



Horizons

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

SPRING 2016

Message from the Nebraska State Treasurer

The Nebraska State Treasurer's Office is committed to helping parents, grandparents, and children learn about saving for college and making wise choices when it comes to saving, spending, and investing. Our most ambitious approach is our Nebraska NEST Financial Scholars online financial literacy program offered free to high schools in Nebraska. But we don't stop there. We understand financial literacy education needs to reach a broader audience to be truly effective.

That's why we also provide an online learning platform for parents and grandparents that focus specifically on how to save for college. Our NEST Scholars for Families can be accessed at treasurer.nebraska.gov and can be used by all our NEST account owners. The 15-minute module discusses college savings in general and the Nebraska Educational Savings Trust in particular.

Our educational programs also extend to children, the very ones who will benefit most from NEST plans. We join

First National Bank of Omaha at Teach Children to Save events in schools, stressing to fourth graders the difference between wants and needs and the value of making wise choices when it comes to money.

Nebraska is not alone in its endeavor. State Treasurers nationwide find themselves in a unique position to offer financial education to young people and to guide them toward responsible decision making. A recent survey by the National Association of State Treasurers showed that 22 State Treasurers administer or are involved in financial literacy programs. Another seven provide website portals to educational resources.

You, too, can help by demonstrating wise financial practices in your home and by encouraging your children and grandchildren to take advantage of programs that promote financial education, including how best to save for college.

Reinforce Your and Your Child's Personal Finance Habits

By opening a NEST account to save for college, you have taken an important step toward being ready to financially support your child's dreams. There are several additional steps you can take right now.

With tax season upon us, this is a great time to review your savings goals and make a commitment to increase your contributions. If you have a tax refund coming, consider contributing all or part of your refund into your NEST account. What a great opportunity to take money you might not have been planning on to boost your college savings, especially because the money comes out tax-free for college expenses down the road. Talk to other family members who also might be getting tax refunds to see if this is a good time for them to open accounts or contribute to your NEST account to give your child the gift of higher education. Go one step further and make it a habit to increase your contributions every tax season.

Tax season is also an opportune time to talk with your children about their dreams and how you are saving for their future. It is a great time to have focused discussions about personal finance and show them that establishing good money management habits early plays a big part in achieving their dreams.

For more ideas on having this discussion, see "Developing a Child's Money Management Habits" article on page 2.



Market Commentary



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

2016 started off on a tumultuous path headlined by the Chinese economic slowdown, an uncertain energy sector due to the decline in oil prices, and the adverse impact that a stronger U.S. dollar could have on domestic companies. These concerns helped contribute to a stock market that stumbled out

of the blocks to begin the year. The market entered into a correction when the S&P 500 lost over 10.5% from the beginning of the year to the lows on February 11th.¹

The tides seemed to turn in February when positive U.S. economic reports helped ease concerns on the global economy. Reports such as an upwardly revised GDP, industrial production, and durable goods all outperformed analyst expectations.² Inflation has also firmed as of late, easing most fears of a potential deflationary environment. All of these factors helped contribute to a market bounce of 7% from the bottom for a strong finish in February.¹

As is typical during market volatility, large, stable, dividend-paying companies have outperformed the broader market, which is judged by the S&P 500, down 5.1% through the end of February.³

Short-term global macroeconomic news appears to be highly influential and driving the direction of the market. For example, stock correlations with oil have been incredibly high, even though historically, there has been no correlation of movements between the two.⁴ Upcoming Federal Reserve meetings may also impact market returns and lead to volatility. With the Fed's closing in on its dual mandate for inflation and unemployment, an increase in interest rates over the next few months is possible. As we evaluate the investment landscape, the key to higher equity returns is stability in the global economy and a resumption of sales and earnings growth.

1 S&P 500 Index return as measured through FactSet

2 Bloomberg Bureau of Economic Analysis and Consensus Analyst Estimates

3 S&P and Russell indexes as measured through FactSet

4 Goldman Sachs Asset Management

Developing a Child's Money Management Habits

You can help your child dream about the future while developing money management habits that can last a lifetime. Below are some activities you can do with your child.



Building Dreams

Encourage your child to choose some things they want or care about:

- What do you want to be when you grow up?
- What do you wish you could buy this year?
- What would you do if you had \$100?

Talk about your family's dreams, how you are planning to meet them, and how to set goals to achieve them.



Developing a Three-part Plan

Remind your child of the importance of using money wisely and setting goals to ensure dreams can be met. Small goals may seem more achievable.

- **SAVE:** Discuss the importance of saving for a goal. Saving a little routinely adds up. It is always a good time to discuss with your child what your child wants to be as a grown-up. Studying hard and graduating from college can help reach future dreams.
- **SPEND:** Talk about the difference between needs and wants. Remind your child about how to spend wisely, how to resist impulse buying, and how to look for sales.

- **SHARE:** What does your child care about? How can that translate to helping others? Remind your child that no matter how big or small the effort, sharing can make a difference.



Setting a Budget

Discuss with your child how to acquire money and how to allocate for saving, spending, and sharing. Then discuss how you make the same choices with the family budget. Work with your child to develop a spreadsheet to document the plan and the budget.



Earning Money

Talk about ways your child can obtain money for future dreams.

- Earning allowances for chores around your house.
- Working for a neighbor such as babysitting, walking the dog, mowing lawns, or getting a job.



Developing Ways to Start and Track

Help your child establish routines including going to the family bank to deposit money. Remember to cheer your child's success with a "job well done."

