



2014 Year-End Review Meeting
February 3, 2015

Period ended
December 31, 2014

 **UNION BANK**
& TRUST COMPANY.
Program Manager

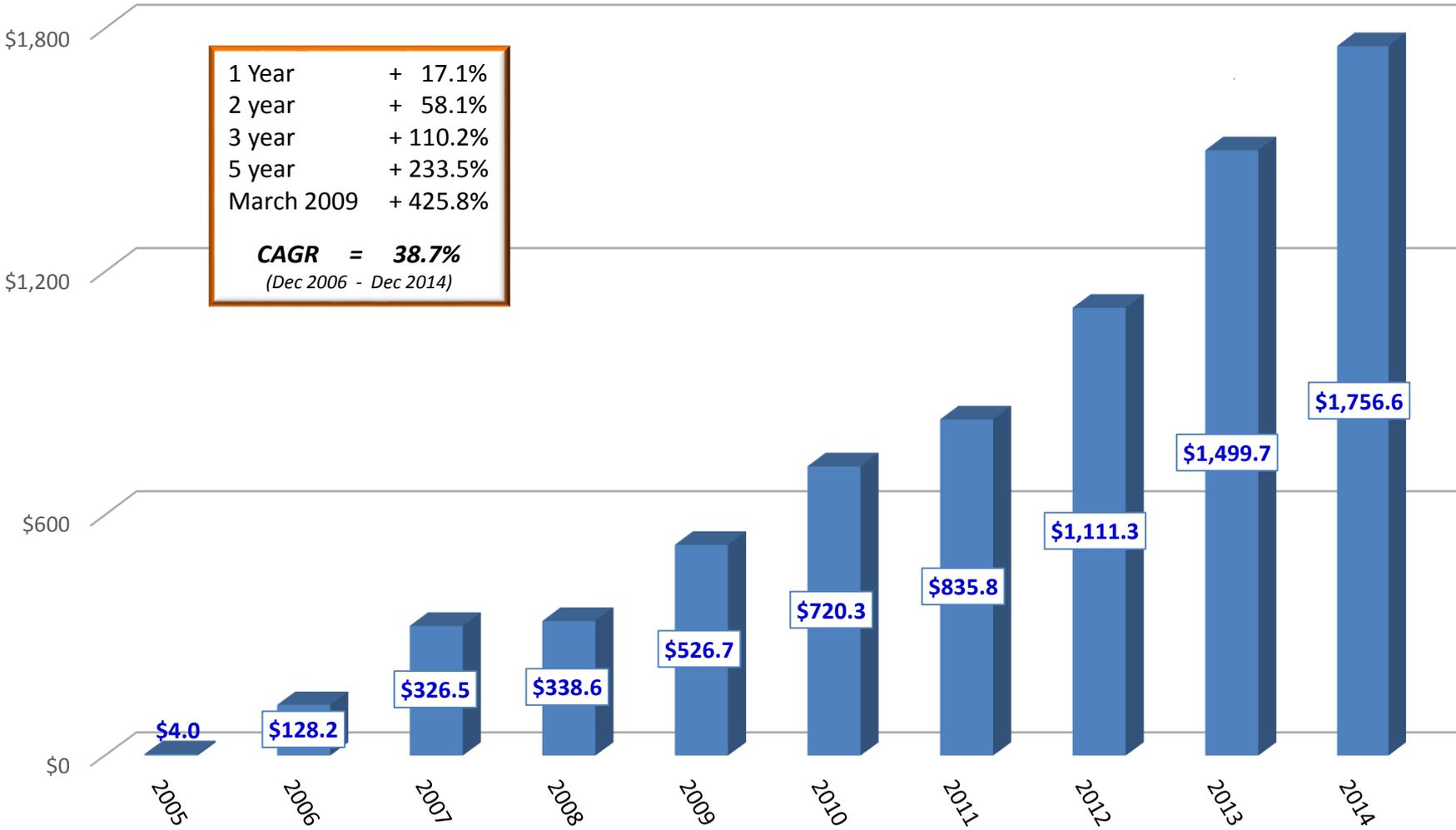


Michael W. Frerichs
ILLINOIS STATE TREASURER

Program Trustee

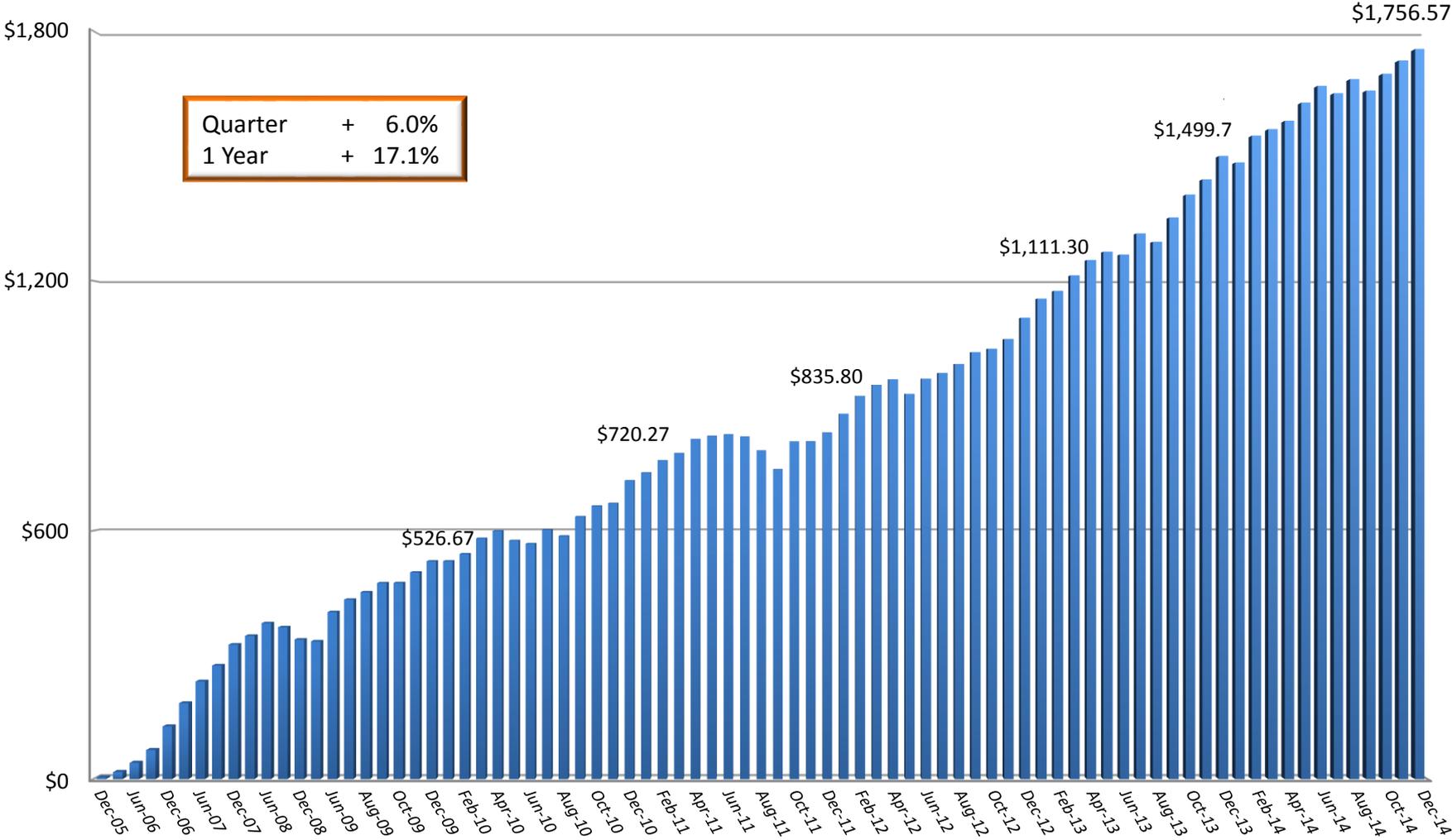


Executive Summary – Year End Market Value





Executive Summary – Market Value





Executive Summary – Asset and Account Growth

	<u>Dec 31, 2012</u>	<u>Dec 31, 2013</u>	<u>Sept 30, 2014</u>	<u>Dec 31, 2014</u>
Assets	\$1,111.3	\$1,499.7	\$1,656.7	\$1,756.6
Accounts	75,572	87,037	95,339	98,754

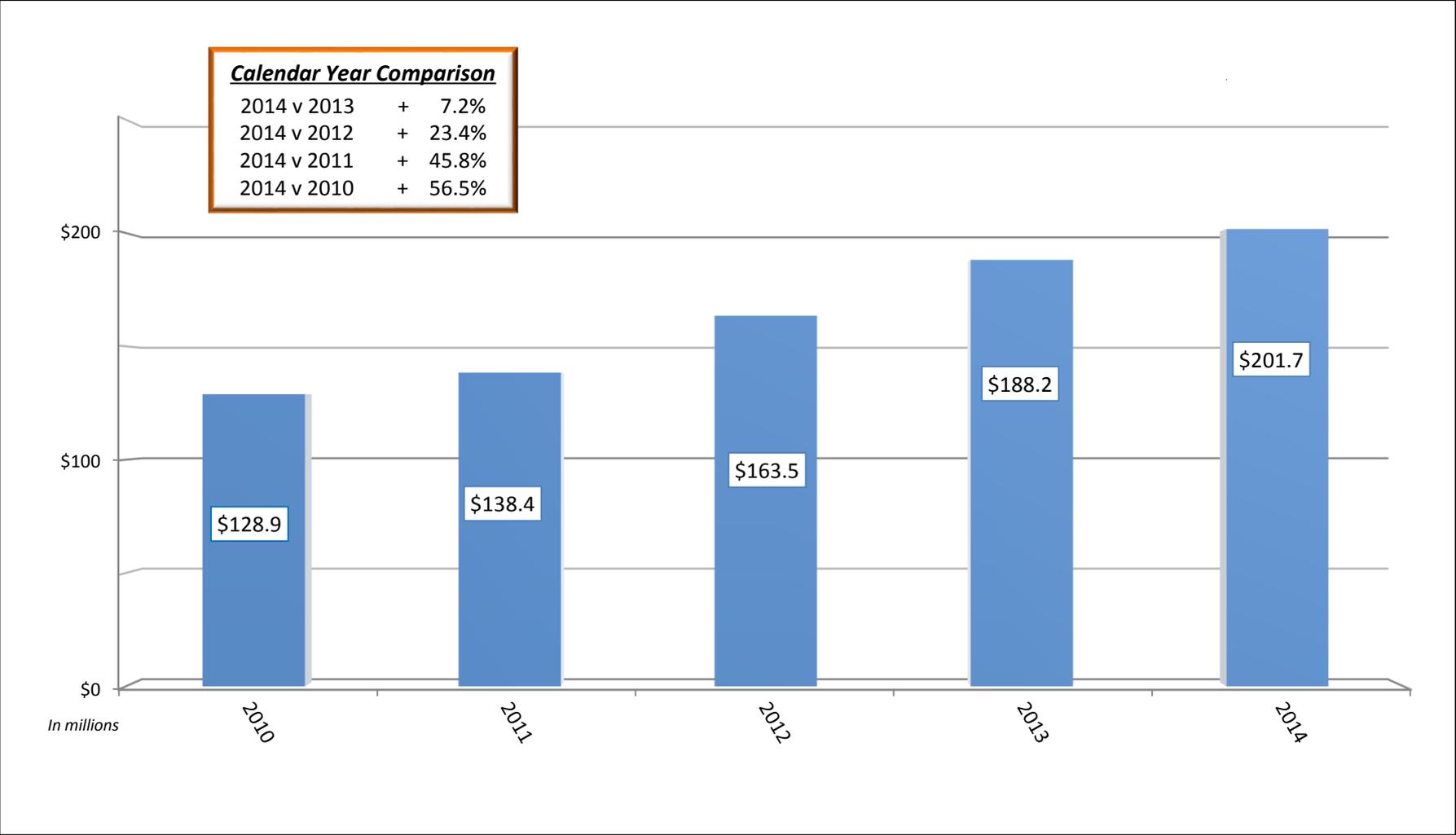
Excellent 2014 #'s

	<u>Quarter</u>	<u>1 Year</u>	<u>2 Year</u>
Assets	6.0%	17.1%	58.1%
Accounts	3.6%	13.5%	30.7%

Earnings 23.0%
Net Flows 35.1%



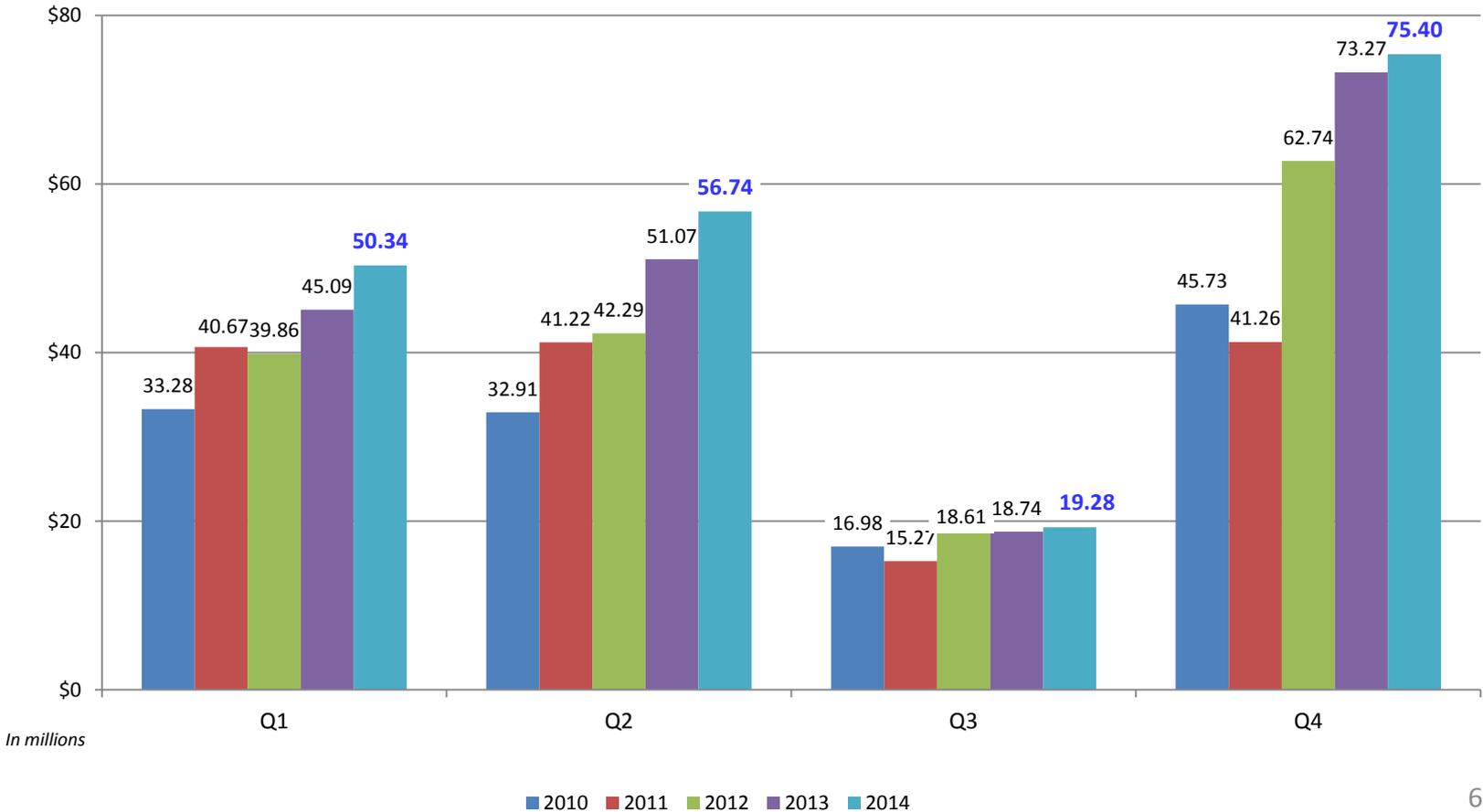
Executive Summary – Calendar Year Net Flows *(contributions less distributions)*





