

# 529

Fourth Quarter 2020  
**Quarterly**



## Save Smarter: Start 2021 Off Strong

With the costs of college rising, any and every dollar saved counts. The beginning of a new year is a great time to reevaluate your budget, looking for areas where spending can be reduced or redistributed. If you find areas of surplus, consider moving those funds to your child's Bright Directions account. Log in to your account at any time to make a one time deposit, set up an automatic contribution, or increase your existing contributions.



## Tax Day Reminders

To make the most of your available tax savings with Bright Directions, make sure to add filling out the following forms to your tax day to do list, if applicable:

### 1 Schedule M (IL-1040)

To deduct 2020 contributions from your Illinois taxable income, review the 2020 Schedule M (IL-1040) for filing and reporting instructions. To see all the contributions you made this year, log in to your account at [BrightDirections.com](https://www.brightdirections.com).

### 2 IRS Form 1099-Q

For qualified withdrawals<sup>1</sup>, whomever the check was payable to — whether it's the account owner or the beneficiary — will receive IRS Form 1099-Q in the mail (mailed by January 31). The beneficiary will also receive the 1099-Q for any checks written to the college. Review the proper tax reporting with your tax professional.

### 3 IRS Form 709

If you made gifts of \$15,000 or more to a beneficiary, you'll want to discuss any IRS Form 709 filing requirements with your tax professional.

Questions? Reach out to your financial advisor or tax professional for more information.



## Your 529 is still Highly Rated

For the sixth year in a row, Bright Directions has received the highest rating given to advisor-sold plans. Every year Morningstar rates 529 plans, evaluating them based on process, people, parent, and price. You can feel good knowing you're saving with one of the best advisor-guided plans in the country.

**MORNINGSTAR**

Highly Rated Since 2015



### A Gift That Grows

No matter the occasion this year, friends and family can give the gift of education to your loved ones. Through GiftED, anyone can contribute to a Bright Directions account online or by mail for holidays, birthdays or any other celebration. Find more information at [BrightDirections.com/give-a-gift](https://BrightDirections.com/give-a-gift).



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](https://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 state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's 529 plan.**

<sup>1</sup>Withdrawals used to pay for qualified college costs are free from federal and Illinois state income tax. Qualified college costs 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.

\*Morningstar analyzed and rated 61 plans nationwide. Bright Directions was one of only four advisor-sold plans to earn a Bronze rating, the highest rating for an advisor-sold plan. Analyst ratings for 529 college savings plans consider: Process, People, Parent, and Price. Based on their conclusions, analysts will assign pillar scores. Morningstar analysts retain discretion to override scores if they believe a unique characteristic justifies a different rating than the score suggests. The Morningstar Analyst Rating™ is a subjective evaluation and is not a credit or risk rating. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. ©2020 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.