



Newly Designed Age-Based Glide Paths

Bright Directions is committed to offering investors a cost-effective, attractive way to save for college expenses, and part of this approach includes regular program reviews for potential enhancements. As a result of this process, Bright Directions will be making some enhancements to the three Age-Based options that are offered in the plan. The number of age bands in each of the Age-Based investment options will be increased from five to nine. The additional age bands will further smooth the glide path the beneficiary travels from the time the account is established through college.

We will also be updating the names of the Age-Based options as follows:

| Old Name | New Name (effective October 25, 2016) |
|----------------------|---------------------------------------|
| Age-Based Aggressive | Aggressive Age-Based |
| Age-Based Growth | Moderate Age-Based |
| Age-Based Balanced | Conservative Age-Based |

More detailed information about all of the changes was recently mailed to all account owners and can be found at BrightDirections.com.

The changes will be made automatically to accounts on October 25, 2016 with no action required of the account owner. Because the changes are being made by Bright Directions, they will not count as one of the two investment changes allowed by the IRS annually. If you have any questions about the upcoming changes, please don't hesitate to contact our Customer Care Center at (866) 722-7283 from 7:30 AM to 6:00 PM, CST, Monday through Friday.

2016 Withdrawals

We recommend that account owners match their college expenses and withdrawals from their Bright Directions accounts in the same calendar year for tax purposes.

Account owners should request withdrawals for any 2016 expenses prior to December 31, 2016. Similarly, we recommend that Account Owners wait to request a withdrawal for 2017 expenses until after January 1, 2017. Please watch the timing of your withdrawals and payment of expenses. Simply log in at BrightDirections.com to request a withdrawal. Make sure you keep good documentation of your expenses in the event you need it for IRS reporting in the future.



Contribute Now for Illinois Tax Benefits

The state of Illinois offers taxpayers a generous tax deduction for contributions made to Bright Directions each year. Individual taxpayers can deduct up to \$10,000 in contributions to the plan and joint filers can deduct up to \$20,000. In order to take advantage of the tax deduction for 2016, contributions must be made online or postmarked by December 31, 2016. Don't delay in making your contribution for this year – log into your account and make your 2016 contribution now!

If you plan to make any large gifts of up to \$14,000 (\$28,000 for joint filers) to Bright Directions in 2016, we recommend making those contributions prior to December 23rd to allow enough time for the funds to clear your bank account prior to the end of the year. Be sure to consult your financial or tax professional regarding any gifting you plan to do.

Updated Investment Policy Statement

We recently mailed an updated Investment Policy Statement for your review and records. On an ongoing basis, we post the most current Investment Policy Statement on the Bright Directions website under the "Investments" link. Should you ever have questions on your investments, the Investment Policy, or the plan in general please feel free to contact your investment professional or the plan directly. We will be happy to assist.



Illinois Tax Savings Idea

Rollovers are eligible for the Illinois tax deduction. If you have invested in an out-of-state 529 plan, you can request a rollover to your Bright Directions account in order to take advantage of the Illinois state income tax deduction. The contribution portion of the rollover is eligible for the \$10,000 individual or \$20,000 joint tax deduction. Keep in mind that the IRS allows a rollover provided it has been more than 12 months since any previous rollover for that beneficiary or the rollover is for a different beneficiary and the beneficiary on the Bright Directions College Savings Program Account is a member of the family (as defined in the Program Disclosure Statement) of the beneficiary on the current 529 plan account being rolled over.

The account owner is eligible for the tax deduction after the check has been deposited to the Bright Directions account – not when the rollover is requested. It can take several weeks to complete a rollover from another 529 plan, so contact your financial professional NOW to start the process if you would like to complete a rollover to Bright Directions in 2016.

NOW is the Time

Start or increase your monthly contribution - now is a great time to increase the amount you are saving each month. By increasing your monthly savings level each year it will help you set more dollars aside to help offset the ever increasing costs of a college education. Call us today and we'll help you with the steps to increase your monthly investment amount. When college tuition bills start to arrive you'll be glad that you did!

Add Bright Directions to your Holiday Wish List

A contribution to Bright Directions makes a wonderful gift for your beneficiary. Be sure to let your family and friends know that a contribution to your Bright Directions account is on your beneficiary's holiday wish list. The GiftED feature on our website is a great tool to help spread the word to your loved ones.

Simply log into your account and select the "Gifting" link to get started. You're able to send e-vites to family and friends providing them the opportunity to contribute to your account. Take a little stress out of shopping for gifts this year and utilize GiftED to add a meaningful gift idea to your beneficiary's wish list – the gift of a college education!

Maximum Account Balance Limit

As previously communicated in the Program Disclosure Statement Supplement, effective September 30, 2016, the maximum account balance limit changed from \$350,000 per beneficiary to \$400,000 per beneficiary. The limit is based on all accounts for the same beneficiary invested in any of the state of Illinois 529 plans regardless of the account owner. Accounts that have reached the maximum account balance limit may continue to accrue earnings, but additional contributions will not be accepted and will be returned. Periodically, the Treasurer reviews the maximum account balance limit and makes adjustments to it.

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 online at BrightDirections.com or 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.

Morningstar Elite Silver Rating for Bright Directions (October 2015). Bright Directions earned the Morningstar Silver rating – the highest rating given to an advisor-sold plan. Morningstar, a leading provider of independent investment research, released new Analyst Ratings and reports for 63 of the nation's largest 529 college-savings plans. Morningstar identified 29 plans that are likely to outperform their peers on a risk-adjusted basis over a market cycle of at least five years. 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. To arrive at an Analyst Rating for 529 plans, analysts consider: process, people, parent, performance and price. For more information about the Analyst Ratings and other Morningstar ratings, please visit Morningstar.com.

Not FDIC Insured / No Bank Guarantee / May Lose Value

BrightDirections.com



(866) 722-7283