



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

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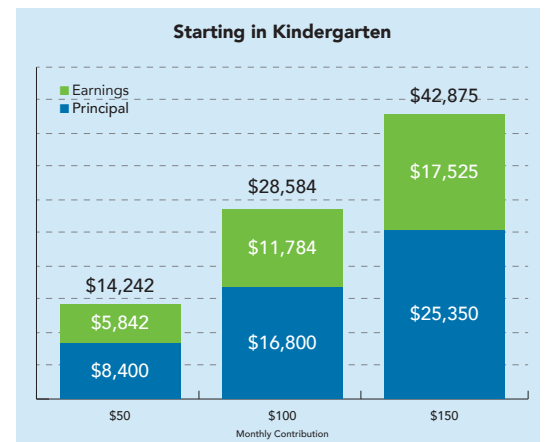
**Give Your NEST 529 Account a Summertime Checkup**

School's out and summer's in! Whether you have a vacation planned or are just looking forward to weekends in the sun, it's a good idea to use some of that relaxation time to make sure your NEST 529 account is in good shape. This means ensuring you have a solid contribution plan and sticking with it—something that will prove to be useful in the long run. Just take a look at the results.

Beginning when your child is five years old, contributing \$50, \$100, or \$150 each month to your NEST 529 account has the potential to help your family save \$14,000 to \$42,000 for higher education expenses.

Didn't start saving until your child was older? Don't fret—your savings will still add up over time and make a difference. Any amount is helpful, and it's never too late to kick your savings into gear. With the support of our dedicated team, it's easier

than you think and well worth the peace of mind that comes with preparing for the all-important academic future.



This chart illustrates an investment of \$50, \$100, and \$150 a month on the first day in the month into a college savings account that earns 7% per year, compounded monthly. This contribution illustration begins with the first day of the month the child turns five. This hypothetical is for illustrative purposes only. It does not reflect an actual investment in any particular college savings plan or in the NEST 529 Plan.

**Contact Us**

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**KIDS' TIME: Summertime Savings Tips—Activities to Help Young Children Learn About Saving Money**

Helping your child learn the value of a dollar doesn't have to be a chore. Check out this fun summer budgeting game.

Brainstorm summer activities with your children and have them divide their ideas into three categories: free activities, activities that are fairly inexpensive, and costlier activities. Encouraging your children to consider the expenses associated with each activity will help them better understand the value of a dollar and how it can be used. Write

out each activity on a popsicle stick, designating the price category with a color—green for free, yellow for fairly inexpensive, and red for costlier activities.

On weekends, have the children select a green popsicle stick at random to show how fun free activities can be. To reward good behavior or on special occasions, have them select at random a yellow or red popsicle stick to show the value of saving and how it can pay off.

## Savings Insights

### Message from the Nebraska State Treasurer

Your child's educational journey is a lot like summer. Those first few days after school ends, it looks like you have all the time in the world to go to ball games, check out summer enrichment classes, spend an afternoon at the pool, take a vacation, enjoy a lazy day in the sun. But summer gets away from us, and before you know it, you are shopping for back-to-school clothes and planning the neighborhood carpool.

That's often the way it goes for families saving for college. Time slips by, and those NEST college savings accounts you opened when your children were young need attention. Use this summer leisure time to review your NEST accounts, talk about your and your child's priorities, and plan for your child's educational future. Here are some ideas to get you started:

- Become familiar with college costs both close to home and at any dream schools your child may be considering.
- Look for scholarship and bonus opportunities, not just for your high school son or daughter but for a younger child as well. NEST sponsors writing and photo contests for various ages, including a Read to Win Drawing at community libraries in Nebraska.
- Encourage friends and family members to contribute to your child's NEST account when they ask for ideas for birthdays and other special occasions.



## Market Commentary



**Kurt Spieler, CFA**  
Vice President,  
Chief Investment Officer  
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The U.S. economy continues to accelerate with economist's currently forecasting 2.8% growth in 2018.<sup>1</sup> Recent reports regarding jobs, wages and consumer confidence point toward continued growth. Business spending has been strong and there is stimulus from federal government spending.

The labor market is a positive with the number of job openings currently exceeding the number of unemployed Americans. Global economic activity has decelerated slightly, specifically in Europe and several emerging countries.

