

Final tax reminders

Make sure you take your CollegeCounts contributions and withdrawals into account when completing your various tax filings. We encourage you to discuss any tax-related questions with your tax professional. Here are some final reminders that may help you wrap up your taxes for the year:

Alabama tax deduction

- ▶ Contributions to CollegeCounts made or postmarked by December 31, 2019 can be deducted for Alabama state income tax purposes up to \$5,000 per single filer (\$10,000 if married, filing jointly and both spouses contribute)¹.
- ▶ Report your 2019 contributions on Alabama Form 40, Part II, Line 8
- ▶ Contribute now to take advantage of the state income tax deduction for 2020

2019 Withdrawals

- ▶ IRS Form 1099-Q was mailed in January for any distributions from CollegeCounts in 2019
- ▶ Discuss any questions with your tax professional and keep the documentation of your qualified expenses² with your tax paperwork

Invest your tax refund

- ▶ If you will receive a state or federal tax refund, consider investing all or a portion of the refund in your CollegeCounts account.
- ▶ Direct deposit instructions can be found at the Tax Center at **CollegeCounts529advisor.com**

Gift Tax Return

- ▶ It is our understanding that gift contributions of over \$15,000 to a CollegeCounts account should be reported on IRS Form 709. Make sure you file Form 709 in a timely manner.

Tax credits

- ▶ You may be able to take advantage of the American Opportunity and Lifetime Learning Credits if you paid college expenses out-of-pocket in 2019.
- ▶ Expenses covered by withdrawals from a CollegeCounts account are not eligible for these credits (no "double-dipping").
- ▶ Discuss with your tax professional and review IRS Publication 970 for more information.

Recontributions of College Refunds

- ▶ A refund from a college may be re-contributed to a CollegeCounts account within 60 days of the date of the refund with no penalty
- ▶ Tax Form 1099-Q would still be issued for the initial withdrawal from the account, so it's important to keep documentation of the withdrawal and re-contribution for tax purposes.

LONG-TERM INVESTING



Successful investing takes time, discipline and patience.

—Warren Buffet



After a decade of exceptional market performance, the markets were highly volatile with big movements up and down during the first quarter of 2020. No matter where you are in your college savings journey, we encourage you to consider your long-term investment goals and risk tolerance as you work with your financial professional to determine the investment option(s) to consider for your CollegeCounts account. Making a disciplined decision to invest for the long-term will help during periods of market unpredictability. It's a good idea to periodically review your investment strategy with your financial professional as your goals may change. Please review the enclosed update on the markets and visit the CollegeCounts website for more information.

Graduation Gifts

A contribution to a CollegeCounts account makes a great gift for a graduate of any age. Whether the student has mastered their ABC's and 1, 2, 3's and will be a proud preschool or Kindergarten graduate, or they have earned their high school diploma and are ready to set off into the world, you can help them by making a gift toward their future education goals. We offer greeting cards and certificates that you can use to notify your loved one of your gift to their account (CollegeCounts529advisor.com/benefits/give-a-gift/).

Make contributions a group effort by using CollegeCounts GiftED to encourage family members or friends to make a contribution that will benefit your student. Simply log in to your account at CollegeCounts529advisor.com and select the "GiftED" link to send an email invitation to anyone who may want to contribute to your account. The recipient can easily make an electronic contribution from the link provided in the email or they can mail a check directly to CollegeCounts. We will track all invitations and contributions in the online GiftED history so you can acknowledge any contributions received. GiftED is an easy way for others to help your student achieve their education dreams!

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 Advisor Plan Program Disclosure Statement (issuer's official statement), which can be obtained from a financial professional and on CollegeCounts529advisor.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 and administered by the Board of Trustees of the ACES Trust Fund (the "Trust" and plan issuer).

¹ 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 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 percent (10%) 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.

² 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; and certain expenses for special needs services needed by a special needs beneficiary. 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 non-qualified withdrawal plus 10% of the amount withdrawn.

NOT FDIC INSURED / NO BANK GUARANTEE / MAY LOSE VALUE

CollegeCounts Financials

Each year, an independent accounting firm performs an audit of the CollegeCounts 529 Fund financial statements. You can view the latest audited financial statements at CollegeCounts529advisor.com Select "FAQ's" at the top of the homepage and find the link under the question, "Where can I obtain a copy of the audited financial statements?"

CollegeCounts 529 Rewards Visa[®]

Are you looking for a creative way to have additional dollars to invest for your child's education? CollegeCounts offers a Rewards Visa card that features a 1.529% reward on everyday purchases. The rewards are automatically invested in up to 3 CollegeCounts accounts on a quarterly basis as soon as more than \$50 in rewards is accrued. If you pay off your credit cards each month, the rewards dollars can be a nice addition to the funds you are already investing in your account without a change in your family's budget. To learn more and submit an application, visit CollegeCounts529advisor.com and choose the "Visa Rewards" option under the "Benefits" menu.

Online Access and E-Statements

In the current digital age, CollegeCounts wants to make it easy for you to manage your account through our secure website. After logging in, you have the ability to review your balance and transaction information, make a contribution, request a withdrawal or investment change, update your address and view statements. We also offer e-delivery of statement notifications for those who want the added convenience of not having to rely on the mail for an account update. Simply log in at CollegeCounts529advisor.com to see all that the site offers and change your statement delivery preferences at any time.

