

**CollegeCounts 529 Fund Advisor Plan  
Program Disclosure Statement**

Supplement #2 dated July 22, 2025 to the  
Program Disclosure Statement dated December 31, 2023

This Supplement amends the Program Disclosure Statement dated December 31, 2023 (the “Program Disclosure Statement”). You should read this Supplement in conjunction with the Program Disclosure Statement and retain it for future reference.

**Federal Legislation Expands Use of 529 Plans**

On July 4, 2025, the President signed into law the One Big Beautiful Bill Act (“Act”). The Act expands the types of eligible expenses for which assets in 529 plan accounts can be used and extends the ability to roll over funds from qualified tuition program accounts to ABLE Accounts.

Effective July 4, 2025, the following expenses are incorporated into the definition of Qualified Higher Education Expenses:

- 1. K-12 Expenses.** The following additional expenses in connection with enrollment or attendance at, or for students enrolled at or attending an elementary or secondary public, private or religious school:
  - a. Curriculum and curricular materials.
  - b. Books or other instructional materials.
  - c. Online educational materials.
  - d. Tuition for tutoring or educational classes outside of the home, including at a tutoring facility, but only if the tutor or instructor is not related to the student and –
    - i. is licensed as a teacher in any State,
    - ii. has taught at an eligible educational institution, or
    - iii. is a subject matter expert in the relevant subject.
  - e. Fees for a nationally standardized norm-referenced achievement test, an advanced placement examination, or any examinations related to college or university admission.
  - f. Fees for dual enrollment in an institution of higher education.
  - g. Educational therapies for students with disabilities provided by a licensed or accredited practitioner or provider, including occupational, behavioral, physical, and speech-language therapies.

The above additional expenses apply to distributions made on or after July 4, 2025.

The aggregate amount of distributions for K-12 Expenses from all qualified tuition programs for a Designated Beneficiary in any taxable year shall not exceed \$10,000, with such limit increasing to \$20,000 effective January 1, 2026.

- 2. Qualified Postsecondary Credentialing Expenses.** The following expenses are incorporated into the definition of “Qualified Postsecondary Credentialing Expenses”:
  - a. tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary in a recognized postsecondary credential program, or any other expense incurred in connection with enrollment in or attendance at a recognized postsecondary credential program if such expense would, if incurred in connection with enrollment or attendance at an eligible educational institution, be covered under Internal Revenue Code subsection (e)(3)(A),
  - b. fees for testing if such testing is required to obtain or maintain a recognized postsecondary credential, and
  - c. fees for continuing education if such education is required to maintain a recognized postsecondary credential.

**3. Extension of Rollovers from Qualified Tuition Programs to ABLE Accounts**

The December 31, 2025 sunset on rollovers from qualified tuition programs to an ABLE Account has been repealed, thereby permanently extending this rollover provision.

Accordingly, the following sections of the Program Disclosure Statement are updated as follows:

### **CollegeCounts 529 Fund Advisor Plan Overview**

The “Qualified Withdrawals” section on page 5 is hereby replaced with the following:

Withdrawals from a Plan Account used to pay for a Designated Beneficiary’s Qualified Higher Education Expenses (as defined herein) are Qualified Withdrawals and include:

- tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution;
- expenses for special needs services in the case of a special needs beneficiary which are incurred in connection with such enrollment or attendance;
- expenses for the purchase of computer or peripheral equipment, computer software, or Internet access and related services, if it is to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Educational Institution. This does not include expenses for computer software designed for sports, games, or hobbies unless the software is predominantly educational in nature;
- Certain room and board expenses incurred by the Designated Beneficiary if enrolled at least half-time;
- Expenses for fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an Apprenticeship Program;
- Amounts paid as principal or interest on any Qualified Education Loan of the Designated Beneficiary or a sibling of the Designated Beneficiary (up to a lifetime maximum of \$10,000 per individual);
- Tuition (and certain expanded expenses for distributions after July 4, 2025) in connection with enrollment or attendance at an elementary or secondary public, private, or religious school up to a maximum of \$10,000 in 2025 (increasing to \$20,000 beginning January 1, 2026) in the aggregate from all qualified tuition programs for that Designated Beneficiary; and
- Qualified Postsecondary Credentialing Expenses.

