



ILLINOIS  
**firststeps**

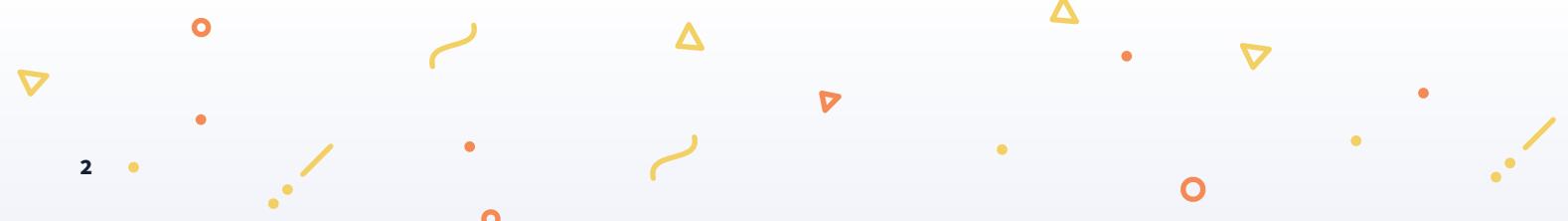


**Annual Report 2025**

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# Letter from the Treasurer

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In these pages, we share our third annual report for the Illinois First Steps program. My office first launched Illinois First Steps in 2023, with the ambitious goal of engaging every Illinois family in saving for their loved ones' future education. Three years in, I'm proud that Illinois First Steps has helped over 18,000 families start saving early for higher education.

Illinois First Steps incentivizes families to start saving for their child's future education. The program provides a free, one-time \$50 starter deposit for Illinois parents or legal guardians when they open a Bright Start 529 or Bright Directions 529 College Savings account for their child born or adopted in 2023 or later. The program was made possible due to the Illinois General Assembly annually setting aside \$2.5 million to establish a college savings incentive program.

In today's economy, good-paying jobs almost always require some form of post-secondary training or education: apprenticeships in a trade, vocational programs at a local community college, or a degree from a four-year university or college. Illinois First Steps helps families get a jump start on saving for their child's additional education or training beyond high school.

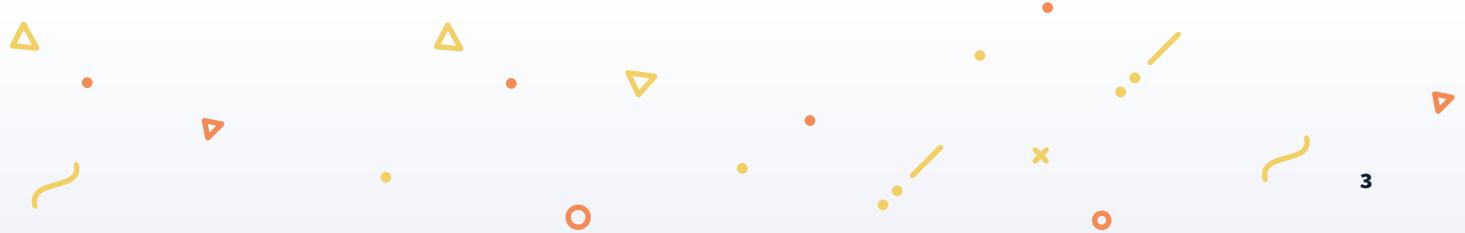
In FY2025, the program saw substantial growth, with 10,144 families submitting a claim for the \$50 seed deposit, compared to 8,442 families in FY2024.

Families can claim their free \$50 Illinois First Steps seed deposit until their child is 10 years old. Very promisingly, among all children born in Illinois in 2023, 10,459 of them have claimed their Illinois First Steps deposit and started saving for higher education with an Illinois 529 account. Over time, through Illinois First Steps, we hope Illinois can greatly exceed national averages for the percentage of families saving for their loved ones' future education.

This report provides detail on our work to spread the word about college savings by contacting all new parents, educating financial advisors, going to community events, and working with community-based organizations throughout the state. We want to be an investment partner to all Illinois parents because we believe that people are our state's greatest asset. We're proud to provide families with their first step in saving for their children's future education.

