

# Inform

CollegeCounts<sup>SM</sup>  
Alabama's 529 Fund

4th Quarter 2012

## 2012 Morningstar Rankings

The CollegeCounts 529 Fund Direct Plan was very pleased to have been recognized with a Bronze Rating by Morningstar when their rankings were released in October. We are committed to offering an excellent 529 program to investors in Alabama and nationwide and were proud to have been recognized by Morningstar.

### Morningstar, October 2012:

*"Alabama's direct-sold CollegeCounts 529 plan dresses up more than the typical passive offering. In addition to the age-based tracks, the program also features an expansive set of static options from a variety of well-regarded firms such as Vanguard, PIMCO, and T. Rowe Price. Sophisticated investors can do a lot with this menu of options."*

## 2012 Alabama Tax Reporting

If you contributed to your account in 2012, up to \$10,000 of your contributions are deductible for Alabama tax purposes (\$5,000 for single filers). Keep in mind that any Alabama taxpayer who made a contribution to your account is eligible to take advantage of the Alabama income tax deduction. If

family members or friends made contributions to your account, be sure to remind them to tell their tax professional about their contribution. Please check with your tax professional and the Tax Center on the CollegeCounts website for additional information.

## 2012 Gift Tax Reporting

If you made larger gifts in 2012 (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 15, 2013.**

## Black Friday Giveaway Winners

Congratulations to the following winners of the CollegeCounts Black Friday Giveaway:

Jasmine from Birmingham, AL

Christopher from Birmingham, AL

Each will receive a \$529 contribution to a new or existing CollegeCounts 529 Fund account!



Offered by the  
State of Alabama

**UNION BANK**  
& TRUST COMPANY.  
Program Manager

## 5 Cap Rating for CollegeCounts!

For Alabama residents, the CollegeCounts 529 earned a 5-cap rating (the highest rating obtainable) from Savingforcollege.com. Savingforcollege.com is an independent rating agency and provider of 529 information. Here is how Savingforcollege identifies a 5-cap plan:

*This is a program that offers outstanding flexibility, attractive investments, and additional economic benefits (such as generous state tax incentives) that for some people, at least, will provide a substantial boost to their savings. There are few, if any, weaknesses noted in the program.*

## CollegeCounts Scholarship

Do you know a High School Senior or first-time College Freshman? Encourage them to apply for the CollegeCounts Scholarship. The application period runs from January 2 – March 7, 2013 for the 2013-14 school year. For more information about the scholarship program and eligibility requirements, please visit:

[CollegeCountsAlabama.com](http://CollegeCountsAlabama.com)

*Best Wishes for the  
New Year!*

866.529.2228 • PO Box 85290 • Lincoln, NE 68501-5290

CollegeCounts529.com

## Invest Your Tax Refund

If you will be receiving a Federal or State tax refund, consider depositing it into your CollegeCounts 529 Fund 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:

104910795

Type of Account: **Savings**

Account #:

3529

\* after 3529 include your 9 or 10 digit CollegeCounts 529 Fund account number

## Withdrawals in 2012 (IRS Form 1099-Q)

IRS Form 1099-Q will be mailed to any recipients of a 2012 withdrawal from a CollegeCounts account by the end of January 2013. If you requested a withdrawal in 2012, watch for your 1099-Q to arrive in late January or early February. If the distribution was payable to the account owner, the 1099-Q will be sent to the account owner. If funds were paid to the beneficiary or to the college directly, the beneficiary will receive the 1099-Q.

We recommend that you keep your college expense invoices and receipts with your tax papers in the event there are ever any questions about your withdrawal. If the distribution was for a qualified higher education expense, you should not need to report it when you file your 2012 taxes. If the withdrawal was non-qualified, the earnings portion that is provided on the 1099-Q would be reported as income and would incur a 10% penalty tax and be subject to the Alabama recapture provisions. You should consult your tax professional for more information or advice.

## Gift Tax Limit Increase

Keep in mind that the Gift Tax limit has increased for 2013. Starting January 1, 2013, individuals can make a gift of up to \$14,000 per year (\$28,000 if married filing jointly). As a result the limits for the special 5-year front-loading gift election allowed for 529 plans have also increased. The new 5-year gift limits are \$70,000 or \$140,000 if married filing jointly. We recommend that you discuss any plans to make a large gift with your tax professional in detail in order to ensure you are aware of any potential tax requirements or considerations.

## Manage your account online

It's an easy, convenient and secure way to manage your account whenever it works for you! You can log into your CollegeCounts account at any time to:

- Make a one-time Contribution
- Establish an Automatic Investment Plan
- Withdraw Funds
- Change your investment option
- Update your address
- View statements or transaction history

## Thank you for investing with CollegeCounts!

The CollegeCounts 529 Fund is a qualified tuition program under Section 529 of the Internal Revenue Code that is sponsored by the state of Alabama and administered by the Board of Trustees of the ACES Trust Fund (the "Trust" and plan issuer). Union Bank & Trust Company serves as Program Manager, and Northern Trust Securities, Inc., acts as Distributor of the Advisor Plan. Accounts and investments under the CollegeCounts 529 Fund are not insured or guaranteed by the FDIC, the State of Alabama, the State Treasurer of Alabama, the Board, the Trust, the Program, Union Bank & Trust Company, Northern Trust Securities, Inc., or any other entity.

**Before investing, you should consider the investment objectives, risks, fees, expenses, and tax consequences associated with the Program. All of this information is contained in the Program Disclosure Statement. Please read it carefully before investing. For a copy, call 866.529.2228, visit the plan website, or contact your investment professional.**

**If you or your beneficiary is not an Alabama resident, consider whether your home state or the home state of your designated beneficiary offers a qualified tuition program that provides a state tax deduction or other benefits to residents who invest in that program.**

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

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