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RE: Important Program Updates

Dear Bright Directions Investor:

We have several positive enhancements and changes we would like to share.

The enclosed Program Disclosure Statement Supplement provides details about the changes. Please read the Supplement closely and keep it with your other important plan papers. Here is a summary of these positive changes:

1. **\$235,000 Plan Limit Increases to \$320,000** – the plan limit is the aggregate amount that one beneficiary can have in the Illinois College Savings Program in one or multiple accounts.
2. **Creditor Protection** – the Illinois Legislature passed legislation to provide additional protection to college savers. Please review the enclosed Supplement for additional details.
3. **Tax-Free Distributions** – this is a nice benefit to Illinois college savers. Whether you withdraw funds for college from one of Illinois' excellent 529 programs or another state's 529 program, the funds can be withdrawn Illinois income tax free for qualified college costs. Keep in mind that in order to benefit from the generous \$10,000 and \$20,000 Illinois state income tax deduction you must use Bright Directions or one of the other Illinois sponsored plans.
4. **Rollovers and the Recapture of prior Tax Deduction** – the new legislation also provides that if you use an Illinois plan and then roll funds to a non-Illinois plan the amount previously deducted must be "recaptured" for Illinois income tax purposes.

We appreciate having you as an investor. Should you have questions or need any assistance please feel free to call on us or contact your financial professional directly. Thank you and Best Wishes during this upcoming Holiday Season!

Sincerely,

Bright Directions College Savings Program

BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM PROGRAM DISCLOSURE STATEMENT

Supplement dated November 20, 2007
to the Program Disclosure Statement dated January 18, 2007

The Bright Directions College Savings Program's (the "Program") Program Disclosure Statement dated January 18, 2007, is hereby amended as follows:

INCREASE IN MAXIMUM CONTRIBUTION LIMIT

Effective October 1, 2007, the Maximum Contribution Limit for the Program increased from \$235,000 to \$320,000. Accordingly, the disclosure under the heading "What Are the Limits on the Amount I Can Contribute?" on page 9 is hereby amended to read as follows:

A minimum Contribution is not required, nor do you have to contribute to your Account every year. The Program has no minimum initial or subsequent required Contributions to an Account.

You may not make additional Contributions to a Program Account once the aggregate balance of Accounts for a Beneficiary under the Program and any Accounts under other Illinois Section 529 Programs, including the Bright Start College Savings Program and College Illinois!, reaches \$320,000. The Treasurer will periodically adjust the aggregate balance limit and you will be notified of any change to the limit.

Similarly, Section 2(d) of "EXHIBIT A – Account Participation Agreement," is hereby amended to read as follows:

(d) **Maximum Contribution Limit.** The Treasurer will set an Aggregate Balance Limit for each Beneficiary. You may not make additional Contributions to any Account for a Beneficiary once the aggregate balance of all Accounts for the Beneficiary, and all Accounts in other Illinois Section 529 programs for the Beneficiary, including the Bright Start College Savings Program and College Illinois!, equals \$320,000. The Pool will inform you of the Aggregate Balance Limit for each year.

All other references in the Program Disclosure Statement to the Aggregate Balance Limit of \$235,000, are hereby changed to \$320,000.

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CREDITOR PROTECTION

Under certain circumstances, money held in an Account in the Program is exempt from the claims of the creditors of an Account Owner, contributor or Beneficiary. Accordingly, the following language is inserted on page 31 after the first paragraph under the heading "Are Contributions Part of an Account Owner's Bankruptcy Estate?":

In addition, Illinois law protects your Account from all claims of creditors of the Beneficiary, the Account Owner or the contributor, subject to the following limits:

- contributions made with an actual intent to hinder, delay or defraud a creditor are not protected;

- contributions made during the 365-day period prior to filing a bankruptcy petition are protected, for each beneficiary, only up to the amount of the gift tax annual exclusion (currently \$12,000); and
- contributions made during the period beginning 730 days and ending 366 days prior to filing a bankruptcy petition are protected, for each beneficiary, only up to the amount of the gift tax annual exclusion (currently \$12,000).

Thus, assuming that no contributions were made with an actual intent to hinder, delay or defraud a creditor, all amounts contributed more than 730 days prior to filing the bankruptcy petition are protected and amounts contributed within 730 days of filing the bankruptcy petition are currently protected up to either \$12,000 or \$24,000, depending upon the timing of the contributions.

None of the Pool, the Illinois State Treasurer or the Program Manager make any representations or warranties regarding protection from creditors. You should consult your legal advisor regarding this law and your circumstances.

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CHANGES TO ILLINOIS STATE TAX LAW

For taxable years beginning on or after January 1, 2007, the earnings portion of distributions from non-Illinois qualified tuition programs are no longer subject to Illinois income tax so long as the non-Illinois qualified tuition program adopts and determines that its offering materials comply with the College Savings Plan Network’s disclosure principles and has made reasonable efforts to inform Illinois residents and financial intermediaries distributing the non-Illinois program of the existence of Illinois qualified tuition programs. Accordingly, in “Exhibit B - Certain Illinois State Tax Consequences,” the following sentence in the first paragraph is hereby deleted in its entirety:

“The earnings portion of distributions from non-Illinois qualified tuition programs are subject to Illinois income tax for Illinois taxpayers.”

In addition, on page 30, under the headings “May I Roll Over My Account?” and “Are There Limitations on Transfers out of the Program?” and in “Exhibit B - Certain Illinois State Tax Consequences,” the following paragraph is hereby inserted at the end of each section:

For taxable years beginning on or after January 1, 2007, Illinois law provides for the recapture of Illinois state tax benefits in the event an Account Owner rolls over its Account to an out-of-state qualified tuition program. The adjusted gross income of an Illinois taxpayer who rolls over its Account to an out-of-state qualified tuition program will be increased by the amount of money the Account Owner has previously deducted from its Illinois base income for contributions made to the Program. Before rolling over your Account to an out-of-state qualified tuition program, you should consult with your legal and tax advisors.

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