**Michael W. Frerichs**  
Illinois State Treasurer

*Administrator of the Illinois 529 College Savings and Illinois First Steps Programs*



# Executive Summary

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Illinois First Steps provides all Illinois children born or adopted in 2023 or later with a one-time \$50 seed deposit into their Illinois 529 college savings account. To claim the \$50 seed funding, parents or legal guardians of eligible children must open an Illinois Bright Start 529 or Bright Directions 529 college savings account before the child's 10th birthday and submit a claim during the enrollment process. To ensure that families are informed of their eligibility, the Illinois State Treasurer's Office notifies all parents of eligible children through one or more mailings about Illinois First Steps.

In the 2½ fiscal years that Illinois First Steps has been in operation:

- More than 18,000 Illinois families have received their Illinois First Steps one-time \$50 seed deposit.
- The Illinois First Steps program has paid out more than \$927,800 into Illinois residents' Bright Start 529 and Bright Directions 529 accounts.
- In addition to the \$50 seed deposit, 97% of parents and legal guardians made personal contributions into their child's Bright Start 529 or Bright Directions 529 account.
- Parents who received their Illinois First Steps deposit at the start of the program in 2023 saw their child's \$50 deposit grow to a value of \$66.96 at the end of fiscal year 2025.

The primary goal of Illinois First Steps is to encourage parents and legal guardians to start saving for the costs of postsecondary education early in their child's life. While many parents would like to start saving when their child is born, parents often cannot start saving until much later.

- For fiscal year 2025, children were about 5.6 years old on average when their Bright Start 529 or Bright Directions 529 account was opened.

The Illinois State Treasurer's Office remains dedicated to building awareness about all its programs, including its college savings initiatives.

- In the 2025 fiscal year, the State Treasurer's Civic Engagement team delivered information about Illinois First Steps and Bright Start 529 at 313 community events across Illinois. These events included engagements at schools, children's museums, public libraries, community centers, chambers of commerce, and county health departments.

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Illinois First Steps saw substantial growth in the 2½ fiscal years that the program has been in operation and continues to play a key role in placing children on an early path to higher education. We hope the program encourages parents to take action early in their child's life and know that the Illinois State Treasurer's Office is invested in the future of all Illinois families, including its newest residents.



# Illinois 529 Plans: Bright Start 529 & Bright Directions 529



## What is a 529 college savings account?

A 529 college savings account is a tax-advantaged and state-sponsored investment plan that enables you to save money for a beneficiary's future education expenses.

The Illinois State Treasurer's Office serves as the Trustee and Administrator of two higher education savings plans to help Illinois families save for post-secondary education:

- **Bright Start Direct-Sold 529 College Savings Account (Bright Start 529)** a direct plan that individuals can sign up for and manage on their own.
- **Bright Directions Advisor-Guided 529 College Savings Account (Bright Directions 529)** a plan that can be accessed only through a financial advisor.

Both options are tax-advantaged investment plans that enable parents to save money for their children's future education expenses and allow Illinois families to save while taking advantage of federal and state tax benefits, such as:

- Tax-deductible contributions for Illinois taxpayers (up to \$10,000 for individuals and \$20,000 for joint filers)
- Tax-deferred earnings while invested in the plans
- Tax-free withdrawals, when used for a qualified higher education expense (including tuition, required fees, books, supplies, room and board, and other expenses)

The Illinois State Treasurer's Office is acutely aware of the rising price of education and is proud to offer plans that are accessible to all savers. When families open a Bright Start 529 or Bright Directions 529 account, they benefit from:

- No annual fees
- No required minimum or ongoing contributions
- Flexible usage for higher education, including trade schools, vocational schools, apprenticeship programs, community colleges, four-year institutions, and graduate schools.
- Availability to use at eligible schools throughout the United States and in dozens of countries abroad

Treasurer Frerichs has worked to reduce plan fees and ensure more investment dollars go directly to college savings. Since 2015, the fee changes implemented by Treasurer Frerichs have saved families more than \$100 million.

