



Horizons

The newsletter for Nebraska's 529 Direct and
Advisor College Savings Plan account holders.

SUMMER 2011

Message from the Nebraska State Treasurer

The start of a new school year usually means new clothes, new haircuts and new backpacks. But what about a new way of looking at one of the most important expenditures you will make as parents?

Whether you plan to pay for your child's college education or expect your child to help finance his or her own college years, you have taken the first steps by investing in one of our NEST 529 College Savings Plans. I applaud your foresight and encourage you to continue to think ahead to your child's future.

Through the NEST 529 College Savings Plans, you benefit from a simple investment structure, easy access to information through enhanced websites and tax advantages. You also enjoy the fact that no annual fees accompany NEST accounts. Now is a good time to start thinking about increasing your contribution to build your savings even faster.

For more information, the Nebraska State Treasurer's Office recommends you log on to www.NEST529Direct.com or www.NEST529Advisor.com or call the toll-free telephone customer service number at **888-993-3746** or **888-659-6378**. Grab your backpack full of new knowledge and join us in the journey.

Summer Is a Good Time to Think About Your Loved One's Higher Education

By having a NEST 529 College Savings Plan account, you have taken the first step in the right direction of saving for your child's education. As you are enjoying time with your children or grandchildren this summer, think about ways to make your investment grow even more.

- Add to your Automatic Investment Plan
- Send in a lump sum payment in honor of your child starting a new school year
- Encourage others to give the gift of education

Also, visit the Plan's website to use our calculator to:

- See if your savings remain on track to your goal
- Check out scholarships
- Click on *Maximize Your Savings* to learn about how you can save with everyday purchases with Uprromise®

Remember, September is **College Savings Plan Month**—a great time to think about increasing your savings!

Kids with Savings Accounts Are Six Times More Likely to Attend College

By saving with NEST, you have made the right step to help pay for your beneficiary's education. Did you know that you can help children's college success even more by encouraging them to open up their own savings accounts?

According to research out of the Center for Social Development (CSD) at Washington University in St. Louis, MO, for youth who expect to graduate from a four-year college, those with savings accounts in their names are six times more likely to attend than those that do not have accounts.¹

The study authors go on to say, "If youth grow up knowing they have money to help pay for current and future schooling, they may have higher educational expectations, which in turn may foster educational engagement and academic achievement."

In addition, "youth with parents who had money set aside for them and youth with accounts and with school savings of their own were more likely to expect to graduate."

A combination of a NEST account, your beneficiary's own savings account and reinforcement about the benefits of attending college will go a long way to help your child achieve college success.

¹ Research Brief, January 2010, CSD Publication No. 10-04, based on Elliott, W. and Beverly, S. (2011). The role of savings and wealth in reducing "wilt" between expectations and college attendance. *Journal of Children & Poverty*, 17 (2), 165-185. First published as CSD Working Paper 10-01. Center for Social Development, Washington University in St. Louis, Mo.

The Center for Social Development (CSD) at Washington University in St. Louis is a leader in research and innovation in social development.

Market Commentary



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With the slower economic activity, equity and commodity returns underwent a mild correction in May. For 2011, equity returns are positive with the U.S. stock market up 7.8% through May 31.² Equities have benefited from strong earnings growth and mergers and acquisition activity. International returns have lagged the U.S. stock market with developed markets up 6.9% in the same period.³ With

the lower economic data and inflation limited to food and energy, the fixed income market rebounded in May. Through May 31, bonds were up 2.6% in 2011.⁴

The U.S. economy is growing at a fairly subdued pace with GDP growth of 1.8% reported in the first quarter.⁵ Recent economic statistics have surprised on the downside with most economists lowering their second quarter estimates. The soft patch reflects both the temporary impact of global supply disruptions and the more lasting effect from higher oil prices, government

fiscal tightening and slower growth overseas. The question for the markets is whether this soft patch is temporary, with growth rebounding in the second half, or more sustained.

