Domini

# Coverdell Education Savings Account ("ESA") Application Disclosure Statement

Please complete this application to establish a new Education Savings Account. This application must be preceded or accompanied by a current Disclosure Statement and Custodial Agreement.

**For Additional Copies or Assistance**

If you need additional copies of this application, or would like assistance completing it, please call the Domini Funds at **800-582-6757** or go to https://www.domini.com/.

**Instructions**

1. If you are requesting a transfer of current plan assets (held elsewhere) to your Domini Funds ESA, complete the Individual Retirement Transfer Request form. You should complete this form **in addition** to this ESA Application.
2. Mail this application to:
   **Domini Funds**
   **PO Box 46707**
   **Cincinnati, OH 45246**

   Overnight Delivery:
   **Domini Funds**
   **225 Pictoria Dr, Suite 450**
   **Cincinnati, OH 45246**
3. Retain a copy for your records.

**Anti-Money Laundering**

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth, social security number/ Tax ID number and other information that will allow us to identify you. We may also ask to see other identifying documents. Until you provide the information or documents we need, we may not be able to open an account or effect any additional transactions for you.

For questions about these policies, or for additional copies of the Domini Funds Privacy Policy Statement, please contact the Funds at **800-582-6757** or https://www.domini.com/ or contact us at PO Box 46707, Cincinnati, OH 45246.

## 1. DESIGNATED BENEFICIARY

*(The account generally cannot accept contributions after the beneficiary's 18th birthday)*

Name (First, Middle, Last)

Social Security Number

Street Address

Date of Birth

City, State, ZIP

☐ Please send mail to the address below. Please provide your primary legal address above, in addition to any mailing address (if different).

Street Address

City, State, ZIP

## 2. DUPLICATE STATEMENTS (For Dealers, Financial Planners, Interested Parties)

Name

Company

Street Address

City, State, ZIP

Email Address

Daytime Telephone

Broker/Dealer Code

Branch (if applicable)

**Please mark the appropriate box:**

○ Interested Party ○ Broker/Dealer ○ Financial Planner ○ Trust Administrator

## 3. RESPONSIBLE INDIVIDUAL

*(Must be a parent or guardian of the Designated Beneficiary. If guardian is selected, you must provide proof of guardianship).*

○ Mother ○ Father ○ Guardian

Name (First, Middle, Last)

Social Security Number

Street Address

Date of Birth

City, State, ZIP

Daytime Telephone

Email Address

Evening Telephone

## 4. DONOR INFORMATION

*(To be completed if donor is not the Responsible Individual identified in Section 2 above).*

Name (First, Middle, Last)

Social Security Number

Street Address

Date of Birth

City, State, ZIP

Daytime Telephone

Email

Evening Telephone

## 5. AMENDMENTS TO THE CUSTODIAL AGREEMENT

*(Select an answer to each of the following questions. If a box is not checked for a question, "No" will apply.)*

○ Yes ○ No Will the responsible individual continue to serve as the responsible individual for the custodial account after the designated beneficiary attains the age of majority under state law and until such time as all assets have been distributed from the custodial account and the custodial account terminates?
If the responsible individual becomes incapacitated or dies after the designated beneficiary reaches the age of majority under state law, the responsible individual shall be the designated beneficiary.

○ Yes ○ No May the responsible individual change the benficiary designated under this agreement to another member of the designated beneficiary's family described in Code section 529(e)(2) in accordance with the custodian's procedures?

## 6. INITIAL INVESTMENT (The minimum initial investment for each fund is $1,500. Please note the Funds do not accept third party checks, cashier's checks or money orders. Please make your check payable to Domini Funds. Automated Clearing House (ACH) cannot be used for the initial purchase.)

(Maximum annual contribution to an ESA is $2,000 per year, per child, subject to certain income limitations).

| Name | Amount |
|---|---|
| ☐ Domini Impact Equity Fund - Investor Class (DSEFX) | $ |
| ☐ Domini Sustainable Solutions Fund - Investor Class (CAREX) | $ |
| ☐ Domini Impact International Equity Fund - Investor Class (DOMIX) | $ |
| ☐ Domini Impact Bond Fund - Investor Class (DSBFX) | $ |
| ☐ Domini Deposit account at PNC Bank N. A.** | $ |
| Total: | $ |

** The Domini Deposit Account at PNC Bank, N.A. is an option for your cash deposits. The Account's assets are deposited with PNC Bank, N.A. Domini Impact Investments ("Domini") will generally assess a $3 monthly fee for this position, subject to modification or waiver at Domini's discretion. This charge will be automatically withdrawn from your account about the 15th of each month. Deposits with PNC Bank, N.A. are subject to FDIC insurance limits.

○ Contribution for tax year:

Amount: $

○ I am enclosing a check for:

$ representing a rollover (within 60 days) from another ESA.

*(Generally, only one indirect rollover is permitted in any 12-month period. See IRS.gov for exceptions.)*

○ Transfer of Assets from an existing ESA. *(Complete the separate Individual Retirement Transfer of Assets Form).*

## 7. AUTOMATIC INVESTMENT PLAN (AIP)

AIP allows you to add regularly to the Funds by authorizing us to deduct money directly from your checking account every month. Your bank must be a member of the ACH network. **If you choose this option, please complete Section 8 and attach a voided check.** The amount designated will be invested in each fund included in section 6, at the frequency designated below. If you would like to designate different AIP amounts by fund, please do so with a separate letter of instruction, through your online account, or by calling our Investor Services team after the account has been established.

Amount: $ _____ ($50 minimum)

**Frequency** (choose one):

○ Monthly ○ Twice Monthly ○ Quarterly ○ Annually ○ Twice Annually

Start Date: Month: _____ Day*: _____

Second Date (for twice options): Month: _____ Day*: _____

* If no day is specified, the draft will be made on the 25th day of the month or the following business day if the 25th falls on a weekend or holiday. If no month is specified, the draft will start in the month received if it is at least 5 days prior to day selected, otherwise it will be the following month.

## 8. BANK INFORMATION

I authorize the Funds to purchase and redeem shares via the ACH network, of which my bank is a member.

