



529 QUARTERLY

Third Quarter 2015

Make your 2015 Contributions Now!

If you haven't maximized your contributions for the 2015 Illinois state income tax deduction, don't delay - make your contributions now! Contributions are deductible for Illinois state income tax purposes up to \$10,000 for individuals or up to \$20,000 for those who are married and filing jointly. It's easy to make a contribution by logging in at BrightDirections.com or by mailing a check. Keep in mind that the deadline for 2015 contributions is December 31st. Contribute now so you don't forget during the busy month of December.

Encourage family members and friends to contribute to your account as well – any Illinois taxpayer can obtain the benefit of the deduction for contributions they make to Bright Directions. You can send a contribution invitation through GiftED after logging in at BrightDirections.com. GiftED is a great way for your loved ones to contribute to your account to obtain the Illinois tax deduction or to make birthday or holiday gifts.

If you plan to make any large gifts of up to \$14,000 (\$28,000 for joint filers) to Bright Directions for your beneficiaries in 2015 we recommend making those contributions prior to December 24th to allow enough time for the funds to clear your bank account prior to the end of the year. Be sure to consult your financial or tax professional regarding any gifting you plan to do.

Program Updates

As we communicated in August, the Eagle Small Cap Growth Fund was replaced as an investment option by the Harbor Small Cap Growth Opportunities Fund on October 1st. The fund was replaced in the Age-Based, Target and Individual Fund Portfolios automatically and was not considered an investment change to accounts. You can review the letter we mailed in August at BrightDirections.com under the "Resources - News" link.

The latest audited financial statements for the Bright Directions College Savings Program are available on our website **BrightDirections.com**. Select "FAQ's" at the top of our homepage and scroll down to the question "Where can I obtain a copy of the audited financial statements?" to view the documents for the last two years.

Thank you for investing with Bright Directions!

Rollover Contributions

If you have made investments in out-of-state 529 programs, you may wish to consider completing a rollover to your Bright Directions account in order to gain the benefit of the Illinois state income tax deduction. Illinois taxpayers can deduct the contribution or principal portion of a rollover that is completed prior to December 31st for Illinois state income tax purposes. Keep in mind that a same beneficiary rollover can only be completed once every 12 months. If you completed a rollover last year, you will want to coordinate the timing of any 2015 rollovers with the 2014 rollover date. Please contact your financial professional or our customer care team with any questions.

Free Credit Report

As part of your annual financial planning and review process, we recommend that you order and review your credit report. You are able to order a free copy of your credit report once every 12 months.

When you review your credit report you will want to make sure the information is accurate and complete.

To order your free report:

1. Call 877.322.8228
2. Visit: www.annualcreditreport.com
3. Complete and mail the Annual Credit Report Request Form

Investing for the Long-Term

In periods when the markets are fairly stable as well as when there is market volatility, we encourage college savings investors to utilize an investment strategy they are comfortable with over the long-term. Here are several interesting tips from the Investopedia web site:

Don't sweat the small stuff - As a long-term investor, you shouldn't panic when your investments experience short-term movements. When tracking the activities of your investments, you should look at the big picture. Remember to be confident in the quality of your investments rather than nervous about the inevitable volatility of the short term. ... the gains of a long-term investor come from a completely different market movement - the one that occurs over many years - so keep your focus on developing your overall investment philosophy by educating yourself.

Pick a strategy and stick with it - Different people use different methods to pick stocks and fulfill investing goals. There are many ways to be successful and no one strategy is inherently better than any other. However, once you find your style, stick with it. An investor who flounders between different stock-picking strategies will probably experience the worst, rather than the best, of each. Constantly switching strategies effectively makes you a market timer, and this is definitely territory most investors should avoid. Take Warren Buffet's actions during the dotcom boom of the late '90s as an example. Buffett's value-oriented strategy had worked for him for decades, and - despite criticism from the media - it prevented him from getting sucked into tech startups that had no earnings and eventually crashed.

Focus on the future - The tough part about investing is that we are trying to make informed decisions based on things that have yet to happen. It's important to keep in mind that even though we use past data as an indication of things to come, it's what happens in the future that matters most.

Adopt a long-term perspective - Large short-term profits can often entice those who are new to the market. But adopting a long-term horizon and dismissing the "get in, get out and make a killing" mentality is a must for any investor. This doesn't mean that it's impossible to make money by actively trading in the short term. But, as we already mentioned, investing and trading are very different ways of making gains from the market. Trading involves very different risks that buy-and-hold investors don't experience. As such, active trading requires certain specialized skills.

Neither investing style is necessarily better than the other - both have their pros and cons. But active trading can be wrong for someone without the appropriate time, financial resources, education and desire.

Bright Directions offers a diverse line-up of investment options from high-quality mutual fund families. Our goal is to meet the needs of any type of investor who wants to save for future college expenses. With the tips above in mind, investors can work with their financial professionals to create a Bright Directions investment portfolio that meets their objectives.

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.

¹Individuals who file individual Illinois state income tax returns can deduct up to \$10,000 per tax year (\$20,000 if filing jointly) for their total, combined contributions to the Bright Directions College Savings Program, the Bright Start College Savings Program, and Collegellinois! during that tax year. The \$10,000 (individual) and \$20,000 (joint) limit on deductions will apply to total contributions made without regard to whether the contributions are made to a single account or more than one account. The amount of any deduction previously taken for Illinois income tax purposes is subject to recapture in the event an Account Owner takes a Nonqualified Withdrawal from an Account or if such assets are rolled over to a non-Illinois 529 plan.

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 online at BrightDirections.com or 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