The State Treasurer's Office also works to make the plans among the highest-quality college savings plans in the country. In recent years, reviewers Morningstar, Forbes, Business Insider, Kiplinger, Time Magazine, Motley Fool, and SavingForCollege.com have all recognized Bright Start 529 and Bright Directions 529 as among the best 529 plans in the country.

Treasurer Frerichs' focus on quality and low cost has helped the combined plans grow from \$7 billion in assets in 2015 to over \$22.6 billion in assets as of June 30, 2025.

# Illinois First Steps, a Children's Savings Account



Children's Savings Accounts, or CSAs, are long-term savings or investment accounts that provide incentives for parents and legal guardians of young children to build savings for the child's postsecondary education. CSAs have grown in popularity across the United States as research confirms their value. Participating in a CSA program can improve children's socio-emotional development and academic achievement, and raise their expectations of themselves<sup>(1,2)</sup>. Children who are the dedicated beneficiaries of CSAs are approximately three times more likely to attend college<sup>(1)</sup>.

Given these outcomes, governments and nonprofit organizations have continued to launch CSA programs to invest in children's future education. These accounts typically offer seed deposits ranging from \$20 to \$500 to assist with savings and to encourage individuals to open accounts. The number of children with a child savings account has grown from 1.2 million in 2021 to 5.8 million in 2023. These accounts are spread across 121 active programs in 39 states and Washington, D.C.<sup>(3)</sup>

**1** Washington University in St. Louis, Center for Social Development

**2** University of Kansas, Center on Assets, Education and Inclusion

**3** Prosperity Now: A Landmark Moment For the Movement, The State of the Children's Savings Field 2023.



*Photo: College Savings Event at the Chicago Children's Museum*

# Who Is Eligible?

Illinois First Steps is a college savings starter program that provides a one-time \$50 seed deposit into the 529 savings accounts of children born to or adopted by Illinois residents. To qualify for a \$50 seed deposit from Illinois First Steps, the parent or legal guardian must:



## Live in Illinois

The parent or legal guardian must be a resident of Illinois at the time of the child's birth or adoption, and at time of claim submission.



## Open a Bright Start 529 Account

To claim the funds, the parent or legal guardian of the child born or adopted in 2023 or later must have a college savings account with Bright Start 529 (or Bright Directions 529 if they work with a financial advisor).



## Have a New Child

The child listed as the beneficiary of the Bright Start 529 or Bright Directions 529 account must be born or adopted in 2023 or later.

## Claim Now

Parents or legal guardians must claim the \$50 seed deposit from Illinois First Steps before the child's 10th birthday.

# Informing New Parents

To claim the seed funding, parents or legal guardians of eligible children must open an Illinois-sponsored 529 college savings account and submit a claim for the \$50 seed deposit during the enrollment process. Illinois First Steps reviews and verifies the information submitted to validate the claim. No additional contribution is necessary to receive the Illinois First Steps seed deposit.

The Illinois State Treasurer is committed to ensuring all families are informed of their eligibility to receive \$50 to jump-start their children's educational savings. All parents residing in Illinois with a child born or adopted in 2023 or later are notified through one or more mailings about Illinois First Steps and the process to claim their \$50 starter deposit.

In addition, the Illinois State Treasurer has committed to a mix of digital and in-person marketing to new and expecting parents to inform them about Illinois First Steps. State Treasurer staff has also shared information about Illinois First Steps at hundreds of events across Illinois.



Michael W. Frerichs, Illinois State Treasurer  
College Savings Division  
555 W Monroe St, 14th Floor, Chicago, IL 60661

Claim \$50


January 8, 2024

Parent(s) of John Smith  
401 S 2nd St. Springfield, IL 62701

Dear Parent(s) of John Smith,

Congratulations on your new baby and getting a little sleep. As a few months of your child's life can...

Though John may be little now, we'll help him take their first steps, we'll help him...

As an Illinois resident with a new child, you open a college savings...

Bright Start and Bright Directions education expenses. Most importantly, we'll help him...

The \$50 seed deposit is a great start to college savings with Bright Start or Bright Directions 529 college savings accounts. Families...

In 18 years, John will be old enough to...

I am saving for my child's future. I...

