

1ST QUARTER 2019

## Final Tax Reminders

With tax season drawing to a close, here are some final tax-related reminders for CollegeCounts owners and contributors. Please visit our Tax Center at [CollegeCounts529.com](http://CollegeCounts529.com) for more information, and be sure to **discuss any tax-related questions with your tax professional.**

## Alabama Tax Deduction

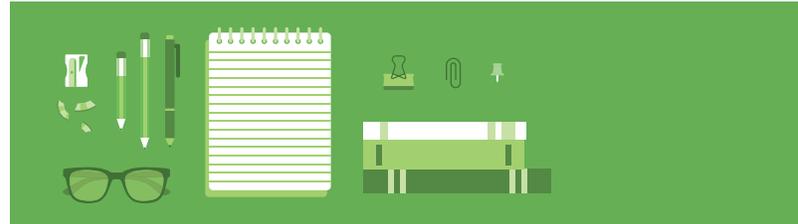
- 2018 contributions to CollegeCounts can be deducted on Alabama Form 40, Part II, Line 8 up to \$5,000 for single filers (up to \$10,000 if married, filing jointly when both spouses contribute)<sup>1</sup>.
- If you mailed a contribution with a 2018 postmark that was invested in early January 2019, it will appear on the 1st Quarter 2019 statement as a "Prior Year Contribution." It is our understanding that a "Prior Year Contribution" is eligible for 2018 tax deduction purposes.
- The contribution deadline for a 2018 state income tax deduction was December 31, 2018. Contribute now to take advantage of the Alabama state income tax deduction for 2019!

## 2018 Withdrawals

- Tax Form 1099-Q was mailed in January if a withdrawal was requested in 2018.
- Keep all documentation of your qualified expenses<sup>2</sup> in the event of questions from the IRS or Department of Revenue.

## Gift Tax Return

IRS Form 709 is required to be filed by April 15th to report any gifts over \$15,000 to a CollegeCounts account in 2018.



## American Opportunity & Lifetime Learning Credits

- Don't forget to take advantage of the American Opportunity and Lifetime Learning tax credits if you paid college expenses in 2018.
- Withdrawals from CollegeCounts cannot be for the same expenses that are claimed with these credits (no "double-dipping").
- Review IRS Publication 970 and discuss in detail with your tax professional.

## Recontribution of College Refunds

- If your student's enrollment changed and you received a refund from a college, the refund can be recontributed to the same CollegeCounts account within 60 days with no penalty.
- A Tax Form 1099-Q would still be issued for the initial withdrawal.
- It is important to keep all documentation of the withdrawal and recontribution for tax purposes.

## Invest your Tax Refund with CollegeCounts

- If you will receive a federal or state tax refund, consider investing a portion of those dollars with CollegeCounts.
- Visit the Tax Center at [CollegeCounts529.com](http://CollegeCounts529.com) for more information and direct deposit instructions.

## 2019 CollegeCounts 529 Day Giveaway

Preparations are now underway for the 2019 CollegeCounts 529 Day Giveaway. We celebrate our favorite holiday, 529 Day, on May 29th each year, and we can't think of a better way to celebrate than by awarding \$529 CollegeCounts contributions to lucky parents, grandparents, and legal guardians of babies across the state of Alabama. Be sure to "like" us at [facebook.com/CollegeCounts](https://www.facebook.com/CollegeCounts) to stay informed about the 529 Day Giveaway and see helpful college planning information.

If you have (or will have) a baby born between May 29, 2018 and May 29, 2019, make sure to register for your chance to win a \$529 contribution to CollegeCounts to jumpstart your baby's college savings account. The entry period is May 29, 2019 through July 13, 2019. More details about this year's CollegeCounts 529 Day Giveaway will be coming soon on Facebook!

## National 529 Awareness Campaign

Saving for college is an important need for families in Alabama and across the United States. CollegeCounts is committed to creating awareness of 529 accounts and the importance of saving for college to help reduce student loan debt.

The national organization for 529 college savings plans—the College Savings Plan Network (CSPN)—has launched a campaign with Fred Rogers Productions to help create additional awareness of 529 accounts for families across the country. CollegeCounts is proud to be one of the many partners working with the CSPN on this important initiative. Watch for our partnership ads before and after episodes of Daniel Tiger's Neighborhood on your local PBS station. Visit [529forcollege.com](https://www.529forcollege.com) for more information.

<sup>1</sup> 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.

<sup>2</sup> Withdrawals used to pay for qualified higher education expenses are free from federal and Alabama state income tax. 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.

## Visit us at Babypalooza!

CollegeCounts attends many family-friendly events across Alabama each year, including the Babypalooza tour that makes stops in Montgomery, Huntsville, Tuscaloosa, Muscle Shoals, Mobile, and Birmingham. Please visit our booth at a Babypalooza event near you; we would be happy to answer any questions you have about CollegeCounts. And don't forget to register for our drawing for a contribution to a CollegeCounts account! Watch for our booth at various events throughout the year and stop by to say hi!

## 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](https://www.CollegeCounts529.com). Select "FAQ's" at the top of the site and find the link under the question, "Where can I obtain a copy of the audited financial statements?".

## Contact Information

It is important that we have current contact information for all account owners—especially those account owners who receive statements electronically or use online access as a primary means of obtaining account information. Please log into your account at [CollegeCounts529.com](https://www.CollegeCounts529.com) and take a moment to review your contact information under the "Account Profile" heading. We ask that you review all the contact information and make any necessary updates to your address, phone number and email address. We do not use your contact information for marketing purposes, but do rely on the information to be correct in order to communicate important program information from time-to-time.

The earnings portion of a non-qualified withdrawal is subject to federal income tax and 10% federal penalty tax. In addition, Alabama provides in the event of a non-qualified withdrawal an amount that must be added back to the income of the contributing taxpayer. The amount to be added back will be the amount of the non-qualified withdrawal plus 10% of the amount withdrawn.

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](https://www.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 such as financial aid, scholarship funds, and protection from creditors 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, administered by the Board of Trustees of the ACES Trust Fund (the "Trust" and plan issuer).