



Horizons

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

SPRING 2018

Message from the Nebraska State Treasurer

Take a time-out from your spring-cleaning when you get to the piles of accumulated paperwork. Dig into those documents and retrieve your NEST 529 statements. If you transact business electronically, dig into your online records. Take a few minutes to congratulate yourself for your foresight and discipline and then look ahead to the future and the difference your NEST account or accounts will make in someone's life—and in your own.

We know that saving for higher education years down the road is not easy, especially considering the daily financial demands on young families. Nor is it easy for the other dedicated group of NEST savers—grandparents, who also may be retired and living on their hard-earned retirement income. Yet, we know when the day comes that those savings are put to good use, the beneficiaries are exceedingly happy and grateful. And so are the parents and

grandparents who opened those accounts and maintained and monitored them from one spring-cleaning to another.

An occasional review of your NEST statements lets you see just how much your account has grown and allows you to reflect on what you might have passed by to make those regular contributions. If you are like most of us, you probably can't think of a single thing you have missed or any possible better way to have spent your money. By now you know that NEST accounts—or a contribution to a NEST account—make great gifts for birthdays, graduations, special occasions, even baby showers.

Take our advice. Take a break from spring-cleaning, and thank yourself for establishing your NEST 529 account, for the beneficiary you chose to receive it, and for the decision you made way back when to save responsibly with the Nebraska Educational Savings Trust. We are glad you did.

Tips—Spring Clean Your Finances

Springtime is here, which means chirping birds, blossoming flowers, warmer days, and—you guessed it—spring-cleaning.

When it comes to your finances, getting organized doesn't have to be a chore. Here are a few helpful tips to refresh your savings strategy and propel you toward your goals.

Check your progress

The calculator on our website is a useful resource to help you assess your current savings plan. Simply visit <https://www.nest529.com/home/calculator.html> to see if you are on track to meet your goals.

Streamline the process

Tired of doing all the work? There's an easier way to invest in your child's future. With our AIP or payroll direct deposit option, you can set up automated contributions. Growing your savings can be virtually effortless after all.



Put your refund to good use

With springtime comes tax season. This year, contribute a portion—or all—of your tax refund toward your child's NEST 529 Plan account. It's an easy way to allocate extra money toward higher education expenses.

Consider the estate tax benefit

A tax-advantaged NEST account is also 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 without having to incur the expense to establish and maintain a trust.

Market Commentary



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Global economic growth accelerated in 2017 with economist's currently forecasting 3.7% growth in 2018.¹ Positive economic data has occurred in developed and emerging markets with manufacturing strong in most countries. In the U.S., tax reform and the federal

budget agreement have led to an increase in growth expectations from 2.3% growth last year to 2.7% this year.² The pickup in economic activity and lower corporate tax rates have led to an increase in expected earnings. U.S. earnings growth estimates are currently 18.2%, up from the 11.5% prior estimate.³

After a year of low volatility, the stock market underwent a 10% correction in the first quarter. With the unemployment rate at a 17-year low and signs that wages are rising, investors became concerned about a spike in inflation. Offsetting these pressures is business investment, which has increased substantially over the past year. Corporate spending should result in improved productivity and profitability and allow for higher wages without triggering higher inflation. In addition, we believe structural impediments like

globalization and technologic advancements should continue to subdue inflation.

Stock market returns are positive year-to-date with the S&P 500 return +1.8%.⁴ As earnings growth has exceeded price appreciation this year, stock market valuations have become more attractive. The current price-to-earnings ratio (P/E) of 17.1x is down from the recent high of 18.1x, and is more consistent with recent valuation levels.⁵ International equity returns have been subdued with the MSCI Europe Far East (EAFE) return +0.3%.⁶

Inflation concerns have led to higher interest rates, negatively impacting bond prices. The taxable bond market has lost -1.3% year-to-date.⁷ The likelihood of further Federal Reserve hikes and modestly higher interest rates may limit future returns.

- 1 World Gross Domestic Product (GDP) Forecast as of 02.28.18, Bureau of Economic Analysis; Source Bloomberg
- 2 U.S. GDP Forecast as of 02.28.2018, Bureau of Economic Analysis; Source Bloomberg
- 3 2018 Earnings Growth for the S&P 500 as of 02.28.2018; Source FactSet
- 4 S&P 500 YTD Return as of 02.28.2018; Source FactSet
- 5 S&P 500 price-to-earnings ratio on next twelve month earnings as of 02.28.2018; Source FactSet
- 6 MSCI EAFE YTD Return as of 02.28.2018; Source FactSet
- 7 Barclays Capital U.S. Intermediate Government/Credit YTD Returns as of 02.28.2018; Source FactSet



Giving Grads the Gift of College Savings

From preschool to high school, watching your children succeed is a milestone that you will always treasure. Make sure that you give your loved ones a graduation gift that will reward all their hard work: the gift of preparing financially for their educational future.

