

2<sup>ND</sup> QUARTER 2022

## The Market, Economy, and Your Account

The markets from 2009 through 2021 were very good for investors. Volatility (the markets' ups and downs) has increased dramatically in 2022. Diversification is important in rocky markets along with a long term perspective or outlook.\* In good times and in bad - investors should focus on their long term goals, their risk/return comfort level, and in controlling what is controllable. We cannot control the markets and economy; however, we can control how much we are saving and the diversification of our investments. Investment professionals suggest focusing on your risk tolerance or comfort level, the long term, and staying the course.

The S&P 500 Index is a standard measuring stick for the performance of 500 leading publicly traded companies. Through May 31, 2022, the returns help frame the picture of the strong markets we have seen the last 10 and 20 years.

### Average Annual Total Returns

Through 05/31/22	1 YR	5 YR	10 YR	20 YR (01/01/02-12/31/21)
S&P 500 Index	-0.3%	13.4%	14.4%	9.5%

While the S&P 500 Index is down 19.96% year to date (through June 30, 2022), that same measuring stick has provided solid returns over the long term.

Investors that focus long term, that stay the course and do not jump in and out of the markets, and that consistently contribute are those that have the potential to be rewarded over the long term. Remember and focus on the big picture – especially during periods when the markets are unpredictable.

\*Diversification does not assure a profit nor guarantee protection against a loss in a declining market.

## College Savings Planner

No matter where you are in your college savings journey, we offer the College Savings Planner to help you set the roadmap to meet your goals. The College Savings Planner can help you review the current costs of schools, project future costs, and help you create a steady plan for building up your child's college savings. Visit [CollegeCounts529.com](https://CollegeCounts529.com) and select the "Resources" link to get started today!

## Getting Ready to Withdraw Funds?

As you enjoy the beautiful summer months, don't stress over how to prepare for the fall semester. When you are ready to start using your CollegeCounts 529 funds, we make it easy to request withdrawals from your account. As the school year approaches, here are some things to keep in mind:

- You can easily request a withdrawal by logging in at [CollegeCounts529.com](https://CollegeCounts529.com) and selecting "Transact Online" from the options on the left.
- Funds can be distributed to the Account Owner or their bank account on file, the Beneficiary, or sent directly to a college.
- Funds can be used at any eligible school in the nation, as well as some foreign schools. To be considered an eligible education institution, schools must be accredited by the U.S. Department of Education and eligible to participate in Federal financial aid programs. To see if your school qualifies, complete a search at <https://studentaid.gov/fafsa-app/FSCsearch>.
- Qualified expenses include tuition, fees, books and equipment required enrollment or attendance, a computer and peripheral equipment or software, and internet access. Certain room and board expenses are qualified as long as the student is enrolled at least half time. Funds can also be used to repay up to \$10,000 of the beneficiary's student loans.<sup>1</sup>
- Remember to keep all documentation and receipts of your qualified expenses for tax purposes. (You do not need to provide documentation of expenses to CollegeCounts).
- We recommend requesting withdrawals from an account in the same calendar year the expenses were incurred.
- Be sure to request a withdrawal 7-10 business days prior to any payment deadlines. CollegeCounts processes withdrawals within 1 business day, but please allow time for the check to be mailed and several days for the school to process the payment.

For additional details and helpful information, visit [CollegeCounts529.com/plan-benefits/use-of-funds](https://CollegeCounts529.com/plan-benefits/use-of-funds). We wish all students the best as they begin the new school year!

## Considering an Apprenticeship?

Every year, more and more people are pursuing apprenticeships as a way to enter the work force and achieve their career goals. Should your beneficiary decide to pursue an apprenticeship to further their education, CollegeCounts is here to help!

Alabama taxpayers can use their CollegeCounts 529 accounts to help pay for certain expenses associated with an Apprenticeship Program. Funds can be used towards fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act.<sup>1</sup> Remember to discuss any questions about qualified expenses and withdrawals with your tax professional. CollegeCounts gives your beneficiary the flexibility to reach their education and career goals.

## Flexibility of a 529

Change is inevitable. Events may lead to changes in our lives, or decisions we and our loved ones make might alter the plans we had in place. Whatever the situation, CollegeCounts offers flexibility to fit your needs. One of the great ways we provide this flexibility is with the ability to change the beneficiary on your account to another family member of the current beneficiary (sibling, first cousin, parent, child, etc).

You may need to change the beneficiary if the current beneficiary receives a scholarship or does not need all the funds in their account. A change of beneficiary allows you to use your funds to help another beneficiary – including future grandchildren or even

yourself or a spouse who chooses to go back to college. Whatever the situation, changing the beneficiary is easy and can be a great solution. If you are considering a change of beneficiary, you can find the necessary form at [CollegeCounts529.com](http://CollegeCounts529.com) under the “Forms” link.

## Alabama Sales Tax Holiday Weekend

If you are getting ready for the start of the new school year, the Alabama Back-to-School Sales Tax Holiday is a great opportunity to get all the supplies you will need. During the event you can purchase computers, clothing, and certain school supplies without paying Alabama state sales tax (local sales tax may still apply). The event runs from July 15th-17th in participating counties and municipalities throughout Alabama. To see a list of participating locations, visit the Alabama Department of Revenue’s website at [Revenue.Alabama.gov](http://Revenue.Alabama.gov) and search for “school sales tax holiday.” Be sure to take advantage of the sales tax holiday to get everything you need to prepare for your college courses this fall!

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“Live in the sunshine. Swim in the sea. Drink in the wild air.”

Ralph Waldo Emerson  
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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](http://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), marketed as the CollegeCounts 529 Fund, and Union Bank and Trust Company serves as Program Manager. Except for any investments made by a Participant in the Bank Savings 529 Portfolio up to the limit provided by Federal Deposit Insurance Corporation (“FDIC”) insurance, neither the principal contributed to an Account, nor earnings thereon, are guaranteed or insured by the State of Alabama, the State Treasurer of Alabama, the Board, the Trust, the Program, any other state, any agency or instrumentality thereof, Union Bank and Trust Company, the FDIC, or any other entity. Investment returns are not guaranteed. Account Owners in the Plan assume all investment risk, including the potential loss of principal.

<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; certain expenses for special needs services needed by a special needs beneficiary; fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act; up to a lifetime maximum of \$10,000 paid as principal or interest on any qualified education loan of the Designated Beneficiary or a sibling of the Designated Beneficiary. A sibling includes a brother, sister, stepbrother, or stepsister. For purposes of the \$10,000 limitation, amounts treated as a qualified higher education expense with respect to the loans of a sibling of the Designated Beneficiary are taken into account for the sibling and not for the Designated Beneficiary; up to a maximum of \$10,000 per year in tuition expenses, incurred by a Designated Beneficiary, in connection with enrollment or attendance at an eligible elementary or secondary public, private or religious school. 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.