Sincerely,

  
Michael W. Frerichs  
Illinois State Treasurer  
Trustee and Administrator

**\$50 to Help You Start Saving for College**

Jump start their college savings with a seed deposit from Illinois First Steps.

As education costs continue to rise, it's important to begin saving early for your child's future. Jump start their college savings with Illinois First Steps, a one-time \$50 seed deposit for their future apprenticeship, trade school, community college, or university education.

An eligible child or legal guardian of a child born or adopted on or after January 1, 2023, can claim the seed deposit when they open a Bright Start or Bright Directions 529 College Savings Account (Bright Start 529 or Bright Directions Advisor-Guided 529 College Savings Account (Bright Directions 529).

**Who Is Eligible?**

To qualify for a one-time \$50 seed deposit from Illinois First Steps, you must:

- Live in Illinois
- The parent or legal guardian needs to be a resident of Illinois at the time of the child's birth or adoption and time of claim submission.

**How Do I Claim for My Eligible Child?**

**New Account Owners:**

- A parent or legal guardian must open a Bright Start 529 or Bright Directions 529 college savings account for the eligible child and following the step-by-step instructions during the enrollment process.
- Grandparents, other relatives, and friends are not eligible to submit a claim for the child unless they are a legal guardian.
- Start contributing to build additional funds in your account.

**Existing Account Owners:**

- Only one parent or legal guardian is the account owner of the Bright Start 529 or Bright Directions 529 college savings account.
- Grandparents, other relatives, and friends are not eligible to submit a claim for the child unless they are a legal guardian.
- Ensure the eligible child is the beneficiary of the account. Accounts listing spouses, parents, or other relatives are not eligible to submit a claim.
- Log into your Bright Start 529 or Bright Directions 529 college savings account and submit a claim for the eligible child.
- Start contributing to build additional funds in your account.

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# Illinois First Steps: Leading in a Growing Field

Launched January 1, 2023, Illinois First Steps now has two full fiscal years (2024 and 2025) under its belt.

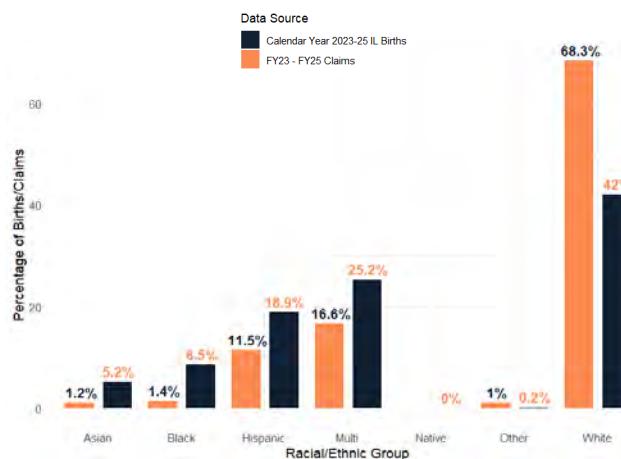
In the 2½ fiscal years that Illinois First Steps has been in operation, **18,556** Illinois families have claimed and received their \$50 seed deposit from Illinois First Steps. This includes **9,192** accounts that were opened in fiscal year 2025. As of June 30, 2025, Illinois First Steps has paid out \$927,800 to Illinois residents' Bright Start 529 and Bright Directions 529 accounts to jump-start families' college savings.

To compare enrollment across geographies, the Illinois State Treasurer's Office utilized five different regions of the state as delineated by the Illinois Department of Human Services (IDHS). Each region represents an aggregation of multiple Illinois counties, with the exception of Region 1, which solely represents Cook County.

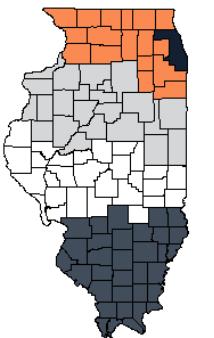
Of the 10,144 families who submitted an Illinois First Steps claim in fiscal year 2025, 52.6% reside in Region 1, 35.6% reside in Region 2, 5.9% reside in Region 3, 3.2% reside in Region 4, and 2.6% reside in Region 5<sup>(1)</sup>.