As college savings plan owners, you keep a watchful eye on these market conditions. The Age-based Investment Options recognize the need to balance fixed income and equity investments when saving for college. They offer an asset allocation mix of fixed income and equity funds in which the age of the beneficiary determines the asset allocation. Effectively, the weighting in fixed income mutual funds increase and the exposure to stock mutual funds decrease as the beneficiary approaches college. With NEST plans you can even select one of four age-based strategies reflective of your risk tolerance and return goals.

2 Measured by the S&P 500 Index

3 Measured by the MSCI EAFE Index, net of dividends

4 Measured by Barclays Capital Intermediate Government/Credit Index

5 Bloomberg

NEST Underlying Fund Highlight—Tributary Small Company Fund

The Tributary Small Company Fund is a diversified portfolio of small cap stocks, an asset class which is important to investors due to its historical ability to generate earnings growth. The Fund seeks to deliver shareholders above-average, long-term returns, while undertaking below-average levels of risk.

We look to own quality companies based on our belief that those companies will become more valuable and enhance shareholder value over time. Common characteristics of such companies are an understandable business, reasonable growth prospects, financial flexibility and a trustworthy management team.

Along with this business evaluation, a firm's financial statements are analyzed, and valuation models are utilized to derive an estimate of a company's true worth. We look to purchase companies at a discount to this value, which is a key component of our philosophy. Companies purchased at a price below the value of the business offers shareholders two key benefits: the opportunity for above-average profits, and a "margin of safety" which will reduce the portfolio's volatility over time.

Successful implementation of this value-oriented approach requires discipline and patience, as it often takes time for other investors to recognize the value we have identified.

Therefore, when considering a potential investment, we think in terms of a 3-to-5-year investment time horizon. As a result, companies are often owned for long periods of time, and the Fund's turnover is expected to range from 25-35% annually.

Each company considered for purchase is thoroughly researched by a member of our Omaha-based investment staff, discussed and evaluated among our entire team, and ultimately cleared for investment by the Fund's portfolio managers.

An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing or sending any money. This and other important information about the investment company can be found in the Fund's prospectus. To obtain a prospectus, call 800-662-4203 or visit www.tributaryfunds.com. Please read the prospectus carefully before investing.

The Fund may invest in small, less well-known companies, which may be subject to more erratic market movements than large-cap stocks and derivative securities, which may carry market, credit and liquidity risks. These risks may result in greater share price volatility.

The Tributary Funds are distributed by Northern Lights, LLC, Member FINRA, which is not affiliated with Tributary Capital Management, LLC or any of its affiliates.

Voice of the Customer Commonly asked questions from our customers.

Q: I want to save more. How easy is it to set up my account to automatically transfer money from my bank account to my NEST account(s)?

A: It's easy—and an Automatic Investment Plan (AIP) is a great way to contribute money into your account. Just go to the website, log in to your account and click on the *Asset Management* link. Go to the AIP section and follow the instructions.

Q: I heard I may be able to contribute directly from my paycheck through my employer. How do I do that?

A: It's true. Many NEST account owners contribute directly to their accounts from their paychecks. Check with your employer and then go to the website, log in to your account and click on the *Asset Management* link. Click "Manage Payroll Deduction" at the bottom of the page and follow the instructions. Please make sure to print the informational sheet from the website to take to your employer's HR/benefits department.

Q: My daughter is starting college this September. How can I withdraw money from my NEST account to pay for my beneficiary's qualified higher education expenses?

A: You can withdraw online, by mail or over the phone!

- Log in to your account. Click on the *Asset Management* link, select "Make a Withdrawal" and follow the instructions.
- Send us a Withdrawal Request Form. The Withdrawal Request Form can be downloaded from the NEST website. Click on the *Forms* link found at the top of the Web page.
- Give us a call. Our customer service representatives will be glad to assist you. If you have an Advisor Plan account, you may want to talk to your Advisor.

