

# **CollegeCounts 529 Fund Program Disclosure Statement**

Supplement dated January 11, 2018  
to the Program Disclosure Statement dated September 28, 2016

The CollegeCounts 529 Fund (the "Plan") Program Disclosure Statement dated September 28, 2016, is hereby amended as follows:

## **Removal of An Individual Fund Portfolio**

Effective February 6, 2018, the Vanguard Intermediate-Term Bond Index 529 Portfolio will be removed from the Plan. At that time, any amounts in the Vanguard Intermediate-Term Bond Index 529 Portfolio will be transferred to the Vanguard Total Bond Market Index 529 Portfolio. Any elections previously directed to the Vanguard Intermediate-Term Bond Index 529 Portfolio will be directed to the Vanguard Total Bond Market Index 529 Portfolio.

As a current investor, no action will be required on your part. Changes made by the Plan should not be considered an investment change to your account for Federal income tax purposes. If you choose to change how your Contributions are invested, you are allowed two investment changes per calendar year.

## **Expanded Qualified Higher Education Expenses**

Section 529 of the Internal Revenue Code of 1986, as amended (the "Code"), has expanded, for distributions made after December 31, 2017, the definition of qualified higher education expenses to include expenses for tuition in connection with the enrollment or attendance at an elementary or secondary public, private or religious school. However, the Alabama statute establishing the Plan does not permit such distributions and will need to be modified to permit such distributions. In the event that the Alabama statute in the future authorizes such distributions, the Plan and this Program Disclosure Statement will be further supplemented. In the event the Alabama statute is modified to permit such distributions, such distributions from all qualified tuition programs with respect to a beneficiary during any taxable year shall, in the aggregate, not include more than \$10,000 in expenses for such tuition incurred during the taxable year in connection with the enrollment or attendance of the beneficiary at an elementary or secondary public, private or religious school. You should always consult with your tax advisor regarding your individual situation.

## **Rollovers to ABLE Programs from CollegeCounts**

Effective for periods prior to January 1, 2026, you may direct a transfer of money from your Account to an ABLE account (as defined in section 529A(e)(6)) of the Beneficiary or a member of the family of the accounts Beneficiary, subject to the contribution limits for ABLE accounts. Such amounts would count towards the overall limitations on contributions to an ABLE account within a tax year, and any excess amount would be included in the distributee's gross income as provided under Section 72 of the Code. You should consult with your tax advisor as to the effect for federal and Alabama income tax purposes of a proposed rollover to an ABLE account.

## **Gift Tax Annual Exclusion Increase in 2018**

For federal gift tax purposes, Contributions to an Account are considered a gift from the contributor to the Beneficiary that is eligible for the annual gift tax exclusion. For 2017, the annual exclusion was \$14,000 per donee. For 2018, the annual exclusion is increasing to \$15,000 per donee. A married donor whose spouse elects on a United States Gift Tax Return Form 709 to "split" gifts with his or her spouse could contribute up to \$28,000 in 2017 and up to \$30,000 in 2018.

In addition, you may elect to have the amount you contributed in any calendar year treated as though you made one-fifth of the Contribution that year, and one-fifth of the Contribution in each of the next four calendar years. (Such an election, however, must be made on the United States Gift Tax Return Form 709). This means that you could contribute up to \$70,000 to an Account in 2017, or up to \$75,000 beginning in 2018, without the Contributions being considered a taxable gift, provided that you make no other gifts to the Beneficiary in the same year or in any of the succeeding four calendar years. Moreover, a married contributor whose spouse elects on a United States Gift Tax Return Form 709 to "split" gifts with his or spouse may contribute up to \$140,000 in 2017 or \$150,000 beginning in 2018 without the Contribution's being considered a taxable gift, provided that neither spouse makes any other gifts to the Beneficiary in the same year or in any of the succeeding four calendar years.

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