**Important Note:** At least one name on the bank account must match a named shareholder.

Type of Account: ○ Checking ○ Savings

Name on Bank Account

Bank Account Number

Bank Name

Bank Routing/ABA Number

Signature of Bank Account Holder

Signature of Joint Owner

**Please attach a voided check from your bank account.**
**A bank account will not be added without a voided check or without bank verification letter.**

## 9. TELEPHONE PRIVILEGES

**Telephone and online transaction privileges will be automatically established unless you specifically decline by checking the options below.** These privileges allow you to instruct the purchase, sale, or exchange of Domini Funds shares by calling our shareholder services line at 1-800-582-6757 or by accessing your account online at www.domini.com. If you opt out of these privileges, you must provide transaction instructions by mail.

Redemption by phone ○ Allow ○ Do Not Allow

Exchange by phone ○ Allow ○ Do Not Allow

## 10. DEALER/REGISTERED INVESTMENT ADVISOR INFORMATION

If opening your account through a Broker/Dealer or Registered Investment Advisor, please have them complete this section.

Dealer Name

Representative's Last Name, First Name

**DEALER HEAD OFFICE**

Address

City, State, ZIP

Telephone Number

Email Address

**REPRESENTATIVE'S BRANCH OFFICE**

Address

City, State, ZIP

Rep Telephone Number

Rep ID Number

Rep Email Address

Branch ID Number

Branch Telephone Number (if different than Rep Phone Number)

## 11. STATE ESCHEATMENT LAWS

Escheatment laws adopted by various states require that personal property that is deemed to be abandoned or ownerless, including mutual fund shares and bank deposits, be transferred to the state. Under such laws, ownership of your Fund shares may be transferred to the appropriate state if no activity occurs in your account within the time period specified by applicable state law. The Funds retain a search service to track down missing shareholders and will escheat an account only after several attempts to locate the shareholder have failed. To avoid this from happening to your account, please keep track of your account and promptly inform the Funds of any change in your address.

## 12. TRUSTED CONTACT

Designating a trusted contact is not required and does not authorize the named individual to make trades in your account or to make changes to your account, but it does authorize us to communicate with the trusted contact regarding the account.

By providing the information in this section, I authorize Domini Funds to contact the person listed below and to disclose information about me and the account in the following circumstances: to prevent the presumption of abandonment, to address possible financial exploitation, to confirm the specifics of my current contact information, health status, or the identity of any legal guardian, executor, trustee, or holder of a power of attorney or as otherwise permitted by federal law

**Note:**

- There can be only be one trusted contact per account.
- Your trusted contact should not be the financial professional on record.

Full Name of Trusted Contact

Mailing Address (Including apartment or P.O. Box number)

City | State | ZIP

Foreign Routing or Postal Code | Country of Residence if outside the U.S.

Cell Phone Number | Email Address

Relationship to Account Owner

## 13. SIGNATURES AND CERTIFICATIONS

I hereby certify that I understand the eligibility requirements for an Education Savings Account ("ESA") and I qualify to establish an ESA. I have received a copy of the Application, Custodial Agreement and Disclosure Statement. I understand that the terms and conditions, which apply to this Coverdell ESA are contained in this Application and Custodial Agreement(s) and I agree to be bound by those terms and conditions. I hereby appoint and authorize First National Bank of Omaha as the Custodian and Ultimus Fund Solutions, LLC to act as the Custodian's agent. I agree to indemnify First National Bank of Omaha and Ultimus Fund Solutions, LLC when making distributions in accordance with my beneficiary designation on file or in accordance with the Custodial Account Agreement absent such designation. I understand that within seven (7) days from the date I open this Coverdell ESA, I may revoke it without penalty by mailing or delivering written notice to the Custodian's agent. I have received a copy of the Prospectus and understand that this investment is not FDIC insured.

I assume complete responsibility for:

1) Determining that I am eligible for a Coverdell ESA;
2) Ensuring that all contributions I make are within the limits set forth by the tax laws; and
3) The tax consequences of any contribution (including rollover contributions) and distributions.
4) I have received and read a current prospectus for Domini Funds and agree to be bound by the terms contained therein.
5) The information contained on this ESA Account Application is complete and accurate.

**W-9 Certification: Under penalty of perjury:**

**(a) I certify that the number shown on this form is my/our current Social Security number(s) or Taxpayer Identification number(s).**
**(b) I am not subject to backup withholding because; (1) I am exempt from backup withholding, or (2) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of failure to report all interest or dividends, or (3) the IRS has notified me that I am no longer subject to backup withholding.**
**(c) I am a U.S. person (including a resident alien.) The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid backup withholding.**
**(d) I am exempt from FATCA reporting.**

**Certification Instructions.** You must cross out item (b) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.

**The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.**

Signature of Responsible Individual | Date

Signature of Donor | Date

Authorized Signature of Custodian | Date

## 14. CUSTODIAN ACCEPTANCE

First National Bank of Omaha will accept appointment as Custodian of the Owner's Account. However, this Agreement is not binding upon the Custodian until the Owner has received a statement confirming the initial transaction for the Account. Receipt by the Owner of a confirmation of the purchase of the Funds shares indicated above will serve as notification of First National Bank of Omaha's acceptance of appointment as Custodian of the Owner's Account.

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### TO CONTACT US:

**By Telephone**
Toll-free: **800-582-6757**
Fax: **1-877-513-0756**

**In Writing**
**Domini Funds**
PO Box 46707
Cincinnati, OH 45246

or

Via Overnight Delivery
225 Pictoria Dr, Suite 450
Cincinnati, OH 45246

**Internet**
https://www.domini.com/

Distributed by DSIL Investment Services LLC

# Domini Privacy Notice

| **FACTS** | WHAT DOES **DOMINI** DO WITH YOUR PERSONAL INFORMATION? |
|---|---|
| **Why?** | Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do. |
| **What?** | The types of personal information we collect and share depend on the product or service you have with us and whether you visit Domini's website, online application, or digital advertisements. This information can include:<br>• Social Security number<br>• Name, address, email address, and phone number<br>• Account balances<br>• Transaction history<br>• Account transactions<br>• Assets<br>• Retirement assets<br>• Internet or other electronic network activity information regarding your interaction with www.domini.com, online application, or digital advertisements, e.g., unique personal identifier, online identifier, and IP Address<br>When you are *no longer* our customer, we continue to share your information as described in this notice. |
| **How?** | All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Domini chooses to share; and whether you can limit this sharing. |

