

Inform

CollegeCountsSM
Alabama's 529 Fund

ADVISOR PLAN

3rd Quarter 2015

Investing for the Long-Term

In periods when the markets are fairly stable as well as when there is market volatility, we encourage college savings investors to utilize an investment strategy they are comfortable with over the long-term. Here are several interesting tips from the Investopedia web site:

Don't sweat the small stuff - As a long-term investor, you shouldn't panic when your investments experience short-term movements. When tracking the activities of your investments, you should look at the big picture. Remember to be confident in the quality of your investments rather than nervous about the inevitable volatility of the short term. ...the gains of a long-term investor come from a completely different market movement - the one that occurs over many years - so keep your focus on developing your overall investment philosophy by educating yourself.

Pick a strategy and stick with it - Different people use different methods to pick stocks and fulfill investing goals. There are many ways to be successful and no one strategy is inherently better than any other. However, once you find your style, stick with it. An investor who flounders between different stock-picking strategies will probably experience the worst, rather than the best, of each. Constantly switching strategies effectively makes you a market timer, and this is definitely territory most investors should avoid. Take Warren Buffet's actions during the dotcom boom of the late '90s as an example. Buffett's value-oriented strategy had worked for him for decades, and - despite criticism

from the media - it prevented him from getting sucked into tech startups that had no earnings and eventually crashed.

Focus on the future - The tough part about investing is that we are trying to make informed decisions based on things that have yet to happen. It's important to keep in mind that even though we use past data as an indication of things to come, it's what happens in the future that matters most.

Adopt a long-term perspective - Large short-term profits can often entice those who are new to the market. But adopting a long-term horizon and dismissing the "get in, get out and make a killing" mentality is a must for any investor. This doesn't mean that it's impossible to make money by actively trading in the short term. But, as we already mentioned, investing and trading are very different ways of making gains from the market. Trading involves very different risks that buy-and-hold investors don't experience. As such, active trading requires certain specialized skills.

Neither investing style is necessarily better than the other - both have their pros and cons. But active trading can be wrong for someone without the appropriate time, financial resources, education and desire.

CollegeCounts offers a diverse lineup of investment options from high-quality mutual fund families. Our goal is to meet the needs of any type of investor who wants to save for future college expenses. With the tips above in mind, investors can work with their financial professionals to create a CollegeCounts investment portfolio that meets their objectives.

Make your 2015 Contributions Now!

If you haven't maximized your contributions for the 2015 Alabama state income tax deduction, don't delay - make your contributions now! Contributions are deductible for Alabama state income tax purposes up to \$5,000 for individuals or up to \$10,000 for those who are married and filing jointly. It's easy to make a contribution by logging in to your account or by mailing a check. Keep in mind that the deadline for 2015 contributions is December 31st. Contribute now so you don't forget during the busy month of December.

Encourage family members and friends to contribute to your account as well - any Alabama taxpayer can obtain the benefit of the deduction for contributions they make to CollegeCounts. You can send a contribution invitation through GiftED after logging in to your account. GiftED is a great way for your loved ones to contribute to your account to obtain the Alabama tax deduction or to make birthday or holiday gifts.

If you plan to make any large gifts of up to \$14,000 (\$28,000 for joint filers) to CollegeCounts in 2015, we recommend making those contributions prior to December 24th to allow enough time for the funds to clear your bank account prior to the end of the year. Be sure to consult your financial or tax professional regarding any gifting you plan to do.

Withdrawals for 2015

We recommend that you match all of your withdrawals to the year in which your qualified higher education expenses are incurred. If you need to request any withdrawals for expenses you have incurred in 2015, please complete the withdrawal prior to December 31st. Likewise, when you receive your 2nd semester tuition bill, if the payment is due and will be paid in January 2016 you should wait until 2016 to request the withdrawal from your account. It's easy to request a withdrawal by logging in to your account, completing the withdrawal request form, or contacting our customer care team at 866.529.2228.



