

529

Third Quarter 2017

Quarterly



Gift Idea for Family & Friends

With the gift giving season right around the corner, don't forget to suggest to family members and friends that a contribution to your Bright Directions account would make an excellent gift for your beneficiary. By making a contribution before December 31st, they can also benefit from the Illinois state income tax deduction for 2017. Bright Directions makes it easy for family and friends to contribute. Visit the "Give a Gift" page at BrightDirections.com to learn more about GiffED (a simple way for others to contribute to your account) or view and download a variety of gift coupons and gift certificates. Log into your account to send GiffED email invitations to individuals who want to make a contribution to your account. Rather than a new toy, you might suggest the gift of a college education for your beneficiary!

Do You Have a 529 Account in Another State?

A rollover to Bright Directions is a great way to consolidate accounts you might have in another state AND take advantage of tax savings. When you complete a rollover from an out-of-state 529 plan, the amount of your contributions to that plan (not the earnings portion) is eligible for the Illinois state income tax deduction up to \$10,000 per tax return (\$20,000 if married filing jointly). The IRS allows one same beneficiary rollover in every 12 month period. If you have not completed a rollover in the last 12 months, consider rolling over now. The rollover check must be postmarked to Bright Directions by December 31st to qualify for the 2017 state income tax deduction and the process with the other 529 plan can take several weeks to complete. Be sure to start the rollover process right away to avoid missing out on the tax benefits that a rollover can provide.

Withdrawals for College

It's easy to request a withdrawal from your Bright Directions account after logging in at BrightDirections.com. Funds can be distributed to the account owner, beneficiary, or directly to the college. Bright Directions typically processes withdrawal requests within 1 business day and a check is mailed the following day. We recommend that you allow 5-7 days for mail time as well as processing time by the school after they receive the check. For important information visit BrightDirections.com and click on "Benefits - Use of Funds". Make sure to match withdrawals and the payment of expenses in the same calendar year.

Contribution Deadline December 31st

The end of 2017 is quickly approaching. As you complete the other items on your "To Do" list for 2017, don't forget to contribute to your Bright Directions account to take advantage of the Illinois state income tax benefits this year. Contributions are deductible up to \$10,000 per tax return (up to \$20,000 if married filing jointly) if they are postmarked to Bright Directions on or before December 31st.

To make an electronic contribution simply log in at BrightDirections.com. Don't delay - December 31st will be here soon. Be sure to make your Bright Directions contributions now and check that task off your "To Do" list today!



Important Notice

Amendments to the Office of the Illinois State Treasurer's College Savings Pool Administrative Rules.

The Office of the Illinois State Treasurer ("Treasurer") is currently working with the Illinois legislative oversight committee, the Joint Committee on Administrative Rules ("JCAR"), to amend the Treasurer's College Savings Pool Administrative Rules ("Rules"). The Rules address the administration of the Treasurer's college savings programs ("Programs").

The amendments to the Rules include updates to align the Rules with applicable law and recent changes made to the Programs this year; as detailed in the most recent Program Disclosure Statement. To learn more about the amendments to the Rules, please visit www.illinoistreasurer.gov.

JCAR ensures that the Illinois General Assembly is adequately informed of how laws are implemented through agency rulemaking, and facilitates public understanding of rules and regulations. To learn more about JCAR, please visit <http://www.ilga.gov/commission/jcar/>.

Manage Your Account Online

Did you know it's easy to view your account, contribute, and withdraw from your account when you have online access? To establish online access visit BrightDirections.com. In the upper right hand corner select "Log In - Individual Investor" and follow the online instructions. You will need your account number, Social Security number, and zip code. As is the case with any online financial information, make sure to establish a strong user name and password that would be difficult for another individual to guess. Keep your login information safe and do not share it.

An individual who files an individual Illinois state income tax return will be able to deduct up to \$10,000 per tax year (up to \$20,000 for married taxpayers filing a joint Illinois state income tax return) for their total, combined contributions to the Bright Start College Savings Program, the Bright Directions College Savings Program, and College Illinois 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 added back to Illinois taxable income 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. If Illinois tax rates have increased since the original contribution, the additional tax liability may exceed the tax savings from the deduction.

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.

An investor should consider the investment objectives, risks, and charges and expenses associated with municipal fund securities before investing. This, and other important information, is contained in the fund prospectuses and the Bright Directions Program Disclosure Statement (issuer's official statement), which can be obtained from a financial professional and on BrightDirections.com and should be read carefully before investing.

An investor should consider, before investing, whether the investor's or designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's 529 plan. Investors should consult a tax advisor.

¹Bright Directions earns Silver rating once again—the highest rating given to advisor-sold plans. October 25, 2016 – Morningstar, a leading provider of independent investment research, announced new Analyst Ratings and reports for 63 of the nation's largest 529 college savings plans. In 2016, Morningstar identified 33 plans that it believes to be best-in-class options, assigning these programs Analyst Ratings of Gold, Silver, and Bronze. These plans, for the most part, follow industry best practices, offering some combination of the following attractive features: a strong set of underlying investments; a solid manager selection process; a well-researched, asset-allocation approach; an appropriate set of investment options to meet investor needs; low fees; and strong oversight from the state and program manager. These features improve the odds that the plan will continue to represent a strong option for investors. Gold-rated plans have all or a vast majority of these attributes. Silver- and Bronze-rated plans embody most of these qualities but often have some room for improvement. Since 2012, ratings for 529 plans use the same scale as the Morningstar Analyst Rating for mutual funds. Both Analyst Rating methodologies consider the same five factors to arrive at the final rating, though the 529 ratings reflect the quality of the entire plan—not a single investment, as is the case for the fund rating. To arrive at an Analyst Rating for 529 plans, analysts consider: Process; People; Parent; Performance; Price. Bright Directions Morningstar Pillar Ratings: Process - Positive | People - Positive | Parent - Neutral | Performance - Neutral | Price - Positive. Morningstar rates the five Pillars: Positive, Neutral, or Negative. While these ratings can help with the selection process, they should not be the only factor considered. A Morningstar Analyst Rating for a 529 College Savings Plan is not a credit or risk rating. Analyst Ratings are subjective in nature and should not be used as a sole basis for investment decisions. Morningstar does not represent its Analyst Ratings to be guarantees. Please visit Morningstar.com for more information about the Analyst Ratings, as well as other Morningstar ratings and fund rankings.