



IRA APPLICATION KIT

COVERDELL - IRA

Forester Funds

Mutual Shareholder Services, LLC

8000 Town Centre Drive, Suite 400

Broadview Heights, OH 44147

INSTRUCTIONS FOR OPENING YOUR FORESTER FUNDS IRA

Name of Specific Forester Fund you are investing:

Value Fund – N Share – Value Fund – I Share – Discovery Fund

Type of IRA

I. Included in this kit is:

- a. An IRA Application (Mail to Forester Funds).
- b. The IRA Disclosure and Plan Agreement.
- c. A Transfer or Direct Rollover Request form. You may use this form to request your current custodian, trustee, or employer to directly transfer your plan assets to your Forester Funds IRA.

II. To Open Your Forester Funds IRA:

- Step 1** Complete the IRA Application. See Designation of Beneficiary explanation below.
- Step 2** If you are requesting a transfer or direct rollover of current plan assets (held elsewhere) to your Forester Funds IRA, complete the Transfer or Direct Rollover Request form. You should complete this form **in addition** to the IRA Application.
- Step 3** Return the forms to the address below.
- Step 4** Include a check for the amount of your IRA contribution made payable to the Forester Fund(s) in which you are investing.
- Step 5** Retain the IRA Plan Agreement and Disclosure for your records.

III. Designation of Beneficiary

You may designate a beneficiary to receive the IRA funds upon your death. The space provided is to name primary and contingent beneficiaries. If more space is needed, you may attach a supplementary sheet. If you wish a more complicated type of designation of beneficiary, you should consult an attorney. Some state's laws require married individuals to name their spouse as beneficiary. Married individuals should consult with their tax advisors prior to designating someone other than their spouse. You may change your beneficiary at any time by writing to the Custodian. If any of your beneficiaries die before you, the deceased beneficiary's share will be reallocated among the surviving beneficiaries on a *pro rata basis*. If none of your beneficiaries survive you, or if the Custodian cannot locate your beneficiary after a reasonable search, any balance in the IRA will be paid to your estate.

FEE INFORMATION:

Annual Account Maintenance Fee: **\$8.00 per account.**

REVOCATION INFORMATION:

You have the right to revoke this Individual Retirement Account (IRA) within seven days of receiving your disclosure statement. To revoke your IRA account simply notify in writing by first-class mail to the address below and the notification will be accepted as the date notice is received and time-stamped.

Mutual Shareholder Services, LLC
Attn: Forester Funds
8000 Town Centre Drive, Suite 400
Broadview Heights, OH 44147



Send completed forms to:

Mutual Shareholder Services, LLC
Attn: Forester Funds
8000 Town Centre Drive, Suite 400
Broadview Heights, OH 44147

Please print or Type

IRA APPLICATION

IRA OWNER INFORMATION

Name Date of Birth

Soc Sec. No. Address

City State Zip Daytime Phone

Evening Phone Citizen and Permanent resident of USA Y N (Open to US residents only)

CONTRIBUTION INFORMATION

Amount to be invested in Forester Funds:

Value Fund - N Share \$ Value Fund - I Share \$ Discovery Fund \$

INITIAL CONTRIBUTION TYPE

Table with columns: Type, Amount, Tax Year. Rows include Roth IRA, Regular/Spousal IRA, SEP IRA, Rollover from IRA/QP/TSA, Transfer from IRA, Rollover from Simple IRA*, and Coverdell Educational IRA.

ACCOUNT TYPE

Regular/Spousal Conduit (See Note)
SEP IRA
Rollover Note: If you are moving assets from a qualified plan or TSA and do not want to commingle these assets with regular IRA contributions, select this option.
Roth
Transfer

*Simple IRA (SRA) funds cannot be combined with regular IRA funds during the first two years of initial participation.

DESIGNATION OF BENEFICIARY

In the event of my death, pay my IRA balance to the following primary beneficiary(ies): (See instructions for additional conditions.)

Table with columns: Name, SSN or TIN, Relationship, Date of Birth, Address, %. Three rows for beneficiary information.