Offered by the
State of Alabama

UBT 529 Services a Division of
UBT
Union Bank & Trust
Program Manager

**Northern Trust
Securities, Inc.**
Distributor

866.529.2228 • PO Box 85290 • Lincoln, NE 68501-5290

CollegeCounts529advisor.com

529 Plans & the FAFSA Financial Aid Process

College savers often misunderstand the impact a 529 plan may have on federal financial aid. Parents and grandparents sometimes mistakenly believe that an investment in a 529 savings plan will eliminate the possibility of federal financial aid. Below we will review some of the high-level considerations.

The Free Application for Federal Student Aid ("FAFSA") is the application that is used when applying for the U.S. Department of Education's federal student aid programs.

The U.S. Department of Education web site has a detailed resource titled: "The EFC Formula, 2015 – 2016". The publication provides general rules as to what is included in the formula when considering what resources are available to pay for college. The following percentages provide what is included in the FAFSA calculations (ie: the lower the percentage the better):

%'s Includible for Federal Financial Aid Purposes

Assessment rate	Assets	Income
Student	20%	50%
Parent	2.6% - 5.64%	22% - 47%

The publication also includes details as to the assets that are included and excluded along with the certain asset and income allowances.

As you can see, the FAFSA process factors in income at a higher percentage than assets. That means income generally has a bigger impact on financial aid and assets have a smaller impact. A 529 account when owned by the parent is treated as a parental asset. Parental assets generally have a limited impact when applying for federal financial aid.

What if a grandparent or someone else owns the 529 account? Generally this is not included as an asset on the FAFSA. **HOWEVER**, once a withdrawal is taken from a grandparent or third party owned 529, the withdrawal can have an impact the following year. The FAFSA instructions provide that the following is included on line 45(j) of the FAFSA as untaxed income:

"This includes distributions to you (the student beneficiary) from a 529 plan that is owned by someone other than you or your parents or non-custodial parents (such as your grandparents, aunts, and uncles)."

Bottom Line: Keep saving for future college expenses. Based on the current rules, your future income will have a larger impact on your student's financial aid eligibility.

This information is provided for educational purposes. For additional information visit www.fafsa.gov, visit with the college admissions department, and your high school college support team.

Rollover Contributions

If you have made investments in out-of-state 529 programs, you may wish to consider completing a rollover to your CollegeCounts account in order to gain the benefit of the Alabama state income tax deduction. Alabama taxpayers can deduct the full amount of rollover contributions that are completed prior to December 31st for Alabama state income tax purposes. Keep in mind that a rollover for the same beneficiary can only be completed once every 12 months. If you completed a rollover last year, you will want to coordinate the timing of any 2015 rollovers with the 2014 rollover date. Please contact your financial professional or our customer care team with any questions you have about completing a rollover.

National Do Not Call Registry

Visit the Federal Trade Commission site at www.ftc.gov to register your home or mobile phone number. This gives you the choice about whether you receive telemarketing calls at home.

Thank you for investing with CollegeCounts!

The CollegeCounts 529 Fund Advisor Plan is a qualified tuition program under Section 529 of the Internal Revenue Code that is sponsored by the State of Alabama and administered by the Board of Trustees of the ACES Trust Fund (the "Trust" and plan issuer). Union Bank & Trust Company serves as Program Manager and Northern Trust Securities, Inc., acts as Distributor. Accounts and investments under the CollegeCounts 529 Fund Advisor Plan are not insured or guaranteed by the FDIC, the State of Alabama, the State Treasurer of Alabama, the Board, the Trust, the Program, Union Bank & Trust Company, Northern Trust Securities, Inc., or any other entity. Investment returns are not guaranteed and you could lose money by investing in the Plan.

An investor should consider the investment objectives, risks, and charges and expenses associated with municipal fund securities and the Program before investing. This information is contained in the Program Disclosure Statement (issuer's official statement). Please read it carefully before investing. For a copy, call 866.529.2228, visit the plan web site, or contact your investment professional.

An investor should consider, before investing, whether their home state or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program.

CollegeCountsSM
Alabama's 529 Fund

ADVISOR PLAN

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