### **Plan Highlights**

1. The “Qualified Withdrawals” section on page 6 is hereby replaced with the following:

**Qualified Withdrawals.** Under Section 529 of the Code, money in your Account withdrawn to pay the Designated Beneficiary’s Qualified Higher Education Expenses are considered Qualified Withdrawals. Currently, the term Qualified Higher Education Expenses includes: (i) tuition, fees, books, supplies and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution; (ii) subject to certain limits, the Designated Beneficiary’s room and board expenses if enrolled at least half-time; (iii) the purchase of computer or peripheral equipment, computer software, or Internet access and related services if they are to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Educational Institution; (iv) expenses for special needs services in the case of a special needs beneficiary which are incurred in connection with such enrollment or attendance; (v) K-12 Expenses up to \$10,000 (increasing to \$20,000 effective January 1, 2026); (vi) fees, books, supplies, and equipment required for participation of the Designated Beneficiary in an Apprenticeship Program; (vii) payments on Qualified Education Loans of the Designated Beneficiary or a sibling of the Designated Beneficiary provided that the total amount of distributions from all 529 qualified tuition programs to such individual for loan repayment do not exceed \$10,000; and (viii) Qualified Postsecondary Credentialing Expenses.

Section 529 permits a rollover from a 529 Plan to a Section 529A ABLE Account to qualify as a non-taxable rollover for federal income tax purposes if made for the benefit of the Designated Beneficiary or a Member of the Family of the Designated Beneficiary.

Beginning January 1, 2024, Section 529 permits a rollover from a 529 Plan to a Roth IRA to qualify as a non-taxable rollover for federal income tax purposes when certain requirements are met. Please see “Roth IRA Rollover” for details.

2. The “Income Tax Consequences” section on page 7 is hereby replaced with the following:

**Income Tax Consequences.** Under current law, federal and Alabama state income taxes on investment earnings are tax-deferred while held in an Account, and such earnings are generally free from federal and Alabama state income tax if they are used to pay the Designated Beneficiary’s Qualified Higher Education Expenses. For federal tax purposes if money is withdrawn from your Account, but not used to pay the Designated Beneficiary’s Qualified Higher Education Expenses (a “Nonqualified Withdrawal”), the earnings portion (if any) of the withdrawal will be treated as ordinary income to the recipient and generally will also be subject to a 10% federal penalty tax.

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 actually contribute) for total combined Contributions to the Plan and other State of Alabama 529 programs during that tax year. 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 (10%) percent 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.

Section 529 permits a rollover from a 529 Plan to a Section 529A ABLE Account to qualify as a non-taxable rollover for federal income tax purposes if made for the benefit of the Designated Beneficiary or a Member of the Family of the Designated Beneficiary.

Beginning January 1, 2024, Section 529 permits a rollover from a 529 Plan to a Roth IRA to qualify as a non-taxable rollover for federal income tax purposes when certain requirements are met. Please see “Roth IRA Rollover” for details.

The State of Alabama Department of Revenue has issued guidance on certain tax matters in the form of FAQs (<https://www.revenue.alabama.gov/faqs>). The Plan recommends that you review these FAQs and also seek tax advice from an independent tax advisor before undertaking any such rollover.

You should consult a legal or tax advisor regarding the application of tax laws to your particular circumstances.

### **Definitions Of Key Terms**

1. The definition of “K-12 Tuition Expenses” on page 9 is hereby replaced and retitled as “K-12 Expenses”, as set forth below:

**K-12 Expenses** means the following expenses in connection with enrollment or attendance at, or for students enrolled at or attending, an elementary or secondary public, private or religious school:

- a. Tuition.

For distributions on or after July 4, 2025:

- b. Curriculum and curricular materials.
- c. Books or other instructional materials.
- d. Online educational materials.
- e. Tuition for tutoring or educational classes outside of the home, including at a tutoring facility, but only if the tutor or instructor is not related to the student and –
  - i. is licensed as a teacher in any State,
  - ii. has taught at an eligible educational institution, or
  - iii. is a subject matter expert in the relevant subject.
- f. Fees for a nationally standardized norm-referenced achievement test, an advanced placement examination, or any examinations related to college or university admission.
- g. Fees for dual enrollment in an institution of higher education.
- h. Educational therapies for students with disabilities provided by a licensed or accredited practitioner or provider, including occupational, behavioral, physical, and speech-language therapies.

