

529

First Quarter 2018 Quarterly



How Bright Directions Can Help You Prepare for Illinois' State Income Tax Increase

In 2017, the Illinois state income tax rate rose to 4.95% — up from 3.75%. Illinois taxpayers can ease the impact of this increase by taking advantage of the state's generous \$10,000 (\$20,000 if married filing jointly)¹ tax deduction for 529 contributions to Bright Directions. Learn more about the tax benefits of a 529 plan at BrightDirections.com/Resources/Tax-Center.

GiftED Helps Friends and Family Pitch In

Adding to a child's Bright Directions account is a great way to support their future, and GiftED makes it easy for friends and family to contribute. Our online giving platform lets anyone conveniently gift a contribution to a Bright Directions account for birthdays, holidays, kindergarten graduation, and more.

Learn more about sending GiftED invitations at BrightDirections.com/Benefits/Give-a-Gift.

Creative Ways to Save for College: Make It Routine

Building a college fund for your child can be intimidating at first, but a little bit at a time can go a long way. Try setting up an automatic monthly contribution directly from your bank account. A comfortable set-it-and-forget-it amount can accumulate all year long, and you can even set a yearly calendar reminder to increase your contribution.

Sign Up for e-Delivery

Do you prefer an email inbox to a mailbox? Sign up for e-Delivery today on BrightDirections.com. It's a fast, easy, and secure way to receive your account statements, program disclosure statements, and other important plan updates. Log in to your account today to get started.

Do You Have a 529 Plan in Another State?

Consider a rollover to Bright Directions to take advantage of Illinois' state income tax benefits. A same-beneficiary rollover can be requested once every 12 months or if the plan's beneficiary is changed. After you've reviewed your out-of-state plan provisions with your financial advisor and determined Bright Directions is right for you, follow this easy process:

- Complete the Rollover Form with your financial advisor, available at BrightDirections.com/Forms
- Obtain a Medallion Signature Guarantee on the form
- Attach a copy of the latest statement from your out-of-state 529 plan
- Mail the form to Bright Directions, and let us handle the rest



529 Tax Reminders

Did you make a large contribution to your child's Bright Directions account in 2017? Let your CPA know – you may have some additional tax filings to take care of before Tax Day. In addition, if you took a withdrawal in 2017, you should have received a 1099Q form for your, or your beneficiary's, tax return.

And as you're finalizing your 2017 taxes, if you paid too much on interest and gains and want a tax deduction, be sure to contribute or increase your contribution to your Bright Directions account. With the Illinois tax rate of 4.95%, every dollar saved gains you additional tax savings.

Have Realistic Expectations During Unpredictable Markets

After solid market performance the last nine years, 2018 has been choppy, and unpredictable to say the least. From October 2016 through January 2018, the S&P 500 index rallied for positive returns each month, but that streak came to an end in February when both the S&P and equity markets retreated.

It's difficult for investors to predict market movements from quarter to quarter, let alone month to month. That's why experts suggest investors periodically review their investments with a long-term focus, and match their risk comfort level with their overall investing approach.

Bright Directions offers a variety of investment options to meet the diverse needs of account holders. You can review them at BrightDirections.com.

Review your account and investment options with your financial professional periodically to make sure they're consistent with your short-term and long-term investment objectives. The IRS lets you change your option up to twice each calendar year, if need be. Be sure to focus on your big picture goals, comfort, and risk — that will help you stay on course during periods of market volatility.

Investment Allocation Reminder

When markets are strong, be sure to periodically check your investment allocation to make sure it's in line with your savings needs.



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 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 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 Start College Savings Program, the Bright Directions 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 takes a 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.

The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to global.morningstar.com/managerdisclosures/. **The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause Analyst expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.** © 2017 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.