

2ND QUARTER 2019

## First Semester Withdrawals

Summer BBQ's and pool parties will soon give way to moving your student into the dorms and fall tuition payments. If your beneficiary is attending college in the fall, especially if they are a first-time college student, the following are the answers to the most frequently asked questions about withdrawals:

- It is fast and easy to request a withdrawal online through your secure login at **CollegeCounts529.com**
  - CollegeCounts can issue a payment to an Account Owner, an Account Owner's bank account on file, a Beneficiary, or directly to a College
  - Request a withdrawal 7-10 days prior to your payment deadline. All requests received by 3 pm CT are processed the same day and a check is mailed the next business day. We recommend allowing 5-7 days for the check to arrive in the mail and for the college to process the payment.
  - Qualified college expenses include: <sup>1</sup>
    - Tuition and fees
    - Books, supplies and equipment required for enrollment or attendance
    - The purchase of a computer, computer software, and internet access that will be used primarily by the beneficiary during enrollment
    - Certain expenses for special needs services needed by a special needs beneficiary
    - Certain room and board expenses incurred by students who are enrolled at least half-time
  - Keep all documentation and/or receipts of your qualified expenses in the event of questions or an audit in the future
  - Match your qualified college expenses and 529 withdrawals in the same calendar year for tax purposes
- Eligible colleges include those that are accredited by the U.S. Department of Education and are eligible to participate in federal financial aid programs. To search for eligible colleges, visit the FAQ's section at **CollegeCounts529.com** and select "Which schools are eligible institutions?"
  - Refunds from a college can be re-contributed to the 529 account for the same beneficiary within 60 days after the date of the refund

If you have questions about your account or the withdrawal process, please don't hesitate to reach out to our Customer Care Center at **866.529.2228** from 7 am to 7 pm CT Monday through Friday.



## 5/29 Day Giveaway

Attention parents, grandparents, and legal guardians of Alabama newborns! The registration deadline for the 5/29 Day Giveaway is July 13th at 11:59 PM CT. If you have a child who was born between May 29, 2018 and May 29, 2019, visit **CollegeCounts529.com/giveaway** to get registered. In honor of our favorite holiday—5/29 Day—we are giving away \$529 CollegeCounts contributions to 29 lucky babies across the state of Alabama. Be sure to register today for your chance to win!

After you have registered your newborn, take a few minutes to get their CollegeCounts account started. It's never too early to start investing for your child's future. You can review the benefits, investment options and FAQ's for the plan at CollegeCounts529.com. Our online enrollment tool is a quick, convenient and secure way to set up your account.

## CollegeCounts Summer Reading Program

CollegeCounts is proud to partner with libraries across the state of Alabama with a fun summer reading program activity for kids. Visit your local library to grab a set of Career Cards that are designed to help kids learn about the many career opportunities that could be in their future. Using the resources at the library, they can learn more about the career fields and what education goals they will need to set in order to achieve their dreams! We love to see children dream big and explore the possibilities for their future. Take a look at our Community Events Calendar on **CollegeCounts529.com** to see which libraries we will be visiting this summer. If your local library is not participating in our summer reading program, ask them to contact us for more information on this free activity!



## Back to School Sales Tax Holiday Weekend

Get your school supply lists ready! July 19–21 will mark the 14th annual Alabama sales tax holiday for school-related items. Shoppers have the opportunity to purchase certain school supplies, computers, books, and clothing free of Alabama sales or use tax. Only certain cities and counties participate in the sales tax holiday. Visit the Alabama Department of Revenue website at **revenue.alabama.gov** and search for “school sales tax holiday” for more details and to find the list of 2019 participating localities. Don’t miss out on the opportunity to take advantage of the sales tax holiday for your upcoming school and college expenses.

## CollegeCounts Presentations

CollegeCounts reps travel throughout Alabama to spread the word about the many benefits the plan offers. We present to a variety of organizations including service groups, parent-teacher organizations, homeschool groups, employer groups, CPA firms, law offices, and more. The informational presentations are typically 30-45 minutes in length. If you are interested in setting up a presentation for your group, please call us at **866.529.2228**. We would love to add you to our 2019 calendar!

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 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).

## Long-term Investment Goals

An investment account will inevitably experience some periods of out-performance as well as more challenging phases. Since the market lows in the 2008–2009 timeframe, we have seen outstanding performance from the markets. While we want the excellent returns to continue, we encourage investors to select an investment strategy that they are comfortable with during all market cycles. Match your investment option to your risk tolerance preferences to avoid disappointment if the markets experience a pullback. Don’t chase market performance, rather review your investment option periodically to ensure it is still in line with your overall risk and investment goals. You can review detailed information about the investment options as well as our risk tolerance questionnaire at **CollegeCounts529.com** under the Investment Options link. A long-term investment strategy provides a good foundation for investing for the future.

<sup>1</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. 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 nonqualified withdrawal plus 10% of the amount withdrawn.