

# Informer

## 2018 Contribution Deadline—December 31st

As 2018 begins to wind down, don't forget to make your contributions to CollegeCounts. Keep in mind that Alabama taxpayers are eligible to take advantage of the state income tax deduction for contributions to CollegeCounts up to \$5,000 (up to \$10,000 if married filing jointly and both spouses contribute)<sup>1</sup>. The contribution deadline is December 31st each year. We encourage all contributors to make their contributions as soon as possible to avoid missing the contribution deadline. Make a contribution today by logging in at **CollegeCounts529advisor.com**.

If you intend to make a large gift to an account to take advantage of the Federal Gift Tax Exclusion (\$15,000 for individuals, \$30,000 for married couples), we recommend making your contributions prior to December 24th. It is our understanding for a gift to qualify for the Federal Gift Tax Exclusion, it must clear the bank account it is drawn from before the end of the year. We recommend that you visit with your financial or tax professional for more information and advice.

The holidays are a great time to encourage family members and friends to make contributions as gifts to your beneficiary. Children grow out of clothes and toys, but the gift of a college education will last a lifetime! GiftED is an easy way to invite potential contributors to make a contribution electronically or via check. Alabama taxpayers may also be able to deduct their contributions to your account for state income tax purposes<sup>1</sup>, so they will benefit from tax savings and help your student at the same time. Log into your account at **CollegeCounts529advisor.com** and select "Gifting" to send an email invitation to anyone who wants to make a difference in your beneficiary's future!

## CollegeCounts Scholarship Application

The CollegeCounts Scholarship Application opens on December 3, 2018. Over the last 6 years, almost \$4 million has been awarded to hard-working Alabama students who intend to pursue a college education in the state of Alabama. If you know a current high school senior or anyone who will be a first-time college freshman in Fall 2019, we encourage them to review the eligibility requirements and apply. Detailed information about the scholarship can be found at **[treasury.alabama.gov/collegecounts-scholarship](http://treasury.alabama.gov/collegecounts-scholarship)**.

## Rollovers from Out-of-State 529 Programs

Investors who may have 529 accounts with out-of-state programs are eligible to request a rollover to a CollegeCounts account once every 12 months or upon a change of beneficiary. Alabama taxpayers may be able to take advantage of the Alabama state income tax deduction (up to \$5,000 for individuals, up to \$10,000 for joint filers when both spouses contribute)<sup>1</sup> for the amount of their rollover contribution if the transaction is completed prior to December 31st. It's easy to request a rollover if you have invested with another plan. Simply complete and submit the CollegeCounts Rollover Form and we will coordinate the transfer of assets with the other 529 program. We always recommend that you contact your current plan to find out if there are any fees or penalties associated with requesting a rollover from your account with them or if they require a Medallion Signature Guarantee stamp on the form. Rollovers between 529 programs can take 2-4 weeks to complete. If you are considering requesting a rollover in 2018, we recommend you complete the Rollover Form as soon as possible to get the process started well before the December 31st deadline.

## Invest for the Long-Term

While we enjoy seeing the positive performance of the markets, we also know that the markets are cyclical and experience periods of under-performance. When selecting an investment option for your CollegeCounts account, we encourage you to consider your long-term investment objectives and time horizon. With a long-term focus rather than a focus on day-to-day performance of portfolios, the cyclical nature of the markets can be more tolerable. It's a good idea to periodically review your investment option with your financial professional to ensure it continues to match your overall risk tolerance and investment goals. CollegeCounts offers a variety of investment options to meet the varying needs of many types of investors. Keep your time horizon and risk tolerance in mind as you choose the best investment to meet your needs. Doing so will help you remain focused on your long-term goals even in more difficult market environments.

## Withdrawal Reminder

It is important to match the payment of qualified expenses and reimbursement from your 529 account in the same calendar year. If you paid any qualified expenses from January–December 2018 and would like to request reimbursement from your 529 account, you should do so prior to the end of the year. Similarly, if you receive a bill for second semester college expenses that you plan to pay in early 2019, we recommend that you wait to request reimbursement from your CollegeCounts account until 2019 for that expense. Remember to keep all documentation of your expenses in the event of future questions from the IRS about withdrawals from your CollegeCounts account.

## Automate Your Contributions

Let an automatic investment plan help you with contributions to your CollegeCounts account! Set up a recurring, automatic contribution to avoid the stress of remembering to invest funds in your account. You can set up a weekly or monthly contribution if

you want to contribute regularly, or set up an annual contribution so you don't forget to recognize your beneficiary's birthday, a holiday or another special occasion. You can continue to make one-time contributions whenever necessary and your automatic investment plan will not be interrupted. To get started, or to increase the amount you are investing with an automatic investment plan, simply log into your account at [CollegeCounts529advisor.com](http://CollegeCounts529advisor.com) or complete and submit the Automatic Investment Plan form found under the "Forms" link on our website.

## Thank you for investing with CollegeCounts!

The November and December holidays are a great time for reflection and thankfulness. Everyone at CollegeCounts sends a heartfelt THANK YOU to all our investors and advisors! We appreciate your trust and the opportunity to serve you as you invest for your loved ones' future college goals. We wish you the best during the upcoming holiday season and the new year! Thank you for your support of CollegeCounts!

**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](http://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).

<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 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.

NOT FDIC INSURED / NO BANK GUARANTEE / MAY LOSE VALUE

