

1ST QUARTER 2020

Final Tax Reminders

Make sure you take your CollegeCounts contributions and withdrawals into account when completing your various tax filings. We encourage you to discuss any tax-related questions with your tax professional. Here are some final reminders that may help you wrap up your taxes for the year:

Alabama Tax Deduction

- Contributions to CollegeCounts made or postmarked by December 31, 2019 can be deducted for Alabama state income tax purposes up to \$5,000 per single filer (\$10,000 if married, filing jointly and both spouses contribute)¹.
- Report your 2019 contributions on Alabama Form 40, Part II, Line 8
- Contribute now to take advantage of the state income tax deduction for 2020

2019 Withdrawals

- IRS Form 1099-Q was mailed in January for any distributions from CollegeCounts in 2019.
- Discuss any questions with your tax professional and keep the documentation of your qualified expenses² with your tax paperwork

Invest your tax refund

- If you will receive a state or federal tax refund, consider investing all or a portion of the refund in your CollegeCounts account.
- Direct deposit instructions can be found at the Tax Center at CollegeCounts529.com

Recontributions of College Refunds

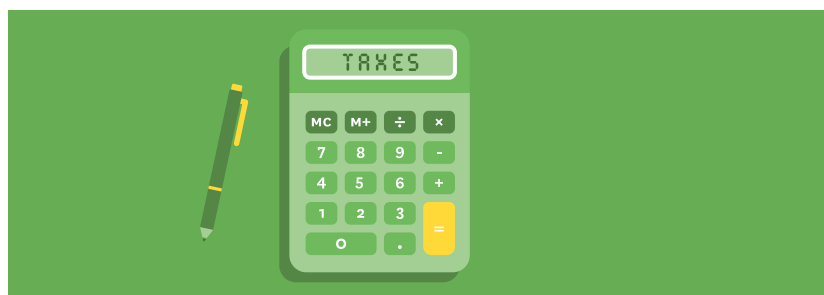
- A refund from a college may be re-contributed to a CollegeCounts account within 60 days of the date of the refund with no penalty
- Tax Form 1099-Q would still be issued for the initial withdrawal from the account, so it's important to keep documentation of the withdrawal and re-contribution for tax purposes.

Gift Tax Return

- It is our understanding that gift contributions of over \$15,000 to a CollegeCounts account should be reported on IRS Form 709. Make sure you file Form 709 in a timely manner.

Tax Credits

- You may be able to take advantage of the American Opportunity and Lifetime Learning Credits if you paid college expenses out-of-pocket in 2019.
- Expenses covered by withdrawals from a CollegeCounts account are not eligible for these credits (no “double-dipping”).
- Discuss with your tax professional and review IRS Publication 970 for more information.



Long-term Investing

“Successful investing takes time, discipline and patience.”— Warren Buffet

After a decade of exceptional market performance, the markets were highly volatile with big movements up and down during the first quarter of 2020. No matter where you are in your college savings journey, we encourage you to consider your long-term investment goals and risk tolerance when determining the investment option(s) to consider for your CollegeCounts account. Making a disciplined decision to invest for the long-term will help during periods of market unpredictability. Please review the enclosed update on the markets and visit the CollegeCounts website for more information.

529 Giveaway

Our favorite college savings-related “holiday” is coming up! 529 Day is on May 29th and we are excited to continue helping families with newborns across the state of Alabama kick-start a CollegeCounts account for their little one. CollegeCounts will again be giving away contributions of \$529 to 29 lucky Alabama parents, grandparents, or legal guardians of babies who were born between May 29, 2019 and May 29, 2020. Be sure to “like” the CollegeCounts facebook page ([facebook.com/CollegeCounts](https://www.facebook.com/CollegeCounts)) to see the latest information about the 529 Day Giveaway. We also share helpful planning information for your college savings journey.

Watch for more information about the 529 Day Giveaway coming soon and be sure to spread the word to any family members or friends who have a newborn and may be eligible to enter to win a \$529 contribution to a CollegeCounts account! What better way to set up a loved one for future success, than to start saving with CollegeCounts with a \$529 contribution on us!



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. Select “FAQ’s” at the top of the homepage and find the link under the question, “Where can I obtain a copy of the audited financial statements?”

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).

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

Graduation Gifts

A contribution to a CollegeCounts account makes a great gift for a graduate of any age. Whether the student has mastered their ABC’s and 1, 2, 3’s and will be a proud preschool or Kindergarten graduate, or they have earned their high school diploma and are ready to set off into the world, you can help them by making a gift toward their future education goals. We offer greeting cards and certificates that you can use to notify your loved one of your gift to their account (CollegeCounts529.com/plan-benefits/make-a-gift).

Make contributions a group effort by using CollegeCounts GiftED to encourage family members or friends to make a contribution that will benefit your student. Simply log in to your account at CollegeCounts529.com and select the “GiftED” link to send an email invitation to anyone who may want to contribute to your account. The recipient can easily make an electronic contribution from the link provided in the email or they can mail a check directly to CollegeCounts. We will track all invitations and contributions in the online GiftED history so you can acknowledge any contributions received. GiftED is an easy way for others to help your student achieve their education dreams!



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 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.