529 Tax Law Changes

On Dec. 18, 2015, Congress passed the "Protecting Americans from Tax Hikes (PATH) Act of 2015" which introduced several improvements to 529 plans. Effective retroactively to tax years beginning after Dec. 31, 2014, two of the most notable improvements are the following:

Computers are now qualified expenses

Expenses related to purchasing computer or peripheral equipment (e.g., printers), computer software, or Internet access and related services are considered Qualified Higher Education Expenses, as long as the beneficiary is the primary user while enrolled in college.

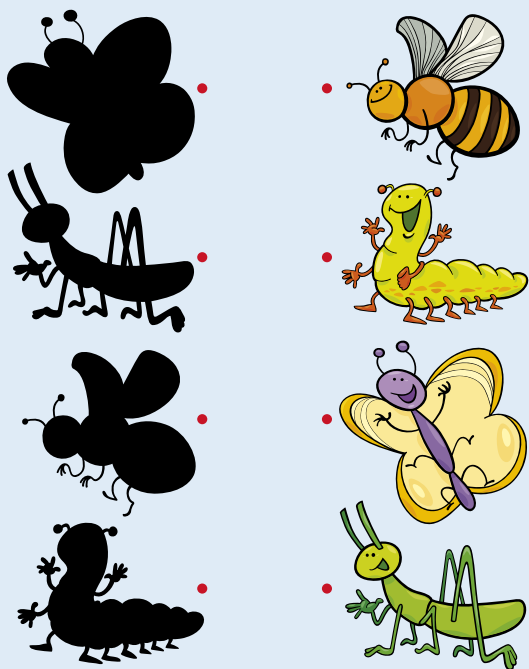
Refunds from schools can be put back into your NEST account

Any Qualified Higher Education Expense that was withdrawn from a NEST account and refunded by a school can be recontributed back into the beneficiary's account. Refunds will not be subject to federal income taxes or penalties if the refund is recontributed within 60 days of receipt from the school. The withdrawal associated with the refund that is not recontributed back into the account within 60 days of receipt will be considered a Non-Qualified withdrawal. Remember to keep documentation of the refund from the school for your records.

Please consult your tax advisor with any questions regarding the PATH Act changes.

Kids' Corner Solve the puzzles below.

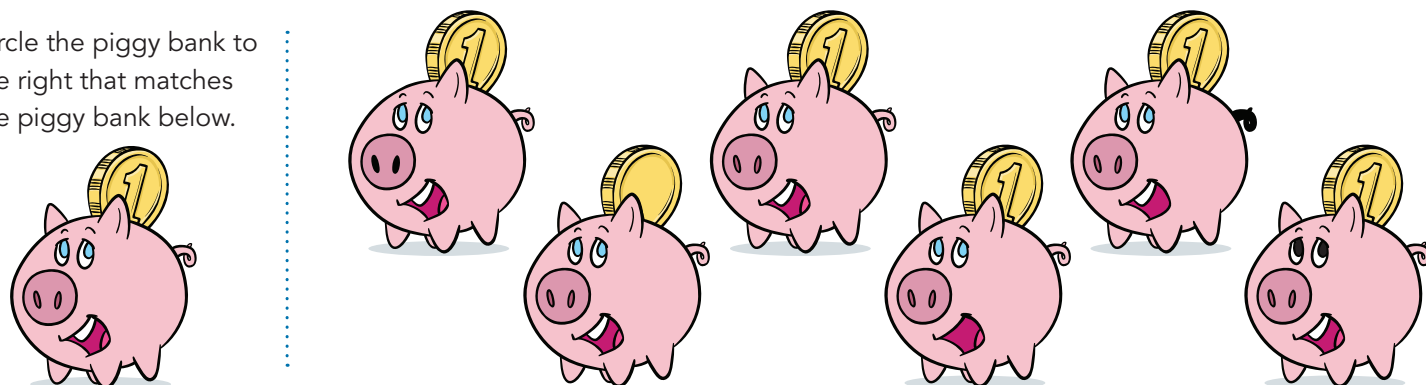
Draw a line from the insect to its shadow.



Draw a line from dot to dot, by number, to reveal the picture of a good tool for saving.



Circle the piggy bank to the right that matches the piggy bank below.



Scholarship Corner

NEST BIG Dreams \$10K Giveaway Winners

More than 6,800 individuals across the country entered the NEST Big Dreams \$10K Giveaway by providing their email addresses on NEST529.com. Two randomly selected winners received a contribution of \$5,000 each into a NEST account for their beneficiaries. The contributions were provided by First National Bank of Omaha, program manager for NEST.

The winners were as follows:

- Matthew J. – Cozad, Neb.
- Charlie M. – Hillsborough, N.H.

Featured Scholarships!

NEST is proud to present two scholarships open to people across the United States. Spread the news to your friends and family!

NEST Big Dreams \$20K Giveaway

Enter to be one of four winners to each receive a \$5,000 contribution into a NEST account for a child ten years old or younger. All you have to do is provide us with your contact information by July 31 on NEST529.com/BigDreamsGiveaway. Once we have your contact information, we will send you updates on the NEST Direct Plan's features and tips on saving for college.

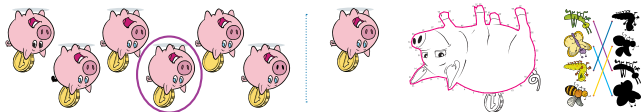
Young Beneficiary New Account Drawing

Talk to your financial advisor about opening a new NEST Advisor Plan account for a child eight years old or younger before the end of the year. Two winners will be drawn each month to each receive a \$529 contribution.

NEST on the Farm Fun Photo Drawing

Nebraska residents who submit a farm-themed photo of a child 13 years old or younger by June 30, 2016, are eligible to be one of six winners to each receive a \$1,000 contribution into a NEST account.

Answers to puzzles on page 3:



Find rules for all of our current promotions at NEST529.com/scholarships.

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

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