

## 3RD QUARTER 2016

### CONTRIBUTE NOW FOR ALABAMA TAX BENEFITS

The state of Alabama offers taxpayers a generous tax deduction for contributions made to CollegeCounts each year. Taxpayers can deduct up to \$5,000 in contributions to the plan, and up to \$10,000 if married and filing jointly where both taxpayers contribute. In order to take advantage of the tax deduction for 2016, contributions must be made online or postmarked by December 31, 2016. Don't delay in making your contribution for this year—log in to your account at [CollegeCounts529.com](http://CollegeCounts529.com) and make your 2016 contribution now.

If you plan to make any large gifts (up to \$14,000 for single filers or \$28,000 for joint filers) to CollegeCounts in 2016, we recommend making those contributions prior to December 23rd to allow enough time for the funds to clear your bank account prior to the end of the year. Be sure to consult your financial or tax professional regarding any gifting you plan to do.

### ADD COLLEGE COUNTS TO YOUR HOLIDAY WISH LIST

A contribution to CollegeCounts makes a wonderful gift for your beneficiary. Don't forget to let your family and friends know that a contribution to your CollegeCounts account is on your beneficiary's holiday

wish list. The GiftED feature on our website is a great tool to help spread the word to your loved ones. Simply log in to your account at [CollegeCounts529.com](http://CollegeCounts529.com) and select the "Gifting" link to get started. Keep in mind that every Alabama taxpayer is eligible for the state income tax deduction for contributions up to \$5,000 per taxpayer, or \$10,000 if married and filing jointly where both spouses contribute—so a gift to your account will also benefit the contributor. GiftED will track all contributions so you know the name of the contributor as well as the date and amount of their contribution. Take a little stress out of shopping for gifts this year, and use GiftED to add a meaningful gift idea to your beneficiary's wish list—the gift of a college education.

### ROLLOVERS ELIGIBLE FOR ALABAMA TAX DEDUCTION

If you have invested in an out-of-state 529 plan, you can request a rollover to your CollegeCounts account in order to take advantage of the Alabama State Income Tax Deduction. The amount of the rollover is eligible for the deduction up to \$5,000 per taxpayer and \$10,000 if married filing jointly and both spouses contribute. Keep in mind that the IRS allows a rollover only once every 12 months (unless the beneficiary is changed to a member of the family). The account owner is eligible for the tax deduction after the check has been deposited to the CollegeCounts account—not when the rollover is requested. Make sure to

act now. If you would like to complete a rollover to CollegeCounts in 2016 and have questions about the process, please contact us before the year winds down.

### 2016 WITHDRAWALS

We recommend that account owners match their college expenses and withdrawals from their CollegeCounts accounts in the same calendar year for tax purposes. Account owners should request withdrawals for any 2016 expenses prior to December 31, 2016. It's easy to request a withdrawal from your account through our secure online access at [CollegeCounts529.com](http://CollegeCounts529.com). After logging in, simply select the "Withdraw" button to request funds. Make sure you keep good documentation of your expenses in the event you need it for IRS reporting in the future.

### COLLEGE COUNTS INVESTMENT OPTION ENHANCEMENTS

CollegeCounts is committed to offering investors a cost-effective, attractive way to save for college expenses, and part of this approach includes regular program reviews for potential enhancements. As a result of this process, CollegeCounts has enhanced the investment structure by expanding the number of age bands in the Age-Based options and updated the underlying asset allocations of the Target and Age-Based Portfolios. The number of age bands in each of the Age-Based investment options has increased from five to nine. The additional

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WHAT'S NEXT

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Offered by the  
State of Alabama

UBT 529 SERVICES, a division of

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Union Bank & Trust  
Program Manager

age bands further smooth the glide path the beneficiary travels from the time the account is established through college.

More detailed information about the changes was mailed to all Account Owners in early September and can be found at [CollegeCounts529.com](http://CollegeCounts529.com). The changes were made automatically to accounts on September 28, 2016 with no action required of the account owner. Because the changes were made by CollegeCounts, they do not count as one of the two investment changes allowed by the IRS annually.

If you have any questions about the recent changes, please don't hesitate to contact our Customer Care Center at (866) 529-2228 from 7:30 AM to 6:00 PM, CST, Monday through Friday.

## UPDATED PROGRAM DISCLOSURE STATEMENT

CollegeCounts has updated our Program Disclosure Statement as of September 28, 2016. The updates include the enhanced Age-Based and Target Portfolios, the new glide paths, updated underlying mutual fund information, fees, performance, and other updates. In addition, the maximum account balance limit was increased from \$350,000 to \$400,000. The new Program Disclosure Statement was emailed to all account owners who have signed up for e-delivery

of plan documents. A paper copy was mailed to all other account owners. Please review the updated Program Disclosure Statement, and keep it with your other CollegeCounts papers. You can also review the updated Program Disclosure Statement at [CollegeCounts529.com](http://CollegeCounts529.com).

## RECONTRIBUTE COLLEGE REFUNDS

If your student's class schedule changes and you receive a refund from the college, keep in mind that you can recontribute that refund to your CollegeCounts account within 60 days of the date of the refund. If you choose to reinvest a refund into your CollegeCounts account, simply mail the check to us and include a copy of a statement from the student account that documents the refund date and amount. We will reinvest the funds so they can be used for other qualified higher education expenses your beneficiary may have in the future.

## COLLEGE COUNTS SCHOLARSHIP

CollegeCounts is proud to sponsor a scholarship for Alabama residents who are first-time college freshmen 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 next spring for students entering college fall 2017. The Scholarship application will open December 1, 2016 with a deadline of March 1, 2017. So please share this information with high school seniors that you know. Visit [treasury.alabama.gov/collegecounts-scholarship](http://treasury.alabama.gov/collegecounts-scholarship) for more information or to submit an application.

*The CollegeCounts 529 Fund is a qualified tuition program under Section 529 of the Internal Revenue Code that is offered by the State of Alabama, administered by the Board of Trustees of the ACES Trust Fund (the "Trust" and plan issuer), marketed as the CollegeCounts 529 Fund, and Union Bank & Trust Company serves as Program Manager. Accounts and investments under the CollegeCounts 529 Fund are not insured or guaranteed by the FDIC, the State of Alabama, the State of Alabama Treasurer, the Board, the Trust, the Program, Union Bank & Trust Company, or any other entity. Investment returns are not guaranteed, and you could lose money by investing in the Plan.*

*An investor should consider the investment objectives, risks, and charges and expenses associated with municipal fund securities before investing. This and other important information is contained in the fund prospectuses and the CollegeCounts 529 Fund Program Disclosure Statement (issuer's official statement), which can be obtained by calling 866.529.2228 and at [CollegeCounts529.com](http://CollegeCounts529.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.*

*An investor should consider, before investing, whether the investor's or designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's 529 plan. Investors should consult a tax advisor for investments in such state's qualified tuition program.*

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

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