| **Reasons we can share your personal information** | **Does Domini share?** | **Can you limit this sharing?** |
|---|---|---|
| **For our everyday business purposes –** such as to process your transactions, maintain your account(s), apply strictly necessary cookies to operate, enhance and improve our websites, respond to court orders and legal investigations, or report to credit bureaus | Yes | No |
| **For our marketing purposes –** to offer our products and services to you | Yes | No |
| **For joint marketing with other financial companies** | No | We don't share |
| **For our Investment Management affiliates' everyday business purposes –** information about your transactions and experiences | Yes | No |
| **For our affiliates' everyday business purposes –** information about your transactions and experiences | No | We don't' share |
| **For our affiliates' and Investment Management affiliates' everyday business purposes –** information about your creditworthiness | No | We don't share |
| **For our Investment Management affiliates to market to you –** including use of optional cookies applied to understand the use and effectiveness of our websites, online applications, and digital advertisements, or identify topics that may interest you | Yes | Yes |
| **For our affiliates to market to you** | No | We don't share |
| **For nonaffiliates to market to you** | No | We don't share |

| | |
|---|---|
| **To limit our sharing** | Send us an email at **privacy@domini.com** or call **1-800-582-6757.**<br><br>**Please note**: If you are a new customer, we can begin sharing your information 7 days from the date we sent this notice. When you are no longer our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing. |

| | |
|---|---|
| **Questions?** | Call **1-800-582-6757** or email **privacy@domini.com**. |

| Who We Are | |
|---|---|
| **Who is providing this notice?** | Domini Impact Investments LLC (the "Adviser"); DSIL Investments Services LLC; and all the Funds advised by the Adviser (collectively referred to as "Domini"). A complete list of Funds is included under Affiliates below. |

| What We Do | |
|---|---|
| **How does Domini protect my personal information?** | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. Our internal data security policies restrict access of nonpublic personal information to authorized employees. We maintain physical, electronic and procedural safeguards to guard our customers' nonpublic personal information. Employees who violate our data security policies are subject to disciplinary action, up to and including termination. |
| **How does Domini collect my personal information?** | We collect your personal information, for example, when you:<br>• Open an account or invest funds<br>• Make contributions to, or withdrawals from, your account<br>• Provide account information<br>• Give us your contact information<br>• Show your government-issued ID<br>• Interact with Domini's website, online application, or digital advertisements<br><br>We also collect your personal information from affiliates or other companies. |
| **Why can't I limit all sharing?** | Federal law gives you the right to limit only<br>• Sharing for affiliates' everyday business purposes— information about your creditworthiness<br>• Affiliates from using your information to market to you<br>• Sharing for nonaffiliates to market to you<br><br>State laws and individual companies may give you additional rights to limit sharing. |
| **What happens when I limit sharing for an account I hold jointly with someone else?** | If you hold an account jointly with someone else, we will accept instructions from either of you, and apply them to the entire account. Your choices will apply to everyone on your account. |

| Definitions | |
|---|---|
| **Investment Management Affiliates** | Companies related by common ownership or control.<br><br>Our Investment Management affiliates include the Adviser; DSIL Investment Services LLC; and the registered investment companies advised by the Adviser including the Domini Investment Trust and its series, the Domini Impact Equity Fund, the Domini Impact International Equity Fund, the Domini Sustainable Solutions Fund, the Domini International Opportunities Fund and the Domini Impact Bond Fund. |
| **Affiliates** | Companies related by common ownership or control. They can be financial and nonfinancial companies. Our affiliates include Domini Holdings LLC. |
| **Nonaffiliates** | Companies not related by common ownership or control. They can be financial and nonfinancial companies.<br><br>**Domini** does not share information with nonaffiliates so they can market to you. |
| **Joint marketing** | A formal agreement between nonaffiliated financial companies that together market financial products or services to you.<br><br>**Domini** does not jointly market. |

**Business Continuity Plan Disclosure Statement – Domini Funds**

Domini Impact Investments LLC and its affiliated distributor, DSIL Investment Services LLC, maintain a Business Continuity Plan (BCP) that has been developed with the goal of protecting the health and safety of our employees and maintaining continuity of service for our Domini Funds shareholders. Our plan is designed to ensure that we are prepared to operate through significant business disruptions, so that our shareholders can access their funds without significant interruption under most circumstances.

Key elements of our BCP include the following:

- Critical data from our computer systems is backed up daily to geographically remote, secure facilities.
- All Domini employees can access Domini's computer data remotely in Microsoft Azure, where it maintains its server and file share infrastructure, deployed across two geographically separated Azure regions. These regions host Domini's production and disaster recovery environments.
- We maintain an office evacuation plan and emergency procedures in the event of a disaster affecting our primary office facilities or surrounding area.
- We maintain an emergency contact list and procedures updated and distributed on a regular basis.

Our mission critical functions, including shareholder transaction processing, custody and fund accounting, and investment submanagement, are accomplished through our key service providers. We require these key service providers to maintain business continuity plans that Domini reviews at least annually. The BCP is designed to address significant business disruptions of varying scope, including a firm-only disruption, single-building disruption, city-wide business disruption, or a regional disruption. In the event of a significant business disruption, our employees are to communicate from alternate locations and access Domini's computer data remotely. Key service providers would be contacted, and would, if possible, continue to provide critical shareholder transaction processing, custody, fund accounting, and investment submanagement services. Our key service providers maintain offices outside New York City, and would not be affected by a city-wide business disruption. Even in the event of a regional disruption of significant scope, we require our key service providers to maintain alternate business locations that can help enable them to resume critical functions in a reasonable period of time.

If you need to contact us after a significant business disruption, please call our Shareholder Information telephone number at 1-800-582-6757, our main office telephone number at 212-217-1100, or visit our website at *www.domini.com* and go to the "Contact" link. If you cannot contact us by calling our Shareholder Information phone number, our main office phone number, or our website, please contact our transfer agent, Ultimus Fund Solutions, LLC, at 513.587.3400 or through its website at https://www.ultimusfundsolutions.com/contact-us.

It is impossible for us to anticipate every potential problem that may occur, but we believe our BCP will enable us to continue to conduct business in the event of a variety of possible business disruptions. We believe that our BCP is reasonably designed to help us limit the recovery time necessary to resume operations.