If all of the primary beneficiaries die before me, pay my IRA balance to the following contingent beneficiaries

Table with columns: Name, SSN or TIN, Relationship, Date of Birth, Address, %. Three rows for contingent beneficiary information.

*If no percentage rate is indicated, the beneficiaries will share equally.

Total

SIGNATURES AND CERTIFICATIONS

I certify under the penalty of perjury that my social security number stated above is correct, that I am of legal age in my state of residence and I agree that the designation of the tax year for my contribution and my election to treat a contribution as a rollover (if applicable) are irrevocable. By signing this application, I hereby authorize and appoint Huntington National Bank to act as Custodian of my account. I indemnify Huntington National Bank when making distributions in accordance with my beneficiary designation on file or in accordance with the Custodial Account Agreement absent any such designation. I acknowledge that I have received the IRA Disclosure Statement and IRA Custodial Account Agreement at least seven days prior to the date I signed this application. I have read both, which are incorporated in this application by reference, and I accept and agree to be bound by the terms and conditions contained in the IRA Custodial Account Agreement. I also certify that I have received and read the current Prospectus and understand that mutual fund shares are not obligations of or guaranteed by a bank, nor are they insured by the FDIC.

IRA Owner's Signature Date

HUNTINGTON NATIONAL BANK Date

Huntington National Bank accepts this application and agrees to act as Custodian of the account. A confirmation will be sent to you regarding the above transaction(s) and will serve as notification of the Custodian's acceptance.

Complete only if required by State Law

Spousal Consent: I am the spouse of the IRA Owner and I approve and consent to the naming of a beneficiary other than myself. I transmute (transfer) any community property interest I have in this IRA into the separate property of my spouse.

Spouse's Signature Date



Send completed forms to: Mutual Shareholder Services, LLC
 Attn: Forester Funds
 8000 Town Centre Drive, Suite 400
 Broadview Heights, OH 44147

IRA TRANSFER OR DIRECT ROLLOVER REQUEST FORM

GENERAL INFORMATION

Name _____ Date of Birth _____
 Soc. Sec. No. _____ Address _____
 City _____ State _____ Zip _____ Daytime Phone _____
 Evening Phone _____ Account Number _____

TRANSFER/DIRECT ROLLOVER REQUEST

I have established an IRA with Forester Funds of which Huntington National Bank serves as Custodian.

I request that my retirement funds be: (check one)

- Transferred from another IRA
 Directly rolled over from my employer-sponsored retirement plan.
 Transferred from a SIMPLE IRA (SAR)*

Transfer assets to Forester:

- Value Fund – N Share \$ _____
 Value Fund – I Share \$ _____
 Discovery Fund \$ _____

I authorize my present Custodian/Trustee of IRA, or the administrator of my current retirement plan, to directly send the assets indicated in #3 of Fund Automatic Investment (ACH) Form below to my IRA with Forester Funds.

Name of present Custodian, Trustee, or Employer Plan Administrator _____ Account# _____

Please include a copy of your latest IRA statement.

Street Address _____ City _____ State _____ Zip _____

*SIMPLE IRA (SRA) funds cannot be combined with regular IRA funds during the first two years of the initial participation in the SIMPLE IRA (SRA)

If you choose to wire-transfer your funds, contact your financial organization for information regarding any incoming or outgoing wire-transfer fees that may apply.

PAYMENT INFORMATION

Payment Schedule. I authorize and direct you to send my assets as follows:

- (1) Immediately liquidate all assets and send the cash proceeds
 (2) Send cash proceeds of all investments at maturity
 (3) Send the assets at maturity for the investments listed below
 (4) Other _____
- | <u>Investment</u> | <u>Maturity Date</u> (if applicable) |
|-------------------|--------------------------------------|
| _____ | _____ |
| _____ | _____ |

Conduit IRA – Do you want these funds kept in a separate IRA? Yes No Source of funds IRA SIMPLE IRA (SRA) QP/TSA

AGE 70 1/2 INFORMATION

Check one of the following

- I am *under age 70 1/2* and do not turn age 70 1/2 at any time during the calendar year.
 I am *70 1/2 or older* and understand that no part of my required distribution is eligible for transfer or rollover. I further understand that there may be significant tax penalties resulting if I do transfer or roll over any part of my required distribution.