The Illinois State Treasurer's Office is dedicated to promoting college savings options to all Illinois residents. To understand the demographic breakdown of program participants, the Treasurer's Office used demographic information self-reported by parents to the Illinois Department of Public Health (IDPH). The Treasurer's Office then compared this data with U.S. Census demographic information for Illinois as a whole.

## Estimated Racial/Ethnic Composition of Illinois First Steps Participants and Illinois Births



## Illinois First Steps Claims by Geographic Region



Illinois Department of Human Services (IDHS) Regions

- Region 1: 52.6%
- Region 2: 35.6%
- Region 3: 5.9%
- Region 4: 3.2%
- Region 5: 2.6%

## Illinois First Steps Claims Submitted

Illinois First Steps Claims Submitted			
Geographic Region	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023
Region 1	52.6%	52.6%	55.6%
Region 2	35.6%	36.2%	34.7%
Region 3	5.9%	5.8%	5.4%
Region 4	3.2%	3.1%	2.6%
Region 5	2.6%	2.2%	1.8%
Total Claims Submitted	10,144*	8,442	1,248

\*10,144 represents the total Illinois First Steps claims submitted by families in fiscal year 2025. As of 6/30/2025, the number of Illinois First Steps claims approved and funded were 9,192. The remaining 952 claims were pending approval at the end of the fiscal year.

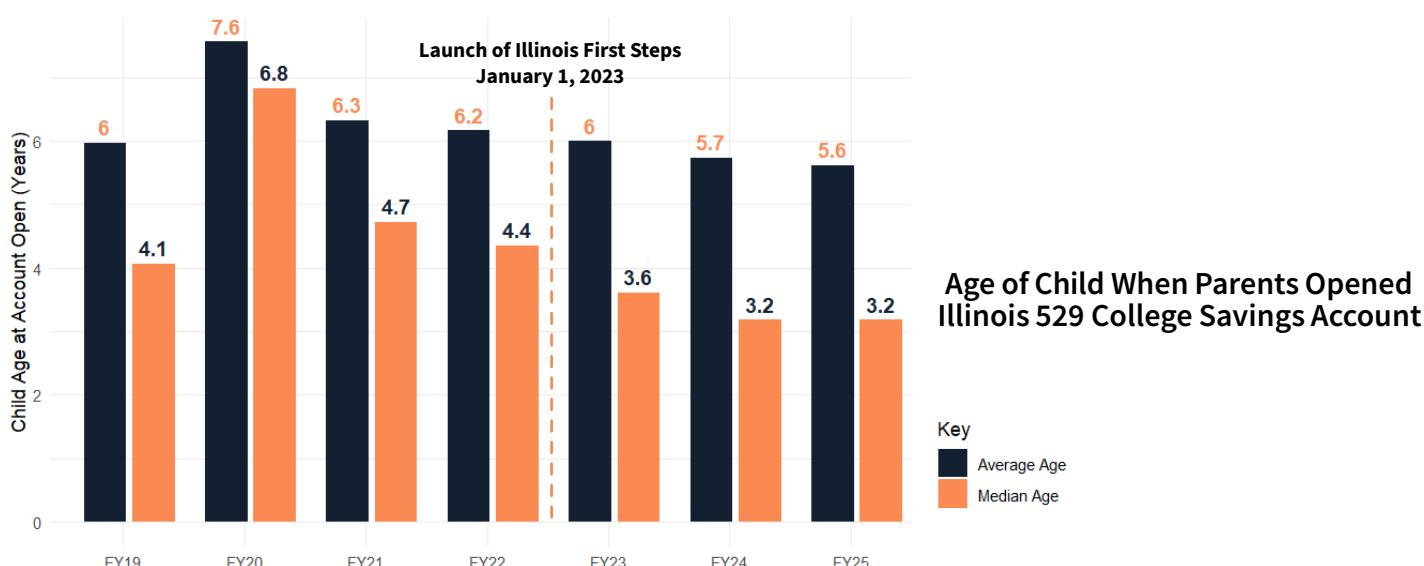
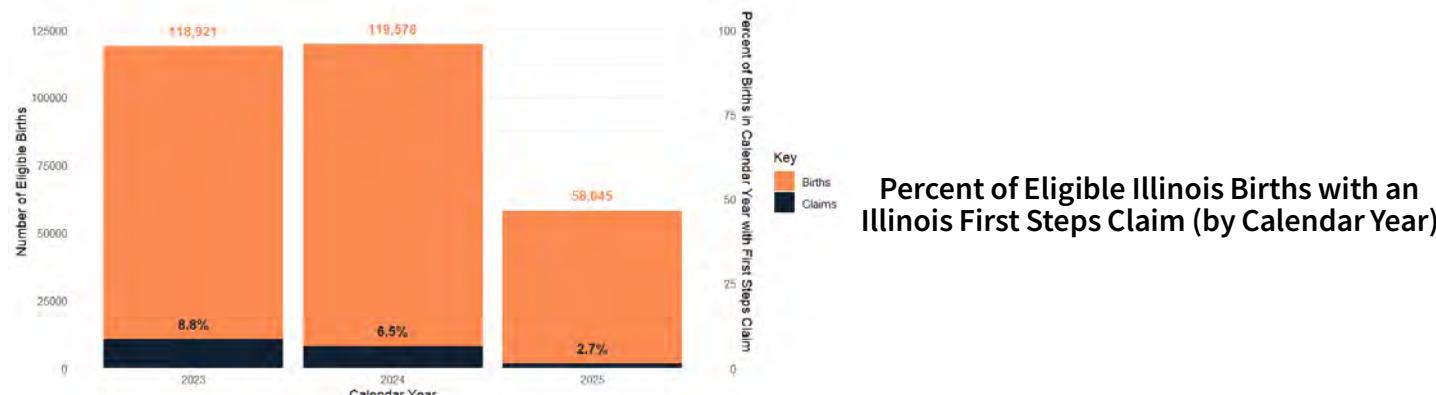
<sup>1</sup>Percentages do not sum to 100.0% due to rounding errors.

