

FINAL 2016 TAX REMINDERS

April 15 is right around the corner. (Note: this year's tax filing due date has been extended to April 18, 2017.)

The following are some final reminders as you wrap up your 2016 tax filings.

Alabama taxpayers are eligible for a state income tax deduction for 2016 contributions made to CollegeCounts.¹ The 2016 Alabama Form 40 instructions state:

You can deduct up to \$5,000 or \$10,000, if married filing jointly, per year for contributions to the Alabama CollegeCounts 529 Fund or to the Prepaid Affordable Tuition Program (PACT).

Don't forget to report your contributions to CollegeCounts when you file your 2016 taxes and remind others who may have contributed to your account to do the same. Any contributions postmarked in 2016 that were invested in January 2017 will appear on your enclosed 1st Quarter 2017 statement as a "Prior Year Contribution" and should be included for 2016 tax deduction purposes.

Keep in mind, contributions to CollegeCounts don't generate any tax forms for the Alabama state income tax deduction—simply report your total contributions on Alabama Form 40, Part II, Line 8.

Inform your tax professional if you elected to make a large gift in 2016 (typically over \$14,000 for individuals or \$28,000 for married couples). If you took advantage of the special five-year, front-loading gift election allowed for 529 plans, you are typically required to file IRS Form 709 to have a large gift to a 529 account split over a five-year period.

If you're receiving a 2016 tax refund, you can direct all or a portion of that refund be invested in your CollegeCounts account. Visit the "Tax Center" at CollegeCounts529advisor.com and select the "Invest Your Federal or State Tax Refund" link for more information.

Additional tax information can be found in the 4th Quarter 2016 Newsletter and the "Tax Center" at CollegeCounts529advisor.com. Be sure to check with your tax professional for more information or advice regarding the tax benefits of investing with CollegeCounts.

2016 Withdrawal Reporting

In January, CollegeCounts mailed IRS Form 1099-Q to the recipient of any 2016 withdrawals. If the withdrawal was payable to the account owner, the 1099-Q was mailed to the account owner. For any withdrawals payable to the beneficiary or a school, the beneficiary received the 1099-Q. We recommend you discuss any withdrawal reporting requirements, and any coordination with other education tax credits and deductions, with your tax professional. We also recommend you retain all documentation of your qualified higher education expenses with your tax paperwork in the event there are any questions about how the withdrawn funds were used for expenses.



Graduation Gift Idea

Graduation season will be here before you know it! Will your beneficiary be celebrating a graduation from preschool, kindergarten, middle school, or high school? A contribution to your CollegeCounts account makes a great gift that will help your beneficiary reach their higher education goals. Make it easy for your family members and friends to gift a contribution with GiftED. Simply log in to your account at CollegeCounts529advisor.com to send an email invitation. They will use the link in the email to make an electronic contribution directly to your account, or they can mail a check to us. You can view the gift contribution details online which will allow you to acknowledge any gifts that are received.

Rebalancing Your Portfolio

As market performance alters the values of your asset classes, you may find your asset allocation no longer provides the balance of growth and return you want. In that case, you may want to consider adjusting your holdings and rebalancing your portfolio.

Assets grow at different rates—which means your portfolio might end up out of line with the allocation you have chosen. For example, some assets might have recently grown at a much faster rate. To compensate, you might reallocate some of the value of fast-growing assets into assets with slower recent growth, which may now be poised to pick up steam while recent high-performers slow down. Otherwise, you might end up with a portfolio that carries more risk and provides a smaller long-term return than you intended.



Although there's no official timeline that determines when you should rebalance your portfolio, you may want to consider whether you need to rebalance yearly as part of an annual review of your investments.

Source: Financial Industry Regulatory Authority ("FINRA") website, March 20, 2017.

Start the College Conversation Now

Research has shown that a child is seven times more likely to go to college if they know that a loved one has saved money for their college education. You have already started saving for your beneficiary and it's important they know you believe they can achieve their higher education dreams. Start talking about your expectations when your beneficiary is young—explain the benefits of going to college, talk about your college experience or what you would have done differently, and help them understand the value of furthering their education. Read with your young child as much as possible, help them with homework, and stay involved with their educational growth. As your beneficiary reaches middle school, help them start to think about what they are good at

and what some future college and career goals might be. In high school, college preparation ramps up with college research and visits, ACT and SAT testing, scholarship applications, and exploring financial aid options.

Be sure your beneficiary knows you have started a CollegeCounts account to help them pay for future college expenses. It's important your beneficiary knows you believe in them enough to make a financial commitment to their future. Include them in your saving efforts by letting them know when you make a contribution or by letting them contribute their gift or allowance money to the account.

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 or on the plan's website 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 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 and administered by the Board of Trustees of the ACES Trust Fund (the "Trust" and plan issuer).

¹Individuals 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. 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. Please consult with your tax professional.

NOT FDIC INSURED / NO BANK GUARANTEE / MAY LOSE VALUE


ADVISOR-GUIDED 529 FUND