



DIRECTIONS



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Illinois State Treasurer
Trustee & Administrator



Program Manager

Not FDIC Insured
No Bank Guarantee
May Lose Value

IMPORTANT INFORMATION - AMENDMENT TO PARTICIPATION AGREEMENT

Pursuant to Section 10 of the Participation Agreement, the Treasurer is hereby notifying all Account Owners that the Participation Agreement is being amended, effective March 31, 2009, to provide for binding arbitration in the case of any disputes between an Account Owner and the Program Manager, the Treasurer or the Program. A new Section 12 has been added to the Participation Agreement and will apply to all existing and future Accounts. Section 12 provides that unless prohibited by applicable law, any legal dispute between a Participant and the Program Manager, the State of Illinois, the Treasurer or the Program will be resolved by binding arbitration. You should review Section 12 of the Participation Agreement set forth in the March 31, 2009 Program Disclosure Statement carefully as it may have a substantial impact on your rights.

NEW PROGRAM DISCLOSURE STATEMENT

In the last several days you should have received the New Program Disclosure Statement. The date of the new Program Disclosure Statement ("PDS") is March 31, 2009. **We highly encourage you to review the new PDS and keep it with your other plan papers.**

Here are several key provisions:

- 1) New Funds and Asset Allocations for the Age-Based and Target Portfolios
 - a. BlackRock Inflation Protected Bond Fund
 - b. ING Global Real Estate Fund
- 2) New Individual Fund 529 Portfolios
 - a. BlackRock Inflation Protected Bond 529
 - b. ING Global Real Estate 529
 - c. American Century Growth 529
 - d. Sit Dividend Growth 529
- 3) The Northern Diversified Growth Fund has been replaced with the T. Rowe Price Instl. Large Cap Growth Fund in the Age-Based, Target, & Individual Fund Portfolios.

After reviewing the new PDS, should you have any questions please feel free to call us at 866 – 722 – 7283 or contact your financial advisor.

IMPORTANT CHANGES

As we communicated last month, computers, computer equipment and Internet access and related services that the Beneficiary or the Beneficiary's family use during the time the Beneficiary is enrolled are also considered qualified higher education expenses if paid or incurred in 2009 or 2010. Also, as communicated with last quarter's statements, the IRS will allow up to two investment changes in calendar year 2009 or upon a change of beneficiary.

2008 GIFTS – GIFT TAX RETURN DEADLINE

As a final reminder, if you made larger gifts for 2008 (ie: typically over \$12,000), make sure to mention them to your tax professional so they can determine if any special IRS filings are required. If you took advantage of the special 5-year front-loading election allowed for 529 plans, please notify your tax advisor so they can prepare any necessary Gift Tax Return. **The due date for filing Form 709 is April 15.**

2008 ILLINOIS TAX DEDUCTION

As tax season winds down, make sure that when you file, or filed, your 2008 tax return your tax professional included any contributions you made to the Bright Directions College Savings Program (Schedule M, Line 11c). Illinois taxpayers filing jointly may qualify for up to a \$20,000 Illinois State income tax deduction (\$10,000 if single) for contributions made to the Illinois 529 program during 2008. The deduction limit is for total contributions to all accounts and is not per beneficiary.

Consult your tax professional, visit our Tax Center at brightdirections.com, or visit the Illinois Department of Revenue site at revenue.state.il.us for additional information.

CHECK OUT MORTGAGE RATES

Check with your financial institution on current mortgage rates. Rates have bounced around and have been in the 5% range and under. If you can refinance, you may free up some cash flow on a monthly basis.

ECONOMIC LEARNING OPPORTUNITY

The U.S. and world markets continue to face challenges. As people face the grim economic news over the past year, this could be an opportunity to teach our children and grandchildren the economic realities we are facing daily. The importance of saving for retirement and college, the importance to save now and then spend, versus spending now and having debt to pay later.

It's also an opportunity to explain the importance of why you are continuing to save for retirement and college. Social Security faces challenges on the retirement side. And, state budget challenges typically mean that increases in tuition are on the horizon due to colleges needing to replace the funding cut by states.

Prior generations had their tough time periods and persevered. The American people are resilient and innovative. We've come through tough times before and we will this time. It's time for all of us to roll up our sleeves, tighten our belts, and do our part to help our great country get back on its feet.

Thank You For Investing With Us.