Bright Start Planner ▸ Third Quarter 2019

brightstart
529 College Savings

Going Back to School on 529 Plans

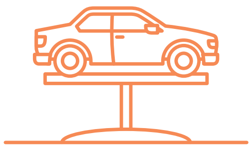
You bought your back-to-schooler their new clothes, snapped their first day porch pictures, and dropped them off at the front doors for another year. Now that they're all settled in and learning, are you ready to start? Educate yourself on all the ways your 529 plan makes college more accessible.

Your Deadline is 12/31

Illinois has one of the most generous tax deductions on 529 contributions in the nation: up to $20,000 if married and filing jointly.[1] Contributions to your account before year end can be eligible for the Illinois tax deduction on your 2019 tax return. Add to your account or roll over your out-of-state 529 by December 31st to make the most out of next tax season.[2]

Your Student Has Options

Kids getting closer and closer to high school graduation are eager to decide which career path to take. Some know exactly what they want to do — others aren't so sure. Luckily, your Bright Start 529 College Savings Plan can open up all kinds of doors. A four-year university is a popular choice, but it isn't the only option. Nearly any education after high school is eligible. You and your student can consider:



Trade Schools

Nursing, coding, machining, and other careers are on the rise. Trade schools offer specialized, fast-paced degrees for all kinds of in-demand career paths — and they're ideal for students eager to learn a skill and enter the workforce.

Community College

Two-year associates degrees open up plenty of career opportunities, but they can also serve as a building block. Earning credits at a community college is a great way to save money while your student figures out what major they'd like to pursue at a four-year university.

Four-Year Schools

Is your student looking to stay in-state, or start a new adventure in a new place? Wherever they decide to go, public or private, you can use your Bright Start savings at most four-year colleges nationwide.

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Remember What You've Accomplished

Saving for college is no easy feat — so be proud of the progress you've made so far. Whether you're just getting started or nearing the finish line, your 529 will play a significant role when it's time to send your child to college. Take a look at how much you gave last year, and what your goals are for the next 12 months. Try comparing how much you've saved with the future cost of college at BrightStart.com/How-Much-Do-I-Need.

Spend Your Funds — Your Way

When it's time for college, you will be able to withdraw your 529 dollars tax-free for tuition, room and board (if enrolled at least 1/2 time), and more.[3] For more information, including how the IRS defines qualified higher education expenses, head to BrightStart.com/Tax-Center.

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 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.

[1]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 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.

[2]The 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.

[3]Withdrawals 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.

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