

Market Volatility – Focus on Long-term

"Successful investing takes time, discipline and patience."
- Warren Buffett

After an excellent 2021 – the start to 2022 has seen an increase in volatility and the markets have pulled back. Though the recent market fluctuations have been unpredictable, this is not unusual. The markets tend to move in cycles of both out-performance and under-performance. We encourage investors to remain calm and invest according to their long-term goals. Stay focused on your long-term goals rather than the day to day or week to week fluctuations in the markets.

The markets have provided above average returns the last ten plus years. After a strong run like we've seen, it is possible we will see more muted returns. Make sure to have realistic expectations and to identify a level of volatility that you're comfortable with. Be sure to visit with your financial advisor for their expertise, advice and guidance regarding the investment option that might help you reach your investment goals. CollegeCounts offers a diverse group of quality investment options for you to choose from to suit your investment needs and goals. Though it's impossible to predict the movements of the markets, we recommend contributing regularly to an investment option that you are comfortable with during all market cycles to help you stay the course and weather periods of unpredictability.

IMPORTANT- Account Security Actions

Take a few moments today to set up your personal Security Questions! The questions are another security feature that can assist you if you ever forget your password. The questions are quick and easy to create and will streamline future login attempts. Here's how to set up this helpful feature:

1. Log into your account at CollegeCounts529advisor.com
2. Choose "Profile Settings" from the menu on the left
3. Select the "Change Security Questions and Answers" option
4. Follow the simple steps to create your personalized Security Questions

Thank you for taking a few moments to help us better serve you and keep your account information secure!

FINAL TAX REMINDERS

With tax season coming to a close, don't forget about the tax benefits that may be available for investing with CollegeCounts! We always encourage you to talk with your tax professional for any questions regarding your taxes, but here are some reminders that may be helpful to you.

Alabama State Income Tax Deduction:

- ▶ Contributions to CollegeCounts up to \$5,000 for individuals can be deducted each year (up to \$10,000 if married, filing jointly if both spouses contribute)¹
- ▶ Only contributions completed or postmarked by December 31, 2021 are eligible for the 2021 deduction
- ▶ Report your 2021 contributions on Alabama Form 40, Part II, Line 8
- ▶ Keep documentation of your contributions in the event of questions or audit

Tax Form 1099-Q for Withdrawals:

- ▶ Tax Form 1099-Q was issued and mailed in late January for withdrawals completed in 2021. You can also view/download your 1099-Q after logging in at CollegeCounts529advisor.com.
- ▶ The Account Owner should have received the 1099-Q if any distributions were made payable to them.
- ▶ The Beneficiary should have received the 1099-Q if any distributions were made payable to them or to a College/University.
- ▶ Please discuss any required tax filings with your tax professional.

Visit the Tax Center at CollegeCounts529advisor.com for more information.

CollegeCounts – Graduation Gift Idea

Are you looking for a gift for a special graduate this year? Consider contributing to a CollegeCounts 529 plan! Contributing to a 529 plan is an excellent way to congratulate them on their achievements and help set them up for continued success in the future. The gift of education can help them to achieve their goals, pursue the career they love, and prepare them for success in the world. No matter what career path they choose, giving to their 529 account can help them achieve their dreams. You can even use one of our greeting cards or certificates to notify them of your gift.

Contributing is simple, and anyone can do it! Encouraging your family and friends to contribute to your account is easy. Simply log into your account at CollegeCounts529advisor.com and select the “GiftED” link to send them an email invitation that they can use to contribute. The recipient can use the link to easily and quickly make an electronic contribution into your graduate’s account. Or, they can contribute by mailing a check to CollegeCounts. All invitations and contributions will be recorded in your GiftED history so that you can acknowledge any gifts received and have peace of mind knowing your child’s future is bright.

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 Advisor Plan 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). Union Bank & Trust Company serves as Program Manager and Northern Trust Securities, Inc., acts as Distributor. Except for any investments made by a Participant in the Bank Savings 529 Portfolio up to the limit provided by Federal Deposit Insurance Corporation (“FDIC”) insurance, neither the principal contributed to an Account, nor earnings thereon, are guaranteed or insured by the State of Alabama, the State Treasurer of Alabama, the Board, the Trust, the Program, any other state, any agency or instrumentality thereof, Union Bank & Trust Company, Northern Trust Securities, Inc., the FDIC, or any other entity. Investment returns are not guaranteed. Account Owners in the Plan assume all investment risk, including the potential loss of principal.

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; certain expenses for special needs services needed by a special needs beneficiary; fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act; up to a lifetime maximum of \$10,000 paid as principal or interest on any qualified education loan of the Designated Beneficiary or a sibling of the Designated Beneficiary. A sibling includes a brother, sister, stepbrother, or stepsister. For purposes of the \$10,000 limitation, amounts treated as a qualified higher education expense with respect to the loans of a sibling of the Designated Beneficiary are taken into account for the sibling and not for the Designated Beneficiary; up to a maximum of \$10,000 per year in tuition expenses, incurred by a Designated Beneficiary, in connection with enrollment or attendance at an eligible elementary or secondary public, private or religious school. 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 nonqualified withdrawal plus 10% of the amount withdrawn.

NOT FDIC INSURED* / NO BANK GUARANTEE / MAY LOSE VALUE

(*except the Bank Savings 529 Portfolio underlying investment)

No matter how long the winter, spring is sure to follow. Enjoy the beautiful spring days!

Invest Your Tax Refund

Expecting a refund on your taxes this year? Use it to make an additional contribution to your 529 account and continue building funds your child’s future! This is a great way to put your refund to work for you. Find more details at the Tax Center at CollegeCounts529advisor.com.

Considering an Apprenticeship?

Every year, more and more people are pursuing apprenticeships as a way to enter the work force and achieve their career goals. Should your beneficiary decide to pursue an apprenticeship to further their education, CollegeCounts is here to help!

Alabama taxpayers can use their CollegeCounts 529 accounts to help pay for certain expenses associated with an Apprenticeship Program. Funds can be used towards fees, books, supplies, and equipment required for the participation of a Designated Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act.² Remember to discuss any questions about qualified expenses and withdrawals with your tax professional. CollegeCounts gives your beneficiary the flexibility to reach their education and career goals.




CollegeCounts
ADVISOR-GUIDED 529 FUND