# Start Saving Early

A primary goal of Illinois First Steps is to encourage parents to start saving for higher education early in their child's life. In fiscal year 2025, **almost 9% of Illinois families with babies born in 2023 claimed their Illinois First Steps seed deposit and started saving for their child's future education.** The oldest of these children were 2½ years old as of June 30, 2025.

Since the 2023 launch of Illinois First Steps, the age of a child when parents opened an Illinois 529 college savings account has steadily dropped to an **average of 5.6 years old** and a **median of 3.2 years old**, indicating that parents are taking action to save for their child's education earlier than they historically have done.

Illinois resident parents or legal guardians with a child born or adopted in 2023 or later remain eligible for the Illinois First Steps seed deposit until the child's 10th birthday. The percentage of claims for each birth year is expected to continue to grow as more parents become aware of the program and open an Illinois 529 college savings account to claim their child's Illinois First Steps \$50 seed deposit.



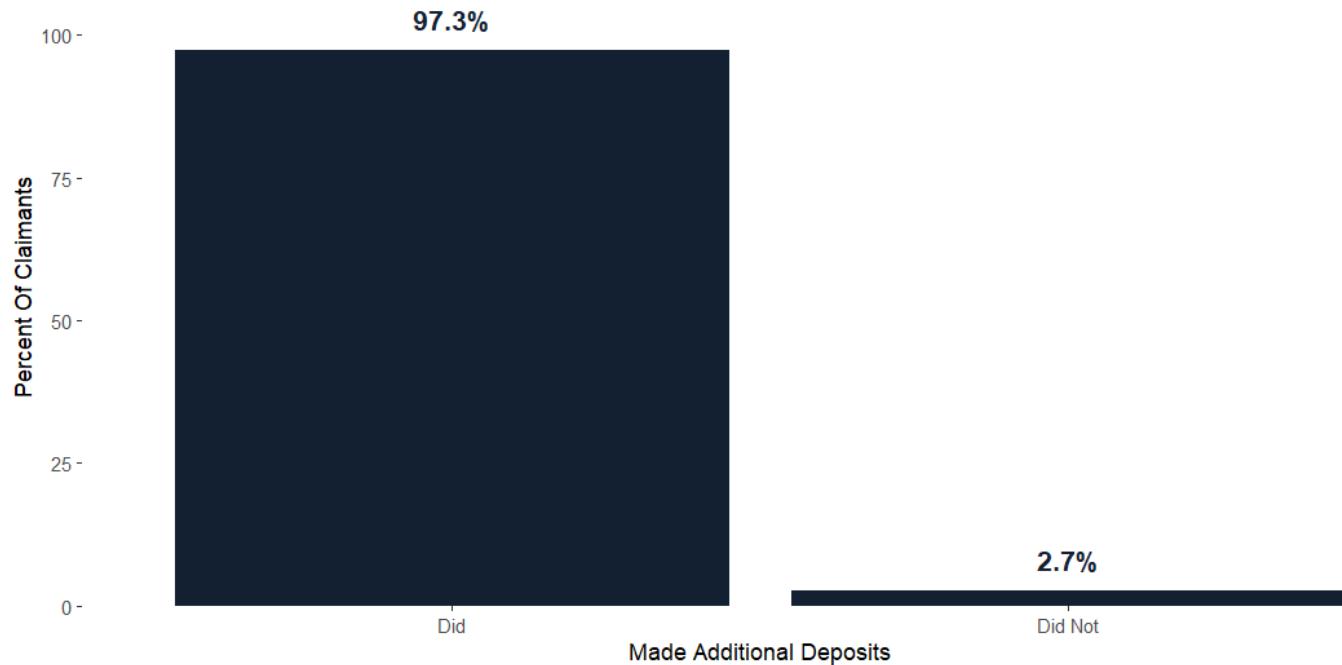
Discrepancies between counts and calculated values reported in previous Illinois First Steps Annual Reports and this report are due to recent changes in data sources and analytics processes.