Executive Summary – Net Flows *(contributions less distributions)*

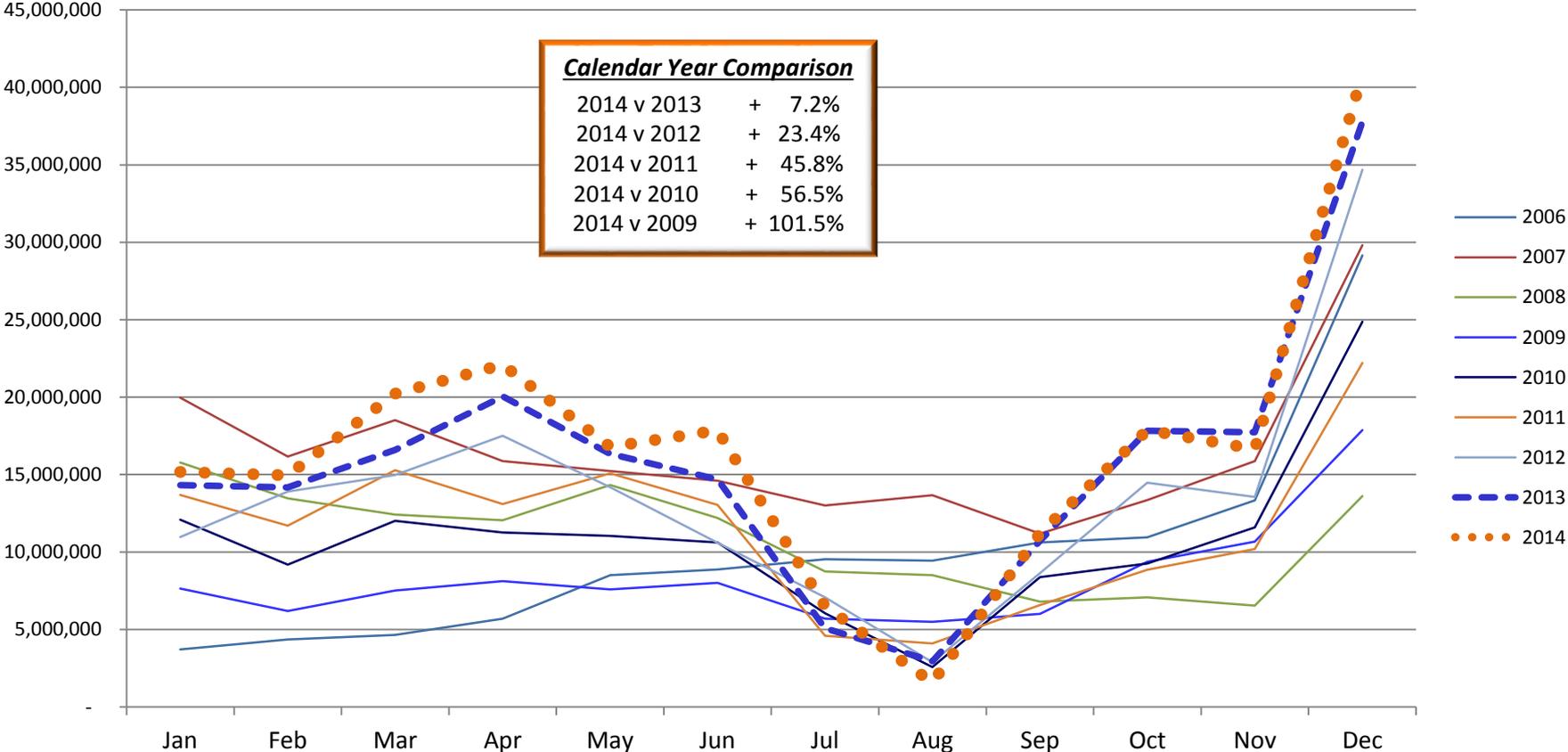
Net Flows *(in millions)*





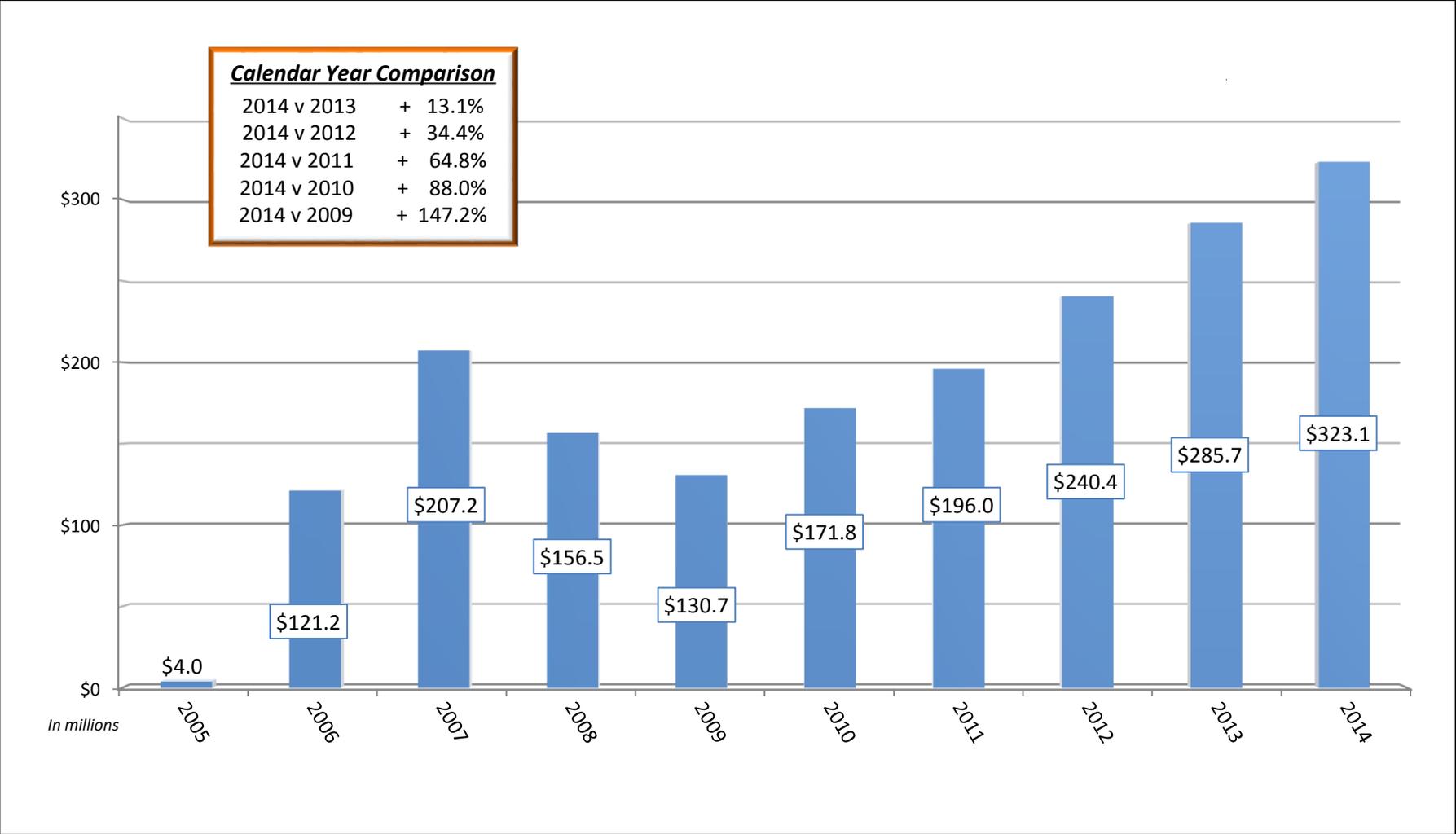
Executive Summary – Net Flows (2006 - 2014)

