

529 Quarterly

First Quarter 2023

Make Your Tax Return Even More Rewarding

When all the W-2s have been gathered and the dust finally settles on your deductions, receiving a tax refund instead of a tax bill can be a sigh of relief.

While it's tempting to spend that check, investing it in your Bright Directions account makes your money work harder. Funds in your 529 plan add up tax free and the amount of your refund puts you that much closer to your end goal. Plus, the added contribution creates more potential for your investment — the longer your money is invested, the more your contributions, and any possible investment gains, have the chance to mature.

It always pays to save. Talk to your advisor about turning your tax refund into tax-deferred growth with Bright Directions.



Don't Let Your Debt Get You Down

Tips for Balancing Debt and Saving

Saving for the future while paying off the past — a common predicament for parents balancing their student loans with their children's college savings. The looming presence of debt can be tricky, but it's all about balance.



Refinance private student loans.

Money spent paying interest on loans is money you could be saving for the future. Depending on your credit score and annual income, you may qualify to refinance private student loans at a lower interest rate. The money you save each month from refinancing can become savings for your child's 529 plan.



Save for the future with a 529 plan.

When your budget's tight, you need to make the most of every dollar. A 529 college savings plan has perks your run-of-the-mill savings account doesn't, like tax-free earnings on funds. Plus, when it's time to spend your savings, you won't pay taxes for using them as long as they go to qualified educational expenses.



Set up an automatic investing plan.

Just like paying down debt, saving for the future is a long process where consistency helps you reach your goals. An automatic investing plan helps you avoid the temptation of spending which, while enjoyable in the short term, could derail your college savings goals. Divert a predetermined monthly amount into your Bright Directions account — anything, from \$10 to \$100, makes a difference.



PERSONAL FINANCE ADVICE

All You Need to Know Fits in *The Index Card*

In 2013, University of Chicago professor Harold Pollack wanted to prove a point. During an interview with finance journalist and author Helaine Olen, he argued Wall Street financial advice was overly complex and all you really needed to know boiled down to nine simple rules.

He jotted them down on an index card, took a picture and posted it to his blog. It went viral, eventually turning into one of the most impactful books about personal finance for young families. (One of his rules? Maximize tax-advantaged savings accounts like a 529 plan.) Read Pollack's book "The Index Card" to learn his simple rules for improving your finances.

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FINANCIAL TERMINOLOGY

Understanding Your Advisor

STOCK

A **stock** represents your share of a company. The more you buy, the greater percentage of the company you own. The value of your share(s) rises and falls with the value of the company. If you choose to sell your shares to another investor, you can make a profit if the value is higher than your initial purchase. Conversely, you'd lose money if you sell the shares when the value is lower than what you originally bought them for.

BOND

Meanwhile, a **bond** represents a loan. The company is in debt to you once you purchase a bond and pays you interest on that loan for a set duration. As long as the company stays in business, you'll receive interest payments distributed throughout the length of the loan. If the company goes bankrupt, however, you'll stop receiving payments and could take a loss.

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 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.

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 (*Except for the Bank Savings Underlying Investment)

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