

Informmer

CollegeCountsSM
Alabama's 529 Fund

ADVISOR PLAN

4th Quarter 2015

CollegeCounts Advisor Plan receives Praise from Morningstar!

"Alabama's CollegeCounts 529 Fund Advisor Plan hits the mark for its residents and nonresident do-it-yourselfers, earning it a Morningstar Analyst Rating of Bronze."

"Using a variety of topnotch managers can lead to higher costs, but this plan remains competitively priced relative to other advisor-sold options."

"The plan's age-based options and six balanced portfolios invest in solid strategies...The plan also offers an exceptional selection of individual options for investors to create customized portfolios."

"The plan's strong lineup, coupled with Alabama's state tax deduction on contributions (\$5,000 individual / \$10,000 joint), make it an attractive option for residents. Nonresidents may also find the plan compelling."

-Morningstar, October 2015

October 20, 2015—Morningstar, a leading provider of independent investment research, announced new Analyst Ratings and reports for 63 of the nation's largest 529 college-savings plans. Morningstar has identified 29 plans that are likely to outperform their peers on a risk-adjusted basis over a market cycle of at least five years. The five-tiered, qualitative Morningstar Analyst RatingTM scale has three positive levels—Gold, Silver, and Bronze—in addition to Neutral and Negative ratings. The three positive ratings indicate Morningstar

Medalists. This year, Morningstar manager research analysts awarded four Gold ratings, seven Silver ratings, 18 Bronze ratings, 32 Neutral ratings, and two Negative ratings to 529 college-savings plans.

Since 2012, ratings for 529 plans use the same scale as the Morningstar Analyst Rating for mutual funds. Both Analyst Rating methodologies consider the same five factors to arrive at the final rating, though the 529 ratings reflect the quality of the entire plan—not a single investment, as is the case for the fund rating. To arrive at an Analyst Rating for 529 plans, analysts consider:

Process: Did the plan hire an experienced asset allocator to design a thoughtful, well-diversified glide path for the age-based portfolios? What suite of investment options is offered?

People: What is Morningstar's assessment of the underlying money managers' talent, tenure, and resources?

Parent: Is the program manager a good caretaker of college savers' capital? Is the state managing the plan professionally?

Performance: Have the plan's options earned their keep with solid risk-adjusted returns over relevant time periods? How is the plan expected to perform going forward?

Price: Are the investment options a good value?



Offered by the
State of Alabama

UBT 529 Services a Division of

UBT
Union Bank & Trust
Program Manager

**Northern Trust
Securities, Inc.**
Distributor

2015 Tax Reporting

Contributions: Make sure to include your contributions on your Alabama State Income Tax Return. Contributions can help reduce your taxable income for Alabama state income tax purposes – helping you to save taxes!

Rollover Contributions: If you rolled an out-of-state 529 plan into CollegeCounts – the amount you rolled over from that out-of-state plan, can be deductible for Alabama state income tax purposes.

Form 40: includes a section to report your contributions to CollegeCounts (Alabama Form 40 - Part II Adjustments to Income).

IRS Form 1099-Q: If you received a withdrawal from CollegeCounts in 2015 watch for a Form 1099-Q from us in late January 2016. The 1099 will include the amount of the distribution along with a breakdown of the earnings portion. If the withdrawal was paid to the beneficiary or directly to the college the beneficiary will receive the 1099-Q.

IRS Form 709: If you made large gifts in 2015 (generally \$14,000 and above) make sure to ask your tax professional if you are required to file a Form 709 Gift Tax Return.

Resources: Visit these sites for additional tax information:

CollegeCounts529advisor.com
"Tax Center"

Alabama Department of Revenue:
revenue.alabama.gov

IRS: IRS.gov

Please consult with your tax professional for guidance and assistance.



A contribution to CollegeCounts makes a great gift. Invite your friends and family to gift online. Learn more at:
CollegeCounts529advisor.com

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Exciting 529 Changes

On Dec. 18 the President signed HR 2029 into law which included the following changes to 529 plans:

- **Qualified Expenses Expanded** - effective for taxable years beginning after December 31, 2014, the definition of qualified higher education expenses is expanded to include: expenses for the purchase of any computer and any related peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution.
- **Special Rule for Contributions of Refunded Amounts** - refunds of any qualified higher education expenses from an eligible educational institution are excludible from gross income if recontributed within 60 days (after the date of such refund) back into the 529 account. This provision is effective with respect to refunds of qualified higher education expenses after December 31, 2014.

For additional details please see the enclosed Program Disclosure Statement Supplement.

Creative Ways to Save More for College

Looking for additional ways to save a little more for college? Consider the following:

- **Invest your tax refund** - consider investing a portion or all of your Alabama or federal tax refund into CollegeCounts. Call us or visit the CollegeCounts "Tax Center" for the details.
- **Start or increase your monthly savings amount** - log into your account and start or increase a monthly savings amount. This can help you accumulate additional contributions into your account.
- **Send a CollegeCounts GiftED e-vite** - don't forget to invite family and friends to contribute to your account. This can be a great birthday, holiday, and special occasion gift.
- **Apply for a CollegeCounts Rewards Visa Card** - earn 1.529% on your everyday purchases with this rewards Visa card. Great way to have additional contributions added to your account. Apply online.

Subject to credit approval. Full details appear in the CollegeCounts 529 College Savings Visa® Card Brochure, Application, Credit Disclosures, Agreement, and Rewards Program Terms and Conditions. The card is administered and issued by Union Bank & Trust Company. All terms, including reward points, fees, and APRs for transactions, may be subject to change. The CollegeCounts 529 Rewards Visa Card is issued by Union Bank & Trust Company pursuant to a license from Visa U.S.A.

Investing for Long-Term Success

Invest for the long term and do not chase the markets – that wisdom can apply in good markets and in bad. Several years back the Dow Jones Industrial Average ("Dow") hit a market low of 6,443 (March 6, 2009). Last month (mid-December 2015) the Dow closed over 17,500. With the nice market run over the last 6 years it is likely that we will see market volatility and pullbacks. Discipline, diversification, and patience have historically been rewarded when investing.

Even the experts say it is very, very difficult, if not nearly impossible to predict the markets' highs and lows consistently. Based on that wisdom, we suggest investors select an asset allocation (or mix of investments) that matches their tolerance for risk, invest on an ongoing basis through a monthly investment plan, and stick with it through good and bad times. The investors that get hurt are those that jump in and out of the markets.

Invest for the long haul, stay the course, and keep your eye on the long term goal of helping your child with their future college expenses.

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

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 Advisor Plan 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. Investment returns are not guaranteed and you could lose money by investing in the Plan.

An investor should consider the investment objectives, risks, and charges and expenses associated with municipal fund securities and the Program before investing. This information is contained in the Program Disclosure Statement (issuer's official statement). Please read it carefully before investing. For a copy, call 866.529.2228, visit the plan web site, or contact your investment professional.

An investor should consider, before investing, whether their home state or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program.

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