THEY'VE GOT BIG PLANS. WHAT'S YOURS?

Start Saving for the Rising Costs of College
It’s Time to Start Saving for College

You do a lot to prepare your child for college — from reading to them when they’re young to helping them with their homework in high school. But preparing them for the financial burden of college is just as important, and a 529 plan can be a great way to do exactly that.

College Costs are Rising — But So Are the Benefits

The skyrocketing price tag of a college education can create sticker shock for potential savers. The numbers may be scary, but they lead to huge advantages for your student, whose lifetime earnings can grow substantially with more education. That’s why it’s more important than ever to start saving for college — and the sooner the better.

Projected Cost of College (4 yrs)

<table>
<thead>
<tr>
<th></th>
<th>Public College</th>
<th>Private College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Today</td>
<td>$54,607</td>
<td>$214,946</td>
</tr>
<tr>
<td>5 yrs</td>
<td>$114,996</td>
<td>$261,268</td>
</tr>
<tr>
<td>10 yrs</td>
<td>$146,767</td>
<td>$333,452</td>
</tr>
<tr>
<td>15 yrs</td>
<td>$187,115</td>
<td>$425,678</td>
</tr>
<tr>
<td>18 yrs</td>
<td>$216,842</td>
<td>$492,060</td>
</tr>
</tbody>
</table>


Median Weekly Earnings of Full-Time Workers

<table>
<thead>
<tr>
<th></th>
<th>Less Than a High School Diploma</th>
<th>High School Graduate</th>
<th>Some College or Associate Degree</th>
<th>Bachelor’s Degree</th>
<th>Advanced Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$606</td>
<td>$749</td>
<td>$874</td>
<td>$1,383</td>
<td>$1,559</td>
</tr>
</tbody>
</table>

Grow Your Savings Tax-Free with a 529 Plan

A 529 plan is a college savings account you and your loved ones can contribute to. Any account growth is not taxed while in the account, and a plan in your home state may offer additional tax advantages. When it's time for college, the account owner can withdraw funds for the beneficiary's qualified higher education expenses tax-free.¹

Different plans have different investment strategies to fit your investment style. In all cases, saving sooner can help offset future student loan debt.
Bright Start 529 College Savings Plan

Bright Start is a 529 college savings plan offered by the State of Illinois. Here’s how we designed it to make saving for college easier:

**Low Costs**
Bright Start’s program includes low portfolio expenses and no annual account fees.

**Versatile Spending**
529 funds can be used for tuition and fees, room and board (if enrolled at least 1/2 time), books, supplies and equipment required for enrollment (such as a computer and required software). Funds can also be used at one-year, two-year, four-year, public, private, graduate, technical, and vocational schools nationwide, along with select foreign schools.
Investment Diversity and Choice
Bright Start offers Age-Based and Target Portfolios investing in a variety of fund families, including Vanguard, T. Rowe Price, Dodge & Cox, DFA, and others.

Great Tax Benefits
Bright Start offers an Illinois income tax deduction for contributions (up to $10,000 for individuals and $20,000 for joint filers). If you already have a 529 plan in another state, you can roll over funds to Bright Start and receive Illinois income tax benefits. The amount of the rollover that is treated as a return of the original contribution to the prior 529 plan (but not the earnings portion of the rollover) is eligible for the deduction for Illinois income tax purposes. Consider the following example based on a family filing jointly:

<table>
<thead>
<tr>
<th>Non-Illinois 529 Balance</th>
<th>$25,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution Portion</td>
<td>$18,000</td>
</tr>
<tr>
<td>Earnings</td>
<td>$7,000</td>
</tr>
</tbody>
</table>

Amount Eligible for Illinois Tax Deduction $18,000
Up to $10,000 Per Year for Individual Filers
Up to $20,000 Per Year if Filing Jointly

Note: Only the contribution or “basis” portion is income tax deductible — earnings do not qualify. There may be potential adverse tax consequences if the transfer or rollover is not a qualified rollover. (Please review all factors with your tax and financial advisor).
Bright Start Investments

We’re dedicated to providing a low-cost savings plan that features high-quality investments. Bright Start features a huge selection of fund types and investment options so you get the diversity and choice you need, featuring:

- Quality Mutual Funds
- Age-Based Portfolios
- Target Portfolios
- Individual Fund Portfolios

Meet Our Fund Family

A Word About Risk: Keep in mind that you can lose money by investing in a portfolio. Each of the Age-Based, Target, and Individual Fund Portfolios involves investment risks, which are described in the Program Disclosure Statement. You should consider these risks before making any investment decisions. For example, international investing, especially in emerging markets, has additional risks such as currency fluctuation, economic and political risks, and market volatility. Investing in small, medium, and international companies may increase the risk of fluctuations in the value of your investment and involves greater risks than investing in more established companies. Portfolios that invest in specific industries or sectors, such as real estate, have industry concentration risk. As an example, the portfolios that invest in real estate may perform poorly during a downturn in the real estate industry.

