

How to Withdraw 529 Savings for Your College Freshman

Congratulations to all the parents whose students are heading to college this fall. You've worked hard to save, and now it's time to see them shine. As you're preparing to send your child off to their school of choice, you're likely eager to start pulling out 529 funds to help them begin their journey right. Luckily, making a withdrawal from your 529 account is a simple process. Here are some things to remember as you begin using your contributions to pay for qualified higher education expenses:



Log in to your account to request a withdrawal online at BrightDirections.com



You can pay and request a reimbursement, or you can send money directly to the college/institution



Remember to request a withdrawal a week to ten days before any payment due dates to allow for processing



529 funds can be withdrawn tax-free for the following qualified higher education expenses:¹

**Tuition & Fees • Books • Room & Board
 Supplies • Equipment
 A Computer & Certain Software**



Be sure to keep your receipts in your tax file in case you're ever audited

If you have any questions about making withdrawals, contact your financial advisor or call the Bright Directions team today at 866.722.7283.



2015 | 2016 | 2017 | 2018*

A Great Way to Celebrate

From kindergarten graduations to finally making the move to senior high, there's plenty to be thankful for at the end of a school year. It's also a great time to take inventory of how much you're contributing to your Bright Directions account. Consider using this occasion to contact your advisor and up your current contribution, getting your student one step closer to a debt-free future.

U.S. Student Debt Reaches Record High \$1.53 Trillion Dollars

Student loans now trail only mortgages as the largest source of debt for Americans — with \$58 billion in Illinois alone.^{2,3} But parents are learning from their own experiences and are paving the way for future generations: total investments in 529 plans reached a record of \$328.9 billion in the first half of 2018.⁴ Investors like you understand that you're not just saving for college, you're saving a student from debt.



Make it Monthly

Setting an automatic monthly contribution is a great, hands-off way to gradually build your student's college fund. Contact your financial advisor today to learn how to start or increase yours.

How Much Does Your Child Know About Their 529?

Talking to your student about the dollars you're putting away for their education can help them grasp the importance of college. It's a good opportunity to let your child know that they are the other part of the equation — they'll need to put in the effort in school now so they can succeed in fast-paced college classes. But that hard work will pay off. Your student can choose from a variety of 2- and 4-year schools nationwide to pursue their higher education, along with some international schools. Knowing that they're being invested in can help your child imagine what the future holds.

Study Up

Keep an eye on your email inbox for upcoming webinars about how to put funds away for college, withdraw for qualified expenses, and more.



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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.

¹Withdrawals used to pay for qualified higher education expenses are free from federal and Illinois state income tax. Qualified higher education expenses include tuition, fees, books, supplies, and equipment required for enrollment or attendance; certain room and board expenses incurred by students who are enrolled at least half-time; the purchase of computer or peripheral equipment, computer software, or Internet access and related services, if used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution; and certain expenses for special needs services needed by a special needs beneficiary.

²Washington Post, "The average 529 college savings account hits a record high. But it's still not enough." (October 2018)

³Experian, "Student Loan Debt Reaches All-Time High in 2018" (January 2019)

⁴CNBC, "College 529 savings plan balances hit an all-time high" (September 2018)

⁵The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to global.morningstar.com/managerdisclosures/. **The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause Analyst expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.** © 2018 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.