

CollegeCounts Informer

Alabama's 529 Fund Newsletter

2011 Alabama Tax Reporting

If you contributed to your CollegeCounts account in 2011, up to \$10,000 of your contributions are tax deductible for Alabama tax purposes (\$5,000 for single filers). Keep in mind that any Alabama taxpayer who may have made a contribution to your account is eligible to take advantage of the Alabama income tax deduction.

If family members or friends made contributions to your account, be sure to remind them to tell their tax professional about their contribution.

In 2010, contributions to CollegeCounts were reported on Form 40, Part II, Line 8 for tax deduction purposes. As of the date of this newsletter, the 2011 Alabama tax forms were not available. Check with your tax professional and the Tax Center on the CollegeCounts site for additional information regarding 2011 tax reporting.

This is a great time to start contributing to CollegeCounts to benefit from the 2012 Alabama income tax deduction.

A monthly automatic contribution is an easy way to build additional savings without having to remember to mail a check or contribute online. Simply log in online to set up a contribution of \$25, \$50, \$100 or more each month in 2012.

Don't put off your contributions – Start Now!

2011 Gift Tax Reporting

If you made larger gifts in 2011 (ie: typically over \$13,000), make sure to mention them to your tax professional so they can determine if any special IRS filings are required. If you took advantage of the special 5-year front-loading election allowed for 529 plans, please notify your tax professional so they can prepare any necessary Gift Tax Return. **The due date for filing is April 17, 2012.**

Invest Your Tax Refund

If you will be receiving a Federal or State tax refund, consider depositing it into your CollegeCounts 529 Fund account. Your Alabama and Federal tax form will provide a section that allows you to have your refund deposited directly into a bank account.

Here is the information you will need:

Routing Number:

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 0 | 4 | 9 | 1 | 0 | 7 | 9 | 5 |
|---|---|---|---|---|---|---|---|---|

Type of Account: Savings

| | | | | | | | | | | | |
|---|---|---|---|--|--|--|--|--|--|--|--|
| 3 | 5 | 2 | 9 | | | | | | | | |
|---|---|---|---|--|--|--|--|--|--|--|--|

* after 3529 include your 9 or 10 digit CollegeCounts 529 Fund account number

Withdrawals in 2011 (IRS Form 1099-Q)

IRS Form 1099-Q will be mailed to any recipients of a 2011 withdrawal from a CollegeCounts account by the end of January 2012. If you requested a withdrawal in 2011, watch for your 1099-Q to arrive in late January or early February. If the distribution was payable to the account owner, the 1099-Q will be sent to the account owner. If funds were paid to the beneficiary or to the college directly, the beneficiary will receive the 1099-Q.

We recommend that you keep your college expense invoices and receipts with your tax papers in the event there are ever any questions about your withdrawal. If the distribution was for a qualified higher education expense, you should not need to report it when you file your 2011 taxes. If the withdrawal was non-qualified, the earnings portion that is provided on the 1099-Q would be reported as income and would incur a 10% penalty tax. You should consult your tax professional for more information and advice.

Fee Reduction

Offering a great value at a solid price is an ongoing CollegeCounts goal. We are pleased to inform you that a number of the underlying investment funds have lowered expenses including some nice decreases with the Northern Institutional Funds. When the expenses change on some of the underlying funds that also impacts our Age-Based, Target, and Individual Fund Portfolios. Watch for additional details in January regarding these exciting changes that will help investors build additional dollars for college.

Best Wishes for the New Year!



Offered by the State of Alabama

UBT 529 Services a Division of
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Program Manager

INVESTMENT PRODUCTS:

- Not FDIC Insured
- No Bank Guarantee
- May Lose Value

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