SIGNATURES AND CERTIFICATIONS

I certify that I have established an IRA with the Forester Funds, of which Huntington National Bank is the Custodian. I agree to contact my present Custodian that I am transferring from to determine if specific documentation or signature guarantee is required. I understand that I am responsible for determining my eligibility for all transfers or direct rollovers. I agree to hold the Custodian harmless against any and all situations arising from an ineligible transfer or direct rollover. I acknowledge that the Custodian cannot provide legal advice and I agree to consult my own tax professions for advice.

Signature of Individual _____ Date _____ Signature of Custodian _____ Date _____

TO BE COMPLETED BY A Huntington National Bank REPRESENTATIVE (For office use only). Huntington National Bank here by confirms that it has accepted its appointment as Custodian of the Forester Funds IRA .Make checks payable to: Forester Funds, FBO _____

Signature _____ Title _____ Date _____



Send completed forms to: Mutual Shareholder Services, LLC
 Attn: Forester Funds
 8000 Town Centre Drive, Suite 400
 Broadview Heights, OH 44147

FUND AUTOMATIC INVESTMENT (ACH) FORM _____

Please print or type

1. ACCOUNT INFORMATION

Account Holder Name(s): _____

Account Number: _____

(Leave blank if form accompanies new application)

2. TRANSFERS (\$50 Minimum)

Transfer the amount of \$ _____ TO the account listed above on the frequency selected below.

Please select on option

- Monthly beginning on the 20th of _____ (insert month)
 Quarterly beginning on the 20th of _____ (insert month)
 Annually beginning on the 20th of _____ (insert month)

Please select which fund(s):

Forester Value Fund – Class: N Share (FVALX): \$ _____ (or %)

Forester Value Fund – Class: I Share (FVILX): \$ _____ (or %)

Forester Discovery Fund: (INTLX): \$ _____ (or %)

3. BANK INFORMATION

Please complete with your bank information

Bank Name: _____

Bank Address: _____ City _____ State _____ Zip _____

Account Number: _____ Checking _____ Savings _____

ABA Transit Routing Number (Bank): _____

Please attach a copy of a voided check (checking account) or a pre-printed deposit slip (savings account) from the bank to enable transfer of funds.

I hereby authorize Mutual Shareholder Services, LLC upon receiving instructions from me in accordance with the instructions provided to make investments into my mutual fund account. ***I acknowledge that this authorization may only be revoked by providing written notice to Mutual Shareholder Services, LLC*** in such time and manner as to afford Mutual Shareholder Services, LLC and the bank a reasonable opportunity to act upon it.

Signature of Primary Account Holder

Date

Signature of Additional Account Holder

Date

For Joint Account Registrations:

If the name(s) on your bank account in Section 1 are not identical to the mutual fund account names, all bank account owners who are not owners of the mutual fund account must sign below.

Bank Account Owner's Name

Bank Account Owner's Signature

Date

5305-EA COVERDELL EDUCATION SAVINGS CUSTODIAL ACCOUNT

Under section 530 of the Internal Revenue Code

The depositor (The depositor is the person who establishes the custodial account) is establishing a Coverdell education savings account under section 530 for the benefit of the designated beneficiary exclusively to pay for the qualified elementary, secondary, and higher education expenses, within the meaning of section 530(b)(2), of such designated 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 30 days of such date.
2. 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.

 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 VIII

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 IX

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.

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

This account must be created in the USA for the exclusive benefit of the Depositor or his/her beneficiaries. Do not file Form 5305-A with the IRS. Instead keep it for record purposes

Yearly Custodian fee \$8.00.

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" in the block where the number is requested. 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.

