

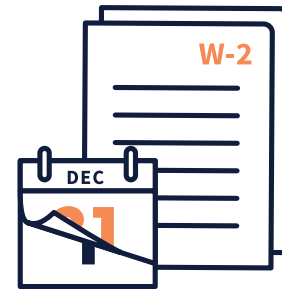
529 Quarterly

Fourth Quarter 2023

Tax Season Reminders

To maximize your potential 2023 tax savings, make any final contributions prior to December 31. Each year, Illinois taxpayers who've contributed to their 529 plan may qualify for tax savings. Individuals who file an Illinois state income tax return are eligible to deduct contributions they made to Bright Directions: up to \$10,000 per tax year as an individual or \$20,000 if married filing jointly.¹

Here are some tips and insights as you prepare to file your 2023 taxes to help maximize your savings.



Important Tax Forms

Illinois 2023 Schedule M (IL-1040)

Review 2023 Schedule M for filing and reporting instructions regarding the deductibility of your 2023 contributions to Bright Directions. In addition, any taxable or nonqualified withdrawals are reported on Schedule M. You will want to review the instructions for reporting requirements.

IRS Form 1099-Q

If you withdrew funds from your account in 2023, whomever the check was payable to (account owner or 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 payable to the college.

IRS Form 709

Discuss any IRS Form 709 filing requirements with your tax professional if you made a large gift to Bright Directions (generally \$15,000 or more to a beneficiary).

Reporting of 2023 Contributions

Review Your 2023 Deposits

Double-check your contributions between your bank account, Bright Directions statements, and online transaction history. Review your:

1. Fourth quarter 2023 Bright Directions statement to see your year-to-date contributions (reported on a cash basis).
2. Bright Directions account online for a log of your 2023 transactions.
3. Bank account transactions for any contributions to Bright Directions.
4. Bright Directions Contributions Summary (posted online in mid-February and located with your quarterly account statements).

View your statements by logging into your account and selecting "Statements and Tax Forms" on the left menu.

Additional Tax Benefits

Report Deposits Made as a Non-Account Owner

If you contributed to a Bright Directions account you do not own, include the account number, contribution amount, and check the "Gift" box in Column C on Schedule M of the IL-1040. If you do not have the account number for a gift contribution, the Illinois Department of Revenue requests that you attach a copy of the canceled check and the name and address of the Bright Directions account owner.

Roll Over Funds to Bright Directions

If you transferred money from a qualified 529 plan outside of Illinois into your Bright Directions account, you could be eligible for a deduction for Illinois individual income tax purposes. Generally, the portion of the rollover that represented contributions to the out-of-state 529 plan is deductible.²

¹When 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.



Questions about your 529 plan and filing for taxes? Explore our resources at BrightDirections.com/Tax-Center or contact your tax professional.

Changes to the FAFSA Strengthen Grandparent-Owned 529 Plans

The Free Application for Federal Student Aid (FAFSA) historically treated parent-owned accounts differently than grandparent-owned accounts, but beginning in December 2023, a student's 529 plan will be treated the same regardless of who owns the account. In the simplified FAFSA for the 2024-25 academic year, families no longer report grandparent-owned plan distributions as untaxed student income — which previously could have reduced aid eligibility by as much as 50% of the amount of cash support.

These new changes make grandparent-owned 529 plans an even smarter idea for families.



Read the ins and outs of the FAFSA changes at [SavingForCollege.com](https://www.savingforcollege.com).



COACH'S QUIZ Keeping Your Head in the Savings Game

Kids don't come with a manual, and neither does saving for college. But with help from Coach Banks, you can train yourself to save with a 529 plan. Start by discovering your investing options with Bright Directions in coach's college-savings quiz.



Scan to Take the Quiz Now



\$50 to Help You Start Saving for College

If you've welcomed a new child this year or are expecting, the State of Illinois has \$50 to help you start saving for their future education. Illinois First Steps is a new state program to help families begin saving for their children's college early with a free \$50 seed deposit.

Every baby born or adopted on or after January 1, 2023, to a parent who is a resident of Illinois at the time of birth or adoption qualifies for the \$50 seed deposit for their future education. A parent or legal guardian can claim by opening a Bright Directions account and providing the requested information. Each eligible child qualifies for one \$50 seed fund deposit.

[Claim Your \\$50 at BrightDirections.com/First-Steps](https://www.brightdirections.com/first-steps)

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. 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](https://www.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)

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Trustee and Administrator

UBT
Union Bank & Trust
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