

# Informers

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

1st Quarter 2014

## Markets and Diversified Portfolios

As we look back, 2013 was another excellent year for the stock market. The U.S. stock market, as measured by the S&P 500 Index, was up over 32%. Since the market lows in March 2009, that same market index is up over 175%. The strong markets delivered good news to investors with their December 31, 2013 statements.

In 2008 & 2009, when the markets had rough patches, we encouraged our investors at the time to stay the course. We have the same message to continue with a diversified portfolio for the long term now that the markets have had very solid positive returns for a number of years.

If you are invested in the Individual Fund Portfolios - this may be a good time to review your investments to see if rebalancing is needed. Following such a strong year for the U.S. stock market, you may find that your current asset mix is heavier stocks than your original target. Reviewing your asset allocation and maintaining a diversified portfolio is sound financial planning during good markets and challenging markets.

While the U.S. stock markets had a very strong 2013, the same cannot be said for the U.S. bond market. The U.S. bond market, as measured by the Barclays U.S. Aggregate Bond

Index, was down 2%. As interest rates moved up last year, bond prices declined.

**What is an investor to do?** We are reminded during times of both good and challenging market cycles that the key to a successful investment program is to be disciplined, be diversified, match your risk level with your risk tolerance level, and invest for the long haul. All of these core tenets have been challenged during certain periods, but with history as a guide, they have paid dividends over time.

Invest for the long term. Match your investing with your risk tolerance. Remember that it is always a good time to increase your savings rate. Saving more each month can help you have the dollars you need when the college bills start to arrive.

## 2013 Tax Reporting

If you took a withdrawal from your account in 2013, CollegeCounts mailed an IRS Form 1099-Q in January. 1099-Q's are mailed to the payee for the withdrawal – if the withdrawal was paid to the Account Owner, the Owner received the 1099-Q, if the withdrawal was paid to the Beneficiary or the school, the Beneficiary received the 1099-Q. You will want to discuss any withdrawal reporting requirements with your tax professional. Keep in mind, contributions to the CollegeCounts 529 Fund do not generate any tax forms from the program for the Alabama state income tax deduction – simply report the total amount of your contributions on Part II, Line 8 of Alabama Form 40.

## Earn a \$25 Contribution to your Account

CollegeCounts offers a Visa Rewards credit card to help you save even more for your loved one's college expenses without changing your current spending habits - you earn a 1.529% reward on all eligible purchases. From April 1, 2014 – May 29, 2014, you have the opportunity to receive an additional \$25 contribution to a CollegeCounts account when you are approved for the card. Be sure to share the information with others who might want to help in your savings efforts (i.e. parents, grandparents, or others). With a 1.529% reward and an additional \$25 contribution when you are approved for the card, you're putting additional dollars aside to help your loved one achieve their education goals. For more information or to apply online, visit [CollegeCounts529.com](http://CollegeCounts529.com).



## Go Green! Sign up for CollegeCounts E-Statements!

Looking for ways to reduce paper clutter and go green? Sign up for CollegeCounts E-Statements and start reducing your environmental footprint! To get started log into your account at [CollegeCounts529.com](http://CollegeCounts529.com).



Offered by the  
State of Alabama

UBT 529 Services a Division of  
**UNION BANK**  
& TRUST COMPANY.  
Program Manager

(866) 529-2228 • PO Box 85290 • Lincoln, NE 68501-5290

## Final Tax Reminders

April 15th is right around the corner! As a final reminder, Alabama taxpayers who made a 2013 contribution to the CollegeCounts 529 Fund may be eligible for an Alabama State income tax deduction of up to \$5,000 (individuals) or \$10,000 (joint filers). Remind any family members or friends who contributed to your account to notify their tax professional of the contributions they made as well. Part II, Line 8 of Alabama Form 40 includes a place to report contributions you made during the tax year to CollegeCounts.

If you made a large gift in 2013 or took advantage of the special 5-year front-loading gift election allowed for 529 plans, make sure to mention these to your tax professional. They can help you determine if any special IRS filings are required. Typically, a Form 709 is required in order to have a large gift to a 529 account split over a 5 year period. The deadline for filing is April 15, 2014.

More detailed tax information can be found in the 4th Quarter 2013 Newsletter at [CollegeCounts529.com](http://CollegeCounts529.com). Be sure to check with your tax professional for more information or advice regarding the tax benefits of investing with CollegeCounts.

## 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



## Graduation + GiftED

### = Great idea!

Graduation season is quickly approaching! Whether you've got a loved one graduating from Preschool, Kindergarten, Jr. High or High School, a contribution to CollegeCounts will have a positive impact on your graduate's future. GiftED makes contributing easy for both the Account Owner and Contributor. As the Account Owner, simply log into your account at [CollegeCounts529.com](http://CollegeCounts529.com) and select the "Gifting" link at the top of the summary page. Follow the simple steps to send e-mail invitations to any family members or friends you think may want to make a contribution. They'll receive your e-mail and can either make an electronic contribution or mail a check directly to CollegeCounts. All contributions will be tracked in GiftED and the Account Owner can log in any time to find out who made contributions so they can be acknowledged, if needed. Whether it's a graduation, birthday, holiday, new baby, or other special occasion, GiftED provides a quick and easy way to get family members or friends involved in helping save for your loved one's future education expenses!

## Thank you for investing with CollegeCounts!

The CollegeCounts 529 Fund 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. 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, 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. For a copy, call (866) 529 - 2228 or visit the plan web site. Please read it carefully before investing.**

**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.**

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

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