



529 Quarterly

First Quarter 2025

Great Things on the Horizon

Bright Directions is unveiling a fresh new look, new features, along with enhancements to your investment experience. The changes include an enhanced and streamlined investment line-up, a brand-new account gateway designed to make managing your savings easier than ever, and several new features to simplify the payment of college expenses. Plus, our new mobile app will provide seamless access to your account details anytime, anywhere. These updates are focused on helping you track your progress and stay on top of your college savings journey.

Keep an eye on your mailbox—more details will arrive this summer!



Celebrate Financial Literacy Month

“The more you learn, the more you earn.”

—Warren Buffett

Knowledge and success go hand in hand. April is Financial Literacy Month, making it a perfect time to check in on your savings goals, build financial confidence, and make choices that set your family up for success. Whether it's savings for retirement, buying a house, or covering future college expenses, every contribution—big or small—helps pave the way for a brighter future.



Scan for free resources from the Illinois Financial Wellness Hub



Tax Season Wrap-Up: Consider This

In our last update, we highlighted a number of important tax considerations. As tax season wraps up, here are several reminders:



Tax Reporting of 2024 Withdrawals

If you withdrew funds from Bright Directions in 2024, an IRS Form 1099-Q was sent at the end of January 2025. Keep in mind that if the account owner received the withdrawal, they were sent the 1099-Q. If the distribution was to the beneficiary or to the college, then the 1099-Q was sent to the beneficiary. Make sure your beneficiary or tax professional completed the proper reporting.



Review Your 2024 Contributions

If you are an Account Owner and also an Illinois taxpayer, you can deduct up to \$10,000 (\$20,000 if married filing jointly) of your contributions from your Illinois taxable income in 2024. Review your quarterly account statements and your 2024 Contributions Summary available online at BrightDirections.com for contribution information. Illinois taxpayers report contributions made to Bright Directions on Illinois 2024 Schedule M, Line 13. Make sure to include the Bright Directions account number in column A. Now is a great time to consider increasing your contributions for 2025, too. Starting or increasing your monthly savings early in the year can greatly impact future savings!



Illinois Income Tax Deduction

Contributions by an Illinois taxpayer are deductible from Illinois taxable income—up to \$10,000 (\$20,000 if married filing jointly).¹ Exclude any gift contributions and remind your donors that they may be eligible for tax benefits and should review Illinois Schedule M for proper reporting.

For specific filing questions, consult your trusted tax and financial advisors.

Ready to Roll Over Your 529?

Rolling over your out-of-state 529 plan to Bright Directions can open the door to valuable tax benefits. When you roll over to Bright Directions, the amount of the rollover that is treated as a return of the original contribution to the out-of-state 529 plan (but not the earnings portion) is eligible for the deduction for Illinois individual income tax purposes (up to \$10,000 for individual filers and \$20,000 for those married filing jointly).^{1,2}

If you typically make a lump-sum contribution later in the year, consider doing it now to maximize the benefits of your tax-advantaged Bright Directions account. You can also increase your monthly contributions to stay on track for the future.

When considering a rollover, make sure to meet with your tax advisor to review any potential recapture of tax deductions received from the original state, as well as whether any penalties or charges apply.



Scan the QR code to learn more about rollovers and start planning for 2025—your future self will thank you!

The Bright Directions College Savings Program is sponsored by the State of Illinois and administered by the Illinois State Treasurer, as Trustee. Union Bank and Trust Company serves as Program Manager and Northern Trust Securities, Inc., acts as Distributor. Union Bank and Trust Company is registered as a municipal advisor with the U.S. Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB). Balances in your Bright Directions account are not guaranteed or insured by Bright Directions, the State of Illinois, the Illinois State Treasurer, any other state or federal agency, Union Bank and Trust Company or any of its affiliates, Northern Trust Securities, Inc. or any of its affiliates, the Federal Deposit Insurance Corporation (except as provided in the Program Disclosure Statement solely with respect to the FDIC-insured Bank Savings Underlying Investment), 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 state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's 529 plan.

¹An 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 Directions Advisor-Guided 529 College Savings Program, Bright Start Direct-Sold 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 makes an Illinois 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.

²The Illinois Administrative Code provides that in the case of a rollover from a non-Illinois qualified tuition program, the amount of the rollover that is treated as a return of the original contribution to the prior qualified tuition program (but not the earnings portion of the rollover) is eligible for the deduction for Illinois individual income tax purposes.

Not FDIC Insured*/No Bank Guarantee / May Lose Value
(*Except for the Bank Savings Underlying Investment)

Northern Trust
Securities, Inc.
Distributor



Michael W. Frerichs
ILLINOIS STATE TREASURER
Trustee and Administrator

UBT
Union Bank & Trust
Program Manager