Coverdell Education Savings Account Disclosure Statement

COVERDELL EDUCATION SAVINGS ACCOUNT (ESA) PURPOSE

This ESA Custodial Account and Disclosure is designed to help customers understand the concept of Coverdell Education Savings Accounts (ESAs) and the basic rules affecting them. The Coverdell Education Savings Account was formerly known as the Education IRA.

In this Custodial Account and Disclosures the term "Designated Beneficiary" means the person (child) for whom the ESA is established. "Depositor" means the person who establishes and makes the initial contribution to the ESA. The "Responsible Individual," as defined in Section A.5 of the Disclosure Statement, is charged with the ongoing investment and management duties related to the ESA. "Death Beneficiary" means the person or persons named as beneficiary of the ESA in the event of the Designated Beneficiary's death. Death Beneficiary will appear simply as beneficiary on forms of the Custodian. The terms "you" and "your" refer to the person who establishes the ESA.

The first part of this booklet explains the basic rules and tax considerations you should understand if you adopt an Education Savings Account offered by the Custodian whose name appears below. It includes the disclosure statement required by the Internal Revenue Service for ESAs.

If you have any questions or want more information you may also contact any district office of the Internal Revenue Service for information about your use of an Education Savings Account. www.irs.gov.

A. Introduction .

This Disclosure Statement explains what you should know about a Coverdell Education Savings Account ("Education Savings Account") and is a general review of the federal income tax law applicable to it. The Coverdell Education Savings Account was formerly known as the Education IRA. Education Savings Accounts are intended to help individuals pay for education expenses of the Designated Beneficiary (the child for whom the Education Savings Account is established and maintained). Therefore, Education Savings Accounts may not be used like normal investments and are subject to many restrictions imposed by the Internal Revenue Code.

In 1997, Congress introduced the concept of Education Savings Accounts to encourage planning for payment of post-secondary education expenses. Congress later expanded the concept to include elementary and secondary education expenses. An Education Savings Account is a custodial account that lets money be set aside for the education of the Designated Beneficiary for tax years beginning after December 31, 1997. Contributions are not tax deductible, but if certain requirements are met, the earnings from an Education Savings Account are tax-free when distributed. (Certain investments, however, such as limited partnerships may generate "unrelated business income" that may be taxable in the year earned.)

The Fund/Custodian of this Education Savings Account is also referred to in this Disclosure Statement as "we", "us", or "our".

Please read this Custodial Account and Disclosures and any attached materials carefully. Please note that the rules regarding Education Savings Accounts are subject to frequent change. Before entering into any major transactions involving the Education Savings Account, please make sure that you have the most current information available. If you have any legal or tax questions concerning the Education Savings Account, we urge you to discuss them with your attorney or personal tax consultant. The representatives of The Fund/Custodian, will, of course, be happy to answer any questions concerning the operation and financial aspects of the Education Savings Account, but cannot give you legal or tax advice.

A.1 What is an Education Savings Account?

An Education Savings Account is a trust or custodial account that is created for the purpose of paying the qualified education expenses of the Designated Beneficiary. An Education Savings Account is not a retirement arrangement. See Section E: Withdrawals From an Education Savings Account for a description of qualified education expenses.

Establishment of or subsequent contribution to this Education Savings Account is not intended to be a transfer or gift under any state Uniform Transfers to Minors Act or any comparable act under the laws of any state which may have jurisdiction over the Education Savings Account.

A.2 For whom may an Education Savings Account be established and who may establish the Education Savings Account?

An Education Savings Account may be established by any person eligible to make contributions to an Education Savings Account for the benefit of any person under age 18. The person who establishes the Education Savings Account is referred to as the "Depositor." There is no requirement that the Depositor be related to the Designated Beneficiary.

Once established, other individuals (including the Designated Beneficiary) may also make contributions to the Education Savings Account for the benefit of the Designated Beneficiary. Contributions to the Education Savings Account will not be accepted after the Designated Beneficiary reaches his/her 18th birthday, unless the Designated Beneficiary qualifies as a "Special Needs Beneficiary." A Special Needs Beneficiary includes individuals who, as defined by the IRS, require additional time to complete their education because of a physical, mental, or emotional condition (including a learning disability). See Section C: Annual Contributions for more information on contributions.

