

Bright Start Planner

First Quarter 2018



Welcome to the Bright Start Planner. Each quarter, this newsletter includes important reminders and tips pertaining to your Bright Start account.

How Bright Start Can Help You Prepare for Illinois' State Income Tax Increase

In 2017, the Illinois state income tax rate rose to 4.95% — up from 3.75%. Illinois taxpayers can ease the impact of this increase by taking advantage of the state's generous \$10,000 (\$20,000 if married filing jointly)¹ tax deduction for 529 contributions to Bright Start. Learn more about the tax benefits of a 529 plan at BrightStartSavings.com/Tax-Center.

GiftED Helps Friends and Family Pitch In

Adding to a child's Bright Start account is a great way to support their future, and GiftED makes it easy for friends and family to contribute. Our online giving platform lets anyone conveniently gift a contribution to your child's 529 plan for birthdays, holidays, kindergarten graduation, and more.

Learn more about sending GiftED invitations at BrightStartSavings.com/Give-a-Gift.

Creative Ways to Save for College: Make It Routine

Building a college fund for your child can be intimidating at first, but a little bit at a time can go a long way. Try setting up an automatic monthly contribution directly from your bank account. A comfortable set-it-and-forget-it amount can accumulate all year long, and you can even set a yearly calendar reminder to increase your contribution.

Sign Up for e-Delivery

Do you prefer an email inbox to a mailbox? Sign up for e-Delivery today on BrightStartSavings.com. It's a fast, easy, and secure way to receive your account statements, program disclosure statements, and other important plan updates. Log in to your account today to get started.

Do You Have a 529 Plan in Another State?

Consider a rollover to Bright Start to take advantage of Illinois' state income tax benefits. A same-beneficiary rollover can be requested once every 12 months or if the plan's beneficiary is changed. After you've reviewed your out-of-state plan provisions and determined Bright Start is right for you, follow this easy process:

- Complete the Rollover Form available at BrightStartSavings.com/Forms
- Obtain a Medallion Signature Guarantee on the form
- Attach a copy of the latest statement from your out-of-state 529 plan
- Mail the form to Bright Start, and let us handle the rest



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Gold

2017*



Michael W. Frerichs
ILLINOIS STATE TREASURER
Trustee and Administrator

UBT
Union Bank & Trust
Program Manager

877.432.7444 | BrightStartSavings.com

529 Tax Reminders

Did you make a large contribution to your child's Bright Start account in 2017? Let your CPA know — you may have some additional tax filings to take care of before Tax Day. In addition, if you took a withdrawal in 2017, you should have received a 1099Q form for your, or your beneficiary's, tax return.

And, as you're finalizing your 2017 taxes, if you paid too much on interest and gains and want a tax deduction, be sure to contribute or increase your contribution to your Bright Start account. With the Illinois tax rate of 4.95%, every dollar saved gains you additional tax savings.

Have Realistic Expectations During Unpredictable Markets

After solid market performance the last nine years, 2018 has been choppy, and unpredictable to say the least. From October 2016 through January 2018, the S&P 500 index rallied for positive returns each month, but that streak came to an end in February when both the S&P and equity markets retreated.

It's difficult for investors to predict market movements from quarter to quarter, let alone month to month. That's why experts suggest investors periodically review their investments with a long-term focus, and match their risk comfort level with their overall investing approach.

Bright Start offers a variety of investment options to meet the diverse needs of account holders. You can review them at BrightStartSavings.com.

Review your account and investment options periodically to make sure they're consistent with your short-term and long-term investment objectives. The IRS lets you change your option up to twice each calendar year, if need be. Be sure to focus on your big picture goals, comfort, and risk — that will help you stay on course during periods of market volatility.

Investment Allocation Reminder

When markets are strong, be sure to periodically check your investment allocation to make sure it's in line with your savings needs.



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. 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 associated with municipal fund securities before investing. This, and other important information, is contained in the fund prospectuses and the Bright Start Program Disclosure Statement (issuer's official statement), and may be obtained by calling 877.432.7444 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.

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 College Savings Program, the Bright Directions 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.

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