



529 QUARTERLY

Fourth Quarter 2014

2014 Illinois State Income Tax Deduction Reporting

The state of Illinois allows contributors to deduct up to \$20,000 on their Illinois state income tax return for contributions made to Bright Directions (\$10,000 is the limit for individuals). Keep in mind that a contributor does not have to be the account owner for the account in order to take advantage of the deduction – any family members or friends who are Illinois taxpayers can take the deduction for any contributions they may have made to your account.

Contributions to Bright Directions will be reported on Schedule M for state of Illinois tax deduction purposes. You can visit the Tax Center on our website - BrightDirections.com - for more helpful tax information. We also recommend that you visit with your financial and/or tax professional for advice.

It's never too early to make a contribution to Bright Directions to qualify for the 2015 Illinois state income tax deduction. You can make electronic contributions or establish an Automatic Investment Plan by accessing your account through our secure website. Don't wait until the last minute to make your 2015 contribution – make a New Year's Resolution to check that important contribution off your to-do list right away!

2014 Withdrawal Reporting

Did you request a withdrawal from your Bright Directions account in 2014? If so, we will be mailing IRS Form 1099-Q in January. The 1099-Q is a report showing the total amount of all withdrawals requested to the same payee as well as the principal and earnings portions of those withdrawals. The form will be mailed to the recipient of the withdrawal – if the check was payable to the Account Owner, the Account Owner will receive the 1099-Q. The Beneficiary will receive the 1099-Q for any withdrawals paid to the Beneficiary or to the School. We recommend that you keep the receipts and documentation of your college expenses with your tax paperwork in the event there are ever any questions about the amount you have withdrawn. You should discuss any tax reporting requirements with your tax professional.

2014 Morningstar Rankings

In October, Morningstar released their rankings of 529 plans across the country. Bright Directions was pleased to be acknowledged again as one of the better advisor-sold plans for the fifth consecutive year. The factors Morningstar considers are People, Process, Parent, Performance, and Price. The ratings reflect the quality of the entire plan – not a single investment.

“The age-based options and seven static, balanced portfolios invest in straightforward, high-quality strategies. They hold a mix of 19 actively and passively managed strategies, eight of which earn a medal from Morningstar analysts – a mark that reflects analysts’ confidence in a fund’s future prospects.”

“In addition to the plan’s packaged portfolios, it offers an exceptional selection of individual options for investors to create customized portfolios. The lineup includes a mix of more than 30 passive and active strategies managed by well-regarded investment firms.”

--Morningstar, October 2014

Best Wishes for the New Year! Thank you for investing with Bright Directions!



Dan Rutherford
ILLINOIS STATE TREASURER

Trustee & Administrator

UB UNION BANK
& TRUST COMPANY

Program Manager

Northern Trust
Securities, Inc.

Distributor

2014 Year-to-Date Contributions

Your 4th Quarter 2014 statement provides the Year-to-Date Contribution totals for your account. The “YTD Contributions” detail includes all contributions received and invested from January 1st to December 31st in 2014. Please keep the following in mind as you determine the total amount you may be able to deduct on your Illinois state income tax return.

If you mailed a contribution in late December 2014 that was invested in January 2015 as a “Prior Year Contribution” for 2014, the contribution would not be on your 4th Quarter statement since it was not received prior to December 31st. Any contributions with a 2014 postmark that were invested in 2015 as “Prior Year Contributions” will be on your 1st Quarter 2015 statement. You will need to add “Prior Year Contributions” to the YTD Contributions total on your 4th Quarter statement for Illinois tax deduction purposes.

You may also need to subtract any contributions that were invested in January 2014 for the previous tax year to determine the correct amount for your 2014 tax deduction. Any “Prior Year Contributions” for 2013 should be subtracted from the YTD total on your 4th Quarter Statement. Similarly, if family members or friends made contributions to your account, you would also need to subtract those contributions – each contributor is eligible to take the Illinois income tax deduction for contributions they may have made.

Please don't hesitate to contact us at (866) 722-7283 if you have questions or need assistance in determining the amount of your 2014 contributions eligible for the Illinois income tax deduction.

2014 Gift Tax Reporting

If you made larger gifts in 2014 (ie: typically over \$14,000), don't forget to mention them to your tax professional so they can determine if any special IRS filings are required. If you took advantage of the special 5-year front-loading election allowed for 529 plans, please notify your tax professional so they can prepare any necessary Gift Tax Return. The due date for filing is April 15, 2015.

Invest Your Tax Refund

If you will be receiving a Federal or State tax refund, consider depositing it into your Bright Directions 529 account. Your Illinois and Federal tax form will provide a section that allows you to have your refund deposited directly into a bank account.

Here is the information you will need (see the enclosed insert for more details):

Routing Number:

1	0	4	9	1	0	7	9	5
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Type of Account: Savings

Account #:

2	5	2	9											
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***After 2529 include your 9 digit Bright Directions College Savings Program account number**

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 Collegellinois! 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