A.3 How is an Education Savings Account opened?

An Education Savings Account Enrollment Form must be completed and signed by the Depositor and returned by mail or in person to us along with the initial contribution. If help is needed in completing the form or if there are any questions, please contact us at the number on your statement.

A.4 May the Education Savings Account be canceled?

Yes, but to receive a full refund without penalty on the initial contribution, the Depositor must cancel the Education Savings Account on or before the seventh (7th) day after he or she receives the Custodial Account and Disclosure Statement, which if mailed is deemed received seven days after the postmark date absent evidence to the contrary. To cancel the Education Savings Account, the Depositor must either deliver or mail a written notice of cancellation to the following address before the end of the 7-day period. If an important change is made to this Disclosure Statement or the Education Savings Account during the 7-day period, we will notify the Depositor of the change and there will be an additional seven days from the date the notice is received to revoke the Education Savings Account.

If the notice is sent by first class mail, the revocation will be deemed mailed as of the date of the postmark. Until the 7-day period for revoking the Education Savings Account has lapsed, contributions may be accepted, but investment instructions for the Education Savings Account may be restricted.

A.5 Who has the power to manage the Education Savings Account, including the power to designate the Designated Beneficiary?

The Depositor has the initial authority to make all decisions regarding the establishment of the Education Savings Account including, but not limited to, the power to decide how to invest the initial deposit to the Education Savings Account, choose the Designated Beneficiary, and designate the individual to receive the Education Savings Account upon the Designated Beneficiary's death (the "Death Beneficiary"). After the Education Savings Account is established, the Responsible Individual has full authority to direct The Fund with respect to it. The Depositor who first establishes the Education Savings Account will act as the Responsible Individual until the Designated Beneficiary reaches age 18. (However, if this Education Savings Account was first through another service, and the Depositor named another person—a parent or legal guardian of Designated Beneficiary—as the Responsible Individual, and the assets have not been transferred or rolled over to another Education Savings Account, that person will continue to act as the Responsible Individual of this Education Savings Account until the Designated Beneficiary reaches the age of 18.) When the Designated Beneficiary becomes 18, the Designated Beneficiary will automatically become the sole Responsible Individual. If the Depositor dies or becomes incapacitated before the Designated Beneficiary reaches age 18, a parent or legal guardian of the Designated Beneficiary may act as the Responsible Individual until the Designated Beneficiary becomes 18. If the Responsible Individual elects to do so, he or she may appoint another individual to act as the Responsible Individual by filing a form with The Fund. Such writing shall not be valid until it is accepted by The Fund. The Responsible Individual's authority to administer the Education Savings Account includes, but is not limited to, directing the investment of assets held under the Education Savings Account, changing the Designated Beneficiary, changing the Death Beneficiary and requesting distributions from the Education Savings Account (*including the refund of any "excess" contributions as described in Section F: Excess Contributions and Prohibited Transactions*). All statements and reports related to the Education Savings Account will be sent to the Responsible Individual. Written notice must be given to The Fund to change the Designated Beneficiary. Any successor Designated Beneficiary must be an eligible family member of the former Designated Beneficiary and must be under age 30 at the time of the designation, except in the case of a Special Needs Beneficiary. See Question D.1 for a description of eligible family members.

If a family member under age 18 becomes the Designated Beneficiary by reason of being a named Death Beneficiary, the Responsible Individual will be the Designated Beneficiary's parent or guardian until the Designated Beneficiary reaches age 18. Once the Designated Beneficiary becomes 18, the Designated Beneficiary will automatically become the sole Responsible Individual.

A.6 Is the Education Savings Account non-forfeitable?

The Education Savings Account is non-forfeitable at all times.

A.7 Is the Coverdell Education Savings Account approved by the Internal Revenue Service?

