

529

Second Quarter 2018
Quarterly



Remember Your Investing Goals During Down Markets

With choppy markets in 2018, investors may be tempted to retreat into conservative options, and then time their return with a market uptick. Not only is this an unrealistic strategy, but it could cost you in the long run. Remember, you are only allowed two investment changes per calendar year. You could also get into a situation where markets return before you switch back to your regular strategy, which may mean missing out on crucial earnings.

When it comes to saving for college, it's best to select an investment option that meets your personal goals — and stick to it. If a downturn in markets makes you uncomfortable, then it may be time to rethink your goals with your financial advisor, and then use one of your two yearly investment changes to establish a new strategy.

Every investment strategy requires realistic expectations. No one can predict markets. It's best to remain patient, and let your goals play out over time. Ask your financial advisor to help you review your investing strategy and account details.

POP QUIZ: When it's time for college, which of these expenses can you pay for tax-free with your Bright Directions contributions?

- Tuition and fees
- Season tickets for university athletics
- Room and board (if enrolled at least ½ time)
- A computer
- Repayment of student loans
- Books

TIP: For all college expenses, keep your receipts, invoices, and any other documentation in your tax file in case you are ever audited.

See reverse side for answers.

DID YOU KNOW?

Only 0.3%

of students get a full-ride scholarship.†

What Makes a Good 529 Plan?

There are plenty of ways to determine if a 529 plan is meeting your college savings needs. Morningstar, an independent investment research group, has an established way of grading college savings options. Here's what they take into consideration:

- **Process:** Did the plan hire an experienced asset allocator to design a thoughtful, well-diversified glide path for the age-based portfolios? What suite of investment options is offered?
- **People:** What is Morningstar's assessment of the underlying money managers' talent, tenure, and resources?
- **Parent:** Is the program manager a good caretaker of college savers' capital? Is the state managing the plan professionally?
- **Performance:** Have the plan's options earned their keep with solid risk-adjusted returns over relevant time periods? How is the plan expected to perform going forward?
- **Price:** Are the investment options a good value?

In 2017, Bright Directions earned its third consecutive Silver medal from Morningstar — the highest ranking given to advisor-sold plans — for its low fees, investment diversity, and strong program manager. Visit BrightDirections.com/Morningstar to learn more about the plan's third straight Silver ranking.



†Source: <http://www.fox5ny.com/news/why-a-529-plan-is-a-great-way-to-save-for-college>



How Much Do You Need for College?

Some experts say that a four-year university education could cost as much as \$200,000 by 2030. It's important to get started as early as you can so your child has a solid foundation by the time college comes around. Here's a look at what saving the same dollar amount every month will get you.

Assuming an initial investment of \$2,500 and an annual return of 5%, here's how different monthly contributions can grow over time.[†]

	ACCOUNT BALANCE	EARNINGS	ACCOUNT BALANCE	EARNINGS	ACCOUNT BALANCE	EARNINGS	ACCOUNT BALANCE	EARNINGS
\$50/mo	\$6,623	\$1,123	\$11,914	\$3,414	\$18,704	\$7,204	\$23,670	\$10,370
\$100/mo	\$10,037	\$1,537	\$19,710	\$5,210	\$32,125	\$11,625	\$41,203	\$17,103
\$250/mo	\$20,281	\$2,781	\$43,100	\$10,600	\$72,385	\$24,885	\$93,802	\$37,302
\$500/mo	\$37,353	\$4,853	\$82,082	\$19,582	\$139,486	\$46,986	\$181,466	\$70,966
	5 Years Invested		10 Years Invested		15 Years Invested		18 Years Invested	

This hypothetical example illustrates the accumulation potential with a \$2,500 initial investment and a monthly contribution plan at a 5% projected average annual return. The above example is based on projections and does not reflect your actual investment in the Bright Directions College Savings Program. If fees were included, the returns would be lower. Your actual results may be more or less.

[†]Regular investing does not ensure a profit and does not protect against loss in declining markets.

POP QUIZ: Answers

- Tuition and fees
- Season tickets for university athletics
- Room and board (if enrolled at least ½ time)
- A computer
- Repayment of student loans
- Books



The Bright Directions Advisor-Guided 529 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 Advisor-Guided 529 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 before investing. This and other important information is contained in the Bright Directions Advisor-Guided 529 College Savings Program Disclosure Statement, which can be obtained from your financial professional or at BrightDirections.com and should be read carefully 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. Before you invest, consider whether your or the beneficiary's home state offers any state tax or other benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's 529 plan.

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