Is your child graduating from preschool? This is a great opportunity to get a head start in preparing for college in several ways. How? Take the money you would have spent on monthly daycare payments in the past and contribute that to your child's NEST 529 account. Then, talk to your child about his or her interests and explain that saving for higher education will help them get there.

Are you a parent whose child will soon graduate from elementary school? Sit down and show your child any gift contributions friends or family have made to his or her NEST 529 account. Talk about how that money can go toward resources for higher education in a few short years. Spend time together discussing potential college, university and technical school options—if you're excited, your child will be too.

It has never been easier to make contributions to your child's 529 college savings account, and with Ugift, NEST's handy online gifting tool, family and friends can easily send graduation gifts with a quick click of a button. Make saving for college a part of your graduation traditions and give gifts that will last.

Voice of the Customer

Commonly asked questions from our customers

Q: How much can I give to my future college student without affecting my annual gifting limit?

A: In January 2018, the annual gift tax exclusion increased from \$14,000 to \$15,000 per donor (\$30,000 for a married couple that elects to “split” gifts). This means that in each calendar year, up to \$15,000 may be contributed to a beneficiary’s account without being considered a taxable gift, given you have not made any other contributions to the beneficiary in the same year. Essentially—you have a lot of room for giving, and as long as you remain aware of how much you have contributed, you will be sure to maximize the gifting tax benefits. Please see your professional tax advisor with any questions about gifting.

Q: How can I make regular automatic contributions to my NEST 529 account?

A: NEST 529 offers two ways to make simple, systematic contributions:

- The Automatic Investment Plan (AIP): This option allows you to specify the contribution amount, frequency, and start date. From there, NEST will pull contributions directly from your bank account, an easy and seamless process.
- Payroll Deduction: Inform NEST 529, as well as your employer, of your intent to save directly through payroll, and specify the exact dollar amount from your paycheck you want to contribute to your NEST account each pay period.

Unsure how to go about setting up these respective options? It’s easy:

- Securely log in to your account on the NEST 529 website using your unique information; it’s helpful to write this down, and store it in a safe place.
- Select “View Details.”
- Select “Manage recurring contributions.”
- Choose “Add a new Automatic Investment Plan” or “Go to payroll deduction.” (For this option, you can also download and mail a form, call our service center, or elect to speak with your financial advisor.)

Scholarship Corner



2017 NEST Birthday Babies Reunion

This February, the winners of the 2017 NEST Birthday Babies Sweepstakes came together, with special guest First Lady Susanne Shore, for an adorable reunion in celebration of the scholarships they were awarded last year.

Upcoming Opportunities

NEST on the Farm: This spring, we are launching two exciting scholarships, which will award winners with a NEST 529 College Savings Plan contribution. The first opportunity, “NEST on the Farm,” will be open to Nebraska residents who submit a ranch- or farm-themed photo taken of or by children 13 years or younger.

Draw Your Dreams: To qualify for the second scholarship, “Draw Your Dreams,” students must create and submit 9-by-12-inch landscape-oriented pictures of what they dream of becoming when they grow up. Each piece of art must be created using pencil, crayons, paint, watercolor, or paper collage.

To learn more about these and other NEST 529 scholarship opportunities, be sure to regularly visit NEST529.com and search for “scholarships.”

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.**



Kids' Corner: Grocery Shopping— Teaching the Value of a Dollar

April is Financial Literacy Month. To help your child learn the value of a dollar, try this fun grocery game:

Ask your child to write a grocery list of all the items you need to pick up and how much he or she thinks each item will cost. At the end of the list, have your child write down the estimated total. Make sure to have that amount on hand in cash to help your child visualize the value of a dollar. Set parameters. For example, if an item is more than two dollars over the projected cost, then tell your child that he or she cannot buy the item.

At the grocery store, have your child bring in the list and write down the actual cost of each item to see how close he or she is to the estimated total. As a bonus, ask your child to star the items that are on sale and encourage him or her to select items that are marked down.



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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 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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