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### 2010 ALABAMA TAX DEDUCTION

If you haven't already, be sure to take advantage of the generous Alabama State Income Tax Deduction for contributions made to your CollegeCounts 529 Fund account. Contributors can deduct up to \$10,000 for contributions<sup>1</sup> made on or **before December 31, 2010**. Account owners can quickly and easily make contributions online. Don't put off your contributions – you only have until December 31st to make a contribution that qualifies for this year's tax deduction!

*<sup>1</sup>A 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).*

### 2010 GIFTS

The deadline to make a 2010 gift to a CollegeCounts 529 Fund account for Gift Tax purposes is December 31, 2010. We would recommend you make your contribution by December 24th in order to allow sufficient time for the check to clear your bank account before the end of the year. If you prefer, **you can also make a secure, online contribution after logging into your account instead of mailing a check**. The 2010 gift limit is \$13,000 for individuals or \$26,000 for married couples. If you accelerate your gift for the next 5 years, the limit goes up to \$65,000 for individuals or \$130,000 for married couples. Be sure to consult your tax professional with questions regarding large gifts to your account as well as any potential tax considerations.

### HOLIDAY GIFT IDEA

Encourage friends or family members to give your beneficiary the ultimate holiday gift – a contribution to the CollegeCounts 529 Fund. Parents/Grandparents may be looking for a unique gift idea that will truly benefit the recipient, and a contribution to their CollegeCounts account is a great way to help build savings for future college expenses. Gift cards and deposit coupons are both available online or by contacting us at 866 – 529 - 2228.

### E-STATEMENTS – SIGN UP TODAY

Go Paperless! Sign up **NOW** for CollegeCounts 529 Fund e-statements! Log into your account online to sign up. **Go Green and help the environment!**

### 2010 COLLEGE EXPENSES – TIME IS SHORT!

Be sure to match your qualified expenses and your withdrawals from your CollegeCounts 529 Fund account in the same calendar year for tax purposes. If you incurred any expenses in 2010 that you would like to withdraw funds for, be sure to complete the withdrawal before December 31st. If you have a bill due in 2011, we suggest you wait until after January 1st to request a withdrawal for that expense. **Online withdrawals are quick and easy!**

### AGE-BASED PORTFOLIOS

If you are invested in an Age-Based Portfolio, please review the following information. The CollegeCounts 529 Fund Age-Based Portfolios are designed to adjust as the account beneficiary gets closer to college age. As the beneficiary (ie: the future college student) gets older and closer to college age, the Age-Based Portfolios become more conservative in comparison to the portfolios in earlier years.

CollegeCounts offers 3 Age-Based Options ➔ an Aggressive, Moderate, and Conservative option. If you are in the Age-Based Portfolios please review the Transition Guide you received in June, the Program Disclosure Statement you received in July, the CollegeCounts web site, and review the back of this letter for additional details on the age-based tracks and the asset allocations.

If you are a conservative investor you may wish to consider the Age-Based Conservative Option. For Aggressive investors, the Plan offers the Age-Based Aggressive Option. The Moderate Age-Based Option is for those that do not fall on the Aggressive or the Conservative side.

Review your quarterly account statement for the asset allocation for your account. If you are uncomfortable with your investment mix, the IRS allows one investment change per calendar year.

Best wishes for a Happy & Safe Holiday Season!