Net Flows *(Contributions less Withdrawals)*



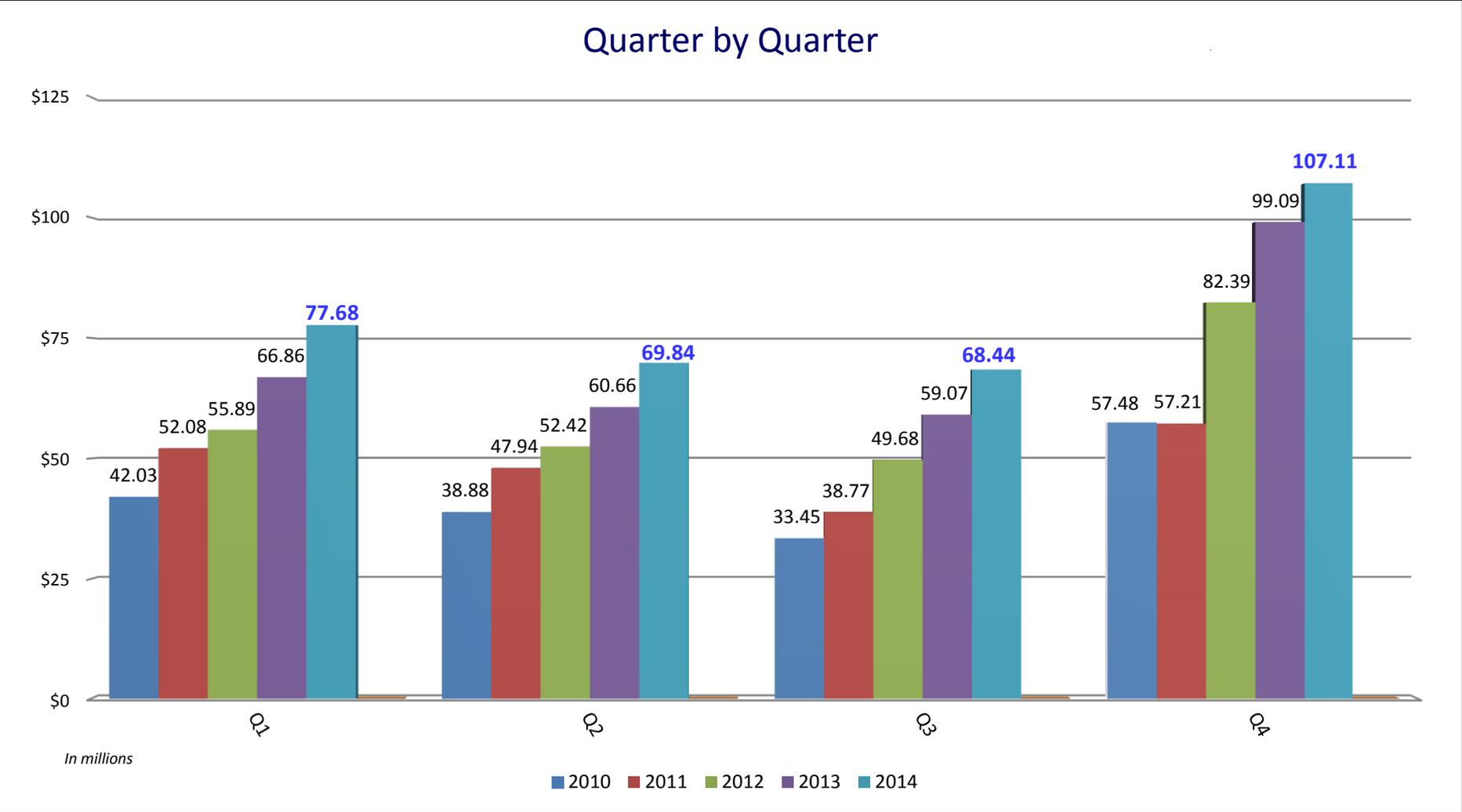


Executive Summary – Calendar Year Contributions



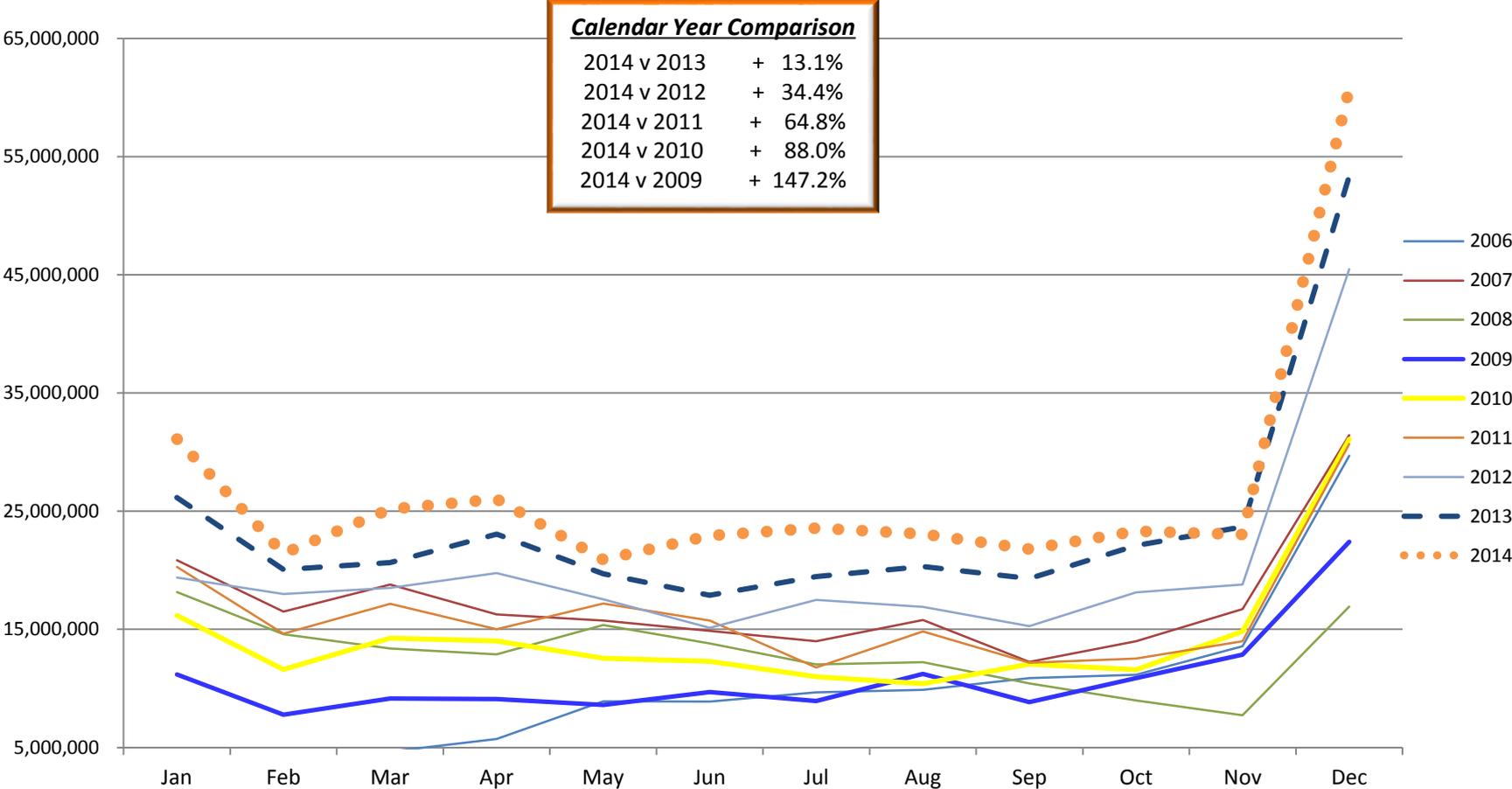


Executive Summary – Contributions





Executive Summary – Contributions (2006 - 2014)

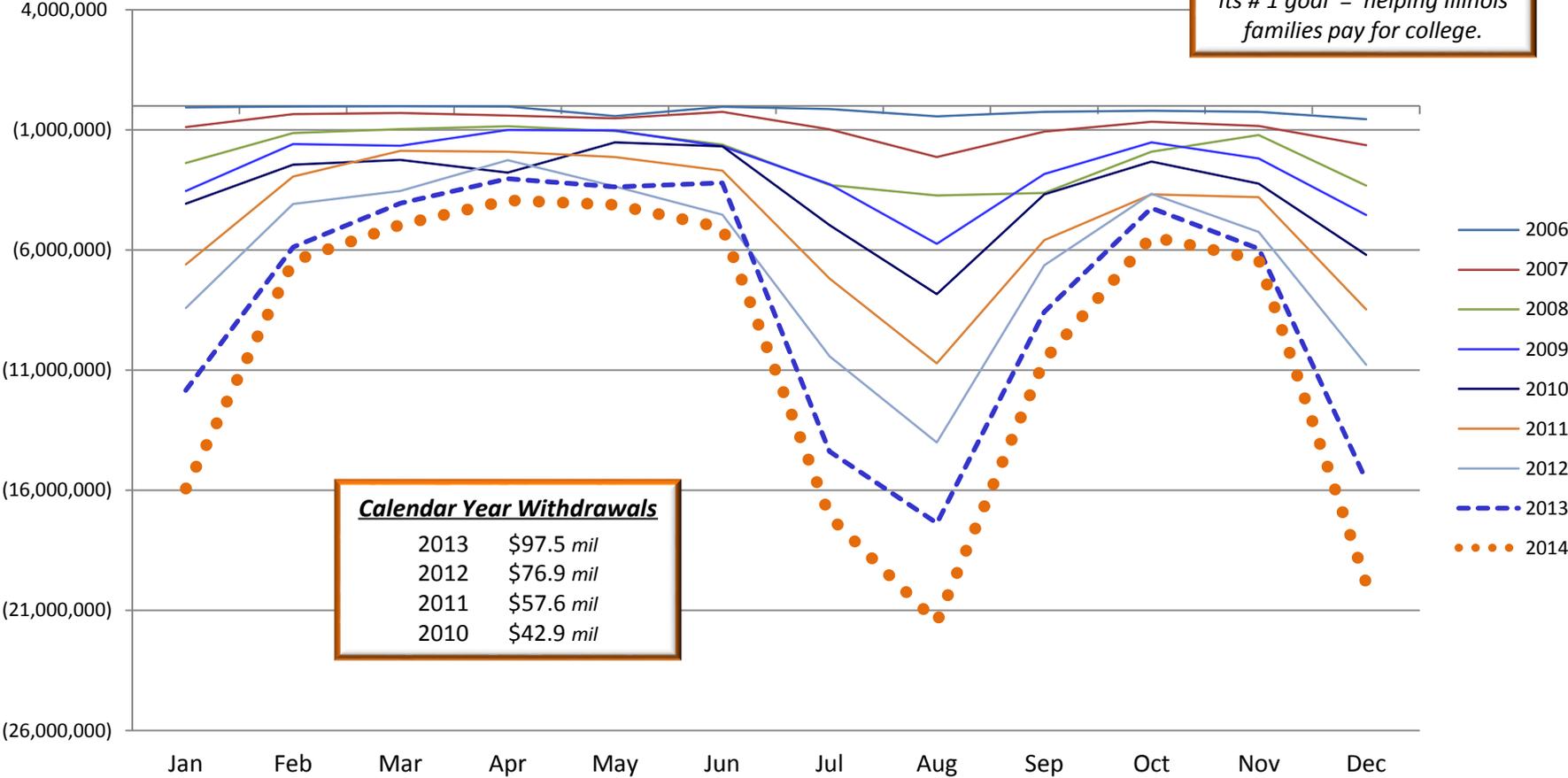




Executive Summary – Withdrawals (2006 - 2014)

Withdrawals (\$121.3 ytd)

Bright Directions is achieving its # 1 goal = helping Illinois families pay for college.

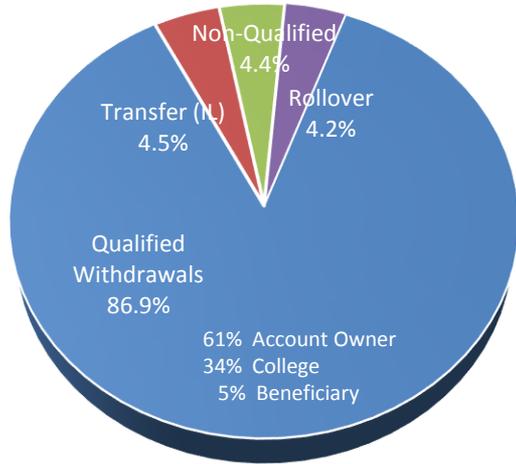


Calendar Year Withdrawals	
2013	\$97.5 mil
2012	\$76.9 mil
2011	\$57.6 mil
2010	\$42.9 mil

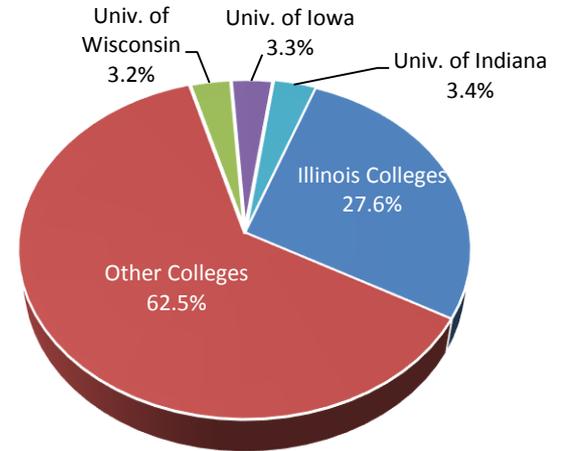


Executive Summary – Withdrawal Activity

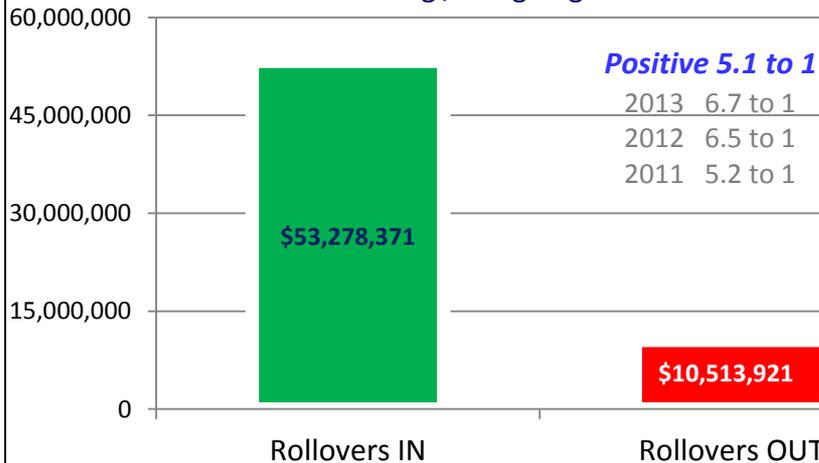
2014 YTD Withdrawals = \$121.3 mil



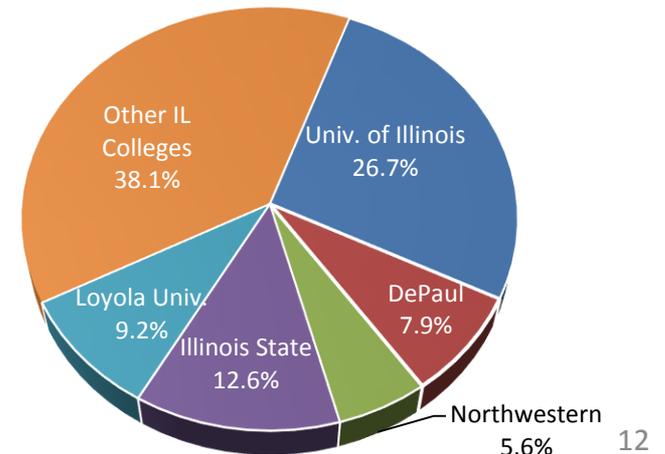
Qualified Withdrawals Paid Direct to College



