

Bright StartSM Fast Facts



Introducing Bright Start, Salomon Smith Barney's second Section 529 college savings plan. Bright Start is a national program that is administered through the Illinois State Treasurer's Office. Please see the reverse side for a comparison of Bright Start with Scholars ChoiceSM.

How to Enroll

- Send Bright Start Enrollment Kits to clients along with your branch's business reply envelope.
- Make sure your client reads the Program Disclosure Statement carefully.
- Give the Account Application and check (for at least \$25) to your branch's Operations Manager for processing.
- The system will automatically invest contributions and rollovers into the appropriate Bright Start portfolio based on the client's investment election. Entering trades manually will result in a duplicate trade being processed.

¹ To qualify as an eligible school, the school must be able to accept federal financial aid.

² Once the account balance reaches \$160,000 no further contributions may be made. Contributions to other Section 529 programs may count against the \$160,000 limit.

Bright Start: Key Selling Points

As you probably know, federal tax law prohibits investors from being able to self-direct their investments in Section 529 college savings plans. What your clients give up in terms of control over asset selection, however, they gain in terms of tax advantages, high contribution limits and unprecedented flexibility:

- **Bright Start is one of the only Section 529 programs to offer an *all-equity investment option*.** (Merrill Lynch's Maine program also offers such an option, and TIAA-CREF's California program will be offering an all-equity option soon.)
- **Bright Start is a national program.** People everywhere can open an account, regardless of income level, and anyone can become a beneficiary, regardless of age.
- **Bright Start is flexible.** Proceeds can be used to pay for tuition, fees, room and board, books and required supplies at eligible public and private colleges, universities and graduate schools, community colleges and vocational schools nationwide.¹
- **Bright Start has one of the highest contribution limits available.** Clients can contribute from as little as \$25 to as much as \$160,000 per beneficiary.²
- **Bright Start gives your clients control.** Clients can change the beneficiary of their account at any time without penalty to a family member of the original beneficiary.

Switching Between Section 529 College Savings Programs

Federal tax law specifies that investors can switch from one state's program to another's without tax penalty only if they change the beneficiary on the account. To switch from another state plan into Bright Start, your client would need to complete a transfer form, which they could request by calling the program manager of their existing 529 program.

Resources

- Go to FCI: CIP for information about Bright Start, including a list of marketing materials.
- On FC Linx, go to Products/Services, Smith Barney Asset Management, College Saving Plans. This site includes information on all Section 529 plans offered through Salomon Smith Barney.
- Call the Retirement & Financial Planning Sales Desk at **(212) 723-9210** for information on the program. Call the Smith Barney Mutual Funds Sales Desk at **(800) 544-7835** for information on the Funds.

Marketing Materials



CIP9002
Enrollment Kit with
account-opening
documents



CIP2001
#10 Envelope-
sized brochure

	Scholars Choice	Bright Start
Sponsored by	Colorado	Illinois
Eligibility	All U.S. Residents	All U.S. Residents
Tax Advantages (Federal)	<ul style="list-style-type: none"> Earnings grow tax-deferred Qualified withdrawals taxed at student's rate Account owner maintains control of account, but assets are not considered part of the account owner's estate Special federal gift tax exemption allows \$50,000 (\$100,000 for married couples) to be contributed in one year without incurring gift taxes.¹ 	
Tax Advantages (State)	Qualified withdrawals are free from Colorado state tax	Legislation allowing qualified withdrawals to be free from Illinois state tax is pending
Investment Options	<ol style="list-style-type: none"> Age-Based (7 portfolios) Equity%/Bond%/MM% Ages 0 – 3: 80/20 4 – 6: 70/30 7 – 9: 60/40 10 – 12: 50/50 13 – 15: 40/50/10 16 – 18: 20/55/25 19 & older: 10/60/30 Balanced Portfolio (50% equity/50% bond funds) Years to Enrollment For "nontraditional" students. Uses Age-Based portfolios 3 – 7. 	<ol style="list-style-type: none"> Age-Based (6 portfolios)² Equity%/Bond%/MM% Ages 0 – 6: 90/10 7 – 9: 70/30 10 – 11: 60/40 12 – 14: 50/50 15 – 17: 30/50/20 18 & older: 10/60/30 Fixed Income Portfolio² Invested 100% in fixed-income funds for life of the account. Equity Portfolio Invested 100% in equity funds for the life of the account.
Underlying Smith Barney Funds	<ul style="list-style-type: none"> Large Cap Value Large Cap Growth Small Cap Blend International Equity Investment Grade Bond Managed Governments Short-Term High Grade Bond Cash Portfolio 	
Contribution Limits (Lifetime per student beneficiary)	\$150,000 (contribution limit) Total contributions & rollovers cannot exceed \$150,000.	\$160,000 (account balance limit) No additional contributions can be made if balance exceeds \$160,000.
Annual Custodial Fee	\$30 for non-Colorado residents. None if the account owner or student is a Colorado resident.	None
Fund Expenses & Other Fees	<ul style="list-style-type: none"> 0.99% Fund management fee 0.30% (max.) Reimbursement to State for actual expenses 	<ul style="list-style-type: none"> 0.99% Fund management fee
FC Payout	75bps upfront, 25bp trail in month 13	
Does State Have a Prepaid Tuition Program?	YES	YES
Websites	www.scholars-choice.com	www.brightstartsavings.com
Toll-free Numbers	1-888-5-SCHOLAR (572-4652)	1-877-43-BRIGHT (432-7444)
FC Linx	Click on "Products/Services." Then click on "College Savings Programs" under Smith Barney Asset Management heading.	
FCI	SCH & CIP	CIP

¹ Contributions between \$10,000 and \$50,000 made in one year can be prorated over a five-year period without incurring gift taxes or reducing your unified estate and gift tax credit. If you contribute less than the \$50,000 maximum, additional contributions can be made without incurring gift taxes, up to a prorated level of \$10,000 per year. Gift taxation may result if a contribution exceeds the available annual gift tax exclusion amount remaining for a given beneficiary in the year of contribution.

² Banks located in the State of Illinois can sell Bright Start. Clients establishing their account through an Illinois bank may not be getting the same investment portfolios that a Salomon Smith Barney client will receive. Depending on how the bank has agreed to sell the program, a portion of each portfolio may be invested in a bank deposit pool based on the following allocations: Age-Based Portfolios—Portfolio 1 (10%), Portfolios 2 & 3 (20%), Portfolios 4, 5 & 6 (50%); Fixed Income Portfolio—50%.