



OFFICE OF ILLINOIS STATE TREASURER

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State Treasurer Michael Frerichs Offers Tips on Tapping into Bright Start Money to Pay College Bills

"We aim to provide a friction-free experience."

SPRINGFIELD – It's an exciting time for high school seniors and their parents throughout Illinois. Students have walked the stage at graduation and chosen a college after months of deliberation.

Now the university is asking for the first tuition payment to cover the fall semester. After years of socking away money and growing your nest egg through careful investment, it is finally time to make a withdrawal from your Bright Start 529 college savings plan.

Illinois State Treasurer Michael Frerichs has some how-to tips to make the process easy.

"Parents are rightfully proud of all that their daughters and sons have achieved," Frerichs said. "We aim to provide a friction-free experience so you can tap into the money that you've responsibly set aside since your child was just an infant."

Whether you [log in*](#) to your account to make the withdrawal or [fill out a form**](#) and mail it in or call (877) 432-7444 to speak with an expert, there are a few key steps:

- If you're using the Bright Start website, log in with your username and password and click "transact online" in the upper left corner, then click "withdrawal."
- You'll be asked what kind of withdrawal you would like to make. If you are paying for educational expenses, you want to do a "qualified withdrawal," so click on that. The money can go toward tuition, fees, books, supplies, and equipment such as a computer or software if it is to be primarily used for school. Your Bright Start 529 money also can cover room and board if your student is enrolled at least half-time.

- The next step: You can make a partial or full withdrawal, or a full withdrawal and close your account. If your young adult is just starting school, you'll want to choose "partial" withdrawal and fill in the dollar amount to let Bright Start know how much money you want to take out. You also will be asked to select the "withdrawal amount type." You get to pick the dollar amount you want to withdraw from each of your portfolio funds, or you can pick a percentage to be withdrawn from each of the types of funds your 529 account is invested in.
- Next, you can tell Bright Start where to send the money. You can choose to have the funds electronically sent to your bank account or the university, or request a check be mailed to your home. Some schools require electronic payments to the institution. (If you have not already entered the school into your Bright Start account, you will have to add it. You will need your young adult's student ID number, which the university can provide.)
- The final step to receive the money is to authorize and sign the withdrawal. For most parents, an electronic signature or handwritten (if you're mailing in the form) signature will suffice. There are three scenarios where you will have to visit a qualified financial institution such as a bank to have your signature confirmed on-site for enhanced security: If you have changed your address within 15 days of the withdrawal request, do not already have your bank account information on file with Bright Start, or are asking to take out more than \$50,000.

It is best to plan ahead when requesting a withdrawal. Please allow several days for your bank to process an electronic transfer to your account (or directly to a university or college) and 7-10 days if you want a check to be mailed. More details on withdrawing money are available on the Bright Start [website](#). If you need help, you can call (877) 432-7444 or check out Bright Start's [help page](#).

If you're filling out the paper Bright Start [withdrawal form](#), the steps to take are similar to doing it online. You'll need your account information and will be checking boxes instead of clicking on a website, and you'll be signing the form with a pen instead of electronically.

Treasurer Frerichs serves as Trustee and Administrator of the gold medal-winning Illinois 529 College Savings Programs. Money in a 529 college savings account can be used at eligible educational institutions, including public and private, two-year, four-year colleges and universities and certain technical and vocational schools. The investment grows tax-free when spent on qualified expenses.

Since 2015, Frerichs has worked with program manager Union Bank & Trust to reduce fees and ensure more investment dollars go directly to college savings. These changes have helped the Illinois 529 College Savings Pool to grow by more than double from \$7 billion to \$16 billion in assets with more than 800,000 accounts.

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For more information about the Treasurer's Office 529 College Savings programs, which have won Morningstar's highest consumer rating¹ five years in a row, visit <https://illinoistreasurer.gov/>.

About the Illinois Treasurer

As Illinois State Treasurer, Michael Frerichs (FRAIR'-ikz) is the state's Chief Investment and Banking Officer and actively manages approximately \$52 billion. The portfolio includes \$27 billion in state funds, \$16 billion in retirement and college savings plans and \$9 billion on behalf of local and state governments. Frerichs' office protects consumers by safeguarding more than \$3.5 billion in unclaimed property, encouraging savings plans for college or trade school, increasing financial education among all ages, assisting people with disabilities save without losing government benefits, and removing barriers to a secure retirement. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

*Account log in: <https://portal.ubtrust.com/Portal/paport/brightstart/#login>

** Account form: https://www.brightstart.com/wp-content/uploads/2017/07/9794_Bright_Start_Withdrawal_Request_Form_0713.pdf

The Bright Start Direct-Sold College Savings Program ("Bright Start") and the Bright Directions Advisor-Guided 529 College Savings Program ("Bright Directions") are part of the Illinois College Savings Pool and are designed to qualify as qualified tuition programs under the provisions of Section 529 of the Internal Revenue Code. Bright Start and Bright Directions are 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 of the advisor-sold plan. Investments in Bright Start and Bright Directions 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 before investing. This and other important information is contained in the fund prospectuses and the Bright Start Program Disclosure Statement and Bright Directions Program Disclosure Statement (issuer's official statement), which can be obtained from your financial professional, on BrightStart.com, and BrightDirections.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.

An investor should consider, before investing, whether the investor's or designated 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 such state's 529 plan. Investors should consult a tax advisor.

¹The 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, we do not treat tax benefits as a predictor of performance, and therefore it is not included in our 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 its 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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