We review and test our BCP at least annually. The BCP is subject to modification based on changing circumstances and assessment of need.

# Coverdell Education Savings Account

## Custodial

# ADDITIONAL INFORMATION

The Coverdell Education Savings Account (CESA), also referred to as a Coverdell ESA, is a savings tool created by the federal government to help save for a child's qualified education expenses. Any individual or entity, including corporations and tax-exempt organizations, may establish and contribute to a CESA on behalf of a child. A child may even act as a contributor to his/her own CESA. Total contributions for the child during the tax year cannot exceed $2,000. Contributions to a CESA are not tax deductible. The tax benefits of a CESA include tax-deferred growth of earnings and tax-free distributions if used for qualified education expenses. In addition to the CESA, a child also has a wide variety of federal programs and, possibly, state programs available to assist in the payment of education expenses.

**How to use this CESA Organizer.** The contributor establishing this CESA must complete the Application page. The contributor, the custodian, and, if the custodian's policy requires, the responsible individual must sign the document. An original signed copy of the Application should be kept by the custodian for its records. The contributor and responsible individual should receive a copy of the Application, IRS Form 5305-EA, and the Disclosure Statement.

All CESA documents should be read carefully as you would read any other legal documents. The CESA documents should be kept in a safe place along with your other CESA records.

**Additional Documents.** Applicable law or policies of the CESA custodian may require additional documentation such as IRS Form W-9, *Request for Taxpayer Identification Number and Certification*.

**For Additional Guidance.** It is in your best interest to seek the guidance of a tax or legal professional before completing this document. You should also reference the CESA agreement and disclosure statement and/or amendments provided by the custodian/trustee. For more information, refer to Internal Revenue Service (IRS) Publication 970, *Tax Benefits for Education*, IRS Notice 97-60 and its successor, IRS Notice 2003-53, instructions to your federal income tax return, or the IRS's website at www.irs.gov.

**Terms.** A general understanding of the following terms may be helpful in completing your transactions.

**Basis.** An amount that is not tax deductible when originally contributed and not taxable upon distribution. Refer to IRS reporting instructions for CESAs for further information.

**Earnings.** Net gains and losses on investments. Refer to IRS reporting instructions for CESAs for further information.


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# COVERDELL EDUCATION SAVINGS CUSTODIAL ACCOUNT

(Under section 530 of the Internal Revenue Code)

Form **5305-EA** (Rev. October 2016) Department of the Treasury Internal Revenue Service

☐ Amendment

**Do Not** File with the Internal Revenue Service

The depositor, whose name appears on the Application, is establishing a Coverdell education savings account under Section 530 for the benefit of the designated beneficiary, whose name appears on the Application, exclusively to pay for the qualified elementary, secondary, and higher education expenses within the meaning of Section 530(b)(2) of such beneficiary.

The depositor and the custodian make the following agreement:

**Article I**

The custodian may accept additional cash contributions provided the designated beneficiary has not attained the age of 18 as of the date such contributions are made. Contributions by an individual contributor may be made for the tax year of the designated beneficiary by the due date of the beneficiary's tax return for that year (excluding extensions). Total contributions that are not rollover contributions described in section 530(d)(5) are limited to $2,000 for the tax year. In the case of an individual contributor, the $2,000 limitation for any year is phased out between modified adjusted gross income (AGI) of $95,000 and $110,000. For married individuals filing jointly, the phase-out occurs between modified AGI of $190,000 and $220,000. Modified AGI is defined in section 530(c)(2).

**Article II**

No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or a common investment fund (within the meaning of section 530(b)(1)(D)).

**Article III**

1. Any balance to the credit of the designated beneficiary on the date on which he or she attains age 30 shall be distributed to him or her within
2. 30 days of such date.

   Any balance to the credit of the designated beneficiary shall be distributed within 30 days of his or her death **unless** the designated death beneficiary is a family member of the designated beneficiary and is under the age of 30 on the date of death. In such case, that family member shall become the designated beneficiary as of the date of death.

**Article IV**

The depositor shall have the power to direct the custodian regarding the investment of the above-listed amount assigned to the custodial account (including earnings thereon) in the investment choices offered by the custodian. The responsible individual, however, shall have the power to redirect the custodian regarding the investment of such amounts, as well as the power to direct the custodian regarding the investment of all additional contributions (including earnings thereon) to the custodial account. In the event that the responsible individual does not direct the custodian regarding the investment of additional contributions (including earnings thereon), the initial investment direction of the depositor also will govern all additional contributions made to the custodial account until such time as the responsible individual otherwise directs the custodian. Unless otherwise provided in this agreement, the responsible individual also shall have the power to direct the custodian regarding the administration, management, and distribution of the account.

**Article V**

The "responsible individual" named by the depositor shall be a parent or guardian of the designated beneficiary. The custodial account shall have only one responsible individual at any time. If the responsible individual becomes incapacitated or dies while the designated beneficiary is a minor under state law, the successor responsible individual shall be the person named to succeed in that capacity by the preceding responsible individual in a witnessed writing or, if no successor is so named, the successor responsible individual shall be the designated beneficiary's other parent or successor guardian. Unless otherwise directed by checking the option below, at the time that the designated beneficiary attains the age of majority under state law, the designated beneficiary becomes the responsible individual. If a family member under the age of majority under state law becomes the designated beneficiary by reason of being a named death beneficiary, the responsible individual shall be such designated beneficiary's parent or guardian.

**Complete these options on the Application.**

☐ **Option** *(This provision is effective only if checked)*: The responsible individual shall continue to serve as the responsible individual for the custodial account after the designated beneficiary attains the age of majority under state law and until such time as all assets have been distributed from the custodial account and the custodial account terminates. If the responsible individual becomes incapacitated or dies after the designated beneficiary reaches the age of majority under state law, the responsible individual shall be the designated beneficiary.

**Article VI**

The responsible individual ☐ may or ☐ **may not** change the beneficiary designated under this agreement to another member of the designated beneficiary's family described in section 529(e)(2) in accordance with the custodian's procedures.

**Article VII**

1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by section 530(h).
2. The custodian agrees to submit to the Internal Revenue Service (IRS) and responsible individual the reports prescribed by the IRS.

**Article VIII**

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III will be controlling. Any additional articles inconsistent with section 530 and the related regulations will be invalid.