Qualified withdrawals can be sent directly to the beneficiary's school, by check to the account owner or beneficiary's address on record, or electronically to the account owner's bank account on record.

Q: How can I review my account online?

A: You will need to register on the NEST online website by following these steps:

1. Click *Sign up for online access* in the file folder.
2. Enter your NEST account number, the Account Owner's SSN and ZIP code of your permanent address—then click "Next." When you enter your NEST account number, please **do not** include any **dashes**.

Enter this format: 12345678901

Not this format: 123456789-01

3. Indicate if you would like statements sent to your email address or by regular mail.
4. Create your answers to the security questions and pick your security icon.

Q: I am a Nebraska taxpayer and custodian on a NEST UTMA/UGMA account. Can I take a Nebraska tax deduction for my contributions to this UTMA/UGMA account?

A: Unfortunately not. Only the account owner who contributes to a NEST account is eligible to take a Nebraska state income tax deduction. The account owner on an UTMA/UGMA account is the minor, not the custodian.

To qualify, you could open a new Individual NEST account and start making future contributions to your own account to be eligible for the Nebraska tax deduction. Since there are no fees to open or maintain an account, it will not cost extra to have another account.

For non-Nebraska taxpayers who have an UTMA/UGMA account, please ask your tax advisor for specific requirements for your state.

You Have Spoken and NEST Has Listened

We receive great feedback from NEST account owners and we appreciate that—keep it coming! Based on your feedback, we've made a few enhancements that will make your experience with NEST even better.

1. NEST now has fillable forms! Rather than downloading forms from the website to enter information, forms can now be filled in online, then printed, signed and mailed to NEST. Remember, almost all requests can also be done online through secure account access.
2. Hold-times prior to withdrawing have been decreased. Previously, when you sent in a contribution by check there

was a mandatory 7-business-day hold on the funds before you could withdraw the money. That hold period is now 5 business days. If you changed the address of record on your account, there was a 20-business-day waiting period before funds could be withdrawn without a signature guarantee—that waiting period is now 10 business days.

3. You can now find historical daily unit prices on the website. Want to find out what the unit price was on a specific day? Go to *Investments & Performance*, click the "Prices & Performance" link, click on an "Investment Option" and then scroll to the bottom of the page and click "Search for historical price information."

Scholarship Corner

NEW! NEST Sponsors the **Omaha Kids Triathlon!** Mark your calendars for Saturday, July 23, 2011. The event will be held at Glenn Cunningham Lake, Omaha, NE, with NEST awarding \$200 to three lucky competitors. Visit www.NEST529.com for complete details.



NEW! Visit the NEST display at the Omaha Children's Museum's latest exhibit *Dinosaurs, Dawn of the Ice Age* and send the museum a photo taken in our Dinosaur Nest for a

chance to win a \$3,500 scholarship! This exciting exhibit runs through January 8, 2012. Visit the NEST Plan home page for a link to complete scholarship details.

Upcoming Events

Date	Event
July 14, 2011	NEST at Music & Mozzarella through the Lincoln Children's Museum, Lincoln, NE
July 23, 2011	Omaha Kids Triathlon , Omaha, NE
July 23, 2011	Back to School backpack drive , Lincoln, NE
July 30, 2011	KETV 7 <i>Can Help Kids'</i> Back to School backpack drive , Omaha, NE
Aug. 2, 2011	NEST at the Kids Golf Clinic - Cox Classic , Omaha, NE
Aug. 4-13, 2011	NEST at the Lancaster County Super Fair , Lincoln, NE
Aug. 26-Sept. 5, 2011	NEST at the Nebraska State Fair , Grand Island, 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 (NEST Direct Plan) or www.NEST529Advisor.com (NEST Advisor Plan), 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.

Investments in the NEST Direct and NEST Advisor Plans are not guaranteed or insured by the FDIC or any other government agency; 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 the loss of principal amount invested.

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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Program Manager

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