

## Long-Term Investing and Market Volatility

The start of 2022 has been accompanied by a rapidly changing, volatile market. Based on the market's performance in the long run, it's not uncommon to see pullbacks and volatility after a period of exceptionally strong markets like we've experienced since early to mid-2009.

Here are some steps you can take to make sure your college savings efforts stay on track, despite the day-to-day ups and downs.

### 1 Determine your risk levels.

Volatile markets are a normal part of investing and saving, so it's important to find a level of risk you're comfortable with. With the very strong markets this past decade, it's also possible we'll see returns start to be more muted going forward. Make sure to have realistic expectations for future returns.

### 2 Diversify your portfolio.

Spreading out your investments can help mitigate some of those risks. Bright Directions offers a number of investment options that can help strengthen your portfolio and set a foundation for future savings. Visit with your financial advisor for their expertise, advice, and guidance regarding your overall investment strategy.

### 3 Focus on the long term.

Keeping your eyes on the future helps put things in perspective and is a good way to remind yourself why you're saving in the first place. Stay disciplined and continue investing in your loved one's future — and if you can, consider increasing your contribution amount. Your future self (and loved one) will thank you.

## ▶ IMPORTANT — Account Security Actions

Log in at [BrightDirections.com](https://BrightDirections.com) and choose Profile Settings to set your personal security questions, which can help you access your account if you ever lose your password.





## Get Ahead of 2022

While you're thinking about taxes, now's the perfect time to make sure you can deduct as much as possible for 2022<sup>1</sup>. Consider using your tax refund, Dependent Care FSA reimbursements, or Child Tax Credit payments to jumpstart contributions for the year.

## 2021 Large Gift Tax Reminder

As mentioned in the Q4 2021 Quarterly Newsletter (sent in January), make sure to report any large gifts — generally \$15,000 or more — made to your Bright Directions account. Let your tax professional know so they can determine if a Gift Tax Return is required.

For more tax information, consult your financial advisor or tax professional.

The Bright Directions College Savings Program is sponsored by the State of Illinois and administered by the Illinois State Treasurer, as Trustee. Union Bank and Trust Company serves as Program Manager and Northern Trust Securities, Inc., acts as Distributor. Balances in your Bright Directions account are not guaranteed or insured by Bright Directions, the State of Illinois, the Illinois State Treasurer, any other state or federal agency, Union Bank and Trust Company or any of its affiliates, Northern Trust Securities, Inc. or any of its affiliates, the Federal Deposit Insurance Corporation (except as provided in the Program Disclosure Statement solely with respect to the FDIC-insured Bank Savings Underlying Investment), 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](http://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 state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's 529 plan.

<sup>1</sup>An 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 Directions Advisor-Guided 529 College Savings Program, the Bright Start Direct-Sold 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.

## ► Your Questions: Answered.

We get great questions about Bright Directions and 529 college savings plans all the time, like this:

Q:

"I opened the account for my grandson, how can I send out requests for gifts to the account?"

A:

We've made it easy! Go to [BrightDirections.com/friends-family-gifting](http://BrightDirections.com/friends-family-gifting) to learn how to use our GifED program. It makes it easy for friends and family to contribute for upcoming birthdays, holidays and special events.