**Article IX**

This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the depositor and the custodian whose signatures appear below.

**Article X**

**10.01 Your CESA Documents.** This IRS Form 5305 agreement, and any amendments or additional provisions to such agreement (the "Agreement") set forth the terms and conditions governing the Designated Beneficiary's CESA and your relationship with us. Articles I through IX of the IRS 5305 agreement have been reviewed and approved by the IRS. The agreement will be accompanied by a disclosure statement, which sets forth various rules governing CESAs, and may also be accompanied by other documents such as an application or death beneficiary designation. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular.

**10.02 Definitions.** The Internal Revenue Service (IRS) Form 5305 contains a detailed definitions section. The definitions found in such section apply to this Agreement. The IRS refers to you as the Depositor, and us as the Custodian. References to "you" and "your" will mean the Depositor, and "we," "us," and "our" will mean the Custodian. The terms "you" and "your" will apply to you. In the event you appoint a third party, or have a third party appointed on your behalf, including the Responsible Individual, to handle certain transactions affecting the CESA, such third party will be your agent and will be considered "you" for purposes of this Agreement. Various documents may refer to the Depositor as the Contributor. Additionally, references to "CESA" will mean this custodial account. For purposes of this Agreement, the Depositor is responsible for not only establishing the CESA, but making the initial contribution as well.

**10.03 Additional Provisions.** Additional provisions may be attached to, and made a part of, this Agreement by either party. The provisions must be in writing, agreed to by us, and in a format acceptable to us.

**10.04 Our Fees and Expenses.** We may charge reasonable fees and are entitled to reimbursement for any expenses we incur in establishing and maintaining the Designated Beneficiary's CESA. We may change the fees at any time by providing the Responsible Individual with notice of such changes. We will provide the Responsible Individual with fee disclosures and policies. Fees may be deducted directly from the CESA assets, and/or billed separately to the Designated Beneficiary. The payment of fees has no effect on your contributions. Additionally, we have the right to liquidate the CESA assets to pay such fees and expenses. If the Responsible Individual does not direct us on the liquidation we will liquidate the assets of our choice, and will not be responsible for any losses or claims that may arise out of the liquidation.


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**10.05 Amendments.** We may amend the CESA in any respect, and at any time including retroactively, to comply with applicable laws governing CESA and the corresponding regulations. Any other amendments shall require the Responsible Individual's consent, by action or no action, and will be preceded by written notice to the Responsible Individual. In certain instances the governing law or our policies may require us to secure your or the Responsible Individual's written consent before an amendment can be applied to the CESA. Unless otherwise required, you and the Responsible Individual are deemed to automatically consent to an amendment, which means that a written approval is not required for the amendment to apply to the CESA. If you or the Responsible Individual wants to withhold consent to an amendment we must receive a written objection within 30 days of the receipt date of the amendment.

**10.06 Notice and Delivery.** Any notice mailed to the Responsible Individual will be deemed delivered and received by the Responsible Individual five days after the postmark date. This fifth day following the postmark is the receipt date. Notices will be mailed to the last address we have in our records. The Responsible Individual is responsible for ensuring that we have the proper mailing address. Upon the Responsible Individual's consent, we may provide him or her with notice in a delivery format other than by mail. Such formats may include various electronic deliveries. Any notice, including terminations, change in personal information, or contributions, mailed to us will be deemed delivered when actually received by us. All notices must be in writing unless our policies and procedures provide for oral notices.

**10.07 Applicable Laws.** This Agreement will be construed and interpreted in accordance with the laws of, and venued in, our state of domicile.

**10.08 Disqualifying Provisions.** Any provision of this Agreement that would disqualify the CESA will be disregarded to the extent necessary to maintain the account as a CESA.

**10.09 Interpretation.** If any question arises as to the meaning of any provision of this Agreement, then we shall be authorized to interpret any such provision, and our interpretation will be binding upon all parties.

**10.10 Representations and Indemnity.** You and the Responsible Individual represent that any information you, the Responsible Individual, and/or any agents provide to us is accurate and complete, and that your or the Responsible Individual's actions comply with this Agreement and applicable laws governing CESAs. You and the Responsible Individual understand that we will rely on the information provided by you, and that we have no duty to inquire about or investigate such information. We are not responsible for any losses or expenses that may result from your or the Responsible Individual's information, direction, or actions, including your failure to act. You and the Responsible Individual agree to hold us harmless, to indemnify, and to defend us against any and all actions or claims arising from, and liabilities and losses incurred by reason of your or the Responsible Individual's information, direction, or actions. Additionally, you and the Responsible Individual represent that it is your responsibility to seek the guidance of a tax or legal professional for CESA issues.

We are not responsible for determining whether CESA contributions or distributions comply with this Agreement and/or the federal laws governing CESAs. We are not responsible for any taxes, judgments, penalties, or expenses incurred in connection with this CESA, or any losses that are a result of events beyond our control. We have no responsibility to process transactions in our normal course of business until after we have received appropriate direction and documentation. We are not responsible for interpreting or directing death beneficiary designations or divisions, court orders, penalty exception determinations, or other similar circumstances.

If the Designated Beneficiary dies before taking a full distribution from the CESA, and no appropriate death beneficiary has been named to inherit the CESA assets, the Responsible Individual must ensure that all remaining CESA assets are distributed to the Designated Beneficiary's estate within 30 days following the date of the Designated Beneficiary's death.

**10.11 Designated Beneficiary as Responsible Individual.** Unless you, in your capacity as the Depositor, elect in writing otherwise in the Application or establishment documents, the Designated Beneficiary will serve as the Responsible Individual for this CESA after the Designated Beneficiary attains the age of majority under the applicable state law, and until such time as all of the CESA assets have been withdrawn from this CESA, and/or the CESA is terminated by the Responsible Individual or us. If the Responsible Individual becomes incapacitated or dies after the Designated Beneficiary reaches the age of majority under applicable state law, the Responsible Individual will be the Designated Beneficiary unless a successor responsible individual has been named.

**10.12 Change of Designated Beneficiary.** Unless you, in your capacity as the Depositor, elect in writing otherwise in the Application or establishment documents, the Responsible Individual can change the Designated Beneficiary of this CESA to another family member of the Designated Beneficiary as described in Section 529(e)(2) of the Internal Revenue Code. We may require the Responsible Individual to provide information and documentation in a format acceptable to us before we will process any beneficiary designation change.

