

# 529 College Savings Plans

A 529 college savings plan is a tax-advantaged, municipal security designed to encourage saving for future higher education expenses of a beneficiary. Generally, contributions are made to a state trust and the trust then purchases units in the state plan's underlying funds. 529 plans are subject to investment risk and may lose value. This means that the account value may increase or decrease based on market conditions.

Virtually every state has a 529 college savings plan. Some states may offer significant state tax advantages and other benefits, such as state tax deductions for investors who have accounts in 529 plans offered by their state of residence.

The NEST Direct Plan is affordable, flexible and convenient. Accounts can be opened for any beneficiary—you, your child, your grandchild, family, friends—and the assets can be used at almost any college in the United States (and some abroad).<sup>1</sup>



<sup>1</sup> An eligible school includes accredited post-secondary educational institutions or vocational schools in the United States and some accredited post-secondary educational institutions or vocational schools abroad offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential. The institution must be eligible to participate in a student financial aid program under Title IV of the Higher Education Act of 1965 (20 U.S.C. §1088). You can generally determine if a school is an eligible educational institution by searching for its Federal School Code (identification number for schools eligible for Title IV financial aid programs) at [www.fafsa.ed.gov/](http://www.fafsa.ed.gov/).



Nebraska Educational Savings Trust

P.O. Box 30276  
Omaha, NE 68103-1376  
888-993-3746  
[www.NEST529Direct.com](http://www.NEST529Direct.com)

The NEST Direct Plan is sponsored by the State of Nebraska and administered by the Nebraska State Treasurer. The NEST Direct Plan offers a series of investment portfolios within the Nebraska Educational Savings Plan Trust, which offers other investment portfolios not affiliated with the NEST Direct Plan. The NEST Direct Plan is intended to operate as a qualified tuition program 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 Plan's investment objectives, risks, charges and expenses before investing. The Program Disclosure Statement at [www.NEST529Direct.com](http://www.NEST529Direct.com), which contains 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 Plan does not guarantee that contributions and the investment return on contributions, if any, will be adequate to cover future 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 Plan 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** Principal Distributor,  
Member FINRA, Member SIPC  
First National Capital Markets and First National Bank of Omaha are affiliates



Trustee



Program Manager

Investments Are Not FDIC Insured\*  
No Bank, State or Federal Guarantee | May Lose Value  
\*Except the Bank Savings Individual Investment Option  
©2012 First National Bank of Omaha

NEDIRtri 6-2012



Nebraska Educational Savings Trust

# soar

You can begin saving for higher education with a **NEST Direct College Savings Plan**—Nebraska's 529 college savings plan. This unique plan offers you a *smart* savings strategy with *simple* investment options and low fees.

**Start today.** The sooner you begin, the more time your savings have to work for you to reach your savings goals.





## Investments That Match Your Savings Strategy

The NEST Direct Plan has a simple, yet robust, mix of investments that appeal to different types of savers. You can select Investment Options to fit your own risk and savings profile, including the ability to create your own customized allocation portfolio.

### Affordable

To get your savings started in the right direction, the NEST Direct Plan is designed with affordability in mind.

- No Annual Account Fee
- No Contribution Minimum
- Low Program Management Fee
- Low State Administration Fee
- Low Total Annual Asset-Based Fees<sup>1</sup>

### Tax Advantages

Contributions to the NEST Direct Plan are made with after-tax dollars, and earnings grow federally tax-deferred while invested and federally tax-free if withdrawn for qualified expenses.<sup>2</sup> Assets in a tax-deferred account may grow more quickly than assets in taxable accounts.

Other advantages include:

- **High Contribution Limit:** \$360,000 per beneficiary<sup>3</sup>
- **Gift Tax and Estate Planning Benefits**
- **Nebraska State Benefits:** Account owners who are Nebraska taxpayers are eligible for up to \$5,000 in tax deductions<sup>4</sup>
- **Other states may offer state tax or other benefits for contributions into their state's plans.\***

\* 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 with their tax advisor, attorney and/or other advisor regarding their specific legal, investment or tax situation.

1 Total Annual Asset-Based Fees include the Weighted Average Underlying Funds Expense Ratio, the Program Management Fee and the State Administration Fee.

2 Qualified higher education expenses include tuition, fees, textbooks, supplies and equipment (including computers) required for enrollment or attendance and certain room and board expenses for the academic term during which the student is enrolled at least half time at an eligible educational institution. Expenses for special-needs students that are necessary in connection with their enrollment or attendance may also be eligible. If you do not use the assets in your account for qualified expenses, the earnings portion of the withdrawal is subject to federal income tax and an additional 10% federal tax and may be subject to state and local taxes.

3 No additional contributions can be made for any beneficiary when the fair market value of all accounts maintained for that beneficiary within all programs offered by the State of Nebraska reaches \$360,000. Assets can grow beyond \$360,000.

4 Contributions up to \$5,000 (\$2,500 if married filing separately), for account owners who are Nebraska taxpayers, are deductible in computing your Nebraska state income tax. Your Nebraska state tax deductions are subject to recapture if you cancel your Participation Agreement, take a Non-Qualified Withdrawal or roll over assets to another state's qualified tuition program.

Investments Are Not FDIC Insured\* | No Bank, State or Federal Guarantee | May Lose Value

\*Except the Bank Savings Individual Investment Option

### 4 Age-Based Investment Options

#### **Aggressive, Growth, Index, Conservative**

Each Age-Based Option contains an allocation of assets among domestic equity, real estate, international equity, international bond and fixed income funds, and cash equivalent investments (a money market fund and an FDIC-insured savings account). Contributions are placed into a portfolio according to the beneficiary's age, with an asset allocation that best represents the amount of time until the money will be used for college. Each Age-Based Option has five portfolios—Ages 0-5, 6-10, 11-14, 15-18 and 19+—each having a more conservative allocation than the previous portfolio. The account moves to the next portfolio one month after the beneficiary has reached the first age of the next portfolio.

### 3 Static Investment Options

#### **Growth, Balanced Index, Conservative**

Static Investment Options offer a fixed allocation throughout the life of the investment.

### 17 Individual Investment Options

You can select one or more of the 17 Individual Investment Options from well-respected investment managers, including the Bank Savings Individual Investment Option (an FDIC-insured option), to create a customized allocation portfolio.

## Convenience

The NEST Direct Plan strives to offer best practices in servicing your account, with convenience as a top priority.

- Contact customer service representatives by calling the toll-free number, **888.993.3746**, 8:00 a.m. to 8:00 p.m. CT, Monday through Friday.
- Utilize a fully featured website at **www.NEST529Direct.com**, where you can:
  - Open an account
  - Read about the Plan and Investment Options
  - Learn how to save even more
  - Read about special notices, articles and commentaries
  - Use powerful online tools
  - Securely view and access your account balances and statements, perform transactions and more
- View your personal rate of return on written statements, as well as through the secure website.
- Preschedule withdrawals for automatic deposit into your NEST Direct Plan account from your personal bank account, or from your paycheck if your employer participates in payroll deduction.
- Contribute online, or by phone, once your personal bank account is linked to your NEST Direct Plan account.
- Systematically exchange funds from one investment option to another on a pre-scheduled basis.
- Send instructions or inquiries by mail, call the toll-free number, or go online at **www.NEST529Direct.com**.

## Taking the Next Step

Visit **www.NEST529Direct.com** to open your NEST Direct Plan account online, download an Enrollment Form, or request an Enrollment Kit. For any additional questions, call our service line: **888.993.3746**.

