

1ST QUARTER 2023

2022 Final Tax Reminders

Here are some final tax reminders regarding CollegeCounts as tax season winds down:

Alabama State Income Tax Deduction

- 2022 contributions to CollegeCounts may be deductible for Alabama taxpayers up to the following limits:
 - » \$5,000 for individuals
 - » \$10,000 if married, filing jointly and both spouses contribute¹
- Report your 2022 contributions on Alabama Form 40, Part II, Line 8
- Keep documentation of your contributions in the event of questions or audit
- Don't delay on 2023 contributions—log in at CollegeCounts529.com to set up an automatic contribution today

2022 Withdrawal Reporting

- Tax Form 1099-Q was mailed in late January for withdrawals completed in 2022
- Log in at CollegeCounts529.com to view/download a copy of your 1099-Q if you requested a withdrawal last year
- Keep documentation of your qualified expenses² with your tax paperwork
- Please discuss any required tax filings with your tax professional

Invest your Tax Refund

- If you expect to receive a state or federal tax refund, consider a contribution to CollegeCounts with some or all of those dollars

Education Tax Credits

- Don't forget about the American Opportunity and Lifetime Learning Credits if you paid any college expenses in 2022
- Only expenses paid out-of-pocket are eligible for those tax credits (expenses covered by withdrawals from your CollegeCounts account are not eligible)
- Review IRS Publication 970 for more information

Gift Tax Return—IRS Form 709

- 2022 contributions to a CollegeCounts account over \$16,000 (\$32,000 if married) may require IRS Form 709 to be filed
- The gift tax exclusion increased to \$17,000 (\$34,000 if married) beginning January 1, 2023
- Discuss any large gifts and reporting requirements with your tax and financial advisors

We encourage you to discuss any tax-related questions with your tax professional and visit the Tax Center at CollegeCounts529.com for more information.



E-Delivery Signup

Save paper and receive statements faster by signing up for e-Delivery! Simply log into your account at CollegeCounts529.com and choose e-Delivery Settings to edit your delivery preferences. You will receive email notifications when statements are available to retrieve through the portal and can log in to access your quarterly statements and tax forms at your convenience. E-Delivery is a convenient and secure way to receive important information and updates about your CollegeCounts account.

First Grade, First Steps Giveaway

There is still time to register to win a \$100 contribution to your first grader's CollegeCounts account with the First Grade, First Steps Giveaway! CollegeCounts wants to help Alabama first grade students succeed by giving away up to \$20,000 in contributions this school year.

Visit CollegeCounts529.com/FirstGrade to see the requirements and to register for the monthly drawings being held through June. Register today for a chance to boost your child's savings!

529 Day Giveaway

CollegeCounts is excited to celebrate 529 Day (May 29th) with another Giveaway for Alabama families with newborns! Follow CollegeCounts on Facebook (facebook.com/collegecounts) and "Like" the page for updates on how we plan to celebrate our favorite day of the year.

New parents or grandparents can enter to win a \$529 contribution to CollegeCounts for their baby beginning on May 29th! Stay tuned to CollegeCounts529.com and our Facebook page for more details.

**"An investment in knowledge
pays the best interest."**

Benjamin Franklin

CollegeCounts Financials

Each year, an independent accounting firm performs an audit of the CollegeCounts 529 Fund financial statements. You can view the latest audited financial statements at CollegeCounts529.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?"

Graduation is Approaching

Need a gift idea for that deserving graduate you know? Support their future education by contributing to their CollegeCounts 529 account! It's an excellent way to encourage their long-term growth and success while helping defray the costs of college. Whatever field they decide to pursue, your contribution can be an impactful action they appreciate for years to come.

CollegeCounts also makes it easy to suggest a gift contribution to family members or friends who might be looking for the perfect gift for your graduate, too. Simply log into your account at CollegeCounts529.com and select the "GiftED" link to quickly send them an email invitation that they can use to contribute to your beneficiary's account. The recipient of the GiftED link can easily make an electronic contribution from their bank account or they can contribute by mailing a check to CollegeCounts. All invitations and contributions will be recorded in your GiftED history so that you can easily find and acknowledge any gifts received.

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 Program Disclosure Statement (issuer's official statement), which can be obtained by calling 866.529.2228 and at CollegeCounts529.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, administered by the Board of Trustees of the ACES Trust Fund (the "Trust" and plan issuer), marketed as the CollegeCounts 529 Fund, and Union Bank and Trust Company serves as Program Manager. 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, 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.

¹Individuals 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.

²Withdrawals 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 non-qualified withdrawal is subject to federal income tax and 10% federal penalty tax. In addition, Alabama provides in the event of a non-qualified 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.