

Bright Start Planner

First Quarter 2022



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.

Not sure how to determine your risk comfort level? Visit BrightStart.com/risk-tolerance-questionnaire to get started.

2 Diversify your portfolio.

Spreading out your investments can help mitigate some of those risks. Bright Start offers a number of investment options that can help strengthen your portfolio and set a foundation for future savings.

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 BrightStart.com and choose Profile Settings to set your personal security questions, which can help you access your account if you ever lose your password.



Want to Learn More?

Tax tips, withdrawal info, and more are covered in our live webinars — and you can even get your questions answered by a 529 pro. See upcoming sessions at BrightStart.com/webinars.





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 2022¹. 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 Start account. Let your tax professional know so they can determine if a Gift Tax Return is required.

For more tax information visit BrightStart.com/tax-benefits or consult a tax professional.

Your Questions: Answered.

Check out this question from a real Bright Start account holder about gift-giving and 529 college savings plans.

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

A: We've made it easy! Go to BrightStart.com/give-a-gift to learn how to use our GiftED program. It's simple for friends and family to contribute for upcoming birthdays, holidays and special events.

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 and Trust Company serves as Program Manager. Balances in your Bright Start account are not guaranteed or insured by Bright Start, the State of Illinois, the Illinois State Treasurer, any other state or federal agency, Union Bank and Trust Company 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 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 you 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.

¹An 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. If Illinois tax rates have increased since the original contribution, the additional tax liability may exceed the tax savings from the deduction.

*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 of Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates each plan's investment options within the context of their objectives and peer groups, with emphasis placed on the options with the most assets. Plans are evaluated based on four key pillars, including process, people, parent, and price. The Manager Research Group uses this four pillar evaluation to determine which plans they believe are likely to adhere to industry best practices and feature investment options that are likely to collectively outperform relevant peers on a risk-adjusted basis over the long term. They consider quantitative and qualitative factors in their research, and the weight of each pillar is as follows: 30% for Process, People, and Parent, and 10% for Price. The Morningstar Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. Plans that receive Morningstar Analyst Ratings of Gold, Silver, or Bronze for the most part follow industry best practices, offering some combination of the following attractive features: a strong set of underlying investments, a solid manager selection process, a well-researched asset-allocation approach, an appropriate set of investment options to meet investor needs, low fees, and strong oversight from the state and program manager. State income tax benefits vary widely from state to state, and some states have no state tax benefit for investing in a 529 plan. Given the variability of state tax benefits for investors based on personal considerations such as residency, income level, size and frequency of contributions, and other factors, Morningstar does not treat tax benefits as a predictor of performance, and therefore it is not included in the ratings assessment. Morningstar Analyst Ratings are continuously monitored and reevaluated annually. For more detailed information about Morningstar's Analyst Rating for 529 College-Savings Plans, including the methodology, please go to https://www.morningstar.com/content/dam/marketing/shared/pdfs/Research/Morningstar_Analyst_Rating_Methodology_071020.pdf.

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a plan, (ii) involve 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 a 529 college-savings plan or its underlying investment options.

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(*Except for the Bank Savings Underlying Investment)