Portfolios that invest in bonds are subject to risks such as interest rate risk, credit risk, and inflation risk. In particular, as interest rates rise, the prices of bonds will generally fall, which can adversely impact performance. It is important to note that the value of your account will fluctuate with market conditions. When you withdraw funds, you may have more or less than your actual investment. For more information on the portfolios and the underlying funds in which they invest, see the underlying funds prospectus and the Program Disclosure Statement available at BrightStart.com.

Please read the Program Disclosure Statement carefully before making any investment decisions.
Age-Based Portfolios

Age-Based Portfolios automatically adjust from more aggressive, equity-focused investment allocations when the designated beneficiary is younger, to more conservative, fixed-income and money market-based investment allocations as the designated beneficiary gets older. These adjustments are made automatically as they approach college age.

The Bright Start Age-Based Portfolios allow you to select between aggressive, moderate, and conservative investment styles. You will also have the diversity and choice to select between an index strategy that utilizes Vanguard funds, or a multi-firm strategy that utilizes multiple fund families including T. Rowe Price, DFA, Vanguard, Dodge & Cox, and others.

<table>
<thead>
<tr>
<th>Age of Beneficiary</th>
<th>0-2</th>
<th>3-5</th>
<th>6-8</th>
<th>9-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aggressive</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-12</td>
<td>40%</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>13-14</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
<td>80%</td>
</tr>
<tr>
<td>15-16</td>
<td>60%</td>
<td>70%</td>
<td>80%</td>
<td>90%</td>
</tr>
<tr>
<td>17-18</td>
<td>70%</td>
<td>80%</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Moderate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-12</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
<td>80%</td>
</tr>
<tr>
<td>13-14</td>
<td>60%</td>
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<td>70%</td>
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<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td>17-18</td>
<td>80%</td>
<td>90%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Conservative</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-12</td>
<td>60%</td>
<td>70%</td>
<td>80%</td>
<td>90%</td>
</tr>
<tr>
<td>13-14</td>
<td>70%</td>
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<td>17-18</td>
<td>90%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The percentages indicate the allocation of investments in stocks, bonds, and cash for each age group.
**Target Portfolios**

Bright Start features six different Target Portfolios. In contrast to our Age-Based Portfolios, Target Portfolios remain constant over time, allowing you to select a fixed-asset allocation for the life of your account or until you make an investment change.

Each Target Portfolio has a different investment strategy and objective. More aggressive asset allocations feature greater exposure to equity-focused investment funds, while more conservative asset allocations focus primarily on fixed-income and money market investment funds.

### MULTI-FIRM STRATEGY (Invests in multiple mutual fund families)

- **EQUITY PORTFOLIO**: 100%
- **BALANCED PORTFOLIO**: 40% EQUITY, 60% BONDS
- **FIXED INCOME PORTFOLIO**: 50%

### INDEX STRATEGY (Invests in Vanguard mutual funds)

- **INDEX EQUITY PORTFOLIO**: 100%
- **INDEX BALANCED PORTFOLIO**: 40% EQUITY, 60% BONDS
- **INDEX FIXED INCOME PORTFOLIO**: 50%
Individual Fund Portfolios

Choose from 16 Individual Fund Portfolios to design a portfolio that meets your needs, risk tolerance, and investing style.