**10.13 Investment of CESA Assets.**

**(a) Deposit Investments Only.** The deposit investments we offer are limited to savings, share and money market accounts, and certificates of deposit (CDs). The CESA is not, and cannot be, a self-directed CESA. It does not permit you or the Responsible Individual to invest contributions or CESA assets in nondeposit investments such as property, annuities, stocks, mutual funds, bonds, and government, municipal, or United States Treasury securities.

**(b) Investment of Contributions.** We will invest contributions and reinvest the CESA assets as directed by the Responsible Individual based on our then-current investment policies and procedures. If you or the Responsible Individual fail to provide us with investment direction for a contribution, we will return or hold all or part of such contribution based on our policies and procedures. We will not be responsible for any loss of CESA income associated with such failure to provide appropriate investment direction.

**(c) Directing Investments.** All investment directions must be in a format or manner acceptable to us. You and/or the Responsible Individual may invest in any eligible CESA investments that we are is authorized to offer and does offer at the time of the investment selection, and that are acceptable under the applicable laws governing CESAs. Specific investment information may be provided at the time of the investment.

Based on our policies, we may allow you and/or the Responsible Individual to delegate the investment responsibility for the CESA to an agent by providing us with written notice of delegation in a format acceptable to us. We will not review or guide the agent's decisions, and you and/or the Responsible Individual are responsible for the agent's actions or failure to act. We are not responsible for directing the CESA investments or providing investment advice.

**(d) Investment Fees and Asset Liquidation.** Certain investment-related fees, which apply to the CESA, must be charged to the CESA and cannot be paid by you and/or the Responsible Individual. We have the right to liquidate the CESA assets to pay fees and expenses, federal tax levies, or other assessments on the CESA investments. If the Responsible Individual does not direct us on the liquidation, we will liquidate the assets of our choice, and will not be responsible for any losses or claims that may arise out of the liquidation.

**10.14 Distributions.** Withdrawal requests must be in a format acceptable to us, and/or on forms provided by us. We may require the Responsible Individual to elect a distribution reason, provide documentation, and provide a proper tax identification number, before we process a distribution. The withdrawals may be subject to taxes and penalties. Distributions will be in cash based on our policies.

**10.15 Cash Contributions.** We may or may not accept transfers, rollovers, and other similar contributions in cash from other CESAs. Prior to completing such transactions we may require that the Responsible Individual provide certain information in a format acceptable to us.

**10.16 Reports and Records.** We will maintain the records necessary for IRS reporting on this CESA. Required reports will be provided to the Designated Beneficiary, or in some instances the Responsible Individual, and the IRS. If the Responsible Individual believes that a report is inaccurate or incomplete he/she must notify us in writing within 30 days following the receipt date. The investments may require additional state and federal reporting.


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**10.17 Termination.** The Responsible Individual may terminate this Agreement, without our consent by providing us with a written notice of termination. A termination and the resulting distribution or transfer will be processed and completed as soon as administratively feasible following the receipt of proper notice. At the time of termination we may hold back or reserve the sum necessary to cover any fees and expenses, taxes, or investment penalties.

**10.18 Our Resignation.** We can resign at any time by providing the Responsible Individual with 30 days written notice prior to the resignation date, or within five days of our receipt of the Responsible Individual's written objection to an amendment. In the event you or the Responsible Individual materially breach this Agreement, we can terminate this Agreement by providing the Responsible Individual with five days prior written notice. Upon our resignation, the Responsible Individual must appoint a qualified successor custodian or trustee. The CESA assets will be transferred to the successor custodian or trustee once we have received appropriate direction. Transfers will be completed within a reasonable time following our resignation notice and the payment of your remaining fees or expenses. We reserve the right to hold back or reserve CESA assets to pay any remaining fees or expenses. If the Responsible Individual fails to provide us with acceptable transfer direction within 30 days from the date of the notice, we can transfer the assets to a successor custodian or trustee of our choice or liquidate the assets and distribute them to him/her in cash.

**10.19 Successor Organization.** If we merge with, purchase, or are acquired by, another organization, such organization, if qualified, may automatically become the successor custodian or trustee of the CESA.

# IRS FORM 5305-EA INSTRUCTIONS

## General Instructions

*Section references are to the Internal Revenue Code unless otherwise noted.*

## Purpose of Form

Form 5305-EA is a model custodial account agreement that meets the requirements of section 530(b)(1) and has been pre-approved by the IRS. A Coverdell education savings account (ESA) is established after the form is fully executed by both the depositor and the custodian. This account must be created in the United States for the exclusive purpose of paying the qualified elementary, secondary, and higher education expenses of the designated beneficiary.

If the model account is a trust account, see **Form 5305-E**, Coverdell Education Savings Trust Account.

**Do not** file Form 5305-EA with the IRS. Instead, the depositor must keep the completed form in its records.

**Definitions**

**Custodian.** The custodian must be a bank or savings and loan association, as defined in Section 408(n), or any person who has the approval of the IRS to act as custodian. Any person who may serve as a custodian of a traditional IRA may serve as the custodian of a Coverdell ESA.

**Depositor.** The depositor is the person who establishes the custodial account.

**Designated Beneficiary.** The designated beneficiary is the individual on whose behalf the custodial account has been established.

**Family Member.** Family members of the designated beneficiary include his or her spouse, child, grandchild, sibling, parent, niece or nephew, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law, and the spouse of any such individual. A first cousin, but not his or her spouse, is also a "family member."

**Responsible Individual.** The responsible individual, generally, is a parent or guardian of the designated beneficiary. However, under certain circumstances, the responsible individual may be the designated beneficiary.

## Identification Numbers

The depositor's and designated beneficiary's social security numbers will serve as their identification numbers. If the depositor is a nonresident alien and does not have an identification number, write "Foreign" on the return for which is filed to report the depositor's information. The designated beneficiary's social security number is the identification number of his or her Coverdell ESA. If the designated beneficiary is a nonresident alien, the designated beneficiary's individual taxpayer identification number is the identification number of his or her Coverdell ESA. An employer identification number (EIN) is required only for a Coverdell ESA for which a return is filed to report unrelated business income. An EIN is required for a common fund created for Coverdell ESAs.