CollegeCounts<sup>SM</sup>  
529 FUND



Offered by the State of Alabama

**UNION BANK**  
& TRUST COMPANY.

Program Manager

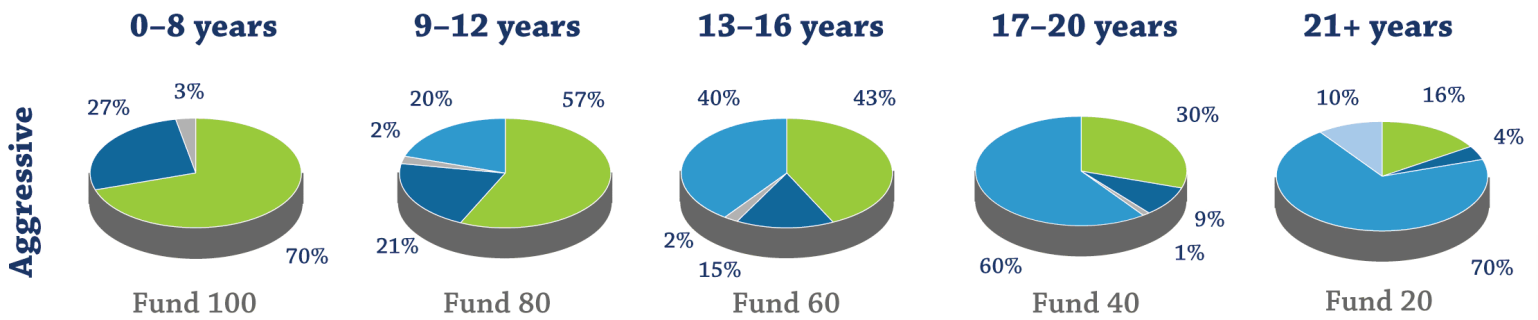
Investment Products:  
• Not FDIC Insured  
• No Bank Guarantee  
• May Lose Value

### AGE-BASED PORTFOLIOS

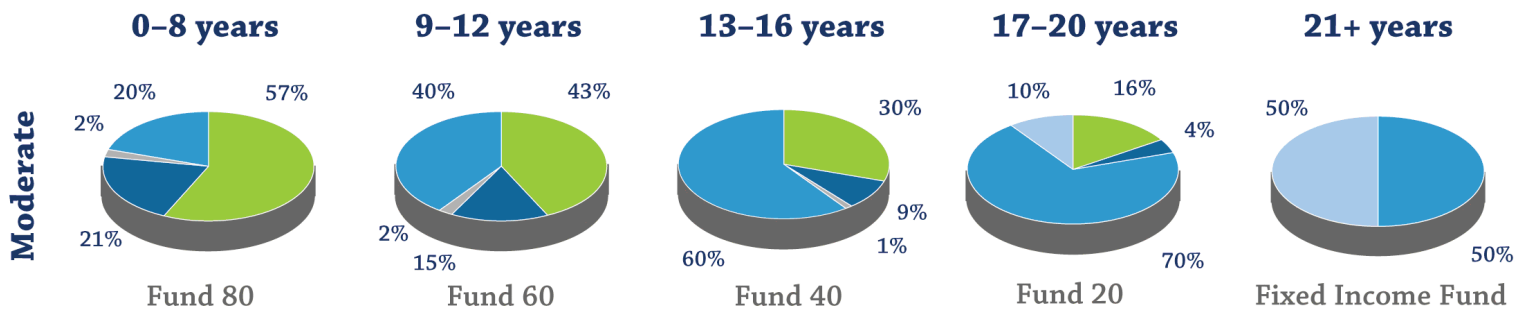
Among the multiple types of investment options offered by the CollegeCounts 529 Fund, there are 3 Age-Based Portfolio Options available. Review the "Portfolio Allocation" on the first page of your quarterly statement (lower left hand quadrant) for your current investment allocation (ie. Age-Based, Target, or Individual Funds).

**PLEASE NOTE:** The NEW CollegeCounts 529 Fund Age-Based Portfolios are not the same as the prior portfolios with Van Kampen/INVESCO. Please review the following information carefully and make sure you are comfortable with the new structure of the Age-Based Portfolios. If you would like to be more or less aggressive or more or less conservative you have that option with the multiple investment options offered by the plan. Review the Program Disclosure Statement, visit the Plan web site, or visit with your investment professional for additional details.

### AGGRESSIVE AGE- BASED PORTFOLIOS



### MODERATE AGE-BASED PORTFOLIOS



### CONSERVATIVE AGE-BASED PORTFOLIOS

