

1ST QUARTER 2018

FINAL 2017 TAX REMINDERS

With April 17th quickly approaching, the following are some final tax-related reminders as you file your 2017 taxes:

- Contributions made to CollegeCounts in 2017 can be deducted on 2017 Alabama state income tax returns up to \$5,000 (up to \$10,000 for those married and filing jointly where both spouses contributed)¹
- To take advantage of the Alabama State Income Tax Deduction, simply report your 2017 contributions on Form 40, Part II, Line 8.
- Contributions mailed with a 2017 postmark or initiated online in late 2017 but invested in early 2018 have a description of "Prior Year Contribution" on the 1st Quarter statement. With proper documentation, it is our understanding that "Prior Year Contributions" may be eligible for the 2017 state income tax deduction.
- You can elect to have all or a portion of your 2017 tax refund invested in your CollegeCounts account. Visit the "Tax Center" at CollegeCounts529.com and select the "Invest Your Federal or State Tax Refund" link for more information and instructions.
- Work with your tax professional to file Form 709 for any 2017 gifts to a beneficiary over the 2017 annual gift tax exclusion limit of \$14,000 (\$28,000 for married couples).
- Keep in mind that the annual gift tax exclusion limit was increased to \$15,000 (\$30,000 for married couples) as of January 1, 2018.
- Tax Form 1099-Q was issued in January for any withdrawals requested in 2017. If the withdrawal was paid to the Beneficiary or college, the Beneficiary received the tax form.
- Be sure to consult your tax professional with any questions regarding tax filing requirements for contributions to or withdrawals from your CollegeCounts account.

529 DAY ON MAY 29TH

May 29th is one of our favorite days of the year – it's 529 Day! If you don't currently follow CollegeCounts on Facebook, be sure to "Like" our page to receive information about the exciting things we will be doing to celebrate our favorite holiday. We continually update our Facebook page with helpful articles, videos and tools that you can utilize at all stages of your college savings journey. Stay in touch with us and watch for more details about our 529 Day festivities!

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 by selecting "Where Can I Obtain a Copy of the Audited Financial Statements?" under the FAQ section at CollegeCounts529.com.

INVEST *in*
WHAT'S NEXT

COLLEGECOUNTS529.COM | 866.529.2228



Offered by the
State of Alabama

UBT 529 SERVICES, a division of

UBT
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Program Manager

Market Update

After an amazing stretch of performance for the markets over the last 9 years, 2018 has started on a more unpredictable note. From October 2016 through January 2018, the S&P 500 rallied for positive returns each month – the longest streak in the history of the S&P. That streak unfortunately came to an end in February when the S&P pulled back slightly. Therefore, we encourage investors to carefully select their investment option based on their long-term investment objectives. Taking a long-term approach to investing helps alleviate concerns when the markets experience periods of unpredictability. CollegeCounts offers a variety of investment options to meet the varied needs of many types of investors. We recommend that you review your account and investment option periodically to ensure it continues to match your investment goals as they change over time. We offer a Risk Tolerance Questionnaire under the “Investment Options” link at CollegeCounts529.com that can help you better understand your personal risk tolerance with a few simple questions.

CollegeCounts 529 Rewards Visa

If you're looking for a unique way to invest additional dollars in CollegeCounts, you might consider applying for the CollegeCounts 529 Rewards Visa. The card offers a 1.529% reward on purchases. Rewards can be invested in up to three CollegeCounts accounts². For those who pay off their credit card balance each month, you can invest more in your CollegeCounts account without changing your spending habits or taking more out of your monthly budget. Visit the “Plan Benefits” tab at CollegeCounts529.com for more information and to apply online.

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.



Graduation Gift Idea

Spring is here and graduation season is right around the corner. Contributions to a CollegeCounts account make a great gift for a graduate at any level. Consider making a contribution for your Preschool or Kindergarten graduate as a special way to recognize their achievements so far! Middle and High School graduates will have a better understanding and appreciation of a gift toward their future education expenses. CollegeCounts makes giving easy! Account Owners can send email invitations to family members or friends who are interested in making a gift contribution. The recipient can easily make an electronic contribution or mail us a check. We also offer a variety of greeting cards for download at CollegeCounts529.com or that can be ordered by contacting us. Let the special graduate in your life know that you are helping them prepare for their future education needs by investing with CollegeCounts! Congratulations to all graduates in the class of 2018!

Smart Art Contest Winners

In late 2017, CollegeCounts sponsored the Smart Art Contest across the state of Alabama. Fourth grade students were asked to write a short essay about what they want to be when they grow up and draw a picture of their future career goals.

We received creative submissions from 51 school districts throughout Alabama! In January, the three grand prize winners of the Smart Art Contest were announced. Congratulations to Holland, Lily, and Jakiiyla for their winning drawings and essays! They each won a \$529 contribution to a CollegeCounts account to help them achieve their future goals. In addition, forty-eight finalists from the participating school districts each won a \$100 contribution to a CollegeCounts account. We want to extend our thanks to all the participating schools and students! Our sincere hope is that each of those students can realize their dreams!

Successor Account Owners

A Successor Account Owner plays an important role for a CollegeCounts account. If the Account Owner passes away, the named Successor Account Owner will be the individual to take over ownership of the account. If a Successor Account Owner is not named, the Personal Representative or Executor of the Account Owner's estate will be required to name a new Account Owner. To ensure that your account is handled according to your wishes after you pass away, we recommend that you name a Successor Account Owner. It is also a good idea to review the Successor Account Owner from time to time to make sure the person you originally select continues to be the most appropriate person for that role. You can review the name of your Successor Account Owner by logging into your account online at CollegeCounts529.com or by contacting us by phone.

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 Subject to credit approval. Full details appear in the CollegeCounts 529 College Savings Visa® Card Brochure, Application, Credit Disclosures, Agreement, and Rewards Program Terms and Conditions. The card is administered and issued by Union Bank & Trust Company pursuant to a license from Visa® U.S.A. All terms, including reward points, fees, and APRs for transactions, may be subject to change. Net purchases are defined as the dollar value of goods and services purchased with a card beginning with the first day of the billing cycle that includes the cardholder's enrollment date minus any credits, returns, or other adjustments as reflected on the monthly billing statement. Rewards of at least \$50 must accumulate for an automatic transfer to the designated CollegeCounts 529 account(s) each quarter.