# Encouraging Growth Across Illinois

Illinois First Steps provides a one-time \$50 seed deposit into the Illinois 529 college savings accounts of children born to or adopted by Illinois residents. No additional contribution is necessary to receive the Illinois First Steps seed deposit.

The \$50 seed deposit is a great place to start, but it's only the beginning of a family's college savings journey. Many Illinois families choose to add personal contributions towards their child's educational savings. **Of the 18,556 total approved and funded Illinois First Steps claims since the inception of the program, 97.3% of those families made personal contributions and deposited their own funds in addition to the \$50 seed deposit.**

Percent of Claimants Who Deposited Funds into Primary 529 Account in Addition to Seed Deposit



# Civic Engagement



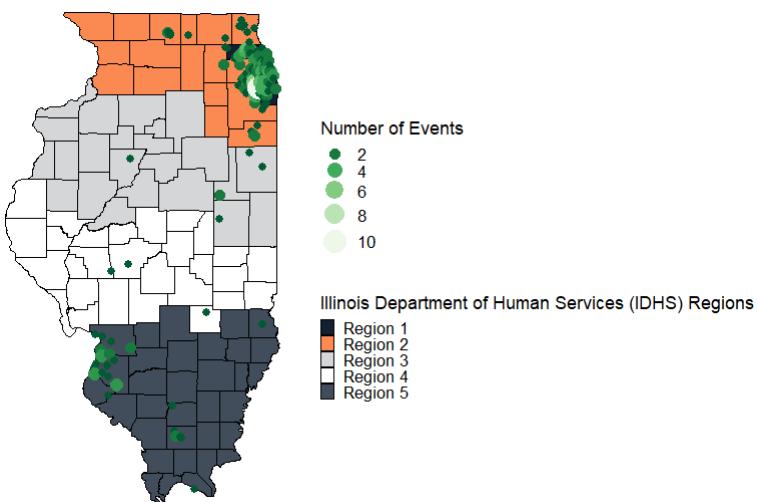
Photo: Chicago Prego Expo 2025

The Illinois State Treasurer's Office is dedicated to helping families learn about the Office's programs, including its college savings initiatives. In the 2025 fiscal year (between July 1, 2024, and June 30, 2025), the State Treasurer's Civic Engagement team delivered information about Illinois First Steps and Bright Start 529 at **313 events across Illinois**. These events included engagements at public libraries, community centers, chambers of commerce, hospitals, county health departments, and county fairs.