Money Market
- Vanguard Federal Money Market 529 Portfolio*

Fixed Income
- Baird Short-Term Bond 529 Portfolio
- Vanguard Short-Term Inflation-Protected Securities Index 529 Portfolio
- Vanguard Total Bond Market Index 529 Portfolio
- Dodge & Cox Income 529 Portfolio
- Vanguard Total International Bond Index 529 Portfolio

Real Estate
- Vanguard Real Estate Index 529 Portfolio

U.S. Equity
- DFA U.S. Large Cap Value 529 Portfolio
- Vanguard 500 Index 529 Portfolio
- Vanguard Total Stock Market Index 529 Portfolio
- T. Rowe Price Large-Cap Growth 529 Portfolio
- Ariel 529 Portfolio
- DFA U.S. Targeted Value 529 Portfolio
- Vanguard Explorer 529 Portfolio

International Equity
- Vanguard Total International Stock Index 529 Portfolio
- DFA International Small Company 529 Portfolio

*You could lose money by investing in this investment option. Although the money market fund in which your investment option invests (the “underlying fund”) seeks to preserve its value at $1.00 per share, the underlying fund cannot guarantee it will do so. An investment in this investment option is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The underlying fund’s sponsor has no legal obligation to provide financial support to the underlying fund, and you should not expect that the sponsor will provide financial support to the underlying fund at any time.
FAQs

Who can open an account?
Almost anyone over the age of 18 with a Social Security or taxpayer ID number and a valid U.S. address can be an account owner — including a parent, grandparent, aunt, uncle, friend, or another individual interested in saving for a loved one’s future college expenses. In addition, a UGMA/UTMA custodian, certain legal entities, or the trustee of a trust can establish a Bright Start account.

How do I open an account?
An account can be opened by enrolling online or by requesting an enrollment kit and completing and returning the account enrollment form.

Who can be a beneficiary?
Almost anyone, including the person opening the account, can be named as a beneficiary. There are no age or income limitations or residency requirements. Each account has one designated beneficiary.

How can I contribute?
Bright Start makes it easy. You can contribute multiple ways:

- Send a check
- Establish an automatic investment plan
- Roll over funds from an out-of-state 529 plan
- Establish a payroll deduction at work
- Transfer reward dollars earned with a Bright Start 529 Visa® Card
- Send online invitations for family and friends to contribute through Bright Start GiftED

Who can contribute?
Anyone can contribute on behalf of the beneficiary.

Can you transfer assets from another 529 plan?
Yes. Investors can roll over assets from an out-of-state plan, and in doing so, may gain the benefits of the Illinois state income tax deduction. A same-beneficiary rollover/transfer is allowed once in a 12-month period. More frequent transfers are allowed but require a change of beneficiary. Check with your tax professional.
Does the beneficiary have to attend a school in Illinois?
No. Funds may be used at eligible schools around the country as well as some schools abroad.

Which schools are eligible?
Any school that meets accreditation criteria and participates in Federal Financial Aid Programs is eligible. This includes public and private colleges and universities as well as vocational, trade, technical, and professional institutions.

Ready to Start Saving?
Visit BrightStart.com or complete the enclosed enrollment form along with a check for an initial contribution of any amount. Checks can be made out to Bright Start College Savings. We will then send you a confirmation packet, giving an overview of your account and how to access your profile. If you have any questions, don’t hesitate to contact us:

877.432.7444
BrightStart.com
The Bright Start Direct-Sold 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 Start Direct-Sold 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. Investments in the Bright Start Direct-Sold College Savings Program are not guaranteed or insured by the State of Illinois, the Illinois State Treasurer, the Program Manager, 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 Start Direct-Sold College Savings Program Disclosure Statement, which can be obtained at BrightStart.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 such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's 529 plan.

1Withdrawals used to pay for qualified higher education expenses are free from federal and Illinois state income tax. Qualified higher education expenses include tuition, fees, books, supplies, and equipment required for enrollment or attendance; certain room and board expenses incurred by students who are enrolled at least half-time; the purchase of computer or peripheral equipment, computer software, or Internet access and related services, if used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution; and certain expenses for special needs services needed by a special needs beneficiary.

2An 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 Start Direct-Sold College Savings Program, the Bright Directions Advisor-Guided 529 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. It Illinois tax rates have increased since the original contribution, the additional tax liability may exceed the tax savings from the deduction.

3The Illinois Administrative Code provides that in the case of a rollover from a non-Illinois qualified tuition program, the amount of the rollover that is treated as a return of the original contribution to the prior qualified tuition program (but not the earnings portion of the rollover) is eligible for the deduction for Illinois individual income tax purposes.

*The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries (“Manager Research Group”). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to global.morningstar.com/managerdisclosures. The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause Analyst expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund. © 2019 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Not FDIC Insured / No Bank Guarantee May Lose Value

November 2019

Michael W. Frerichs
Illinois State Treasurer
Trustee and Administrator

UBT
Union Bank & Trust
Program Manager