The aggregate amount of distributions for K-12 Expenses from all qualified tuition programs for a Designated Beneficiary in any taxable year shall not exceed \$10,000, with such limit increasing to \$20,000 effective January 1, 2026.

In addition, all references to “K-12 Tuition Expenses” in the Program Disclosure Statement are hereby replaced by “K-12 Expenses”.

2. The definition of “Qualified Higher Education Expenses” on page 9 is hereby replaced, as set forth below:

**Qualified Higher Education Expenses** as defined in Section 529 of the Code, includes:

- tuition, fees, books, supplies, and equipment required for enrollment of, or attendance by, a Designated Beneficiary at an Eligible Educational Institution;
- expenses for special needs services in the case of a special needs Designated Beneficiary which are incurred in connection with such enrollment or attendance;
- expenses for the purchase of computer or certain peripheral equipment, computer software, or Internet access and related services, if it is to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Educational Institution. This does not include expenses for computer software for sports, games, or hobbies unless the software is predominately educational in nature;
- certain room and board expenses incurred by the Designated Beneficiary if enrolled at least half-time at an Eligible Educational Institution. The expense for room and board qualifies only to the extent that it isn’t more than the greater of the following two amounts:
  - The allowance for room and board, as determined by the Eligible Educational Institution, that was included in the cost of attendance (for federal financial aid purposes) for a particular academic period and living arrangement of the student;

- The actual amount charged if the student is residing in housing owned or operated by the Eligible Educational Institution. You may need to contact the Eligible Educational Institution for qualified room and board costs;
- expenses for fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an Apprenticeship Program;
- Qualified Postsecondary Credentialing Expenses;
- amounts paid as principal or interest on any Qualified Education Loan of the Designated Beneficiary or a sibling of the Designated Beneficiary, provided that the total amounts of distributions from all 529 qualified tuition programs to such individual for loan repayment do not exceed \$10,000; and
- Tuition (and certain expanded expenses for distributions after July 4, 2025) in connection with enrollment or attendance at an elementary or secondary public, private, or religious school up to a maximum of \$10,000 in 2025 (increasing to \$20,000 beginning January 1, 2026) in the aggregate from all qualified tuition programs for that Designated Beneficiary.

3. The following definition of “Qualified Postsecondary Credentialing Expenses” is inserted on page 10.

**Qualified Postsecondary Credentialing Expenses** means the following postsecondary credentialing expenses:

- a. tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary in a recognized postsecondary credential program, or any other expense incurred in connection with enrollment in or attendance at a recognized postsecondary credential program if such expense would, if incurred in connection with enrollment or attendance at an eligible educational institution, be covered under Internal Revenue Code subsection 529(e)(3)(A),
- b. fees for testing if such testing is required to obtain or maintain a recognized postsecondary credential, and
- c. fees for continuing education if such education is required to maintain a recognized postsecondary credential.

**Recognized postsecondary credential program** - the term ‘recognized postsecondary credential program’ means any program to obtain a recognized postsecondary credential if—

- (A) such program is included on a State list prepared under section 122(d) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3152(d)),
- (B) such program is listed in the public directory of the Web Enabled Approval Management System (WEAMS) of the Veterans Benefits Administration, or successor directory such program,
- (C) an examination (developed or administered by an organization widely recognized as providing reputable credentials in the occupation) is required to obtain or maintain such credential and such organization recognizes such program as providing training or education which prepares individuals to take such examination, or
- (D) such program is identified by the Secretary, after consultation with the Secretary of Labor, as being a reputable program for obtaining a recognized postsecondary credential for purposes of this subparagraph.

