

2ND QUARTER 2017

WITHDRAWAL REMINDERS

Summer is in full swing, and we hope you are enjoying all the fun and sun this time of year brings! It's hard to believe school will begin in just a few short weeks. If your beneficiary will be a college freshman or a returning college student, here is the important information to remember as you prepare to use your CollegeCounts account to pay for first semester expenses:

- *Qualified Expenses include tuition, fees, books, supplies, equipment required for enrollment, certain room and board expenses for students enrolled at least half-time, a computer or peripheral equipment, computer software, Internet access and related services, and certain expenses for special needs services.*
- *It's easy to request a withdrawal through our secure online access at **CollegeCounts529.com**. Log in and walk through the simple steps in a matter of minutes.*
- *Payments can be issued to the account owner, account owner's bank account, beneficiary, or directly to the school.*
- *Allow sufficient time for the withdrawal to be completed and to receive funds. We process distribution requests very quickly – typically the same business day if the request is received prior to 3 p.m. CT. Please allow additional time for checks to arrive by mail and for the school to process the payment.*
- *Keep all receipts, invoices, or other documentation of your expenses in the event you need proof of your expenses.*

- *For tax reporting purposes, we recommend that you match expenses and withdrawals from your account in the same calendar year.*
- *A refund from a college can be redeposited into a 529 account for the same beneficiary within 60 days of the refund date.*

If you have questions about your account or the withdrawal process, please don't hesitate to reach out to the CollegeCounts Customer Care Center at **866.529.2228** from 7:30 AM to 6:00 PM, CT, Monday through Friday.

WHAT COLLEGES ARE COVERED?

For purposes of a 529 plan, an eligible educational institution is any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the U.S. Department of Education. It includes virtually all accredited public, nonprofit, and proprietary (privately owned profit-making) postsecondary institutions. The educational institution should be able to tell you if it is an eligible educational institution. Certain educational institutions located outside the United States also participate in the U.S. Department of Education's Federal Student Aid (FSA) programs. (Source: 2016 IRS Publication 970).

You can search for eligible schools at **CollegeCounts529.com** by selecting "Which schools are eligible institutions" under our FAQ tab.



5/29 DAY GIVEAWAY

Thank you to everyone who entered the CollegeCounts 5/29 Day Giveaway! Alabama families who welcomed a baby during the month of May were eligible to enter the promotion. The deadline to enter was July 1, 2017 at 5 p.m. CT, and winners will be drawn by July 14. Thirty-one winners will receive a \$529 contribution to a CollegeCounts 529 account to start saving for their baby's future.

Congratulations to all new parents. We are excited as these families look to kick off their college savings efforts for their newborns with CollegeCounts!

INVEST *in*
WHAT'S NEXT

COLLEGECOUNTS529.COM | 866.529.2228



Offered by the
State of Alabama

UBT 529 SERVICES, a division of

UBT
Union Bank & Trust
Program Manager

BENEFITS OF AN AUTOMATIC INVESTMENT PLAN

CollegeCounts offers investors an easy way to save for future college expenses via an Automatic Investment Plan. You can set up a recurring automatic contribution from your bank account to your CollegeCounts account for any amount. While a monthly contribution is the most popular option, you can also contribute weekly, twice a month, quarterly, semi-annually, or annually.

A benefit of a recurring contribution is dollar cost averaging. Rather than trying to time your investments to beat the market - which is difficult to do - an automatic investment plan ensures you are making regular purchases during all market cycles. This method of contributing typically results in purchasing an average of more shares at a lower cost than making one lump sum contribution. Another benefit is that an automatic investment plan ensures dollars will be invested for your beneficiary's future college expenses without any effort or reminders.

It's easy to set up an automatic investment plan after logging into your account online at CollegeCounts529.com or by completing the appropriate form. If you are already contributing automatically, you can easily manage your contribution amount, date, and bank information online as well. You have the flexibility to increase your contributions or make other changes after logging into our secure website. Setting up an automatic investment plan gives you more control and

flexibility with your savings. Log on today to set up or increase your contributions. Don't hesitate to reach out to us at **866.529.2228** with any questions.

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 FAQs.

MARKETS

Since the market lows of 2008 & 2009, the markets have steadily climbed to reach all-time, record-setting highs. This eight-year streak is one of the longest in the history of the U.S. markets. While we all hope that the performance of the markets continues at this remarkable pace, we should also be prepared for market volatility.

We recommend taking a couple of steps to ensure that you are prepared for whatever the future may bring. First, make sure that your current investment option meets your expectations and comfort level in terms of risk tolerance. We encourage you to match your investment option to your long-term investment goals. It should be an investment that you are comfortable with when the markets are performing in a positive manner as well as when there is a market pullback. CollegeCounts offers over 30 different investment options to meet the needs of investors in different

stages of the college savings cycle. The age-based portfolios are popular because they automatically become more conservative as the beneficiary grows older. Second, continue to make regular contributions to your CollegeCounts account. While we cannot control what happens in the markets, we can set achievable goals regarding how much and how often we are investing for important, future college expenses. Stay the course. Continue to invest even in down markets, and continue to save for the future.

COLLEGECOUNTS FEEDBACK

CollegeCounts is dedicated to providing outstanding customer service. We want to ensure that each time you contact us, you receive prompt, knowledgeable, and friendly service from our 529 Customer Care Specialists. To ensure a continuous high level of service, we ask CollegeCounts account owners to offer feedback on the level of our customer service, commonly known as mystery shoppers. Mystery shoppers are asked to complete a brief survey each quarter regarding the service they receive when contacting us by phone and are paid for each shop they complete. If you are interested in participating as a shopper or if you have any questions about the program, Cross Financial Group will provide you with a full information package about the benefits of the program. You can contact Cross Financial Group at shopping@crossfinancial.com (please reference CollegeCounts in your email).

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 or from the plan's website 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.

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 and administered by the Board of Trustees of the ACES Trust Fund (the "Trust" and plan issuer).

1 Individuals who file an Alabama state income tax return are eligible to deduct for Alabama state income tax purposes up to \$5,000 per tax year (\$10,000 for married taxpayers filing jointly if both contribute) for total combined contributions to the Plan and other State of Alabama 529 programs. The contributions made to such qualifying plans are deductible on the tax return of the contributing taxpayer for the tax year in which the contributions are made. In the event of a Nonqualified Withdrawal from the Plan, for Alabama state income tax purposes, an amount must be added back to the income of the contributing taxpayer in an amount of the Nonqualified Withdrawal plus ten percent (10%) of such amount withdrawn. Such amount will be added back to the income of the contributing taxpayer in the tax year that the Nonqualified Withdrawal was distributed. Please consult with your tax professional.

2 Qualified higher education expenses include tuition, fees, books, supplies, and equipment required for enrollment or attendance; certain room and board expenses incurred by students who are enrolled at least half-time; the purchase of computer or peripheral equipment, computer software, or Internet access and related services, if used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution; and certain expenses for special needs services needed by a special needs beneficiary.