

## 2023 Final Tax Reminders

Remember to consider your contributions to and withdrawals from your CollegeCounts account(s) when completing your tax filings. Be sure to reach out to your tax professional with any questions. Here are a few final tax reminders that we encourage you to keep in mind:

### Alabama Tax Deduction

- ▶ Contributions to CollegeCounts by Alabama taxpayers may be eligible for a state income tax deduction up to the following limits:
  - \$5,000 for individuals
  - \$10,000 if married, filing jointly and both spouses contribute<sup>1</sup>
- ▶ 2023 contributions can be reported on Alabama Form 40, Part II, Line 8.
- ▶ Contribution summaries for 2023 are available under the Tax Forms section of your online access by logging in at [CollegeCounts529Advisor.com](http://CollegeCounts529Advisor.com).

### 2023 Withdrawal Reporting

- ▶ Tax Form 1099-Q was mailed in late January 2024 for withdrawals completed in 2023.
- ▶ You can view or download a copy of your 1099-Q by logging in at [CollegeCounts529Advisor.com](http://CollegeCounts529Advisor.com).
- ▶ It is our understanding that you may not need to report withdrawals from CollegeCounts as long as funds were used for qualified expenses<sup>2</sup>.
- ▶ Keep all invoices, receipts and documentation of your qualified expenses<sup>2</sup> in the event of questions or an audit.
- ▶ Discuss any withdrawal-related questions with your tax professional.

### Invest Your Tax Refund

- ▶ If you are expecting a state or federal tax refund, contributing some of those dollars to CollegeCounts could be a good way to continue working towards your educational investment goals.

Visit our Tax Center at [CollegeCounts529Advisor.com](http://CollegeCounts529Advisor.com) for more information and remember to discuss your questions with your financial advisor and/or tax professional.

## CollegeCounts Financials

An independent accounting firm performs an audit of the CollegeCounts 529 Fund financial statements every year. You can view the latest audited financial statements by visiting [CollegeCounts529Advisor.com](http://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?".

## Recontribution of a College Refund

If you used funds from your CollegeCounts 529 account for college tuition and received a refund from the college, that refund can be re-contributed to your CollegeCounts 529 account for the same beneficiary within 60 days of the date of the refund. Tax Form 1099-Q will still be issued for the initial withdrawal, so we recommend keeping all documentation of the refund and recontribution for tax purposes.





## Need a Gift Idea?

If you or someone you know is looking for a great gift idea for a new family addition, a current student, or an upcoming preschool, middle school or high school

graduate, consider contributing to their CollegeCounts 529 account! It's a great way to aid that individual's future education and help defray the costs of college. As an added benefit, Alabama taxpayers may also be able to take a state income tax deduction up to \$5,000 (\$10,000 if married filing jointly when both spouses contribute)<sup>1</sup> each year for their contributions to CollegeCounts.

Inviting someone to contribute to your child's CollegeCounts account is simple. Just log into your account at **CollegeCounts529Advisor.com** and select the "GiftED" link from the menu on the left to quickly send someone an email invitation. The recipient of the link can then use it to easily contribute to that account with an electronic contribution from their bank account or by mailing a check to CollegeCounts. Every invitation and contribution made will be recorded in your GiftED history so that you can easily find and acknowledge any gifts you have received. You can find more information by going to **CollegeCounts529Advisor.com/benefits/give-a-gift**.



## Have You Named a Successor Account Owner?

For many, tax season is a time to revisit our finances and ensure our estate is in order. We encourage people to revisit their 529 plans as part of their future estate planning. While not necessary for everyone, we encourage people to name a Successor Account Owner to take ownership of the account in the unfortunate event of the death of the Account Owner. If you have already named a Successor Account Owner, you might want to consider if that person is still the most appropriate individual to designate as the future owner. Is that person aware that they are the named as the successor and that you intend to pass the account to them? If you would like to add or change a Successor Account Owner, you can log into your account at **CollegeCounts529advisor.com** and navigate to "Account Profile" to review and make updates.

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 and 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 and 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.

**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.**

<sup>1</sup>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. 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.

<sup>2</sup> 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; apprenticeship program expenses; payment of principal or interest on any qualified education loan of the Beneficiary or a sibling of the Beneficiary (up to an aggregate lifetime limit of \$10,000 per individual); and up to \$10,000 per year in K-12 Tuition Expenses. The earnings portion of a Nonqualified Withdrawal is subject to federal income tax and 10% federal penalty tax. In addition, Alabama provides in the event of a Nonqualified 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)

**"It's better to look ahead and prepare than to look back and regret."**

**— Jackie Joyner-Kersey**

  
**CollegeCounts**  
ADVISOR-GUIDED 529 FUND