Incoming / Outgoing Rollovers



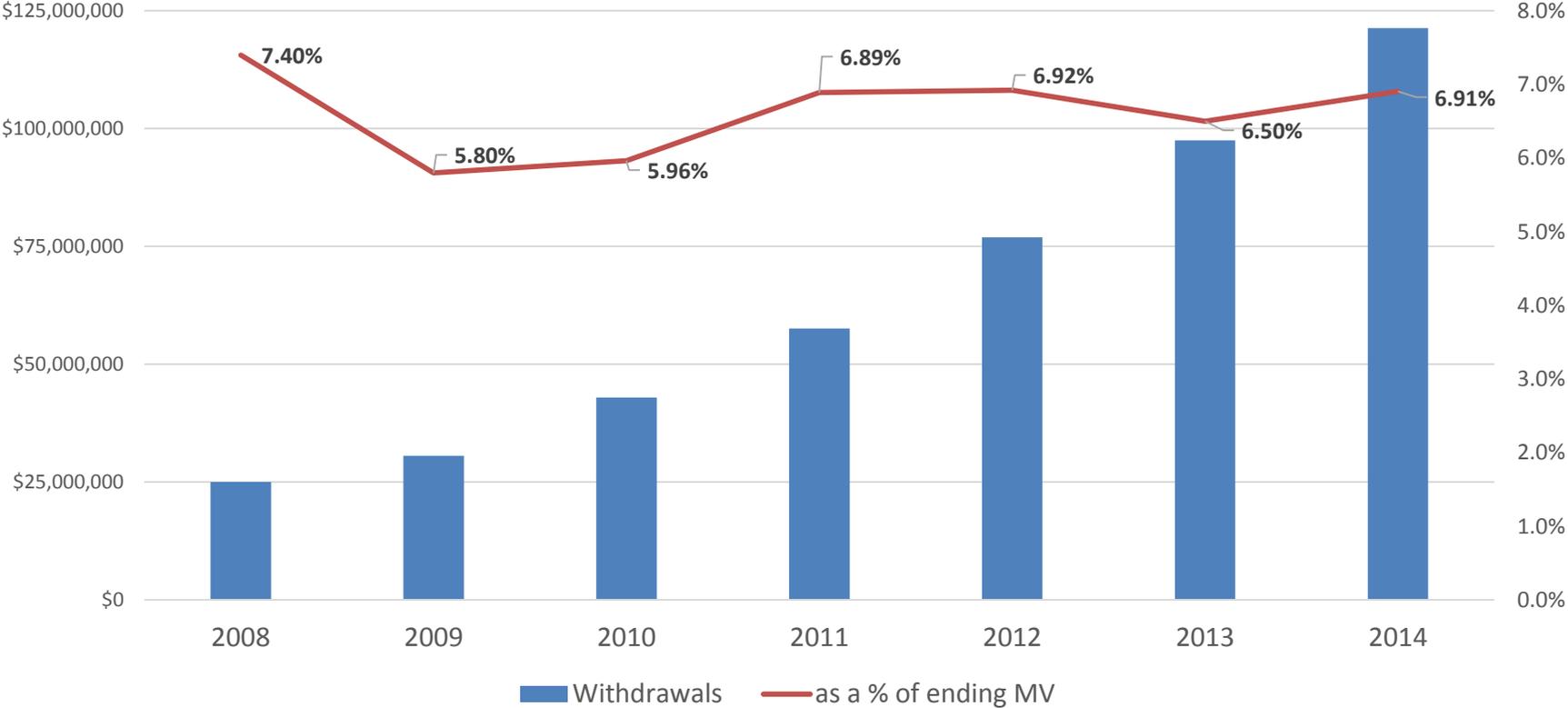
Payments to Illinois Colleges





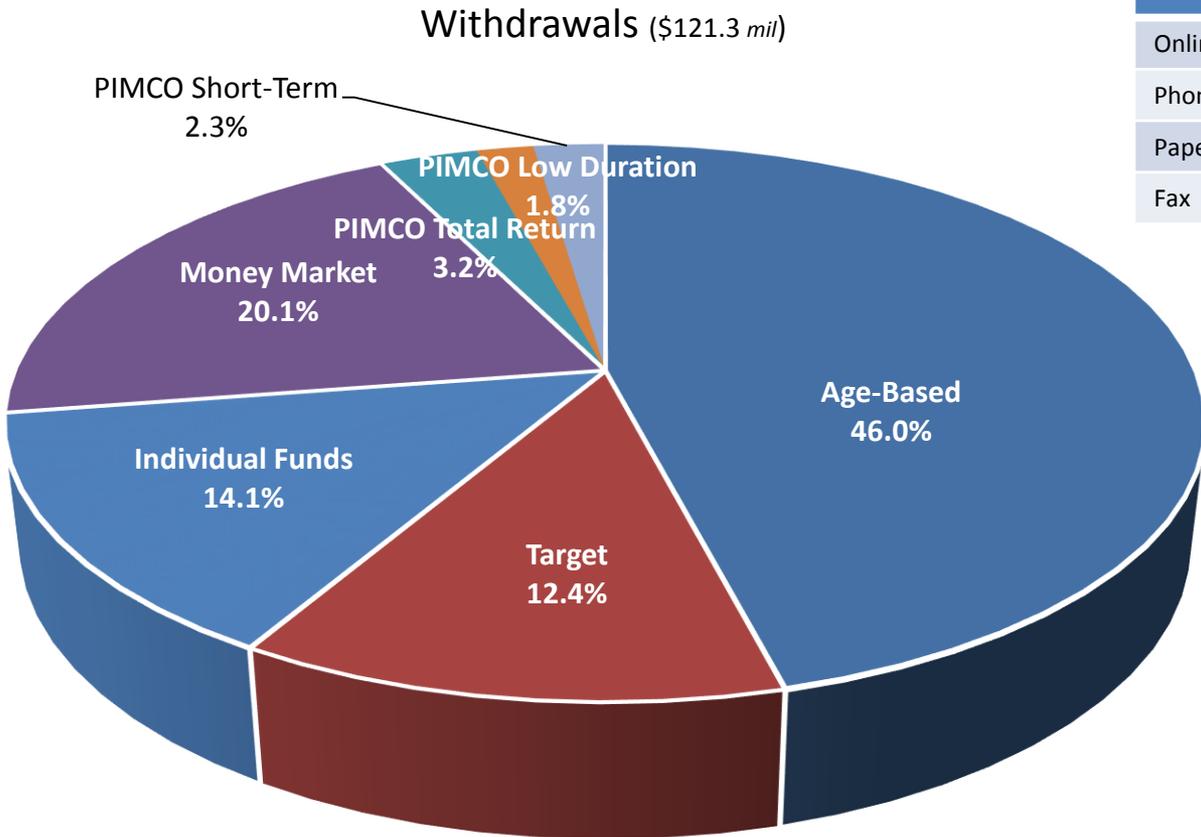
Executive Summary – Withdrawal Analysis

Withdrawals as a % of year-end Mkt Value





Executive Summary – Withdrawal Activity

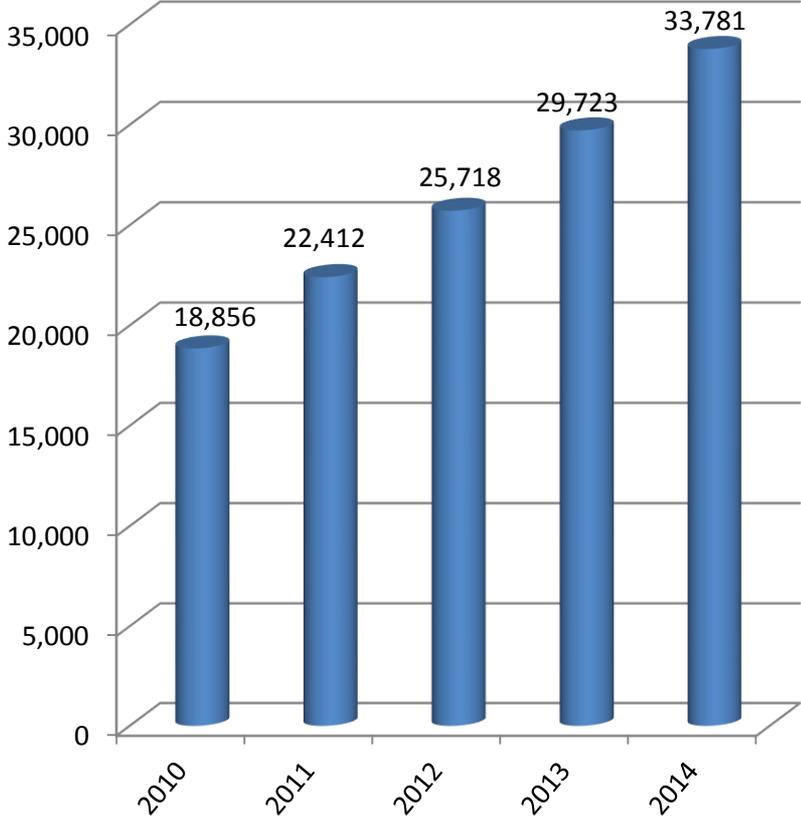


Method of Withdrawal	
Online	48.8%
Phone	43.5%
Paper Form	5.8%
Fax	1.9%



Executive Summary – Ongoing Automatic Investment Plans

of Accounts



Avg AIP (\$)



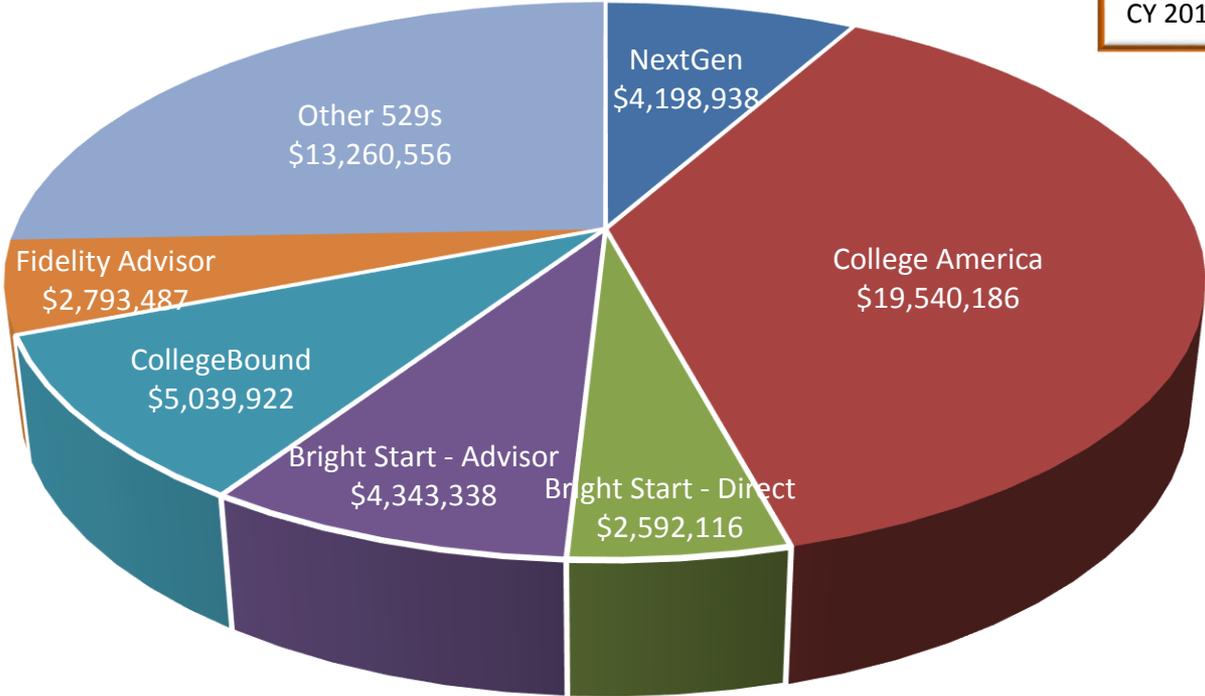
36% of accounts have an AIP



Executive Summary – “Rollovers In”

529 Rollover Contributions (\$51.8 mil)

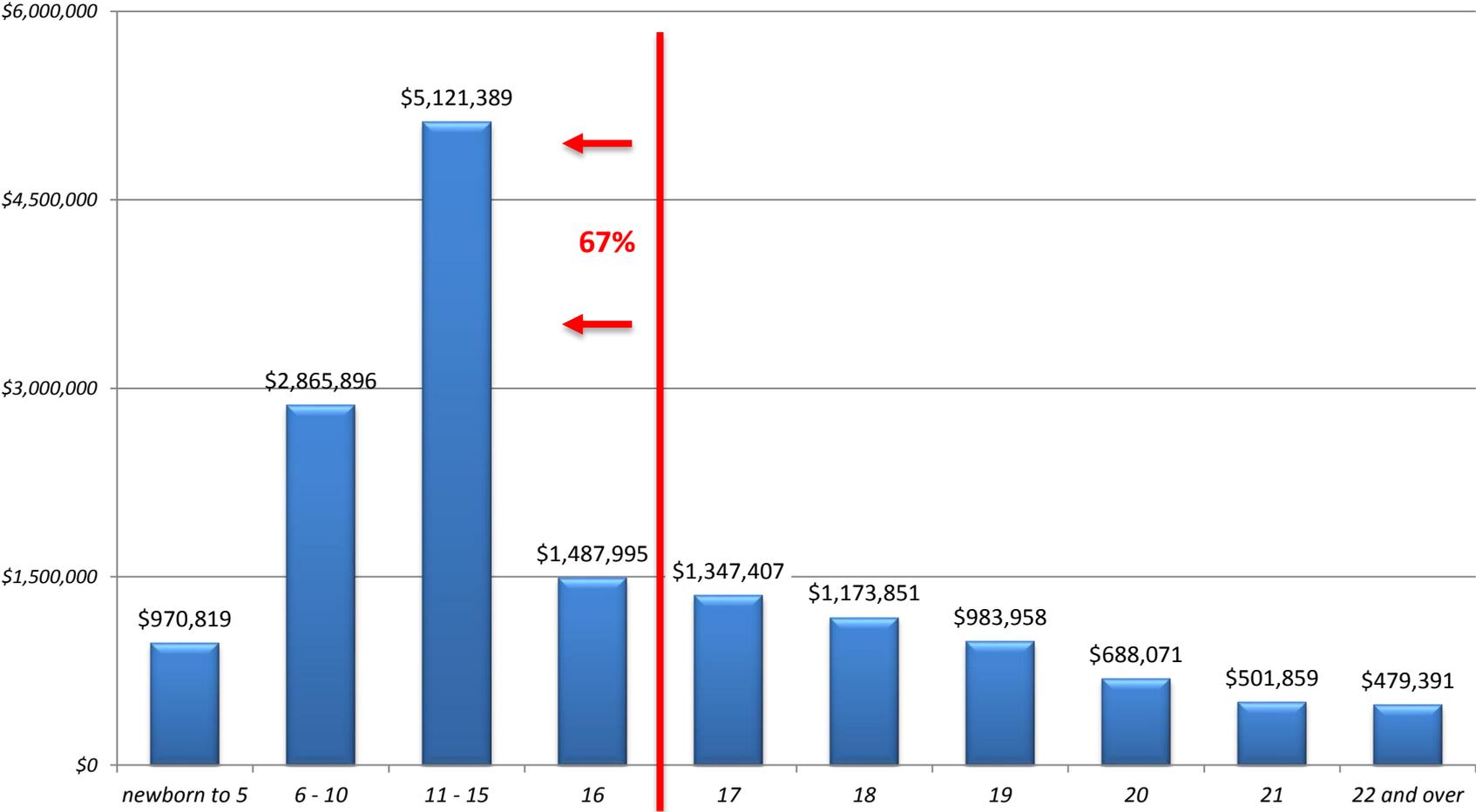
CY 2009	\$ 28.4 mil
CY 2010	\$ 35.1 mil
CY 2011	\$ 41.5 mil
CY 2012	\$ 56.6 mil
CY 2013	\$ 54.3 mil



2,707 Incoming Rollovers
Average Rollover = \$19,124



Executive Summary – Rollovers In to BD / Beneficiary Age (Q 4)

