

3RD QUARTER 2019

Contribute NOW For 2019 AL Tax Benefits!

The beautiful days of fall are here and we hope your family is taking full advantage! Before you know it, the calendar will turn to December and we will be celebrating the holidays. Your days will soon get busy with holiday preparations and celebrations, so don't forget to make your 2019 contribution to CollegeCounts to take advantage of the Alabama state income tax deduction! The contribution deadline is December 31st. Contributions may be deductible up to \$5,000 per tax return (up to \$10,000 if married filing jointly and both spouses make a contribution)¹. It's easy to contribute by logging into your account at **CollegeCounts529.com**. Contributions can also be mailed to CollegeCounts with a 2019 postmark in order to qualify for the tax deduction. Don't wait until the last minute—make your 2019 contribution today!

What is on Your Child's Wish List?

If you have children or grandchildren, this is an exciting time of year. Many kids are preparing their wish lists in anticipation of the holidays. When you start to think about gifts for your loved ones, be sure to remember CollegeCounts! A gift to a CollegeCounts account is something that your beneficiary will not outgrow or break with too much play. A contribution by friends and family members is a gift that will truly last your beneficiary a lifetime! Encourage any interested family members or friends to contribute to your CollegeCounts account by sending them an email invitation to make a contribution. Alabama taxpayers who make a contribution may be able to take advantage of the state income tax deduction¹ for their contributions as well—a great incentive to encourage others to contribute! Log in to your account at **CollegeCounts529.com** and select the "GiftED" link to get started. Those you invite will receive an email with a contribution link and access code that can be used to make an electronic contribution directly from their bank account to your CollegeCounts account, or they can mail a check directly to us. Your gift history will track the names of your contributors as well as the dates and amounts of any contributions so you can acknowledge the gifts. Using GiftED will ensure your family members and friends know that a contribution to CollegeCounts is on your beneficiary's wish list!

2019 Gift Contributions

If you intend to make a large gift in 2019 to take advantage of the Federal Gift Tax Exclusion (up to \$15,000 for individuals or up to \$30,000 for married couples) we recommend that you make an online contribution or mail a check prior to December 24th. It is our understanding the contribution must clear your bank account by December 31st to be considered a gift for 2019. We strongly encourage you to visit with your tax professional for guidance on any required tax filings.

Rollover Your Out-of-State 529 Plan

If you have a 529 in another state, now is a great time to consider rolling it over to CollegeCounts. The IRS allows a rollover once every 12 months or upon the change of the account's beneficiary. A great benefit of requesting a rollover is that the amount of the rollover contribution is eligible for the Alabama state income tax deduction¹. The rollover process can take 2–4 weeks to complete, so be sure to get started as soon as possible. CollegeCounts must receive the rollover check by December 31st to qualify for the state income tax deduction. Before requesting a rollover, be sure to reach out to your current plan to determine if there will be any fees or penalties associated with the transaction. We also recommend that you visit with your tax professional for their guidance and advice.

Second Semester Withdrawals

If you have a student in college, you may receive their tuition invoice for the second semester prior to the end of the year. It is our understanding that investors should match their qualified expenses and their withdrawals from a 529 account in the same calendar year. If the tuition bill is due in early January, we recommend waiting to request a distribution from your CollegeCounts account until after the 1st of the year in order to match your expense and withdrawal in 2020. Similarly, if you have college expenses from January–December 2019 and need to request reimbursement for those expenses you have paid this year, you should request your withdrawal prior to the end of 2019. Be sure to keep all the documentation of your expenses and withdrawals in the event the IRS has questions in the future.

CollegeCounts Scholarship

CollegeCounts is proud to sponsor a scholarship to help Alabama students obtain their college degree. Over the last 7 years, we have awarded over \$6 million to deserving students (and have awarded over \$1 million each year for the last 4 years)! In 2019, we were able to award scholarships to students in 65 of the 67 counties in Alabama. Our goal in 2020 is to award scholarships in every county in the state. Please help us spread the word! Awards of up to \$4,000 are available for students who attend a 4-year college. Students planning to attend a 2-year college are eligible for awards up to \$2,000. The application period for the CollegeCounts Scholarship will be open from December 3, 2019–February 27, 2020. If you know a current high school senior or someone who will be a first-time college freshman in Fall 2020, please encourage them to apply. Detailed information about the scholarship and eligibility requirements is available at treasury.alabama.gov/collegecounts-scholarship/. We are excited for the opportunity to help the next generation of Alabama leaders!

Congratulations Winners!

Congratulations to the 29 winners of the 529 Day Giveaway! We celebrated our favorite holiday—5/29 Day—by awarding contributions of \$529 to CollegeCounts accounts for newborns across the state of Alabama. With over 700 entries from parents and grandparents throughout the state, we hope that the 5/29 Day Giveaway encourages investors to think about saving for college as early in a child's life as possible!

Roadmap for Their Future

The College Savings Plan Network has developed an excellent tool to help guide families on the path to college. The "Roadmap for their Future" provides helpful information about college and career preparation as well as easy ways for parents to introduce important financial planning topics to children at any age. You can find a link to the Roadmap on our site at CollegeCounts529.com/resources/helpful-websites/. Whether you're ready to send your child to college or just starting your family, the Roadmap is designed to provide help and encouragement for your journey.

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.

Online Access and E-Statements

In the current digital age, CollegeCounts wants to make it easy for you to manage your account through our secure website. After logging in, you have the ability to review your balance and transaction information, make a contribution, request a withdrawal or investment change, update your address and view statements. We also offer e-delivery of statement notifications for those who want the added convenience of not having to rely on the mail for an account update. Simply log in at CollegeCounts529.com to see all that the site offers and change your statement delivery preferences at any time.

Important Role of Successor Account Owner

An Account Owner can choose to name a Successor Account Owner who would take over ownership of a CollegeCounts account in the event of the account owner's death. Naming a Successor Account Owner is recommended in order to ensure the account ownership is transferred to the individual an account owner intends to pass the account to and streamlines the ownership change process. It is important to periodically review the Successor Account Owner designation to ensure the individual named continues to be the desired selection. You can review your account information by logging in at CollegeCounts529.com. Once logged in, select the "Account Profile" heading to review your Successor and make any necessary changes. You can also complete and submit the Successor Account Owner form found under the "Forms" link of our main site to add or change your designation.



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).

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.