## Specific Instructions

**Note:** *The age limitation restricting contributions, distributions, rollover contributions, and change of beneficiary are waived for a designated beneficiary with special needs.*

**Article X.** Article X and any that follow may incorporate additional provisions that are agreed to by the depositor and custodian to complete the agreement. They may include, for example, provisions relating to: definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the custodian, custodian's fees, state law requirements, treatment of excess contributions, and prohibited transactions with the depositor, designated beneficiary, or responsible individual, etc. Attach additional pages as necessary.

**Optional provisions in Article V and Article VI.** Form 5305-EA may be reproduced in a manner that provides only those optional provisions offered by the custodian.


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# COVERDELL EDUCATION SAVINGS ACCOUNT (CESA) DISCLOSURE STATEMENT

**This Disclosure Statement and Additional Guidance.** This Disclosure Statement provides you with a summary of the federal laws governing CESAs. It is important to seek the guidance of a tax or legal professional before completing any CESA establishment documents. The first reference for questions concerning CESAs should be the documents you received at the time the CESA was created or amended. Those documents include an Internal Revenue Service (IRS) Form 5305-E or EA agreement, any additional provisions or amendments to such document, application, and this Disclosure Statement. For more information, refer to IRS Publication 970, *Tax Benefits for Higher Education*, IRS Publication 553, *Highlights of Tax Changes*, IRS Notice 97-60 and its successor, IRS Notice 2003-53, or the IRS's website at www.irs.gov. This Disclosure Statement provides answers to common questions concerning CESAs.

**What is a Coverdell Education Savings Account (CESA)?** The Coverdell Education Savings Account (CESA), previously known as an Education IRA, is a nondeductible account that features federal income tax-free and penalty tax-free withdrawals for a child's eligible education expenses. Specifically, a CESA is a trust or custodial account that is created or organized in the United States exclusively for the purpose of paying the qualified elementary, secondary, and higher education expenses of the designated beneficiary of a CESA.

**For whom may a CESA be established?** Internal Revenue Code (IRC) Section 530(b)(1)(A)(ii) states that a CESA may not be established for any child after the date he/she attains the age of 18. The child is referred to as the Designated Beneficiary. The age 18 restriction does not apply to children with special needs as defined by the Secretary of the Treasury.

**Where may a CESA be opened or established?** A CESA may be opened or established with any bank, savings and loan, credit union, or other organization that has been approved to serve as a non-bank trustee or custodian of an individual retirement account (IRA), if such organization is offering CESAs.

**Who may establish and contribute to a CESA?** Any individual or entity, including a corporation or tax-exempt organizations, may establish and contribute to a CESA on behalf of a Designated Beneficiary. An individual may have the amount of his/her eligible contribution reduced if his/her income exceeds certain levels. There are income restrictions on contributing individuals. The contributing individual or entity is referred to as a "depositor" or a "grantor" in the IRS Forms 5305 agreements. For purposes of this Disclosure Statement, such individual or entity is referred to as the Contributor. There is no requirement that a relationship exist between the Contributor and the Designated Beneficiary. A Contributor may even be the Responsible Individual if he/she is the parent or legal guardian of the Designated Beneficiary. A Designated Beneficiary may even act as a Contributor to his/her own CESA. There is no restriction on the number of CESAs that a Contributor may contribute to, or that may be maintained for a Designated Beneficiary.

**What are the income restrictions that apply to Contributors who are individuals?** For an individual, the allowable CESA contributions depend on his/her modified adjusted gross income (MAGI), as defined by the IRS in its various federal income tax return instructions. Essentially, the more income an individual has, the less he/she may contribute to a CESA. An individual may contribute up to $2,000 to any number of CESAs if the individual's MAGI for the taxable year is no more than $95,000 [$190,000 for married individuals filing a joint federal income tax return ("married filers")]. The $2,000 maximum contribution per Designated Beneficiary is gradually reduced for an individual with MAGI between $95,000 and $110,000 ($190,000 and $220,000 for married filers). An individual with MAGI of $110,000 or more ($220,000 or more for married filers) cannot make contributions to any Designated Beneficiary's CESA.

**Who is responsible for the administration and maintenance of the CESA on behalf of the Designated Beneficiary?** The Designated Beneficiary's parent or legal guardian is named as the Responsible Individual, which means that he/she has control over the CESA and its assets until the Designated Beneficiary reaches the age of majority under state law, or in many cases, until the CESA assets are fully distributed and the CESA agreement is terminated. The CESA establishment agreement provides the Contributor with the option of electing to have the Responsible Individual continue to act as the Responsible Individual once the Designated Beneficiary reaches the age of majority under applicable state law. The Responsible Individual's responsibilities are set forth in Article IV of IRS Form 5305-E or EA.

**Does the Contributor have any control over the CESA after its establishment and receipt of the initial contribution?** The Contributor's control generally ends with establishing the CESA, making the initial contribution, and directing the investment of such contribution. Some agreements also provide the Contributor with the options of electing whether the Designated Beneficiary will become the Responsible Individual at the age of majority, and whether the Responsible Individual may name a new Designated Beneficiary.

**When may a Contributor start contributing to a CESA for a Designated Beneficiary?** A Contributor can start making contributions at any time after the birth of the Designated Beneficiary. The Designated Beneficiary must be a life in being.

**How much may be contributed to a CESA for a Designated Beneficiary?** Up to $2,000 per year in aggregate contributions may be made for the benefit of a Designated Beneficiary. The contributions may be placed in a single CESA or in multiple CESAs, and a CESA may receive contributions from multiple Contributors.

**What is the deadline for making CESA contributions each year?** Contributions by individuals for a taxable year may be made at any time during the taxable year up to, and including, the federal income tax return due date, excluding extensions, for that taxable year. The due date for most taxpayers is April 15. The IRS has not yet addressed a contribution deadline for contributions made by non-individual entities.

**May contributions be made to both a qualified state tuition program and a CESA on behalf of the same Designated Beneficiary in the same taxable year?** Contributions may be made to both a CESA and a qualified state tuition program, such as a Section 529 plan, in the same taxable year.

**What happens if more than $2,000 is contributed to a Designated Beneficiary's CESA for the calendar year?** If a Designated Beneficiary's aggregate CESA contributions for the calendar year exceed $2,000, an excess contribution exists for any contribution in excess of $2,000. The excess contribution must be removed within five months of the last day of the taxable year to avoid a six percent penalty tax on the amount of the excess contribution. The penalty tax applies to the excess amount for each year it remains in the CESA.