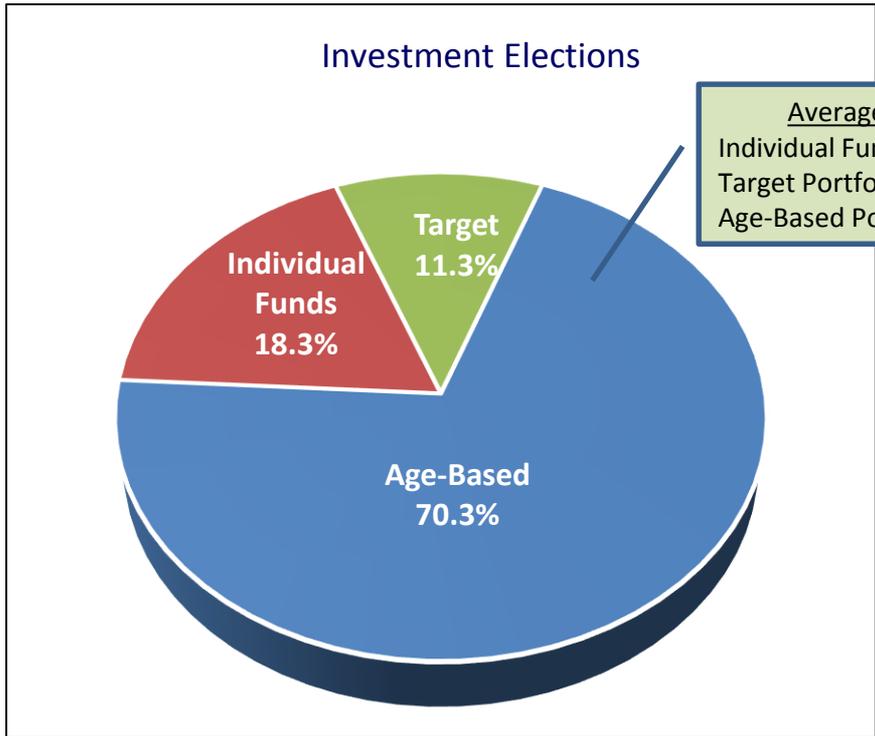




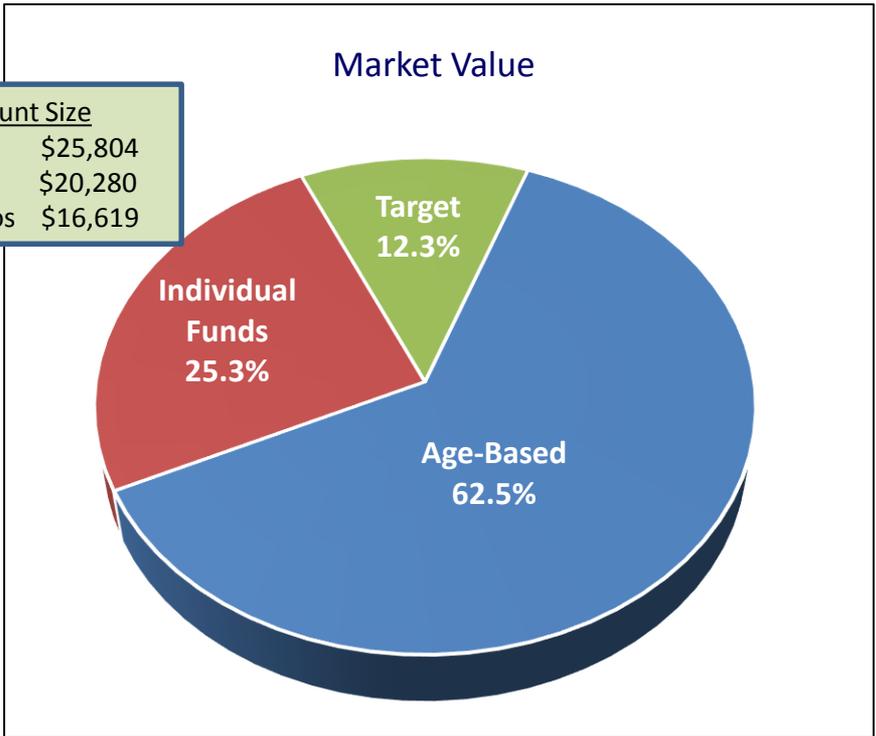
Executive Summary – Investment Elections & Market Value

Relatively Consistent = 4.7 point increase in age-based portfolios since Dec 2007

<u>Investment Elections</u>	<u>12/31/07</u>	<u>12/31/08</u>	<u>12/31/09</u>	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>	<u>12/31/13</u>	<u>12/31/2014</u>
Age-Based Portfolios	65.6%	66.4%	67.2%	68.5%	69.6%	70.0%	70.3%	70.3%
Target Portfolios	14.1%	13.9%	13.6%	13.0%	12.3%	11.5%	11.3%	11.3%
Individual Fund Portfolios	20.3%	19.7%	19.2%	18.5%	18.1%	18.4%	18.4%	18.3%
Avg. # of Ind. Fund Portfolios	5.3	4.9	4.8	5.0	5.1	5.1	5.2	5.2

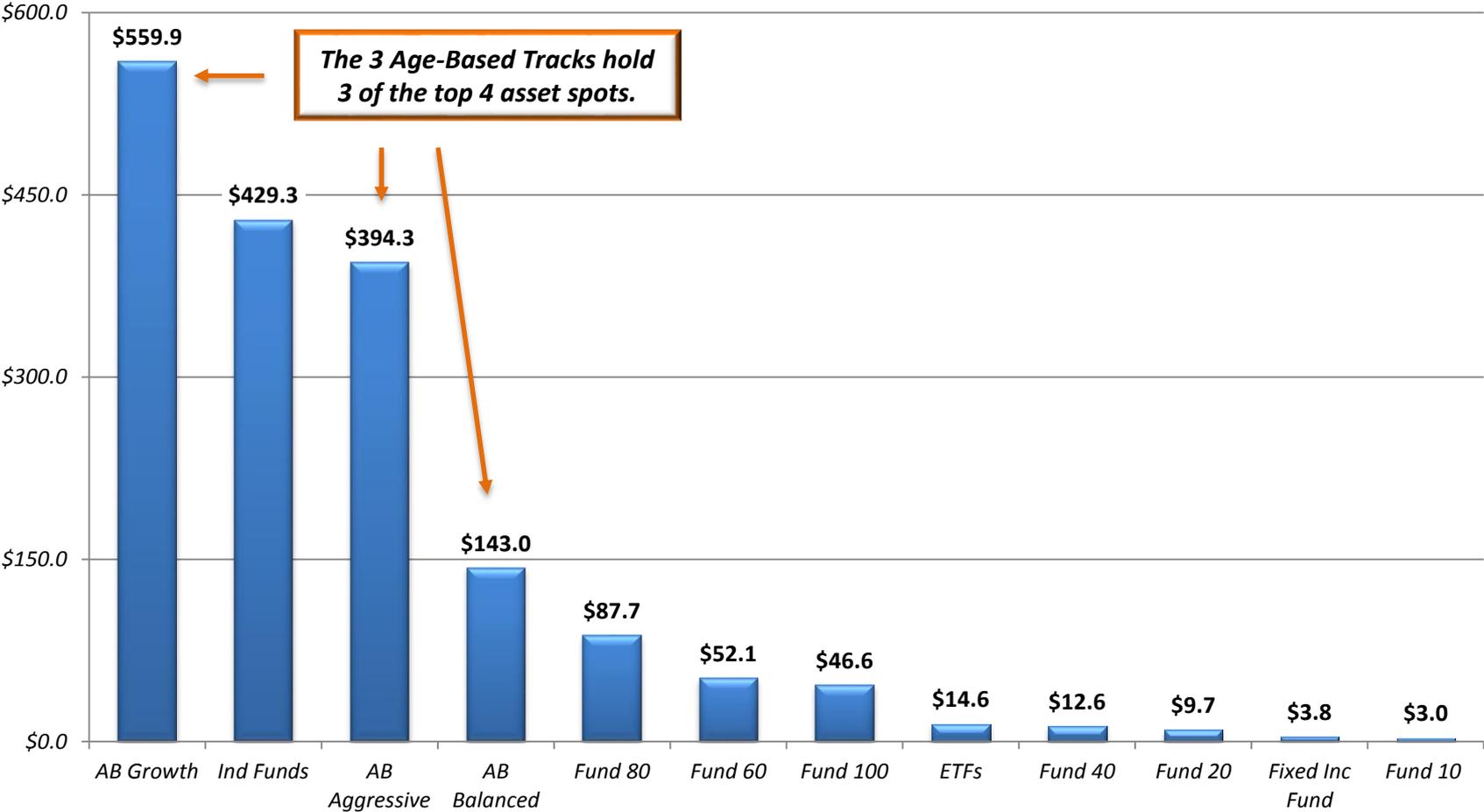


Average Account Size
 Individual Funds \$25,804
 Target Portfolios \$20,280
 Age-Based Portfolios \$16,619



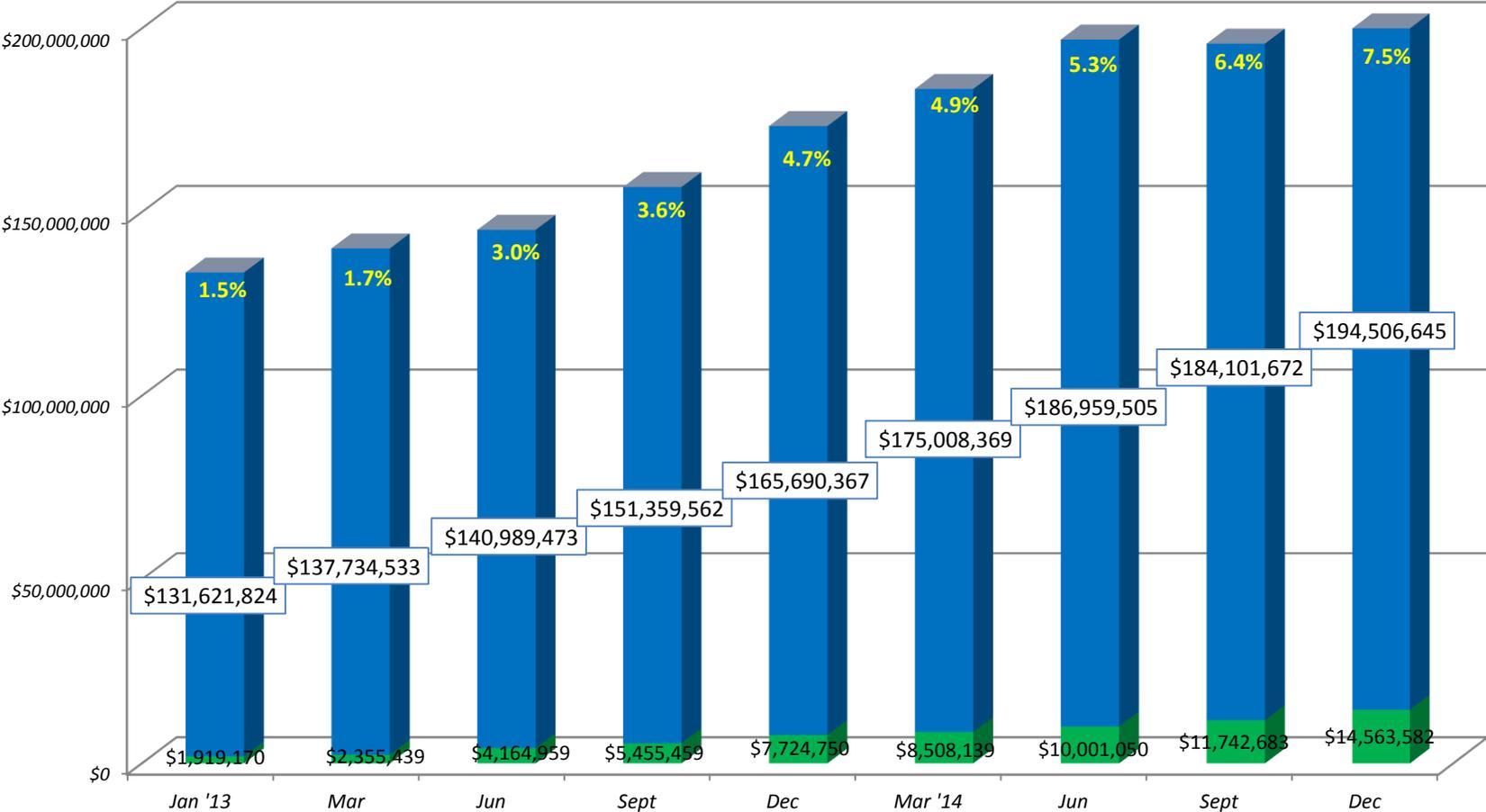


Executive Summary – Investment Portfolios (Assets)





