

Illinois Treasurer Michael Frerichs Launches Universal ‘First Steps’ College Savings Program

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SPRINGFIELD – State Treasurer Michael Frerichs encourages new parents to open a Bright Start or Bright Directions college savings account and claim their \$50 seed deposit from the new Illinois First Steps program.

“Illinois First Steps helps place families on a path to start planning early for their child’s education,” Frerichs said. “Saving now means money for the child’s future university,

community college, trade school, or apprenticeship will be available when that child is ready to pursue additional education or training.”

To qualify for the \$50 seed deposit, parents or legal guardians must be Illinois residents at the time of birth or adoption, the beneficiary child must be born or adopted after Jan. 1, 2023, open a 529 college savings account with Bright Start or Bright Directions, and a claim the seed deposit before the child's 10th birthday.

Parents can easily open a Bright Start account at brightstart.com and submit a claim for the \$50 First Steps seed deposit during the enrollment process. Parents who already have a Bright Start account for their eligible child can go to brightstart.com/first-steps/claim/ to submit a claim. Bright Start is accessible and affordable, with no minimum contribution, minimum balance, or annual fee. Parents who prefer to work with a financial advisor can claim their \$50 deposit by visiting the Bright Directions website, <https://brightdirections.com/first-steps/>. Additionally, Bright Start and Bright Directions offer tax benefits for Illinois taxpayers.

Treasurer Frerichs encourages families to open an Illinois 529 College Savings account. The \$50 seed deposit is a great place to start, but it is only the beginning of a parent’s college savings journey. College costs have risen more than 134% during the past 20 years. Saving early gives parents more time to set aside money. A Washington University study found that having any amount of money put away in a dedicated college savings account increases the likelihood of a child pursuing education after high school.

Rachel Hermes of Chicago’s Portage Park neighborhood applied for the First Steps money while signing up for a Bright Start account for her son, Basil, who was born in March.

“We were pleasantly surprised to know about the \$50 bonus when we opened Basil’s Bright Start account,” Hermes said. “Having a Bright Start 529 account provides a nice opportunity and tradition for family to contribute knowing that the funds are working toward the kid’s future. Like the other week, we baptized Basil and the gift money went straight to the college savings account.”

State lawmakers approved the college savings incentive in 2019. Last year, they set aside \$2.5 million to start the program.

“Every child in our state deserves the doors of higher education open to them without unfair financial obstacles, and the Illinois First Steps program will help kids get those

chances,” said state Rep. Robyn Gabel, D-Evanston, the House majority leader. “I encourage all parents and guardians to take advantage of this resource so their kids can pursue the education — and ultimately the careers — of their choice.”

The State Treasurer’s Office coined the name Illinois First Steps and has been carefully planning to launch the program this year.

The Treasurer’s Office is promoting First Steps by sending postcards and letters to Illinois parents who had a baby on or after January 1, 2023, educating financial advisors, going out to community events, and working with community-based organizations throughout the state.

Advocacy groups, which have been working on the college savings issue for years, praised the launch of First Steps.

“After years of advocacy and hard work, in 2023 with the implementation of the Illinois First Steps statewide program, the dream to have a future savings pathway for all families is finally a reality,” said Liliana Olayo, a parent leader at Community Organizing and Family Issues (COFI).

“Research shows that students from low-income families with even a small amount of savings are significantly more likely to attend and finish college,” said Horacio Mendez, president and CEO at the Woodstock Institute in Chicago. “We need to make sure families know they have access to this. We need to find ways to add to it. And we need to make college affordable.”

Bright Start and Bright Directions are the State Treasurer’s Office’s highly rated 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.

Treasurer Frerichs has worked to reduce fees and ensure more investment dollars go directly to college savings. These changes have helped the plans grow from \$7 billion in assets in 2015 to over \$17 billion in assets today.

A list of Frequently Asked Questions about Illinois First Steps is at brightstart.com/first-steps.

About the Illinois Treasurer

The Illinois State Treasurer's Office is a powerful economic engine that invests in people to drive prosperity, development and growth throughout the state. As State Treasurer, Michael Frerichs (FRAIR'-iks) is the state's Chief Investment and Banking Officer and actively manages approximately \$55 billion. The investments help families pay for college and trade school; workers save for a dignified retirement; and local governments process bill payments more efficiently so they can pass along the savings to taxpayers. The office provides financial institutions money to loan to farmers, small business owners, and qualified individuals at below-market rates because better jobs create stronger communities. The office operates the state's largest consumer-protection initiative, the unclaimed property I-Cash program, which has returned a record-breaking \$1.8 billion since Frerichs was elected.

For more news about the State Treasurer's Office, please follow Treasurer Frerichs on Twitter at @ILTreasurer, Threads @iltreasurer@threads.net, Instagram at ILTreasurer, at [Linkedn](#), and on Facebook at [Invested in You – Treasurer Michael Frerichs](#).

About the Illinois 529 College Savings Programs

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.