging, and seeing that balance continue to grow for their future is comforting.





## Hear from the kids about their Big Dreams and saving for college!

We know your NEST 529 College Savings Plan is for the special little people in your life, but have you ever wondered what those kids think about saving for college?

The NEST 529 College Savings crew went to a local childcare facility and asked kids what their Big Dreams were and what their plans were for achieving them.

The results were as fun-filled and precious as the kids themselves. But don't take it from us; see for yourself by visiting the new NEST 529 YouTube channel.

Just go to YouTube.com and search for "NEST 529" to see the kids' answers to questions like these:

- What do you want to be when you grow up?
- What do you need to do to reach your big dreams?
- How much does college cost?
- How will you and your family pay for college?

Then ask your kids about their Big Dreams and what your family can do to achieve them!



## Remember to take your state income tax deduction

Does your state permit a state tax deduction for your contributions into your NEST account? On the NEST 529 website, search for "state tax benefits" to learn more.

If you are a Nebraska state taxpayer, remember to report your 2017 NEST contributions on your 2017 Nebraska state income tax return. To be eligible, contributions must be completed online or mailed by December 31. Simply search NEST529.com for "Nebraska tax benefits" for more information.

## News

### Estate and Gift Tax Limit Increasing

A tax-advantaged NEST account is an excellent estate-planning tool. It is a way to pass on wealth while removing assets from the parent's or grandparent's taxable estate. Contributions up to a specific annual limit are considered completed gifts and are eligible to be excluded from federal gift tax. In 2018 that limit will increase. Effective January 1, 2018, the total contribution to a beneficiary's account (together with any other gifts made that year by the same individual to the beneficiary) is now \$15,000 per beneficiary in a single year (\$30,000 if filing jointly).

### Program Management Fees Decreasing

Effective December 17, 2017, the Program Management Fee for NEST has decreased to 0.25% of the average daily net assets. What does that mean for you? You get the same great plan for less.

*For more information on the Estate and Gift Tax Changes and the Program Management Fee Reduction visit NEST529.com and click on the "Program Disclosure Statement" at the bottom of any page.*

# Kids' Corner

Find the hidden words listed below.

- COLLEGE
- EDUCATION
- SCHOLARSHIP
- SAVINGS
- CONTRIBUTE
- NEST
- DREAMS
- PLAN
- FAMILY
- GIFTS
- FUTURE



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S	T	N	E	C	R	A	I	L	J	Y	M	W	W	X
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Q	U	I	E	O	U	N	T	I	L	M	N	N	C	Z
M	U	T	O	L	Q	A	E	A	N	O	A	Y	I	Q
E	D	A	U	A	T	I	O	N	I	G	R	F	E	L
S	E	C	A	R	S	P	K	T	E	G	S	F	A	C
N	N	U	O	S	E	E	O	Y	J	Z	Y	C	I	I
G	F	D	S	H	N	E	S	T	Z	U	A	O	M	X
M	N	E	X	I	I	V	T	H	K	S	D	L	A	O
E	A	J	R	P	D	R	E	A	M	S	S	L	H	G
B	L	E	T	U	C	U	C	G	L	W	S	E	I	M
A	P	N	W	K	U	X	J	I	K	K	B	G	V	E
J	U	E	T	U	B	I	R	T	N	O	C	E	P	S
C	K	A	C	D	P	D	T	J	O	S	X	O	L	U

## Contact Us

**by web:**

[www.NEST529Direct.com](http://www.NEST529Direct.com)  
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NEST 529 College Savings  
 NEST 529 Advisor College Savings Plan

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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 state benefits such as financial aid, scholarship funds, and protection from creditors 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  
**First National Bank of Omaha** Program Manager  
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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

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