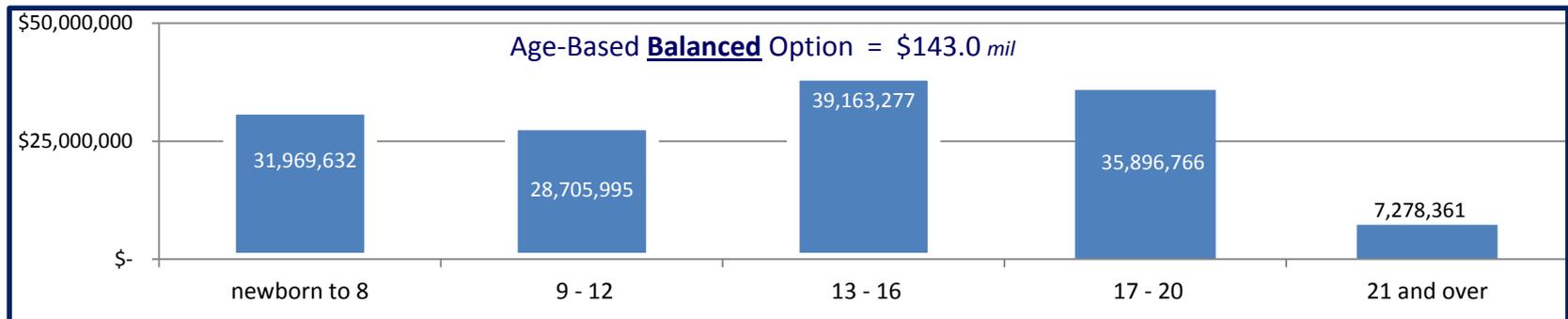
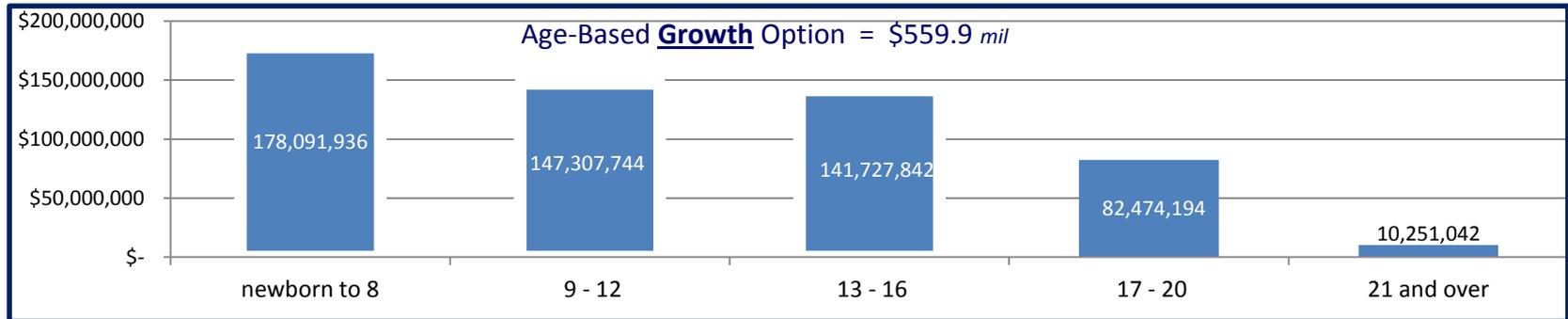
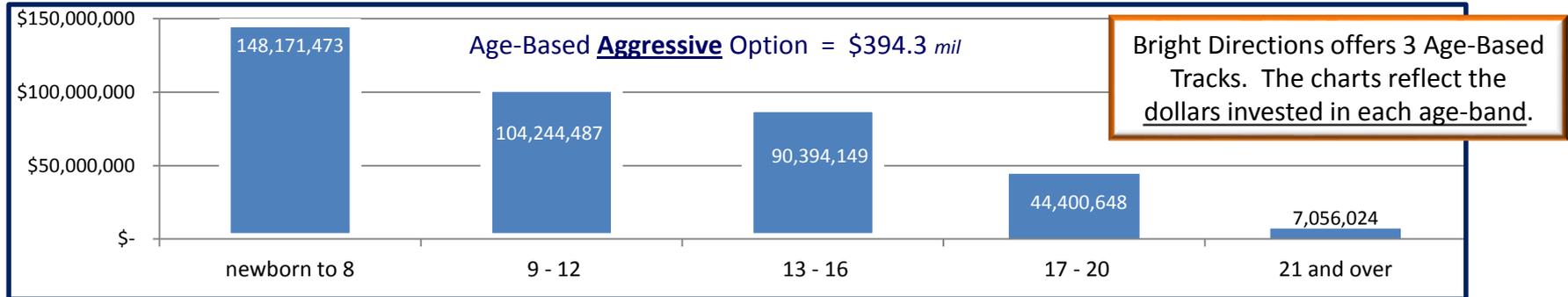
Executive Summary – ETF Portfolios & Fee Structure F



- The ETF Portfolios are only available for RIA’s within Fee Structure F (ie: no A, C, or E shares)
- 7.5% of Fee Structure F assets are invested in the ETF Portfolios
- **13.6% (\$14.6 mil) of Fee Structure F Individual Fund assets (\$107.2 mil) are invested in the ETF Portfolios**

