

Illinois State Treasurer Frerichs Announces Fee Reductions For College Savers

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SPRINGFIELD – Illinois State Treasurer Michael Frerichs today announced another program management fee reduction for all Bright Start 529 college savers – the third reduction in five years.

Effective July 3, 2021, Bright Start dropped its program management fee – the fee charged by Union Bank & Trust, the program manager for Bright Start – from 0.075% to 0.07%, a reduction that will save college savers a combined \$500,000 every year. The lower fees will help every Bright Start investor save for college at a lower cost.

“Six years after entering office in 2015, I continue to focus on delivering a low-cost, high-quality college savings option for Illinois families. I’m proud of the success we’ve had in lowering fees in 2017, 2020, and again in 2021. These fee savings help Illinois families save more of their hard-earned dollars for their children’s educational dreams.”

In 2017, Treasurer Frerichs overhauled Illinois’ two 529 College Savings plans: Bright Start and Bright Directions. This action reduced fees by approximately 50% - including a reduction in program management fees and underlying investment fees, along with the elimination of any account opening or maintenance fees.

As part of the 2017 overhaul, Treasurer Frerichs negotiated a program management contract that ensured Illinois families would receive additional fee reductions as they saved more for college. Since those changes, the total amount saved for college in IL 529 plans has increased more than 70%, from approximately \$9.6 billion to \$16.9 billion. As the total assets have increased, program management fees reductions were achieved in 2020 and again in 2021.

Today, Bright Start and Bright Directions are among the most affordable college savings plans in the country. Treasurer Frerichs’ emphasis on reducing fees for both programs has saved families over \$100 million since 2015.

While lowering prices, Treasurer Frerichs has simultaneously increased the quality of the IL 529 College Savings plans. Since 2017, Morningstar, an independent investment and research firm, consistently has rated each plan among the best in the country. For example, in 2020, Bright Start was one of only three 529 plans in the country to be rated Gold by Morningstar.

“I encourage all Illinois families to save for their children’s educational dreams. Illinois families can invest in an Illinois 529 college savings plan with confidence and take advantage of the plan’s high quality, low cost, and generous tax benefits,” said Treasurer Frerichs.

Families can directly open a Bright Start college savings plan. Bright Directions is a college savings plan a family can open with the assistance of a financial advisor. Both are 529 tax-advantaged plans, meaning the investment grows tax-free when used for qualified expenses, such as tuition, room and board, books, and a computer. Funds

saved in Bright Start or Bright Directions can be used at thousands of colleges, universities, trade, and technical schools across the country and abroad.

When Treasurer Frerichs assumed office in 2015, there were 387,000 accounts worth a total of \$7.12 billion. Today, there are 762,000 accounts worth \$16.5 billion across the two programs. Since 2015, families have used these accounts to pay approximately \$5 billion in college expenses.

Research shows a child is three times more likely to attend college if they know they have a dedicated college savings account. For more information, or to open an account, visit www.illinoistreasurer.gov and click on the college savings button. There is no account opening fee, minimum contribution, or minimum balance.

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.

In 2020, Morningstar analyzed and rated 61 plans nationwide. Bright Start was one of only three plans to earn a Gold rating. Analyst ratings for 529 college savings plans consider: *Process, People, Parent, and Price*. Based on their conclusions, analysts will assign pillar scores. Morningstar analysts retain discretion to override scores if they

believe a unique characteristic justifies a different rating than the score suggests. The MorningstarAnalyst Rating™ is a subjective evaluation and is not a credit or risk rating. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative.

About the Illinois Treasurer

As Illinois State Treasurer, Michael Frerichs 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.