Since the Custodial Agreement establishing the Coverdell Education Savings Account uses IRS Form 5305-EA, as currently provided by the IRS, the Coverdell Education Savings Account will be treated as approved as to form. IRS approval is a determination as to the form of the Coverdell Education Savings Account but does not represent a determination of its merits.

In the event that the laws governing Education Savings Accounts are amended or changed and cause differences between our current Custodial Agreement and the new laws, we will administer the Coverdell Education Savings Account in accordance with the new laws and amend the Custodial Agreement when revised IRS forms are published.

You may obtain further information on Education Savings Accounts from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 970, Tax Benefits for Education, at www.irs.gov.

B. Contributions to the Education Savings Account.

B.1 What is an Education Savings Account contribution?

There are two types of Education Savings Account contributions:

An "annual contribution" is a nondeductible cash deposit to the Education Savings Account.

A "rollover contribution" is a deposit to the Education Savings Account of funds received from another Education Savings Account. A rollover from an Education Savings Account is generally not taxable if certain requirements are met. Rollovers are subject to special rules discussed in Section D: Rollover Contributions.

B.2 When may contributions be made to an Education Savings Account?

Education Savings Account contributions for a calendar year may be made at any time during the calendar year or no later than April 15 of the following year. Contributions may be made at any time during the tax year and until the Depositor's tax filing deadline (not including extensions) for the prior tax year, generally April 15. If you make a contribution after the end of the calendar year (but no later than April 15) that is intended to be a contribution for the prior year, you must inform The Fund in writing at the time of your deposit.

C. Annual Contributions.

C.1 How much may I contribute?

Federal tax laws determine how much an individual may contribute on behalf of the same Designated Beneficiary. In any year, cash contributions up to \$2,000 may be made for any one Designated Beneficiary by the same contributor. The contributor's limit is reduced by all other Education Savings Account contributions made on behalf of the same Designated Beneficiary. If the contributor's Modified Adjusted Gross Income ("MAGI") is above a certain level, the contribution limit will be reduced further. See Question C.2 below. In addition, the total of all contributions made to all Education Savings Accounts set up for the benefit of any one Designated Beneficiary cannot be more than \$2,000 for a tax year. This includes contributions (other than properly made rollovers) to all the Designated Beneficiary's Education Savings Accounts from all sources.

Individuals may always contribute less than the maximum amount and do not have to contribute every year.

If, however, an individual contributes more than is allowed for a tax year, a penalty may be incurred for an "excess contribution." This penalty is explained in Section F: Excess Contributions and Prohibited Transactions.

C.2 How will a contributor's Modified Adjusted Gross Income affect his or her contribution?

If a contributor's MAGI is above a specified level, the amount of the contribution that the contributor may make to an Education Savings Account is phased down and eventually eliminated.

(a) Modified Adjusted Gross Income. A contributor must look at his or her MAGI for the year (if the contributor and the contributor's spouse file a joint return, their combined MAGI is used) to determine whether the contributor may make an Education Savings Account contribution. The contributor's federal income tax return should show how to calculate MAGI for this purpose. If a contributor is at or below a certain MAGI level, called the "threshold level," the contributor will be able to make a contribution.

(b) Contribution Limits. Taxpayers may make a contribution to an Education Savings Account based on their income thresholds. The tables below illustrate these "threshold levels."

Non-Joint Filers:

NON-JOINT FILERS-ALLOWABLE EDUCATION SAVINGS ACCOUNT CONTRIBUTIONS

| Full Contribution For a MAGI of: | Partial Contribution for a MAGI Between: | No Contribution For a MAGI of: |
|-------------------------------------|--|-----------------------------------|
| \$95,000 or less | \$95,000-\$110,000 | \$110,000 or more |

JOINT FILERS-ALLOWABLE EDUCATION SAVINGS CONTRIBUTION

| Full Contribution For a MAGI of: | Partial Contribution for a MAGI Between: | No Contribution For a MAGI of: |
|-------------------------------------|--|-----------------------------------|
| \$190,000 or less | \$190,000-\$220,000 | \$220,000 or more |

