**FINAL TAX REMINDERS**

Don’t forget to report your 2015 contributions to CollegeCounts in order to take advantage of the Alabama state income tax deduction. Contributions postmarked on or before December 31st can be deducted up to $5,000 for individuals or up to $10,000 if married and filing jointly. Any contributions postmarked in 2015 but invested in January will appear on your enclosed 1st Quarter 2016 statement as a “Prior Year Contribution.” Don’t forget to include those “Prior Year Contributions” for 2015 tax deduction purposes.

Keep in mind that contributions to CollegeCounts don’t generate any tax forms for the Alabama state income tax deduction – simply report your total contributions on Alabama Form 40, Part II, Line 8.

Make sure to inform your tax professional if you elected to make a large gift in 2015 (typically over $14,000 for individuals or $28,000 for married couples). If you took advantage of the special 5-year front-loading gift election allowed for 529 plans, you are typically required to file Form 709 to have a large gift to a 529 account split over a 5 year period.

If you will be receiving a 2015 tax refund, you can direct all or a portion of the refund to be invested in your CollegeCounts account. Visit the “Tax Center” on CollegeCounts529.com and select the “Invest Your Tax Refund” link for more information and instructions.

Additional tax information can be found in the 4th Quarter 2015 Newsletter and the Tax Center at CollegeCounts529.com.

**2015 WITHDRAWAL REPORTING**

In January, CollegeCounts mailed IRS Form 1099-Q to the recipient of any withdrawals requested in 2015. If the withdrawal was payable to the Account Owner, the Owner would have received the 1099-Q. For any withdrawals payable to the Beneficiary or a school, the Beneficiary would have received the 1099-Q. We recommend that you discuss any withdrawal reporting requirements with your tax professional. We also recommend that you retain all documentation of your qualified higher education expenses with your tax paperwork.

**COLLEGECOUNTS SCHOLARSHIP**

CollegeCounts is proud to sponsor a scholarship for Alabama residents who are first-time college freshman attending Alabama colleges. We are committed to helping students achieve their dream of obtaining a college education! Need-based scholarships of $4,000 for students attending a 4-year college or $2,000 for students attending a 2-year college will be awarded this spring for students entering college in fall 2016. Be sure to visit the scholarship website – CollegeCountsAlabama.com – for more information or to submit an application. The application deadline is April 22, 2016.

**COLLEGECOUNTS FINANCIALS**

Each year an independent accounting firm performs an audit of the CollegeCounts 529 Fund financial statements. You can view the latest audited financial statements at CollegeCounts529.com under “Where Can I Obtain a Copy of the Audited Financial Statements?” in the FAQ section.
IMPORTANT 529 TAX LAW CHANGES

As previously communicated with your December 31, 2015 quarterly account statement and on the CollegeCounts web site – several changes to the rules governing 529 plans were enacted in late December 2015. The IRS has now provided additional guidance regarding the “Computation of Earnings” for 2015 tax reporting purposes. These changes are described below, and they are effective as of the beginning of 2015.

Computation of Earnings—multiple accounts with the same account owner and beneficiary are no longer required to be aggregated for tax reporting purposes. This change impacts how the earnings portion of a distribution is calculated, and how the 1099-Q reports such information.

For calendar year 2015, the Treasury Department and the IRS are providing transition relief for the computation of earnings in connection with distributions from 529 accounts. Based on this relief, CollegeCounts and many other 529 plans, calculated and reported the earnings in connection with distributions for 2015 on an aggregated basis.

Qualified Expenses Expanded—effective for taxable years beginning after December 31, 2014, the definition of qualified higher education expenses is expanded to include: expenses for the purchase of any computer and any related peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution.

Special Rule for Contributions of Refunded Amounts—refunds of any qualified higher education expenses from an eligible educational institution are excludable from gross income if contributed within 60 days (after the date of such refund) back into the 529 account. This provision is effective with respect to refunds of qualified higher education expenses after December 31, 2014 but only to the extent that such refunds are re-contributed to a qualified tuition program within 60 days of the date of the refund, or within 60 days of December 18, 2015, whichever is later. Thus, amounts refunded in 2015 before December 18, 2015, needed to be recontributed no later than February 16, 2016.

529 DAY

Every year on May 29th (5/29), CollegeCounts celebrates “529 Day!” Be sure to “Like” us on Facebook to get updates on our plans for the festivities in 2016. You’ll also see college savings related articles and helpful tips when you follow our page. Find us at facebook.com/CollegeCounts to stay connected!