



DIRECTIONS



P.O. Box 82623 • Lincoln, NE 68501
1-866-722-7283
www.brightdirections.com

1st Quarter, 2010

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2009 ILLINOIS TAX DEDUCTION

As a final reminder, 2009 contributions to the Bright Directions College Savings Program are reportable on line 13c of Schedule M (IL-1040). The instructions state: Write the amount of contributions you made during the tax year to the “Bright Directions” College Savings Pool.

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 2009. The deduction limit is for total contributions to all accounts and is not per beneficiary. Consult your tax professional or visit the Illinois Department of Revenue site at: www.revenue.state.il.us for additional information.

2009 GIFTS – GIFT TAX RETURN

As we reported in last quarter’s newsletter, if you made larger gifts for 2009 (ie: typically over \$13,000), 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 professional so they can prepare any necessary Gift Tax Return. The due date for filing is April 15, 2010.

LONG-TERM INVESTING

In last year’s March 31 quarterly newsletter we touched on the unprecedented activity and events in the financial markets. As we look back over the last 12 months we have seen the markets rebound strongly. As we said during tough times, the message is the same when the markets rebound ► the key to a successful investment program is to be disciplined, be diversified, match your risk level with your risk tolerance level, and focus on the long-term goal.

Bright Directions was rated as one of the Top 10 best performing 529 advisor-sold plans based on one-year and three-year investment performance by Savingforcollege.com (performance as of December 31, 2009). The ratings are based on composite performance in seven unique asset allocation categories (ie: 100% equity; 80% equity; 60% equity, 40% equity; 20% equity; 100% fixed; and 100% short-term).

QUALIFIED COLLEGE EXPENSES DEFINED

What expenses does the IRS include in their publications as qualified education expenses? IRS Publication 970 provides the following:

1. If required for enrollment or attendance of a designated beneficiary at an eligible educational institution:
 - a. Tuition and fees
 - b. Books, supplies, and equipment
2. In 2009 and 2010, the purchase of computer technology, equipment, or Internet access and related services if it is to be used by the beneficiary and the beneficiary’s family during any of the years the beneficiary is enrolled at an eligible educational institution. (This does not include expenses for computer software for sports, games, or hobbies unless the software is predominately educational in nature.)
3. Expenses for special needs services needed by a special needs beneficiary must be incurred in connection with enrollment or attendance at an eligible educational institution.
4. Expenses for room and board must be incurred by students who are enrolled at least half-time. The expense for room and board qualifies only to the extent that it is not more than the greater of the following:
 - a. The allowance for room and board, as determined by the eligible educational institution, that was included in the cost of attendance (for federal financial aid purposes) for a particular academic period and living arrangement of the student.
 - b. The actual amount charged if the student is residing in housing owned or operated by the eligible educational institution.

You will need to contact the eligible educational institution for qualified room and board costs.

Half-time student. A student is enrolled “at least half-time” if he or she is enrolled for at least half the full-time academic workload for the course of study the student is pursuing, as determined under the standards of the school where the student is enrolled.

Thank You for being a Bright Directions Investor!



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Program Manager

Not FDIC Insured
No Bank Guarantee
May Lose Value