The Treasurer's College Savings Team has continued to focus on events presenting Illinois First Steps and Bright Start 529 at schools, local nonprofits, government agencies, and other community organizations. These have included The Prego Expo in Rosemont, Roseland Community Hospital, and The Annual Statewide Summit for Bilingual Parents in Arlington Heights.

Illinois First Steps is proud to work with community organizations across Illinois who share our excitement to promote the program to families. This fiscal year our office partnered with several children's museums, including Discovery Center Museum in Rockford, Chicago Children's Museum and Wonder Works Children's Museum in Oak Park.

## Our Office Events Across Illinois



Illinois First Steps has continued to partner with local nonprofit organizations and government agencies to foster awareness of the program. The Treasurer's Office looks forward to partnering with additional organizations and leveraging these collaborations to encourage families to claim their \$50 seed deposit from Illinois First Steps.



Photo: College Savings Event at the Discovery Center Museum in Rockford



**Visit us at [IllinoisFirstSteps.com](http://IllinoisFirstSteps.com)**

The Bright Start Direct-Sold College Savings Program (“Bright Start 529”) is sponsored by the State of Illinois and administered by the Illinois State Treasurer, as Trustee. TIAA-CREF Tuition Financing, Inc. (“TFI”) is a wholly owned, direct subsidiary of Teachers Insurance and Annuity Association of America (“TIAA”) and serves as the Plan Manager. TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, is a direct subsidiary of TIAA and serves as the primary distributor and underwriter for Bright Start 529. Please consider the investment objectives, risks, charges and expenses before investing in Bright Start 529. See the Plan Description at BrightStart.com and read it carefully before investing. None of the State of Illinois, the Bright Start College Savings Program Trust (the “Trust”), the Illinois College Savings Pool (the “Pool”), the Illinois State Treasurer, the Plan, the Federal Deposit Insurance Corporation, nor any other government agency or entity, nor any of the service providers to the Plan insure any Account or guarantee any rate of return or any interest on any contribution to the Plan (except as described below for investments in the FDIC-insured interest-bearing Deposit Account Underlying Investment). Your Account may lose value.

The Bright Directions College Savings Program is sponsored by the State of Illinois and administered by the Illinois State Treasurer, as Trustee. Union Bank and Trust Company serves as Program Manager and Northern Trust Securities, Inc., acts as Distributor. Union Bank and Trust Company is registered as a municipal advisor with the U.S. Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). Balances in your Bright Directions account are not guaranteed or insured by Bright Directions, the State of Illinois, the Illinois State Treasurer, any other state or federal agency, Union Bank and Trust Company or any of its affiliates, Northern Trust Securities, Inc. or any of its affiliates, the Federal Deposit Insurance Corporation (except as provided in the Program Disclosure Statement solely with respect to the FDIC-insured Bank Savings Underlying Investment), or any other entity. **An investor should consider the investment objectives, risks, and charges and expenses before investing. This and other important information such as qualified expenses, are contained in the Bright Directions Advisor-Guided 529 College Savings Program Disclosure Statement, which can be obtained from your financial professional or at [BrightDirections.com](http://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.**

Withdrawals for registered apprenticeship programs and student loans can be withdrawn free from federal and Illinois income tax. If you are not an Illinois taxpayer, these withdrawals may include recapture of tax deduction state income tax as well as penalties. You should talk to a qualified professional about how tax provisions affect your circumstances.

Check with your home state to learn if it offers tax or other benefits such as financial aid, scholarship funds or protection from creditors for investing in its own 529 plan.

**Not FDIC Insured\* / No Bank Guarantee / May Lose Value**

(\*Except for the Bank Savings Underlying Investment)



Illinois State Treasurer  
**MICHAEL FRERICHS**  
TRUSTEE & ADMINISTRATOR

**TIAA**  
Managed by TIAA-CREF  
Tuition Financing, Inc. (TFI)

**UBT**  
Union Bank & Trust  
Program Manager

**Northern Trust  
Securities, Inc.**  
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Claim Your \$50 from Illinois First Steps  
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