



# 529 QUARTERLY

www.brightdirections.com | 866-722-7283

October 2011

Dear Bright Directions College Saver,

We are excited to share the following news with you:

- **Upcoming Fee Reduction.** Our office is always working to make sure we offer Illinois families and college savers a great value. We have recently reached an agreement with our program manager to reduce fees to investors by over \$400,000 annually. These are dollars that will stay in investor accounts, helping to build additional dollars for college. Through a positive working relationship with our program manager and joint efforts like this, Bright Directions will continue to be one of the best advisor-sold plans available.
- **Morningstar Upper-Tier Rating.** Bright Directions is one of only a handful of 529 plans to be recognized by Morningstar. This is the second year that Bright Directions has earned recognition as one of the top advisor-sold plans. We are pleased to receive this accolade as one of the top 529 plans in the nation. (Morningstar "Above Average" rating October 17, 2011)

Please review the enclosed information regarding the fee reduction and keep it with your other important plan papers. We are committed to offering you a quality college savings vehicle, and we're proud of Bright Directions' track record as one of the top advisor-sold 529 plans.

As a reminder, the tax deduction deadline for contributions to the plan is December 31, 2011. The \$10,000 (individual filer) and \$20,000 (joint filer) state income tax deduction is an attractive additional benefit when setting dollars aside in Bright Directions. Make sure to plan ahead as 2011 winds down.

Thank you for investing with Bright Directions.

Sincerely,

Dan Rutherford  
Illinois State Treasurer

 **Dan Rutherford**  
ILLINOIS STATE TREASURER  
Trustee & Administrator

 **UNION BANK**  
& TRUST COMPANY  
Program Manager

**Northern Trust**  
**Securities, Inc.**  
Distributor

## 2011 Illinois Tax Deduction

Be sure to take advantage of the generous Illinois State Income Tax Deduction for contributions made to your Bright Directions account. Individuals can deduct up to \$10,000 and those who are married filing jointly can deduct up to \$20,000 for contributions made on or before December 31, 2011. Account owners can make quick and easy online contributions through our secure website. Please feel free to call us at 866-722-7283 if you need assistance accessing your accounts. Don't put off your contributions – you only have until December 31, 2011 to make a contribution for this year to take advantage of the 2011 tax benefits!

## Give a Gift, Get a Gift

A contribution to a Bright Directions account to help with future college expenses makes a great gift. As a benefit to the gift-giver, family members or friends who contribute to your account can also take advantage of the Illinois tax deduction if they file an Illinois income tax return. With the holidays coming up, you may want to suggest a contribution as a gift idea for your beneficiary by adding it to their "wish list". It's a gift that will benefit the recipient for the rest of their life – they will never out-grow it and it won't end up at a garage sale! Family/friends who would like to contribute can mail a check to us at any time along with a deposit coupon downloaded from [www.BrightDirections.com](http://www.BrightDirections.com) under the "Forms" link. We also have gift cards available that they could use to notify you and your beneficiary that a contribution was made to your account.

## Basic Investing Concepts Refresher

It has been a tough summer for investors. The markets have been volatile. With volatile markets it is always good to reexamine basic investing principles. Standard & Poor's recent article "Heightened Volatility: The "New Normal" for Stocks?" (September 2011) had some interesting observations that we will share below:

- **Don't panic.** Don't buy into a rapidly rising market and don't sell into a rapidly declining market. Standard & Poor's research showed that if an investor missed the top 20 days in the last 20 years their average annual returns would have been reduced from 9% to 3%.
- **Asset Allocation.** By allocating your investments among different asset classes (ie: stocks, bonds, cash) you can help smooth out the short-term ups and downs.
- **Long-term perspective.** It is all too easy to get caught up in the stock market's daily roller coaster ride. Instead, focus on whether your long-term performance objectives (ie: your average returns) are meeting your goals.

The suggestions above have paid off for investors over the last couple of years as the market has been climbing back up after falling in 2008. Taking a long term approach and saving as much as you can will pay off over time. Now is a great time to consider starting or increasing an automatic investment plan for your Bright Directions account. Taking an automatic deposit approach will ensure that you stick to your long-term plans and will help you reach your savings goals. It's easy to set up or increase your automatic investment plan electronically after logging into your account. You can also contact us at 866-722-7283 for assistance or with any questions you might have.

*Thank you for investing with Bright Directions!*

**Not FDIC Insured    May Lose Value    No Bank Guarantee**



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## Program Disclosure Statement Supplement

Enclosed with this newsletter, you will find a Program Disclosure Statement Supplement with important information regarding some changes to the Bright Directions College Savings Program. Please read over the supplement and keep it with your other account paperwork.

## Withdrawals for 2011

For tax purposes, we recommend you match your qualified expenses and the withdrawals from your account in the same calendar year. If you have any expenses for 2011 that you would like to withdraw funds for, we would recommend you complete the withdrawal before December 31st. Similarly, if you have expenses that are due in early 2012, we would recommend that you wait to withdraw funds to cover those expenses until after January 1, 2012.