



First Semester **Withdrawal Reminders**

Even though summer is in full swing—full of vacations, outdoor activities, and fun—the first semester of the 2016–17 school year will soon be here. Whether your child will be a freshman in college or entering their final semester, we are ready to assist with your upcoming college expenses. Here are several reminders to help you with the process:

- ▶ It's easy to request withdrawals from your account through our secure online access. Once logged in, simply select the "Withdraw" button to walk through the simple steps.
- ▶ Bright Directions can issue a check to either the Account Owner, the Beneficiary, or the college.
- ▶ Withdrawals requested prior to 3 p.m. on any business day are typically processed the same day with a check issued the following business day. While we process withdrawal requests very quickly, we recommend allowing at least 5–7 additional days for the school to receive and process the payment.
- ▶ Qualified expenses include tuition, fees, books, supplies, and equipment required for enrollment. The purchase of a computer, computer software, and internet access that will be primarily used by the beneficiary is also qualified. Certain room and board expenses are eligible as long as the beneficiary is enrolled on at least a half-time basis.
- ▶ Be sure to keep good documentation of all expenses—you will want to have record of your higher education expenses in the event the IRS ever has questions about what the funds were used for.
- ▶ We recommend matching your expenses and withdrawals in the same calendar year for tax purposes.
- ▶ Eligible schools include those that are accredited by the U.S. Department of Education and are eligible to participate in federal financial aid programs. To determine if your student's school is eligible, visit BrightDirections.com and on the "FAQ page" review "Which schools are eligible institutions."
- ▶ Refunds from a school can now be redeposited to a 529 account for the same beneficiary within 60 days of the date of the refund.

If you have questions, or if we can be of any assistance, please don't hesitate to reach out to our Customer Care Center at **(866) 722-7283** from 7:30 a.m. to 6:00 p.m., Monday through Friday.

Scholarship Resource

Each year, there are millions of dollars in college scholarships awarded to students nationwide in undergraduate and graduate programs. If your beneficiary is a current high school or college student, a great resource to utilize for a comprehensive scholarship search is Petersons.com. Their database searches through thousands of nationwide scholarship programs based on the criteria the student wishes to utilize. In addition to the scholarship search feature, Petersons.com offers a wealth of information about colleges, test prep, essay writing tips, resume advice, and more. Be sure to visit Petersons.com and take advantage of the tools and resources they offer for students preparing for college.

BrightDirections.com New Look

Have you visited BrightDirections.com lately?

Our website has a new look! Be sure to check out our new site. It's a great resource for secure account access, plan news and updates, investment and performance information, tax information, account maintenance forms, college planning tools, and more! Visit BrightDirections.com and take advantage of all the site has to offer!



An Investment in Education

"An investment in knowledge pays the best interest." —Benjamin Franklin

You can look at the quote above in a couple different ways. The first is that education has always been, and will continue to be, an important key to an individual's success. Saving for your loved one's future college expenses will help them achieve their educational dreams and live a successful and fulfilling life. You have taken the first step in helping them by saving for their future college expenses with Bright Directions.

Another way to look at Benjamin Franklin's quote is that it pays to be knowledgeable about what you're investing in and why. The performance of the financial markets have been difficult to predict during the first half of 2016. After a number of excellent market years, this year has started with some ups and downs. While the markets may continue to be unpredictable, history has shown that those who invest for a long period of time are rewarded. We recommend that you consider your long-term investment objectives when selecting the investment option for your account. Bright Directions offers a diverse group of investment

options—including three Age-Based portfolios that will automatically shift to more conservative investments as your beneficiary gets closer to college age. Don't try to time the markets' movements and don't panic when the markets pull back. Work with your financial professional to choose the investment option that you will be comfortable with in all market cycles.

The tax benefits offered by Bright Directions are a great incentive to investing for the long term. The earnings in your account grow on a tax-deferred basis and can be withdrawn tax-free for qualified higher education expenses. In addition, Illinois taxpayers are eligible for a state income tax deduction for the contributions they make to a Bright Directions account up to \$10,000 for individuals or \$20,000 for those married and filing jointly.¹ Invest early in your beneficiary's life and continue to increase your contributions as they get older. With the variety of investment options available in the plan, you can invest with the confidence that the amount you are saving, coupled with the tax benefits offered by Bright Directions, will help your beneficiary reach their higher education goals.

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.

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 Program Disclosure Statement, which can be obtained from your financial professional and 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 that are only available for investments in that state's 529 plan.

October 20, 2015 – Morningstar, a leading provider of independent investment research, announced new Analyst Ratings and reports for 63 of the nation's largest 529 college-savings plans. Morningstar has identified 29 plans that are likely to outperform their peers on a risk-adjusted basis over a market cycle of at least five years. To determine a plan's rating, Morningstar analysts considered five factors: the plan's strategy and investment process; an assessment of the plan's underlying investment managers; the stewardship practices of the plan's administration and parent firm; whether the plan's investment options are a good value proposition compared with those of its peers; and the plan's risk-adjusted performance. Morningstar rates these five pillars as Positive, Neutral, or Negative. Morningstar also takes into consideration unique benefits that a plan offers to college savers, including local tax breaks, grants, and scholarships.

The five-tiered, qualitative Morningstar Analyst Rating™ scale has three positive levels—Gold, Silver, and Bronze—in addition to Neutral and Negative ratings. The three positive ratings indicate Morningstar Medalists. This year, Morningstar manager research analysts awarded four Gold ratings, seven Silver ratings, 18 Bronze ratings, 32 Neutral ratings, and two Negative ratings to 529 college-savings plans. Bright Directions earned a Silver rating, the highest rating given to advisor-sold plans. Bright Directions' pillar ratings: Process (Positive); Performance (Neutral); People (Positive); Parent (Neutral); and Price (Positive). While these ratings can help with the selection process, they should not be the only factor considered. *The Morningstar Analyst Rating™ is not a market call. Analyst Ratings are subjective in nature and should not be used as the sole basis for investment decisions. Analyst Ratings are based on Morningstar analysts' current expectations about future events and therefore involve unknown risks and uncertainties that may cause Morningstar's expectations not to occur or to differ significantly from what was expected. Morningstar does not represent its Analyst Ratings to be guarantees.* For more information about the Analyst Ratings, Morningstar ratings, and fund rankings, please visit Morningstar.com.

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.

Not FDIC Insured / No Bank Guarantee / May Lose Value

BrightDirections.com



(866) 722-7283