**May contributions other than cash be made to a CESA?** The $2,000 annual contributions must be in cash. However, contributions that are completed by rollovers or transfers from other CESAs may be in cash or in kind.

**May Contributors take a deduction for contributions made to a CESA?** CESA contributions are not deductible on federal income tax returns.


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**May a military death gratuity be rolled over to a CESA?** If a person serving in the military dies from injuries received in such service and the Designated Beneficiary of the CESA is the beneficiary of either a military death gratuity or an amount under a Servicemembers Group Life Insurance (SGLI) program for such person, all or part of the amount may be rolled over to the Designated Beneficiary's CESA. If the death occurred on or after June 17, 2008, the rollover contribution must be completed within one year of when each amount is received. If the death occurred prior to June 17, 2008, amounts received are no longer eligible for rollover.

**How are the CESA assets used to pay for qualified education expenses?** The Responsible Individual may withdraw assets from the CESA to pay for qualified education expenses. The withdrawals are tax-free and penalty tax-free if the withdrawals are used for qualified education expenses. If the withdrawals are not used for such education expenses, the Designated Beneficiary is subject to income taxes and possibly penalty taxes.

**What are qualified education expenses?** Education expenses are defined differently for elementary and secondary education versus higher education. Qualified elementary and secondary education expenses include certain expenses incurred as a requirement of the Designated Beneficiary's enrollment or attendance at a public, private, or religious school offering kindergarten through grade 12, as determined by state law. The expenses include:

a. tuition, fees, academic tutoring, books, supplies, and other equipment;
b. special needs services in the case of a special needs beneficiary;
c. room and board, uniforms, transportation, and supplemental items and services, including extended day programs, which are required or provided by the school in connection with enrollment or attendance; and
d. purchase of any computer technology or equipment as defined in Internal Revenue Code Section 170(e)(6)(F)(i), Internet access and related services, if such technology, equipment, or services will be used by the Designated Beneficiary and his/her family during any of the years the Designated Beneficiary is in school, and excludes software designed for sports, games and hobbies, which is not predominantly educational in nature.

Qualified higher education expenses include certain expenses incurred as a requirement of the Designated Beneficiary's enrollment or attendance, either part-time or full-time, at an eligible educational institution. An eligible educational institution is any college, university, vocational school, or other postsecondary educational institution that is described in Section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) and, therefore, eligible to participate in the student aid programs administered by the Department of Education. The eligible institutions include virtually all accredited public, private, nonprofit, and proprietary postsecondary institutions. Qualified expenses include the following:

a. tuition, fees, books, supplies, and equipment;
b. amounts contributed to a qualified state tuition program;
c. room and board, which is generally the institution's posted room and board charge, or expenses reasonably incurred for room and board for students living off-campus and not at home, for a Designated Beneficiary who is at least a half-time student at the institution.

**What happens when a designated beneficiary withdraws assets from a CESA to pay for college?** Generally, the withdrawal is tax-free to the Designated Beneficiary to the extent the amount of the withdrawal does not exceed the Designated Beneficiary's qualified education expenses. If the Designated Beneficiary withdraws an amount from a CESA and does not have any qualified education expenses during the taxable year, a portion of the distribution is taxable. The taxable portion is the portion that represents earnings that have accumulated tax-deferred in the CESA. The taxable portion of the distribution is also subject to a 10 percent additional penalty tax unless an exception applies.

**Is a distribution from a CESA taxable if the distribution is contributed to another CESA?** Any amount distributed from a CESA and properly rolled over to another CESA for the benefit of the same Designated Beneficiary, or certain family members of the Designated Beneficiary, is not taxable. The amount is properly rolled over if it is paid to another CESA on a date within 60 days after the date of the distribution. Additionally, the amount is properly rolled over if it is the only distribution rolled over within a one-year (12-month) period. Members of the Designated Beneficiary's family include the Designated Beneficiary's children and their descendants, siblings and their children, parents and grandparents, stepparents, and spouses of all the foregoing. A first cousin of the Designated Beneficiary is also considered a family member. The $2,000 annual contribution limit does not apply to these rollover contributions.

**Rather than rolling over money from one CESA to another, may the Designated Beneficiary of the CESA be changed from one individual to another without triggering a tax?** The Designated Beneficiary may be changed to another individual if the terms of the governing documents used to create the CESA permit a change in designated beneficiaries, and the new Designated Beneficiary is a member of the previous Designated Beneficiary's family as previously defined in this document.

**What happens to the assets remaining in a CESA after the Designated Beneficiary finishes his/her education?** There are two options. The remaining CESA assets may be withdrawn for the Designated Beneficiary, and he/she will be subject to both income tax and the additional 10 percent tax on the portion of the distribution that represents earnings if he/she does not have any qualified education expenses in the same taxable year as the distribution. Alternatively, if the amount in the Designated Beneficiary's CESA is withdrawn and rolled over to another CESA for the benefit of a member of the Designated Beneficiary's family, the amount rolled over will not be taxable. All CESA assets must be distributed by the time a Designated Beneficiary attains age 30. Any assets remaining in a CESA at such time must be distributed within 30 days following the date of the Designated Beneficiary's 30th birthday. The age 30 restriction does not apply to Designated Beneficiaries with special needs.

**What happens if the Designated Beneficiary dies before CESA assets are totally distributed?** In the event the Designated Beneficiary dies before attaining age 30, any remaining CESA assets will be distributed or deemed distributed as of 30 days following the date of death. An exception to the distribution requirement exists if the designated death beneficiary is younger than age 30 at the time of death and is a member of the Designated Beneficiary's family. In such case, the designated death beneficiary will become the Designated Beneficiary of the CESA.

**May a Designated Beneficiary claim a Hope Scholarship Credit or Lifetime Learning Credit for the Designated Beneficiary's expenses in a taxable year in which he/she receives money from a CESA on a tax-free basis?** The Designated Beneficiary or his/her may claim a Hope Scholarship Credit or Lifetime Learning Credit for his/her expenses in a taxable year in which the Designated Beneficiary receives a CESA distribution on a tax-free basis if the Credit and CESA distribution are not used for the same expenses.


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