Second Quarter 2014

Withdrawals for College - PLAN AHEAD!

The new college year is quickly approaching. Please make sure you are prepared. At Bright Directions we make it easy to pay college expenses. Here is an overview:

1. Plan ahead. Don't wait until the last minute. We suggest that you request the withdrawal 7-10 days in advance of the due date. Why? When you request a withdrawal we will process withdrawals received by 3pm CST on any business day the same day we receive it. The funds will be sold that night and a check will be sent first thing the following business day. Please allow U.S. Postal mail time and time for the college to process the payment. While we disperse the funds right away – the mail and college processing time can add 5-7 days to the process.

2. Request the withdrawal online.

Our online system is fast and easy to use. If you have questions regarding logging into your account and requesting a withdrawal – feel free to call us and we will be happy to assist you.

- 3. Keep receipts, invoices, and any college expense items in your tax file. They will come in handy if you are audited down the road.
- 4. Make sure you request withdrawals from Bright Directions in the same year the expense is paid.

Common Withdrawal Questions:

What college expenses are covered? The IRS includes tuition, fees, books, supplies, and equipment required for enrollment. If the student is enrolled at least half-time room and board is also an eligible expense. Personal expenses, transportation and repayment of student loans are not covered expenses.

Are computers covered?

Here is what the 2013 IRS Publication 970 states: For tax years after 2010, the purchase of computer technology or equipment is only a qualified education expense if the computer technology or equipment is required for enrollment or attendance at an eligible institution.

Remember, if you have guestions or need assistance with withdrawals for college expenses, give us a call and we will be happy to assist.

Thank you for investing with Bright Directions!

Market Update

The markets have continued to trend upward through the 2nd quarter of 2014. While investment performance has been encouraging for many investors over the last several years, we continue to encourage investors to invest in a portfolio of funds that is suitable for their risk tolerance in both "bullish" and "bearish" markets. A primary key to a successful investment portfolio is investing for the long term and staying the course through all market cycles. There is always a level of uncertainty to investing and with uncertainty, comes risk. Investors should be familiar with their investments and the accompanying risk levels associated with them. Be sure to periodically review the investment option you have selected for your Bright Directions account with your Investment Professional to make sure it still meets your risk tolerance objectives. The IRS allows 1 investment change every calendar year or upon the change of the account beneficiary if you decide that you would like to make a change to your portfolio. If your investments match your risk tolerance and time horizon you will be better prepared to withstand any market fluctuations that may lie ahead.



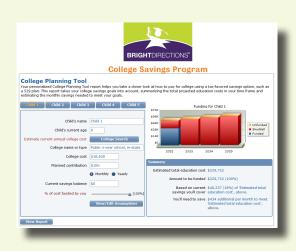
Do You Have an AIP?

Many investors take advantage of an Automatic Investment Plan ("AIP") to make consistent contributions to their Bright Directions accounts. Establishing an AIP saves you time and ensures that your contributions are received on a regular basis. It also ensures that you won't miss out on the Illinois state income tax deduction that is offered each year for contributions (\$10,000 limit for individuals, \$20,000 limit if filing jointly). If you contribute the maximum amounts and take advantage of the deduction, it means a savings of \$500 each year for individuals or \$1,000 for joint filers – a great incentive to set aside dollars each year for college! If you haven't set up an AIP, visit our website **BrightDirections.com** to log into your account or download the Automatic Investment Plan Form to get started today.

If you already have an AIP, you may want to consider increasing your contribution amount as your budget allows. College costs continue to rise each year. With the great tax benefits of tax deferred growth, tax free withdrawals for college expenses and the Illinois State Income Tax Deduction, additional dollars you can set aside for college now will help when the time comes to start paying expenses. Consider increasing your Automatic Investment Plan contributions periodically to help offset the ever-rising cost of college expenses.

Cost Calculator - A college planning tool

With the fall semester kicking off in the next month, the start of the new school year is on the minds of many parents. As the summer draws to a close, a tool that can be helpful in determining how much you might want to consider saving for future college costs is the Cost Calculator at BrightDirections.com. You can use the features of the Cost Calculator to customize a report to the specific savings goals you have by adjusting the assumptions used in the calculation. As you utilize the calculator and report, you will also want to consider the other options available to pay for the cost of college - including scholarships or grants your student may receive, whether or not your student will assist with the cost of college by obtaining a part-time job, and how much of your student's college expenses you plan to pay for (do you plan to pay 100% of the expense or will your student take on some of expense as well?). Working with your Investment Professional, you can utilize the Cost Calculator to determine the college savings strategy that will best meet your budget and goals. Visit BrightDirections.com and select "Resources" to get started.



The Bright Directions College Savings Program is part of the Illinois College Savings Pool and is designed to qualify as a qualified tuition program under the provisions of Section 529 of the Internal Revenue Code. The Bright Directions 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 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.

¹Individuals who file individual Illinois state income tax returns can deduct up to \$10,000 per tax year (\$20,000 if filing jointly) for their total, combined contributions to the Bright Directions College Savings Program, the Bright Start College Savings Program, and CollegeIllinois! 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 subject to recapture 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.

Investors should read carefully and consider the investment objectives, risks, fees, and expenses contained in the Program Disclosure Statement (issuer's official statement) 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. The Program Disclosure Statement, which contains additional information about the plan and municipal fund securities, is available from your financial advisor.

You should consider, before investing, whether your home state or the designated beneficiary's home state offers any state tax deduction or other benefits that are only available for investments in such state's qualified tuition program. You should consult with a tax advisor about state and local taxes.

Not FDIC Insured

May Lose Value

No Bank Guarantee