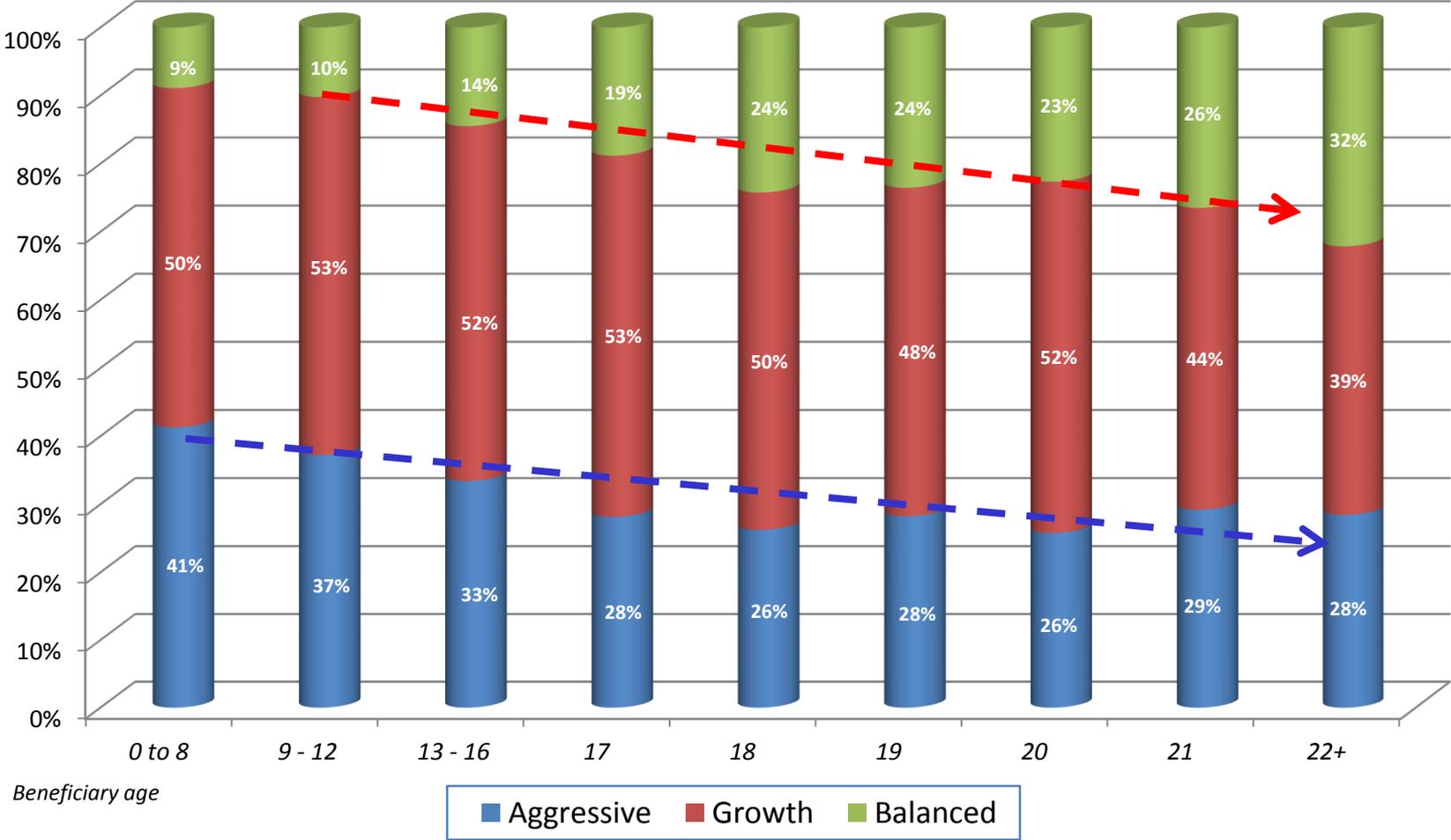


Executive Summary – Age-Based Portfolios



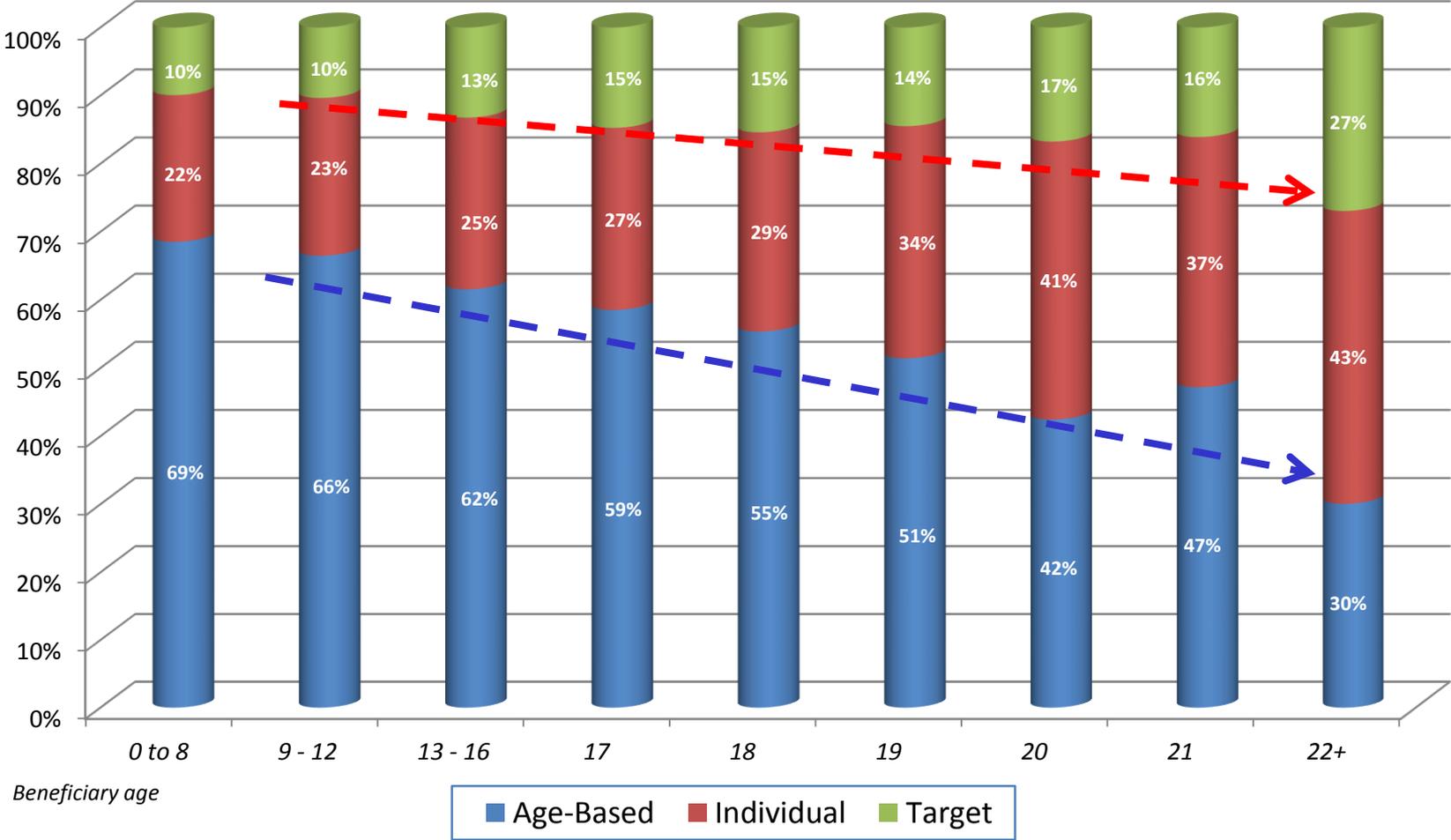


Executive Summary – Age-Based Track Assets by Beneficiary Age



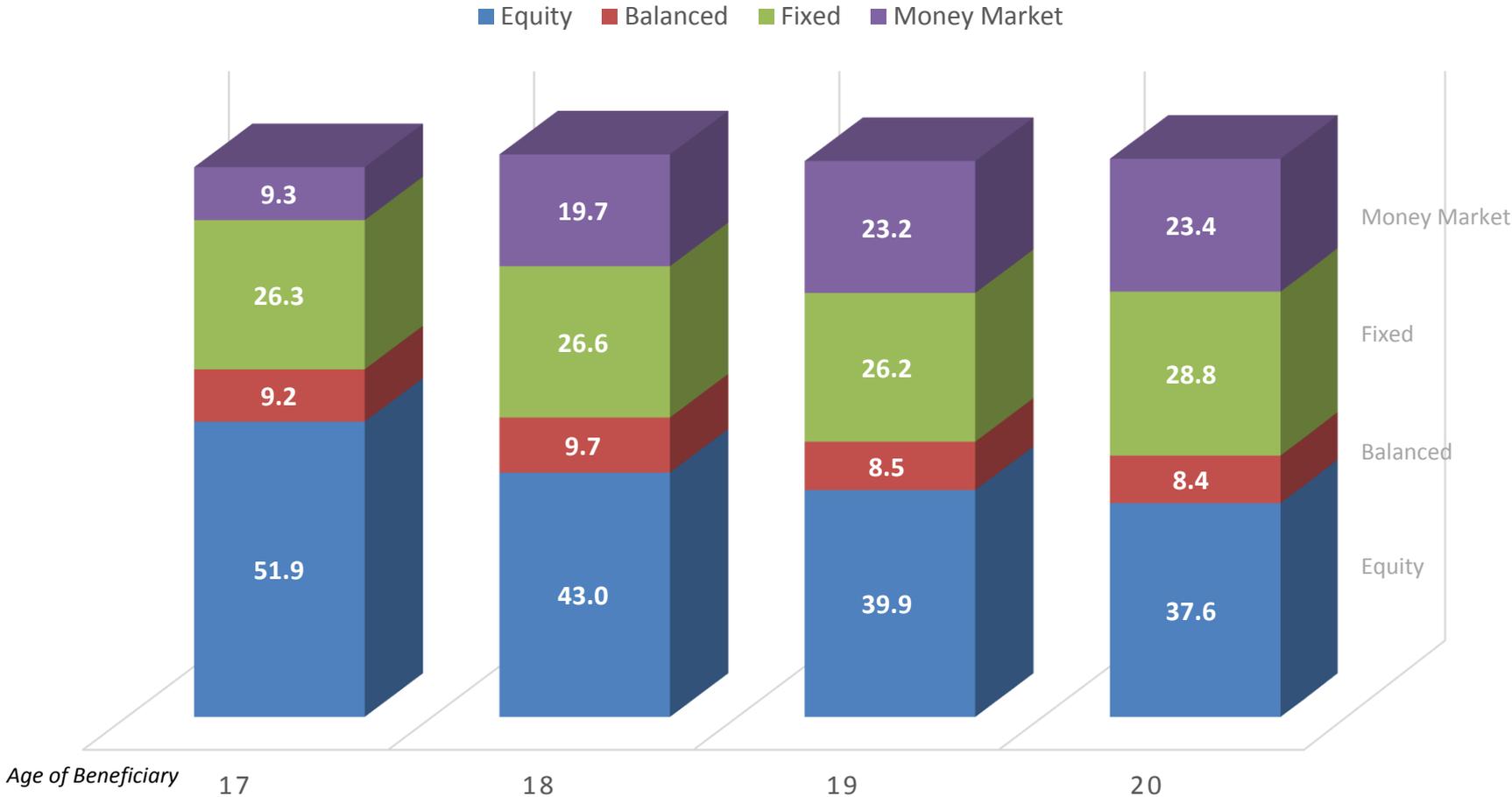


Executive Summary – Asset Allocation by Beneficiary Age



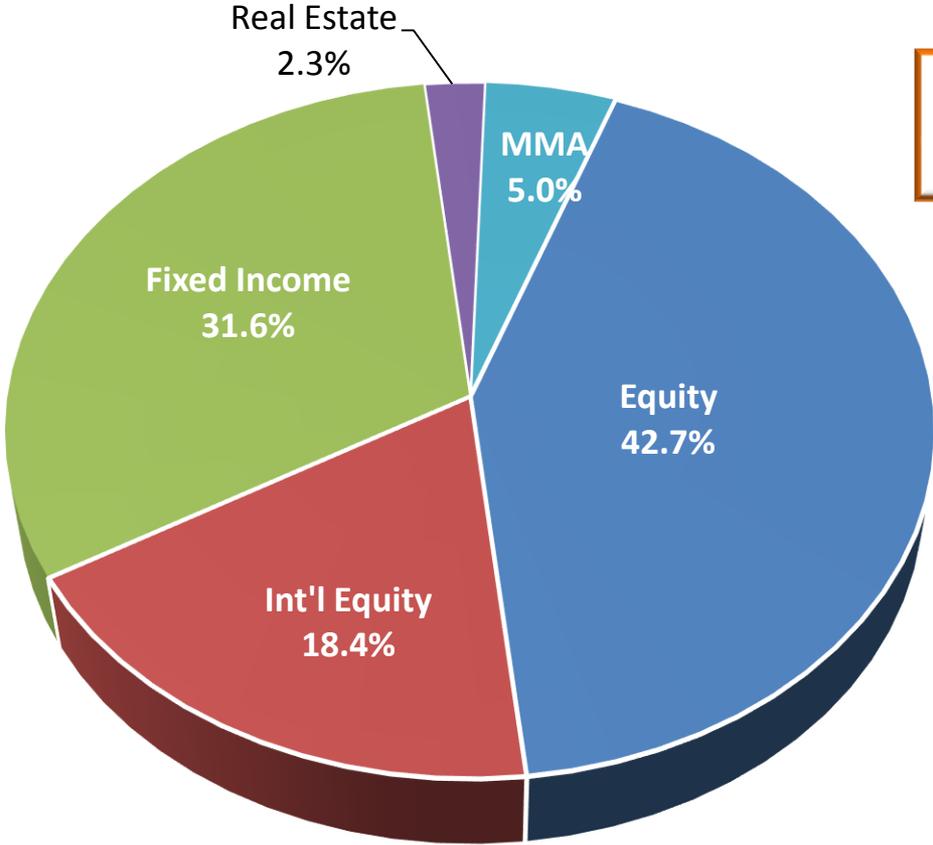


Individual Fund Diversification (%) - Bene. ages 17, 18, 19, and 20





Executive Summary – Overall Plan Asset Allocation *(Age-Based, Target & Individual Portfolios)*

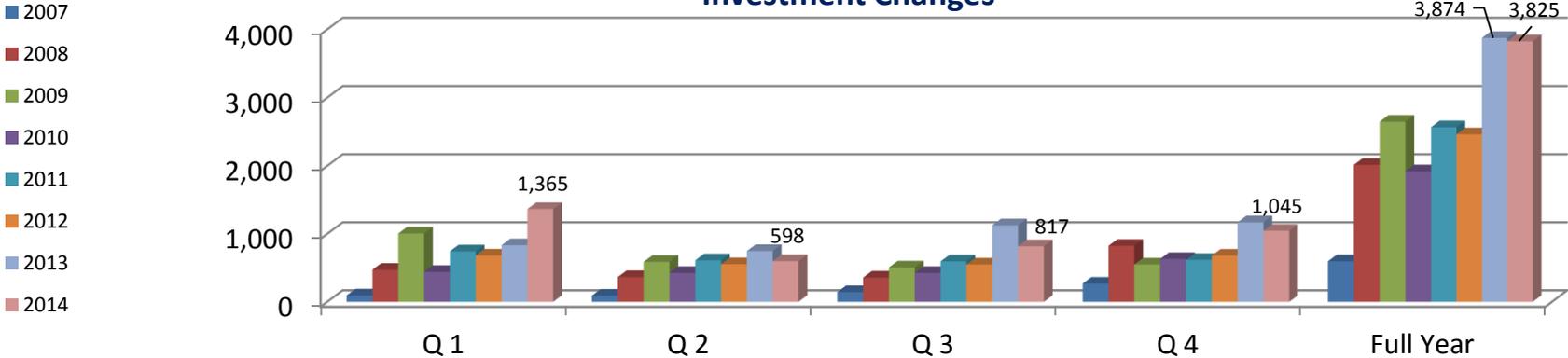


<u>Overall Plan Allocation</u>	
63.4%	Equity
36.6%	Fixed

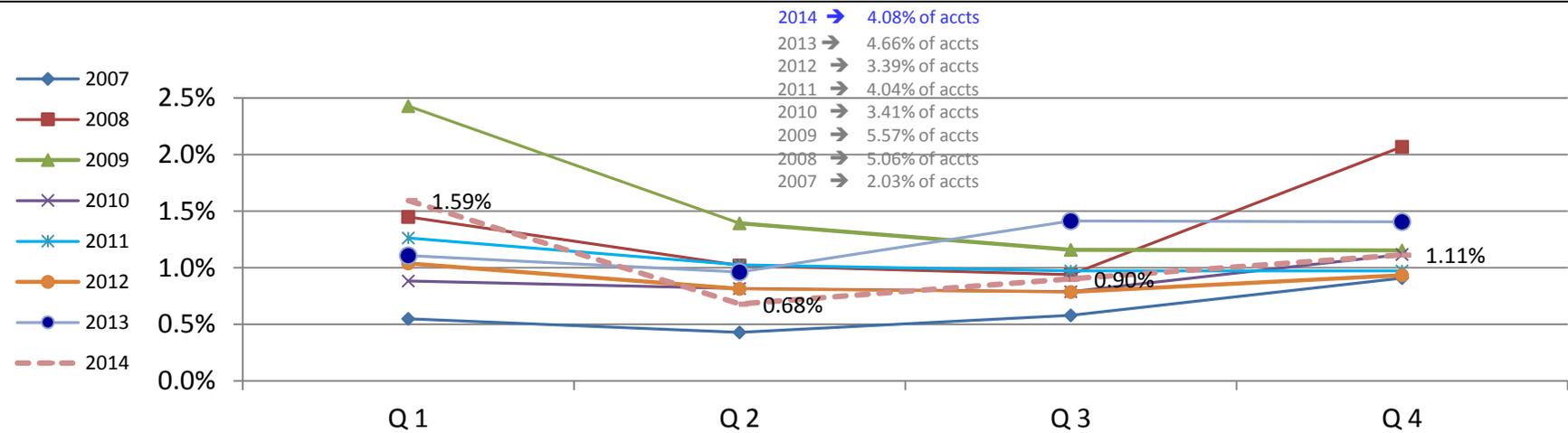


Executive Summary – Account Owner Investment Change Activity

Investment Changes



Investment Changes as a % of Accounts





Executive Summary – Investment Change Activity

	Investment Changes IN	Investment Changes OUT	NET
Age-Based	\$17.000	(\$23.905)	(\$6.905)
Target	\$14.527	(\$9.641)	\$4.885
Individual	\$90.139	(\$88.123)	\$2.016

Investment Changes OUT		Investment Changes IN		NET Changes	
PIMCO Total Return	(\$39.547)	MainStay Total Return	\$35.395	PIMCO Total Return	(\$38.415)
PIMCO Low Duration	(\$18.018)	Baird Short-Term Bond	\$16.291	MainStay Total Return	\$34.799
Age-Based Growth 17-20	(\$3.360)	BlackRock Cash Funds	\$7.057	PIMCO Low Duration	(\$16.425)
Fund 80	(\$3.252)	Fund 80	\$4.813	Baird Short-Term Bond	\$15.947
Age-Based Growth 13-16	(\$2.925)	Fund 60	\$4.201	BlackRock Cash Funds	\$4.151



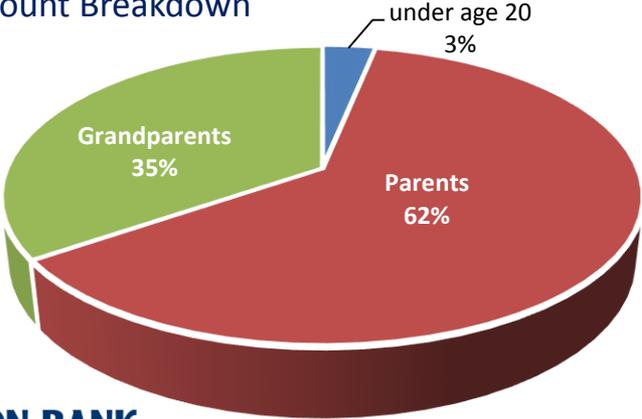
Executive Summary – Account Owner Statistics

	# of Accounts	%	Market Value	%	Average Account Size
Parents →	Under age 20	2,975	\$75.8 mil	4.3%	\$25,475
	20 – 34	8,203	\$56.4 mil	3.2%	\$6,881
	35 – 49	50,173	\$974.2 mil	55.5%	\$19,417
Grandparents →	50 – 64	21,190	\$464.2 mil	26.4%	\$21,905
	65 plus	11,307	\$186.0 mil	10.6%	\$16,446
Totals	93,848		\$1.757 bil		\$18,717

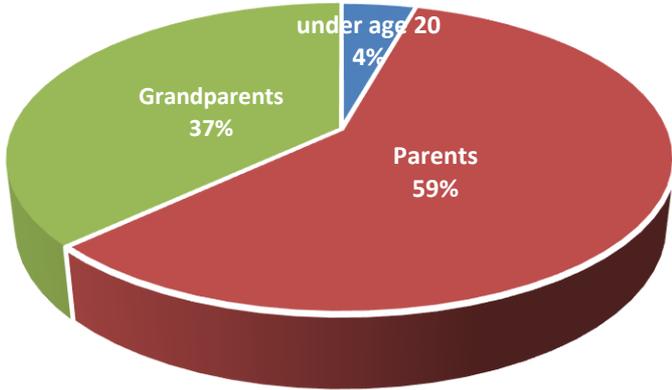
Average Age of Account Owner = 47.52 years

