



# 529 QUARTERLY

First Quarter 2014

## Earn a \$25 Contribution to your Account

Bright Directions offers a Visa Rewards credit card to help you save even more for your loved one's college expenses without changing your current spending habits - you earn a 1.529% reward on all eligible purchases. From April 1, 2014 – May 29, 2014, you have the opportunity to receive an additional \$25 contribution to a Bright Directions account when you are approved for the card. Be sure to share the information with others who might want to help in your savings efforts (i.e. parents, grandparents, or others). With a 1.529% reward and an additional \$25 contribution when you are approved for the card, you're putting additional dollars aside to help your loved one achieve their education goals. For more information or to apply online, visit [BrightDirections.com](http://BrightDirections.com).

## Markets and Diversified Portfolios

As we look back, 2013 was another excellent year for the stock market. The U.S. stock market, as measured by the S&P 500 Index, was up over 32%. Since the market lows in March 2009, that same market index is up over 175%. The strong markets delivered good news to investors with their December 31, 2013 statements.

In 2008 and 2009, when the markets had rough patches we suggested that investors stay the course. We have the same message to continue with a diversified portfolio for the long term now that the markets have had a number of very solid positive return years.

If you are invested in the Individual Fund Portfolios - this may be a good time to review your investments to see if rebalancing is needed. Following such a strong year for the U.S. stock market, you may find that your current asset mix is heavier in stocks than your original target. Reviewing your asset allocation and maintaining a diversified portfolio is sound financial planning during good markets and challenging markets.

While the U.S. stock markets had a very strong 2013, the same cannot be said for the U.S. bond market. The U.S. bond market, as measured by the Barclays U.S. Aggregate Bond Index, was down 2%. As interest rates moved up last year, bond prices declined.

**What is an investor to do?** We'll take this quote from our 4th Quarter 2008 Newsletter, which is still applicable today (emphasis on the underlined): "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 been challenged this past year but with history as a guide, they have paid dividends over time."

Invest for the long term. Match your investing with your risk tolerance. Remember that it is always a good time to increase your savings rate. Saving more each month can help you have the dollars you need when the college bills start to arrive.



## Graduation + GiftED = Great idea!

Graduation season is quickly approaching! Whether you've got a loved one graduating from Preschool, Kindergarten, Jr. High or High School, a contribution to Bright Directions will have a positive impact on your graduate's future. GiftED makes contributing easy for both the Account Owner and Contributor. As the Account Owner, simply log into your account at [BrightDirections.com](http://BrightDirections.com) and select the "Gifting" link at the top of the summary page. Follow the simple steps to send e-mail invitations to your family members or friends you think may want to make a contribution. They'll receive your e-mail and can either make an electronic contribution or mail a check directly to Bright Directions. All contributions will be tracked in GiftED and the Account Owner can log in any time to find out who made contributions so they can be acknowledged, if needed. Whether it's a graduation, birthday, holiday, new baby, or other special occasion, GiftED provides a quick and easy way to get family members or friends involved in helping save for your loved one's future education expenses!

## ING Investment Management Name Change

ING Investment Management is rebranding to Voya Investment Management in May 2014. Because of this change the name of the ING Global Real Estate Fund and 529 Portfolio will be updated to the Voya Global Real Estate Fund and 529 Portfolio. This is simply a branding name change and does not have any other impact to Bright Directions investors.



**Dan Rutherford**  
ILLINOIS STATE TREASURER

Trustee &amp; Administrator



Program Manager

**Northern Trust  
Securities, Inc.**

Distributor

## Tax Reminders

April 15th is right around the corner! As a final reminder, Illinois taxpayers who made a 2013 contribution to Bright Directions may be eligible for an Illinois State income tax deduction of up to \$10,000 (individuals) or \$20,000 (joint filers). Remind any family members or friends who contributed to your account to notify their tax professional of the contributions they made as well. Schedule M, Line 12c includes a place to report contributions you made during the tax year to Bright Directions.

If you made a large gift in 2013 or took advantage of the special 5-year front-loading gift election allowed for 529 plans, make sure to mention these to your tax professional. They can help you determine if any special IRS filings are required. Typically, a Form 709 is required in order to have a large gift to a 529 account split over a 5 year period. The deadline for filing is April 15, 2014.

More detailed tax information can be found in the 4th Quarter 2013 Newsletter at [BrightDirections.com](http://BrightDirections.com). Be sure to check with your tax professional for more information or advice regarding the tax benefits of investing with Bright Directions.

## 2013 Tax Reporting

If you took a withdrawal from your account in 2013, Bright Directions mailed an IRS Form 1099-Q in January. 1099-Q's are mailed to the payee for the withdrawal – if the withdrawal was paid to the Account Owner, the Owner received the 1099-Q, if the withdrawal was paid to the Beneficiary or the school, the Beneficiary received the 1099-Q. You will want to discuss any withdrawal reporting requirements with your tax professional. Keep in mind, contributions to Bright Directions do not generate any tax forms from the program for the Illinois state income tax deduction – simply report the total amount of your contributions on Schedule M, Line 12c.

## Invest Your Tax Refund

If you will be receiving a Federal or State tax refund, consider depositing it into your Bright Directions College Savings Program account. This is a great way to set aside additional money for future college costs. 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 |
|---|---|---|---|---|---|---|---|---|

Type of Account: Savings

Account #: 

|   |   |   |   |  |  |  |  |  |  |  |
|---|---|---|---|--|--|--|--|--|--|--|
| 2 | 5 | 2 | 9 |  |  |  |  |  |  |  |
|---|---|---|---|--|--|--|--|--|--|--|

\*after 2529 include your 9 digit Bright Directions College Savings Program account number

*Thank you for investing with Bright Directions!*

The Bright Directions College Savings Program is part of the Illinois College Savings Pool and is designed to qualify as a qualified tuition program under the provisions of Section 529 of the Internal Revenue Code. The Bright Directions College Savings Program is sponsored by the State of Illinois and administered by the Illinois State Treasurer, as Trustee. Union Bank & Trust Company serves as Program Manager, and Northern Trust Securities, Inc., acts as Distributor. Investments in the Bright Directions College Savings Program are not guaranteed or insured by the State of Illinois, the Illinois State Treasurer, Union Bank & Trust Company, Northern Trust Securities, Inc., the Federal Deposit Insurance Corporation, or any other entity.

**Investors should read carefully and consider the investment objectives, risks, fees, and expenses contained in the Program Disclosure Statement (issuer's official statement) before investing. You can lose money by investing in a Portfolio. Each of the Portfolios involves investment risks, which are described in the Program Disclosure Statement. The Program Disclosure Statement, which contains additional information about the plan and municipal fund securities, is available from your financial advisor.**

You should consider, before investing, whether your home state or the designated beneficiary's home state offers any state tax deduction or other benefits that are only available for investments in such state's qualified tuition program. You should consult with a tax advisor about state and local taxes.

Not FDIC Insured

May Lose Value

No Bank Guarantee