Company fundamentals are solid as corporate America benefits from economic activity and lower tax rates. U.S. earnings growth estimates for the next year are +15.7% for large cap companies and +22.8% for small cap.<sup>2</sup> After negative returns early in the year, the stock market is starting to trend upward and reflect the positive fundamentals. Year-to-date, the S&P 500 return is +2.0% with the S&P Small Cap 600 +8.2%.<sup>3</sup> As earnings growth has exceeded price appreciation this year, stock market valuations are more attractive. The current price-to-earnings ratio (P/E) of 16.2x is reasonable given low interest rates and solid economic growth.<sup>4</sup> International equity markets are subdued, partially due to the recent U.S. dollar strength. The MSCI Europe Far East (EAFE) return is -1.5%.<sup>5</sup>

After the spike early in the year on inflation concerns, interest rates have remained relatively range bound with the 10-year Treasury yield just below 3%. The taxable bond market recovered slightly in May, but remains down -0.9% in 2018.<sup>6</sup>

At this point in the economic cycle, we believe there is limited recession risk and a favorable outlook for equities due to the solid earnings environment and reasonable valuations. Policy error on trade and geopolitical issues could be a destabilizing force. Long-term, we remain concerned about higher federal government debt levels as a result of the budget deficit.

1 U.S. Gross Domestic Product (GDP) Forecast as of 05.31.18, Bureau of Economic Analysis; Source Bloomberg

2 Next 12 Months Earnings Growth for the S&P 500 & S&P 600 as of 05.31.2018; Source FactSet

3 S&P 500 & S&P 600 YTD Return as of 05.31.2018; Source FactSet

4 S&P 500 price-to-earnings ratio on next twelve month earnings as of 05.31.2018; Source FactSet

5 MSCI EAFE YTD Return as of 05.31.2018; Source FactSet

6 Barclays Capital U.S. Intermediate Government/Credit YTD Returns as of 05.31.2018; Source FactSet

# Congratulations to 'Why I Want to Go to College' Essay Winners

The 16th annual "Why I Want to Go to College" writing contest entries were especially impressive this year. Thank you to all of the talented seventh and eighth graders who entered. Twelve winners received NEST 529 contributions, and Nebraska winners were recognized May 6 at the Storm Chasers game in Papillion. Excerpts from two winning essays are below:

"The great teacher and philosopher Socrates once said, 'Education is the kindling of a flame, not the filling of a vessel.' This quote is powerful to me because I am filled with the flame of wonder, and I love the challenge of learning new things. I want to be a lifelong learner and never stop learning; therefore, my goal after I graduate high school is to attend college to gain the proper education I need to work in healthcare. I want to attend college for three main reasons: To make a difference in the lives of others, to gain the skills and education I need to lead a successful and productive life, and to expand my knowledge of the world."

-Kennedy Warneke from Pierce, NE

"Three years ago, I almost lost my mom. She was diagnosed with stage three cancer, and it didn't look good for her. Before my mom was diagnosed, I already wanted to be a pediatrician. Then it got so much more personal. Becoming a doctor means you have to go

through a lot of work and schooling—I really want this dream though, and I will do anything to get it. If I have to spend over 20 percent of my life in school to be a doctor, sign me up. College has opportunities, and I plan to take them...College is a necessity to arrive at my dream."

-Isaiah Currie from Gretna, NE



## Scholarship Connection



**Teach Children to Save Day:** This year's Teach Children to Save Day celebration, held on April 23, featured Ben Franklin himself, who provided Standing Bear Elementary students with a lesson on financial planning. At the end, two lucky winners, Carly Brennan and Tierney Carman, were each surprised with a \$1,000 NEST 529 contribution.

**Big Dreams \$20K Giveaway:** Good news—there's still time to enter the Big Dreams \$20K Giveaway for the chance to win a \$5,000 contribution to a NEST 529 account for a beneficiary 10 years old or younger. Be sure to enter before July 31.

**Nebraska Summer Reading Program:** Encourage children in your life to enter the NEST 529 Read to Win Drawing this summer. Not only is it a great way to hone their reading skills during the break, but they'll also have the opportunity to win a \$529 NEST 529 contribution along with \$250 for the local library.

Full details and scholarship rules are available at <https://www.nest529.com/scholarships>.

Effective July 20, NEST 529 will be new and improved. The below changes will build upon our existing lineup of strong investment options:

### Age-Based Options

- Redesigned Age-Based Investment Options: The age bands will increase from five to nine to allow for smoother glide paths in asset allocations among Equity, Fixed Income, and Cash Equivalent asset classes over the life of an account. Accounts will automatically move into the new age band based on the age of the beneficiary on July 20.

### Static Options

- New Static Investment Options: These options have been expanded to allow primarily for more equity-based investment choices.

### Lowered Fees

- The total estimated annual asset-based fees will change as a result of Nebraska lowering its State Administration Fee from 0.03% to 0.02%, the creation of additional age bands in the Age-Based Investment Option, and additional Static Investment Options.

All account owners should have received information about these updates by mail. If you did not, or if you have any questions, please contact a client services representative at 1-888-993-3746 or visit us on the web.



*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 Static 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 Static 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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\*Except the Bank Savings Static Investment Option

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