Average Acct Size December 2013 = \$18,051

Account Breakdown

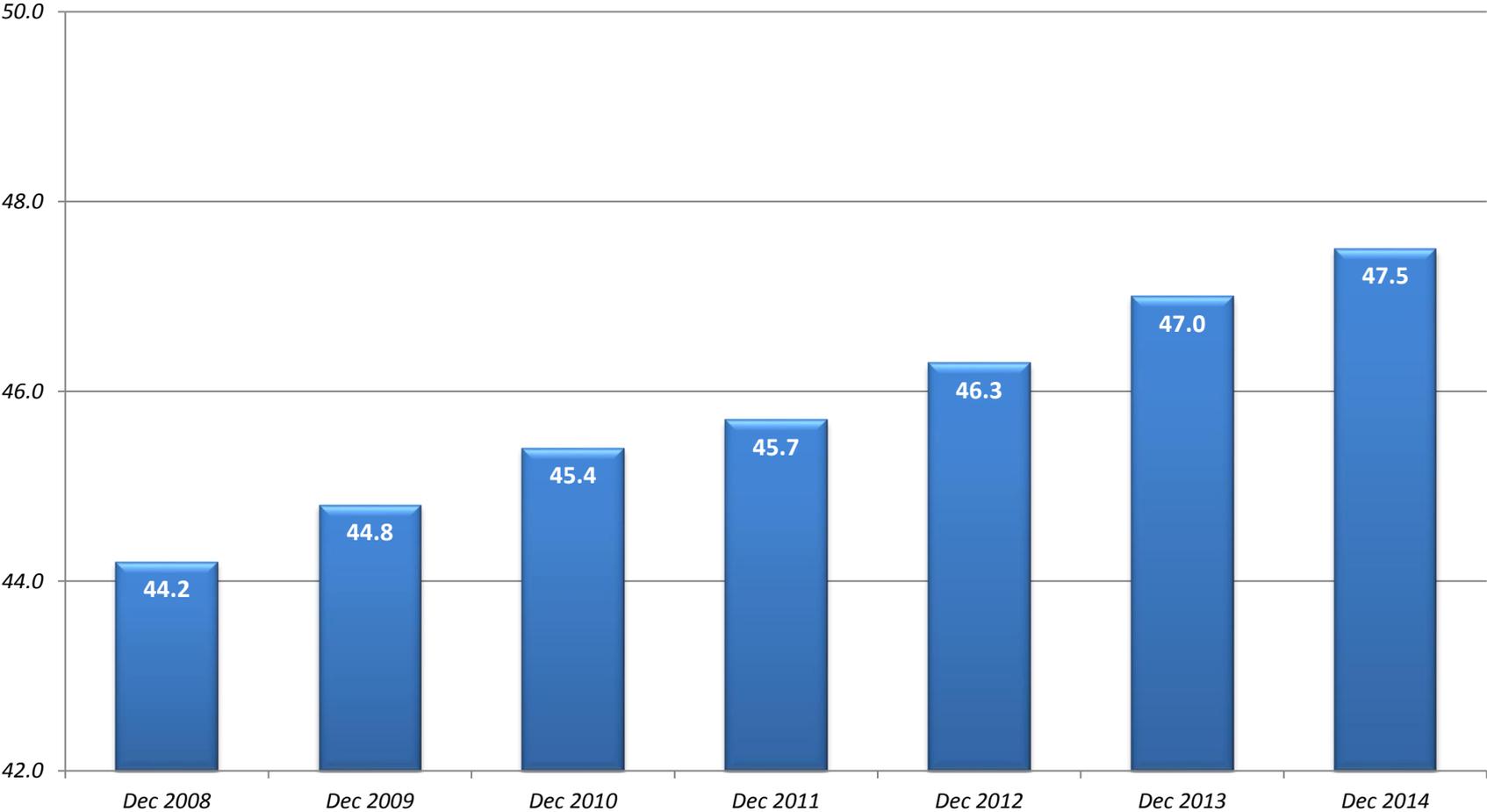


Asset Breakdown





Executive Summary – Average Age of Account Owner



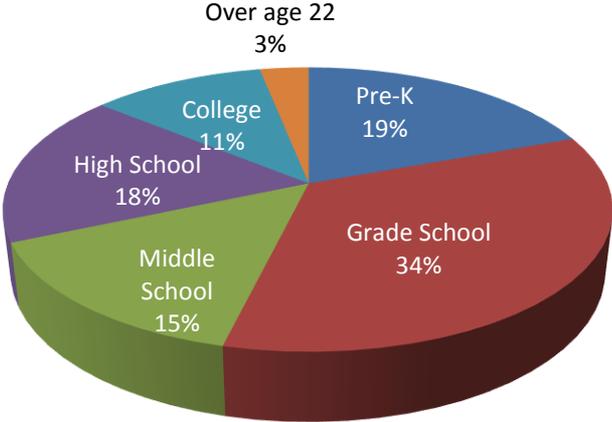


Executive Summary – Beneficiary Statistics

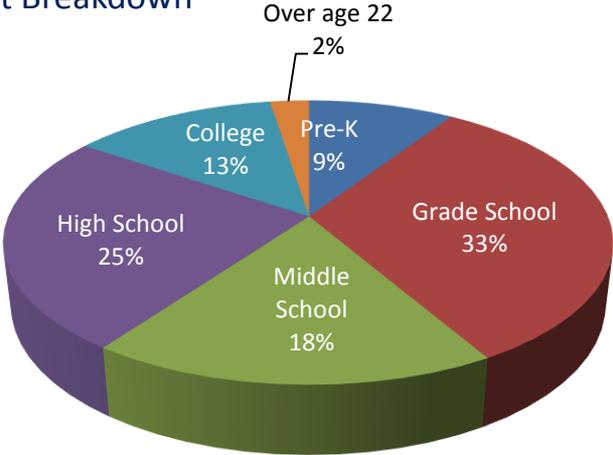
	# of Accounts	%	Market Value	%	Average Account Size
Pre-K (< 5)	18,205	19.4%	\$161.6 mil	9.2%	\$8,877
Grade School (5-10)	32,252	34.4%	\$570.8 mil	32.5%	\$17,698
Middle School (11-13)	13,783	14.7%	\$319.3 mil	18.2%	\$23,169
High School (14-17)	16,433	17.5%	\$433.6 mil	24.7%	\$26,387
College (18-22)	10,276	10.9%	\$227.9 mil	13.0%	\$22,176
Over age 22	2,899	3.1%	\$43.3 mil	2.5%	\$14,943
Totals	93,848		\$1.757 bil		\$18,717

Average Age of Beneficiary = 11.12 years

Account Breakdown



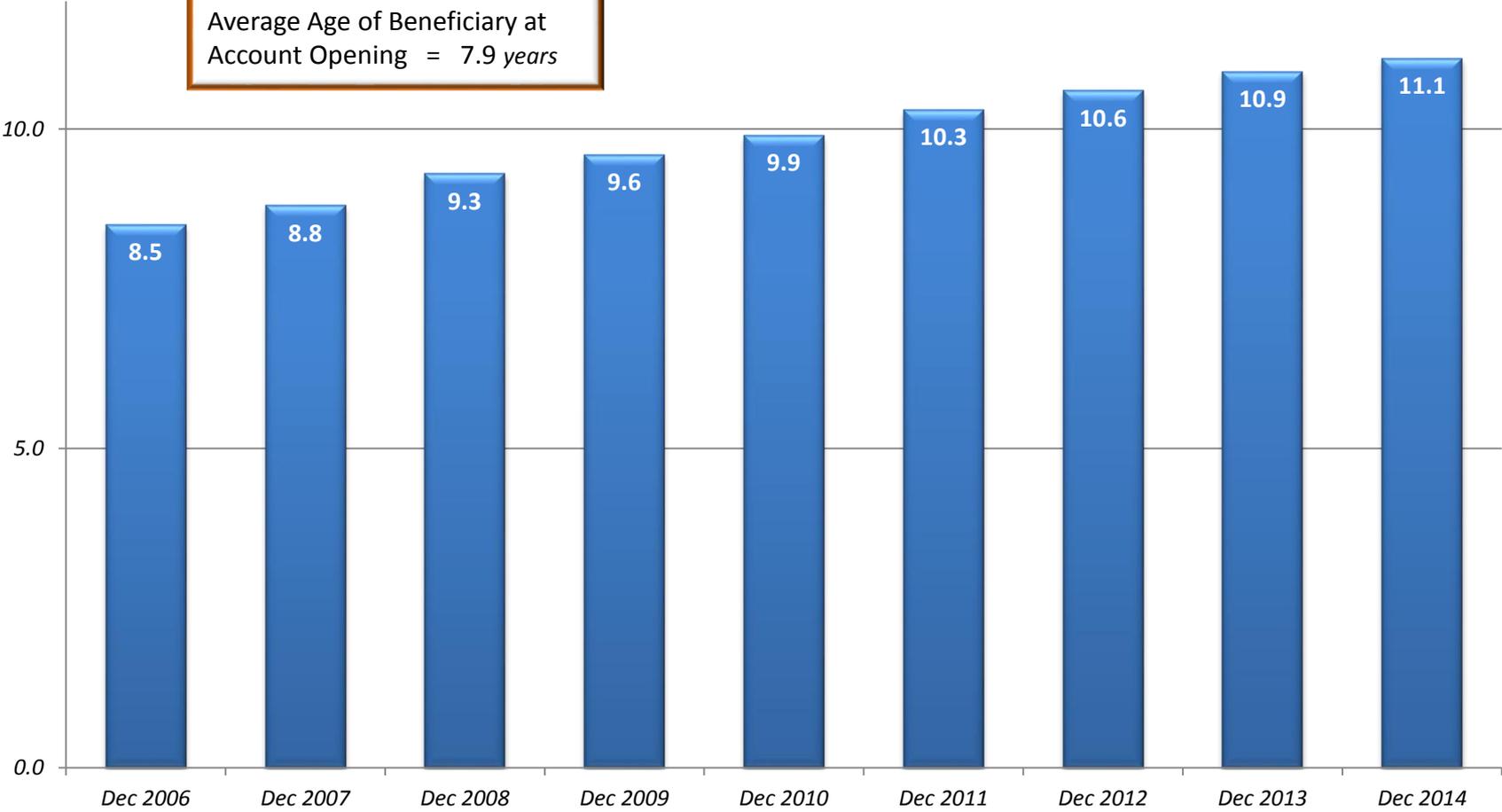
Asset Breakdown





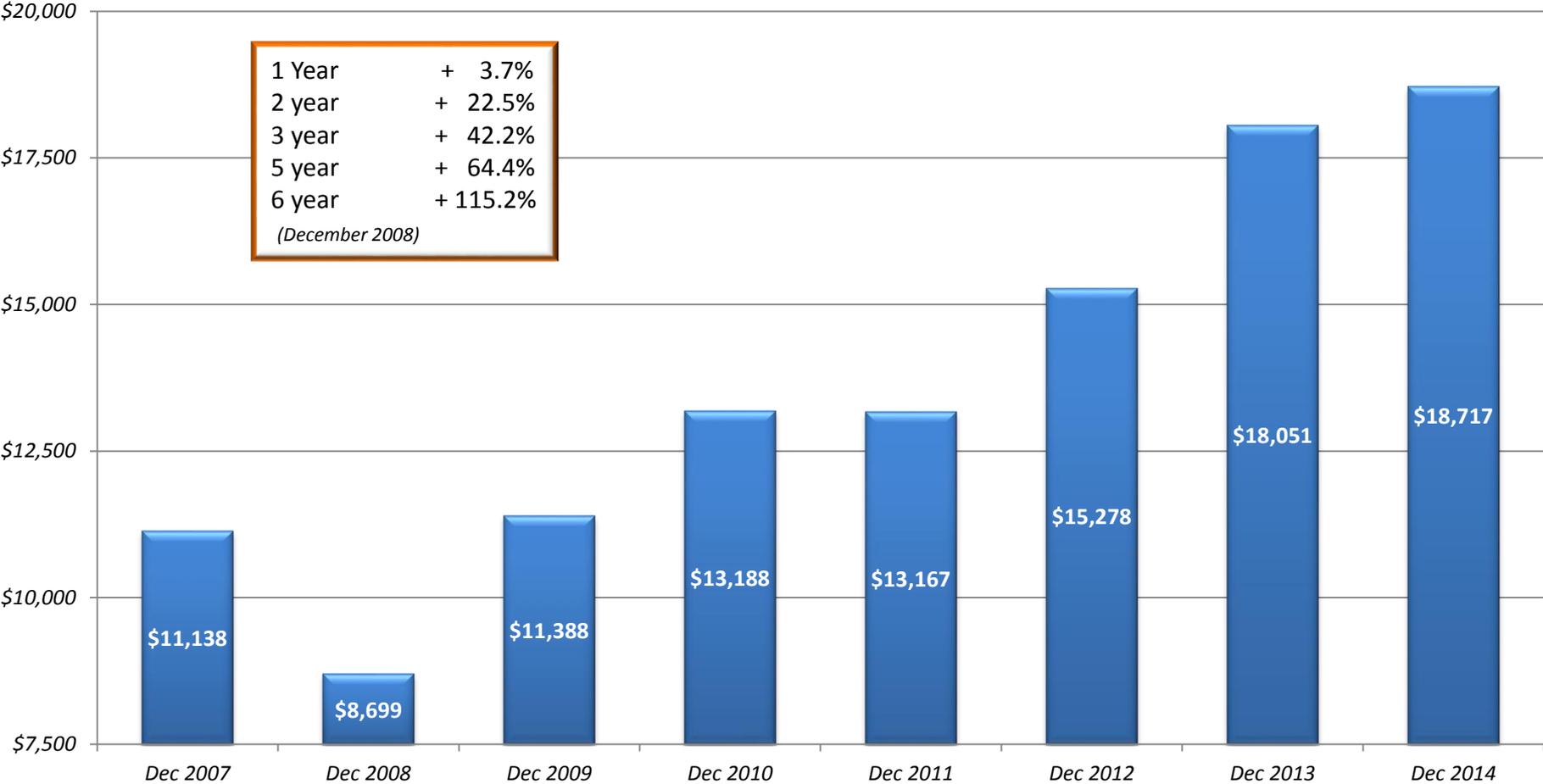
Executive Summary – Average Age of Beneficiary

2014 New Accounts
Average Age of Beneficiary at Account Opening = 7.9 years



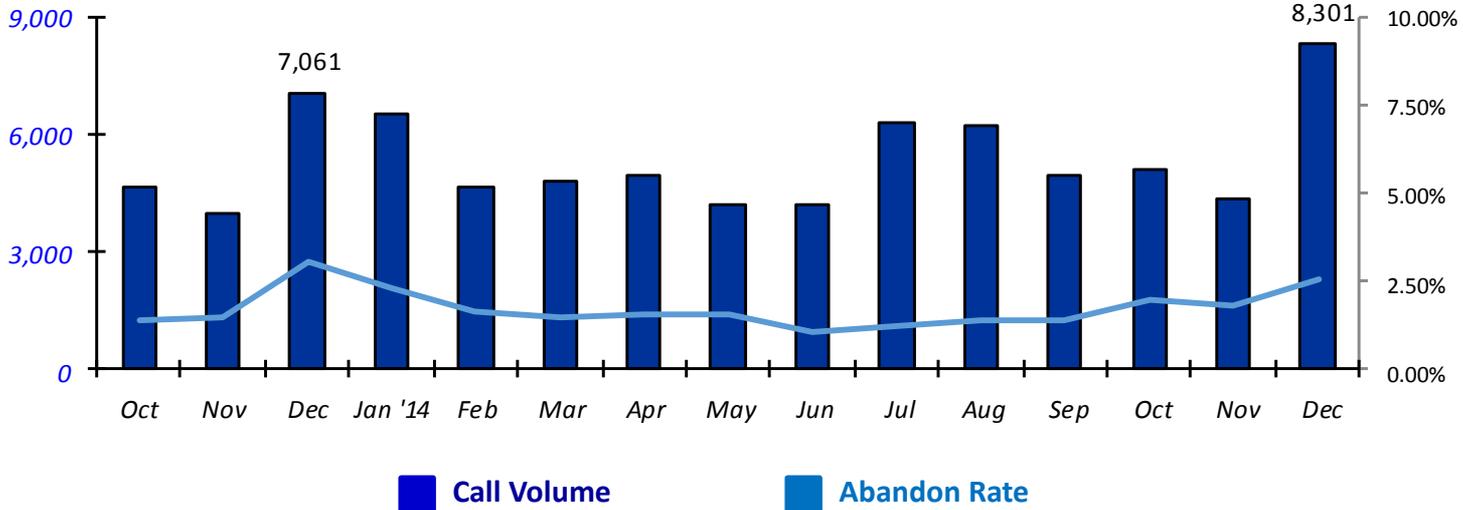


Executive Summary – Average Account Size





Executive Summary – Call Activity



	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
# of calls	27,766	34,492	35,653	38,971	46,007	49,027	57,133	64,755
Abandon Rate	2.29%	1.32%	1.38%	1.63%	1.27%	1.70%	2.09%	1.71%
Average Speed of Answer	14 seconds	8 seconds	9 seconds	11 seconds	7 seconds	10 seconds	12 seconds	10 seconds



Important Legal Information

The Bright Directions 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 Directions 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, and Northern Trust Securities, Inc., acts as Distributor. Securities, products, and services are offered by Northern Trust Securities, Inc., member FINRA.

You should be aware that other states may sponsor their own qualified tuition plans and may offer a state tax deduction or other benefits that are limited to residents who invest in that plan. You should consult with a tax advisor about state and local taxes.

Investments in the Bright Directions College Savings Program are not guaranteed or insured by the State of Illinois, the Illinois State Treasurer, Union Bank & Trust Company, Northern Trust Securities, Inc., 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 and the underlying investment companies before investing. Please contact your investment professional or call (866) 722-7283 to obtain a Program Disclosure Statement (issuer's official statement) or prospectus for any of the underlying funds. Please read the Program Disclosure Statement carefully prior to investing.

Investment Products: Not FDIC Insured No Bank Guarantee May Lose Value