

# Informer

CollegeCounts<sup>SM</sup>  
Alabama's 529 Fund  
ADVISOR PLAN

4th Quarter 2014

## 2014 Alabama State Income Tax Deduction Reporting

The state of Alabama allows contributors to deduct up to \$10,000 on their Alabama state income tax return for contributions made to CollegeCounts (\$5,000 is the limit for individuals). Keep in mind that a contributor does not have to be the account owner for the account in order to take advantage of the deduction – any family members or friends who are Alabama taxpayers can take the deduction for any contributions they may have made to your account.

Contributions to CollegeCounts will be reported on Form 40 for state of Alabama tax deduction purposes. You can visit the Tax Center on our website ([CollegeCounts529advisor.com](http://CollegeCounts529advisor.com)) for more helpful tax information. We also recommend that you visit with your financial and/or tax professional for advice.

It's never too early to make a contribution to CollegeCounts to qualify for the 2015 Alabama state income tax deduction. You can make electronic contributions or establish an Automatic Investment Plan by accessing your account through our secure website. Don't wait until the last minute to make your 2015 contribution – make a New Year's Resolution to check that important contribution off your to-do list right away!



Offered by the  
State of Alabama

UBT 529 Services a Division of  
**UNION BANK**  
& TRUST COMPANY.<sup>®</sup>  
Program Manager

**Northern Trust**  
**Securities, Inc.**  
Distributor

## 2014 Morningstar Rankings

In October, Morningstar released their rankings of 529 plans across the country. The CollegeCounts 529 Fund Advisor Plan was pleased to earn the second highest ranking awarded advisor-sold plans. The factors Morningstar considers are People, Process, Parent, Performance, and Price. The ratings reflect the quality of the entire plan – not a single investment.

*"The plan's age-based options and six balanced portfolios invest in solid strategies. They hold a mix of 18 actively and passively managed strategies, eight of which earn a Medalist rating from Morningstar analysts--a mark that reflects analysts' confidence in a fund's future prospects."*

*"The plan also offers an exceptional selection of individual options for investors to create customized portfolios. The lineup includes a mix of 24 passive and active strategies managed by well-regarded investment firms."*

--Morningstar, October 2014

## 2014 Gift Tax Reporting

If you made larger gifts in 2014 (ie: typically over \$14,000), don't forget to mention them to your tax professional so they can determine if any special IRS filings are required. If you took advantage of the special 5-year front-loading election allowed for 529 plans, please notify your tax professional so they can prepare any necessary Gift Tax Return. The due date for filing is April 15, 2015.

## 2014 Year-to-Date Contributions

Your 4th Quarter 2014 statement provides the Year-to-Date Contribution totals for your account. The "YTD Contributions" detail includes all contributions received and invested from January 1st to December 31st in 2014. Please keep the following in mind as you determine the total amount you may be able to deduct on your Alabama state income tax return.

If you mailed a contribution in late December 2014 that was invested in January 2015, as a "Prior Year Contribution" for 2014, that contribution would not be reflected on your 4th Quarter statement since it was not received prior to December 31st. Any contributions with a 2014 postmark that were invested in 2015 as "Prior Year Contributions" will appear on your 1st Quarter 2015 statement. You would need to add any "Prior Year Contributions" to the YTD Contributions total on your 4th Quarter statement for Alabama tax deduction purposes.

You may also need to subtract any contributions that were invested in January 2014 for the previous tax year to determine the correct amount for your 2014 tax deduction. Any "Prior Year Contributions" for 2013 should be subtracted from the YTD total on your 4th Quarter Statement. Similarly, if family members or friends made contributions to your account, you would also need to subtract those contributions – each contributor is eligible to take the Alabama income tax deduction for any contributions they may have made.

Please don't hesitate to contact us at **866.529.2228** if you have questions or need assistance in determining the amount of your 2014 contributions eligible for the Alabama income tax deduction.

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

## 2014 Withdrawal Reporting

Did you request a withdrawal from your CollegeCounts account in 2014? If so, we will be mailing IRS Form 1099-Q in January. The 1099-Q is a report showing the total amount of all withdrawals requested to the same payee as well as the principal and earnings portions of those withdrawals. The form will be mailed to the recipient of the withdrawal – if the check was payable to the Account Owner, the Account Owner will receive the 1099-Q. The Beneficiary will receive the 1099-Q for any withdrawals paid to the Beneficiary or to the School. We recommend that you keep the receipts and documentation of your college expenses with your tax paperwork in the event there are ever any questions about the amount you have withdrawn. You should discuss any tax reporting requirements with your tax professional.

## Invest Your Tax Refund

If you will be receiving a Federal or State tax refund, consider depositing it into your CollegeCounts 529 Fund account. Your Alabama and Federal tax form will provide a section that allows you to have your refund deposited directly into a bank account.

Here is the information you will need:

Routing Number:

Type of Account: **Savings**

Account Number:

\*after 3529 include your 9 or 10 digit CollegeCounts 529 Fund account number

Take a look at the enclosed insert with more detailed information and the steps to use when you file your taxes.



## Throughout the Year

Even though the holiday season is over, don't forget to encourage family members and friends to help you fund your loved one's future education expenses by sending invitations to make contributions through GiftED. A contribution to CollegeCounts makes a great gift for birthdays, graduations, or any other special occasion throughout the year. Once logged into your account online, simply select the "Gifting" link to walk through the simple steps to create and send invitations. GiftED makes it easy for you and contributors to help give your beneficiary the gift of a future college education!

**Thank you for investing with CollegeCounts!**  
**Best Wishes for the New Year!**

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 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.

**Before investing, you should consider the investment objectives, risks, fees, expenses, and tax consequences associated with the Program. All of this information is contained in the Program Disclosure Statement. Please read it carefully before investing. For a copy, call 866.529.2228, visit the plan website, or contact your investment professional.**

**If you or your beneficiary is not an Alabama resident, consider whether your home state or the home state of your designated beneficiary offers a qualified tuition program that provides a state tax deduction or other benefits to residents who invest in that program.**

**CollegeCounts**  
Alabama's 529 Fund

**ADVISOR PLAN**

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