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CollegeCountsSM
529 FUND



Offered by the State of Alabama

UNION BANK
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Program Manager

Investment Products:
· Not FDIC Insured
· No Bank Guarantee
· May Lose Value

2010 ALABAMA TAX DEDUCTION REPORTING

As you file your taxes for 2010, keep in mind that your contributions to a CollegeCounts 529 Fund account are deductible for Alabama State Income tax purposes up to \$10,000 (\$5,000 for single filers)¹. Contributions to CollegeCounts can be reported on Form 40, Part 2, Line 8. Check with your tax professional and the Tax Center on our website for additional information regarding 2010 tax reporting.

¹A deduction, not to exceed \$5,000 per taxpayer, is allowed as an adjustment to income on the Alabama income tax return for contributions made to the CollegeCounts 529 Fund or the PACT Program. The deduction may equal an amount up to \$10,000 for married taxpayers filing a joint return where both taxpayers are making such contributions into the CollegeCounts 529 Fund or the PACT Program (closed to new investors)

INVEST YOUR TAX REFUND

If you will be receiving a Federal or State tax refund, consider depositing it into your CollegeCounts account. Your Alabama and Federal tax form will provide a section that allows you to have your refund deposited directly into a bank account.

Here is the information you will need:

Routing Number:

1	0	4	9	1	0	7	9	5
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Type of Account: Savings

Account #:

3	5	2	9						
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* after 3529 include your 9 or 10 digit CollegeCounts 529 Fund account number

2010 GIFT TAX REPORTING

As we also mentioned in the 4th Quarter Newsletter, if you made larger gifts for 2010 (ie: typically over \$13,000), make sure to mention them to your tax professional so they can determine if any special IRS filings are required. If you took advantage of the special 5-year front-loading election allowed for 529 plans, please notify your tax professional so they can prepare any necessary Gift Tax Return. **The due date for filing is April 18, 2011.**

INVEST FOR THE LONG TERM

We have seen volatility in the market over the last several months. With everything that is going on in the world today, there are a variety of factors that impact market performance. Keep in mind, the best investment strategy is to choose a risk level that you are comfortable sticking to in all types of markets. Invest for the long term.

GO GREEN – SAVE A TREE!

E-statements are a great way to simplify how you obtain your quarterly account updates. It's easy to sign up for e-delivery of your quarterly account statements as well as updates to the CollegeCounts Program Disclosure Statement and Financial Privacy policy when you access your account online. Once signed up, you will receive email notification from us that your statement (or updated plan document) is available. Simply log into your account to view your statement at any time! Easy for you and good for the environment!

ADDITIONAL FUNDING SOURCE FOR COLLEGE SAVERS

A recent decrease in the Social Security payroll tax for 2011 could mean additional dollars to allocate toward your CollegeCounts 529 Fund account for future college expenses. The federal government decreased the Social Security payroll tax from 6.2% to 4.2% for 2011. That means you should have more paycheck in 2011. Consider contributing that "extra" money into your CollegeCounts 529 Fund account with a new or increased Automatic Investment Plan. The extra 2% you contribute today may mean significant dollars for college expenses in the future. It's easy to start or increase an existing Automatic Investment Plan when you log into your account online.

CONTRIBUTE NOW FOR 2011

Now is a great time to make a contribution to your CollegeCounts 529 Fund account to take advantage of the 2011 Alabama State Income Tax Deduction. College costs continue to escalate. According to their "Trends in College Pricing 2010" report, the College Board found that expenses at Four-Year, Public, In-State Colleges increased 6.1% from the 2009-10 academic year to 2010-11. The increase for Four-Year, Private colleges was 4.3%. You are doing the smart thing by saving now for those future costs and we appreciate that you have chosen to invest with us. If you would like to make a contribution, or start/increase your Automatic Investment Plan, you can easily do so after logging into your account online. Please contact us if you need assistance getting logged in.

Thank you for investing
with CollegeCounts.