

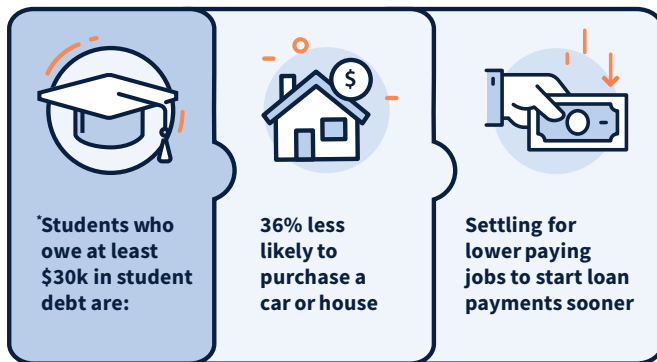
### SAVING VS. BORROWING

## A Brighter Future

The more you save for college, the less your student has to borrow. That means more opportunities down the road for important life-changing purchases. With loan repayment taking nearly 20 years in some cases, it's hard to deny the benefits of increasing your contributions to Bright Directions sooner rather than later.

Bright Directions funds can help cover a wide range of educational expenses beyond just tuition and fees. This includes books, supplies, equipment, a computer, services for a beneficiary with special needs, apprenticeship program expenses, and even repayment of up to \$10,000 in qualified education loans for the beneficiary or a sibling.<sup>1</sup>

Rest assured knowing that thanks to your thoughtful investment in your child or grandchild's education, they're on the path to a brighter future.



<sup>1</sup><https://educationdata.org/average-student-loan-debt>



Scan to learn how we can help or visit [BrightDirections.com](https://BrightDirections.com)



## Words of Wisdom

“Every family should have the chance to save for their children’s future without high fees or limited options. With Bright Directions, families can trust their savings are working as hard as they are.”

—Michael W. Frerichs, Illinois State Treasurer

## Address Update

Please make sure to update your records with the current address for Bright Directions:

**PO Box 82623**  
**Lincoln, NE 68501**

**1248 O Street, Suite 200**  
**Lincoln, NE 68508**

## TAX CHECKLIST

# Your Friendly Tax Season Reminders

Illinois taxpayers contributing to Bright Directions can take advantage of valuable tax savings every year. To make the most of your potential 2025 tax savings, consider contributing now. If you file an Illinois state income tax return, you can deduct contributions made to Bright Directions—up to \$10,000 per year for individuals or \$20,000 if you're married and filing jointly.<sup>2</sup> Use our helpful checklist below as you prepare to file your 2024 taxes.



**Questions about Bright Directions and filing your taxes? Explore our resources at [BrightDirections.com/Tax-Center](https://BrightDirections.com/Tax-Center) or contact your tax professional.**



### Tax Reporting of 2024 Withdrawals

#### Did you withdraw funds from Bright Directions in 2024?

If yes, Bright Directions provides the account owner IRS Form 1099-Q for any 2024 withdrawals (mailed by January 31, 2025).

#### Your beneficiary will receive the 1099-Q for funds paid directly to the beneficiary or the college.

#### Were the funds used for qualified education expenses?<sup>1</sup>

If yes, the withdrawal can be tax-free.

#### Make sure to provide the above information to your tax professional.

### Reviewing 2024 Contributions

#### Review your Q4 2024 Bright Directions statement for YTD contribution information.

#### Cross-check your bank transactions with Bright Directions.

#### Log in to your account and review the 2024 Contributions Summary (available mid-February).

#### Review Illinois 2024 Schedule M for filing/reporting instructions.

#### Consult your tax professional about filing IRS Form 709 for large gifts (generally \$18,000+).

### Review Key Tax Details

#### Contributions are deductible from Illinois taxable income up to:

- \$10,000
- \$20,000 if married filing a joint return<sup>2</sup>

#### The contribution portion (but not the earnings portion) of a rollover contribution from a non-Illinois 529 plan can be deductible.<sup>3</sup>

#### If others made a gift contribution to your Bright Directions account, remind them that they are eligible for the Illinois state income tax deduction (not the account owner).

#### This is a great time to rollover an out-of-state 529 to Bright Directions and get a jump on 2025!<sup>1</sup>

\*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.

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://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 Illinois Qualified Expenses are free from federal and Illinois state income tax. Illinois Qualified 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; certain expenses for special needs services needed by a special needs beneficiary; apprenticeship program expenses; and, repayment of up to \$10,000 of qualified education loans for the beneficiary or a sibling of the beneficiary.

Illinois Qualified Expenses do not include expenses for tuition in connection with the Beneficiary's enrollment or attendance at an elementary or secondary public, private, or religious school and rollovers to a non-Illinois 529 plan. The amount of any deduction previously taken for Illinois income tax purposes is subject to recapture in the event an Account Owner takes a Nonqualified Withdrawal or Illinois Nonqualified Withdrawal from an Account.

<sup>2</sup>An 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.

<sup>3</sup>The 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