**Recognized postsecondary credential.** The term recognized postsecondary credential means:

- A. any postsecondary employment credential that is industry recognized and is—
  - i. any postsecondary employment credential issued by a program that is accredited by the Institute for Credentialing Excellence, the National Commission on Certifying Agencies, or the American National Standards Institute,
  - ii. any postsecondary employment credential that is included in the Credentialing Opportunities On-Line (COOL) directory of credentialing programs (or successor directory) maintained by the Department of Defense or by any branch of the Armed Forces, or
  - iii. any postsecondary employment credential identified for purposes of this clause by the Secretary, after consultation with the Secretary of Labor, as being industry recognized,
- B. any certificate of completion of an apprenticeship that is registered and certified with the Secretary of Labor under the Act of August 16, 1937 (commonly known as the ‘National Apprenticeship Act’; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.),
- C. any occupational or professional license issued or recognized by a State or the Federal Government (and any certification that satisfies a condition for obtaining such a license), and
- D. any recognized postsecondary credential as defined in section 3(52) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102(52)), provided through a program included on a state list prepared under section 122(d) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3152(d)).

4. The following replaces the definition of “Qualified Rollover Distribution” on page 10:

**Qualified Rollover Distribution** means a Roth IRA Rollover (that is a direct trustee-to-trustee transfer) or a distribution or transfer from an Account that is deposited within sixty (60) days of the distribution or transfer to:

- Another qualified tuition program for the benefit of the Designated Beneficiary, provided that any such transfer does not occur within twelve months from the date of a previous transfer to a qualified tuition program for the benefit of the Designated Beneficiary; or
- Another account in any other qualified tuition program, for the benefit of an individual who is a Member of the Family of the Designated Beneficiary.
- To an ABL Account of the Designated Beneficiary or a Member of the Family of the Designated Beneficiary, subject to the contribution limits for ABL Accounts.

Beginning January 1, 2024, Section 529 permits a rollover from a 529 Plan to a Roth IRA to qualify as a non-taxable rollover for federal income tax purposes when certain requirements are met. Please see “Roth IRA Rollover” for details.

### **Description Of The Program**

1. The “**What Types of Qualified Higher Education Expenses May Be Paid With Account Funds?**” section on page 11 is hereby replaced with the following:

Account funds may be used to pay the Qualified Higher Education Expenses of the Account’s Designated Beneficiary. These generally include (i) tuition, fees, books, supplies, and equipment required for the Designated Beneficiary’s enrollment or attendance at an Eligible Educational Institution; (ii) the purchase of computer or peripheral equipment, computer software, or internet access and related services if they are to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Educational Institution; (iii) subject to certain limitations, these also generally include the room and board expenses of a student enrolled on at least a half-time basis; (iv) expenses for special needs services in the case of a special needs beneficiary which are incurred in connection with such enrollment or attendance; (v) K-12 Expenses up to \$10,000 (increasing to \$20,000 effective January 1, 2026); (vi) fees, books, supplies, and equipment required for participation of the Designated Beneficiary in an Apprenticeship Program; (vii) payments on Qualified Education Loans of the Designated Beneficiary or a sibling of the Designated Beneficiary provided that the total amount of distributions from all 529 qualified tuition programs to such individual after December 31, 2018 for loan repayment does not exceed \$10,000; and (viii) Qualified Postsecondary Credentialing Expenses.

Eligible Educational Institutions generally include accredited, postsecondary educational institutions offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree, or another recognized postsecondary credential, including certain proprietary, postsecondary vocational, and foreign institutions. The institution must be eligible to participate in U.S. Department of Education student aid programs.

The tax benefits afforded to 529 Plans must be coordinated with other programs designed to provide tax benefits for meeting higher education expenses in order to avoid the duplication of such benefits. **You should consult with a qualified tax advisor with respect to the various education benefits.**

### **Distributions From An Account**

2. The “**What Constitutes a Qualified Withdrawal?**” section on page 43 is hereby replaced with the following:

Under Section 529 of the Code, as amended, Qualified Withdrawals from your Account are generally free from federal income tax. A Qualified Withdrawal is a distribution that is used to pay the Qualified Higher Education Expenses of the Designated Beneficiary. Qualified Higher Education Expenses include:

- tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution;
- expenses for special needs services in the case of a special needs beneficiary which are incurred in connection with such enrollment or attendance;
- expenses for the purchase of computer or peripheral equipment, computer software, or Internet access and related services, if it is to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Educational Institution. This does not include expenses for computer software designed for sports, games, or hobbies unless the software is predominantly educational in nature;
- Certain room and board expenses incurred by the Designated Beneficiary if enrolled at least half-time.
  - The amount treated as Qualified Higher Education Expenses shall not exceed—
    - the allowance (applicable to the student) for room and board included in the cost of attendance as determined by the Eligible Educational Institution for such period, or
    - if greater, the actual invoice amount the student residing in housing owned or operated by the Eligible Educational Institution is charged by such institution for room and board costs for such period;

- Expenses for fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an Apprenticeship Program;
- Amounts paid as principal or interest on any Qualified Education Loan of the Designated Beneficiary or a sibling of the Designated Beneficiary (up to a lifetime maximum of \$10,000 per individual);
- Tuition (and certain expanded expenses for distributions after July 4, 2025) in connection with enrollment or attendance at an elementary or secondary public, private, or religious school up to a maximum of \$10,000 in 2025 (increasing to \$20,000 beginning January 1, 2026) in the aggregate from all qualified tuition programs for that Designated Beneficiary; and
- Qualified Postsecondary Credentialing Expenses.

A Qualified Withdrawal may be distributed as follows:

- To the Account Owner;
- To the Account Owner's bank account;
- To the Designated Beneficiary; or
- Directly to the Eligible Educational Institution

3. The answer to “**May I Roll Over My Account?**” (page 45) is replaced by the following:

You may direct a transfer of money from your Account to an account in another 529 qualified tuition program for the same or another Designated Beneficiary. Alternatively, you may make a withdrawal from your Account and re-deposit the withdrawn balance within 60 days into an account in another 529 qualified tuition program for the same or another Designated Beneficiary without penalty.

If the Designated Beneficiary stays the same, the transfer will be treated as an income tax-free Qualified Rollover Distribution as long as the transfer does not occur within 12 months from the date of a previous rollover to another 529 qualified tuition program for the Designated Beneficiary. If you change beneficiaries, the transfer will be treated as a Qualified Rollover Distribution only if the new Designated Beneficiary is a Member of the Family of the current Designated Beneficiary.

Section 529 permits a rollover from a 529 Plan to a Section 529A ABLE Account to qualify as a non-taxable rollover for federal income tax purposes if made for the benefit of the Designated Beneficiary or a Member of the Family of the Designated Beneficiary.

The State of Alabama Department of Revenue has issued guidance on certain tax matters in the form of FAQs (<https://www.revenue.alabama.gov/faqs>). The Plan recommends that you review these FAQs and also seek tax advice from an independent tax advisor before undertaking any such rollover.

Beginning January 1, 2024, Section 529 permits a rollover from a 529 Plan to a Roth IRA to qualify as a non-taxable rollover for federal income tax purposes. A Roth IRA Rollover is a direct transfer from an Account to a Roth IRA on or after January 1, 2024, that meets the following requirements:

- The Account must have been maintained for the 15-year period ending on the date of the Roth IRA Rollover.
- The Roth IRA Rollover must be made in a direct trustee-to-trustee transfer to a Roth IRA maintained for the benefit of the Beneficiary of the Account.
- Each year, the 529-to-Roth IRA Rollover will be subject to annual IRA contribution limits, minus all other IRA contributions made during the year for the same designated beneficiary. In addition, such rollovers may not exceed the amount of compensation the designated beneficiary earned during the year.
- The amount of the Roth IRA Rollover may not exceed the aggregate amount contributed to the Account (and earnings attributable thereto) before the 5-year period ending on the date of the IRA Rollover.
- The aggregate amount for all years of Roth IRA Rollovers for the same beneficiary from all 529 qualified tuition programs may not exceed \$35,000.

Roth IRA Rollovers are subject to the annual contribution limit for Roth IRAs. For 2025, the limit is \$7,000. All contributions made during the year to individual retirement accounts for the Beneficiary count towards this limit.

A Roth IRA Rollover can be made only to the extent the Beneficiary has eligible compensation (e.g. wages and self-employment income) for the year. The Roth IRA modified adjusted gross income limits appear not to apply to Roth IRA Rollovers.

You should consult with your tax advisor before requesting a Roth IRA Rollover.

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