



DIRECTIONS



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Alexi Giannoulis
Illinois State Treasurer
Trustee & Administrator



Program Manager

Not FDIC Insured
No Bank Guarantee
May Lose Value

2008 ILLINOIS TAX DEDUCTION

When you file your 2008 tax return don't forget to tell your tax professional about your contributions to the Bright Directions College Savings Program. 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. If you mailed a contribution in 2008 with a 2008 postmark, it should qualify for the 2008 Illinois tax deduction.

It is our understanding that Schedule M, Line 11c is where tax deductible contributions to Bright Directions are to be reported for Illinois State income tax purposes. Consult your tax professional or visit the Illinois Department of Revenue site at: www.revenue.state.il.us for additional information.

2008 GIFTS – GIFT TAX RETURN

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 professional so they can prepare any necessary Gift Tax Return. The due date for filing is April 15, 2009.

IRS FORM 1099-Q (2008 WITHDRAWALS)

In January, all recipients of 2008 withdrawals from the Bright Directions College Savings Program will be receiving an IRS Form 1099-Q. If the distribution was payable to the account owner, the 1099-Q will be sent to the account owner. If funds were paid to the beneficiary or to the college directly, the beneficiary will receive the 1099-Q. Please include the 1099-Q with your other important tax papers when you prepare your 2008 returns or meet with your tax professional.

As a reminder, qualified college expenses include: tuition, fees, books, supplies, and equipment required for enrollment. Room & board expenses are considered qualified if the student is enrolled on at least a half-time basis.

We recommend keeping your invoices and receipts in your tax file should the IRS ever request the back-up documentation.

MARKET WOES

We are seeing unprecedented activity and events in the financial markets. The markets continue to be difficult across the board. While we share the pain of the difficult markets with our investors, we are also reminded that the key to a successful investment program is to be disciplined, be diversified, match your risk level with your risk tolerance level, and invest for the long haul. All of these core tenets have certainly been challenged this past year but with history as a guide, they have paid dividends over time.

While performance has been challenged in 2008, we were pleased that the Bright Directions College Savings Program was rated #6 nationally out of all advisor sold programs as of September 30, 2008 by Joe Hurley's Saving for College (based on 1 year composite performance).

INVEST YOUR TAX REFUND

If you will be receiving a tax refund, consider depositing it into your Bright Directions College Savings Program account. It is easy to do and the additional funds will be helpful for future college expenses. Your Illinois and Federal tax form will provide a section that allows you to have your refund deposited directly into a bank account.

Here is the information you will need:

Routing Number:

1	0	4	9	1	0	7	9	5
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Type of Account: Savings

Account #:

5	2	9							
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*after 529 include your 9 digit Bright Directions College Savings Program account number

ANNUAL EXCLUSION INCREASES TO \$13,000

The annual gift exclusion has increased from \$12,000 to \$13,000 effective in 2009. We always encourage you to review and discuss any gifting programs and strategies with your tax and/or legal professionals.

NEED TO PAY COLLEGE EXPENSES?

It's quick, easy, and secure. Log on to your account at brightdirections.com and walk through the online steps, or give us a call and we will be happy to walk you through the steps. It's the quickest way to get your school expenses paid.

Best Wishes for 2009!