Individuals who are entitled to make a reduced contribution determine the contribution amount using the following formulas:

Non-Joint Filers:
$$\frac{(\text{MAGI threshold} - \text{actual MAGI})}{\$15,000} \times \$2,000 = \text{Education Savings Account Contribution}$$

Joint Filers:
$$\frac{(\text{MAGI threshold} - \text{actual MAGI})}{\$30,000} \times \$2,000 = \text{Education Savings Account Contribution}$$

Example 1:

Ms. Smith, a single person, has a MAGI of \$100,000 in 2010. She calculates her 2009 ESA contribution as follows:

* Her MAGI is \$100,000.

* Her Threshold Level is \$110,000.

* Her Excess MAGI is (Threshold Level – MAGI) or (\$110,000 – \$100,000) = \$10,000.

So, her Education Savings Account contribution limit is:
$$\frac{\$10,000}{\$15,000} \times \$2,000 = \$1,333.33$$

Example 2:

Mr. and Mrs. Young file a joint tax return. They have a combined MAGI of \$210,000. They calculate their 2009 contribution limit to the ESA as follows:

• Their MAGI is \$210,000.

• Their Threshold Level is \$220,000.

• Their Excess MAGI is (Threshold Level – MAGI) or (\$220,000 – \$210,000) = \$10,000.

So, the ESA contribution limit is:
$$\frac{\$10,000}{\$30,000} \times \$2,000 = \$666.66$$

C.3 May deductible contributions be made to an Education Savings Account?

No. Only nondeductible contributions may be made to an Education Savings Account.

C.4 May other persons establish an Education Savings Account for the Designated Beneficiary?

Yes. But the total contributions under all Education Savings Accounts for the same Designated Beneficiary for any year may not exceed \$2,000. A partnership) which makes a contribution for a Designated Beneficiary is not subject to the income restrictions described in Question C.2. However, a contribution made by a business may be treated as wages, a dividend, or other taxable income.

C.5 May contributions be made to both a qualified state tuition program and an Education Savings Account on behalf of the same Designated Beneficiary in the same taxable year?

Yes. You can make contributions to Education Savings Accounts and qualified state tuition programs in the same year for the same Designated Beneficiary. Excess Contributions are explained in Section F: Excess Contributions and Prohibited Transactions.

C.6 May contributions of military death gratuities be made?

If you received a military death gratuity or SGLI payment with respect to a death from injury that occurred after October 6, 2009, you can contribute all or part of the amount received (reduced by any part you contributed to another Education Savings Account or Roth IRA) to your Education Savings Account as a rollover contribution. The rollover must be completed within one year of receiving the payment. The amount contributed is treated as part of your cost basis and not taxable when distributed.

D. Rollover Contributions .

D.1 Is a distribution from an Education Savings Account taxable if the distribution is contributed to another Education Savings Account?

If certain requirements are met, an amount distributed from an Education Savings Account and rolled over to another Education Savings Account for the benefit of the same Designated Beneficiary or a certain member of the Designated Beneficiary's family who is under age 30 (or who is a Special Needs Beneficiary) is not taxable. Members of the Designated Beneficiary's family eligible for the tax-free rollovers include the Designated Beneficiary's spouse and the following individuals (and their spouses):

- * The Designated Beneficiary's child, grandchild, or stepchild;
- * A brother, sister, half brother, half sister, stepbrother, or stepsister of the Designated Beneficiary;
- * The father, mother, grandfather, grandmother, stepfather, or stepmother of the Designated Beneficiary;
- * A brother or sister of the Designated Beneficiary's father or mother;
- * A son or daughter of the Designated Beneficiary's brother or sister;
- * A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the Designated Beneficiary; and
- * A first cousin (but not his or her spouse).

The annual contribution limit to Education Savings Accounts does not apply to these rollover contributions.

For example, an older brother who has \$12,000 left in his Education Savings Account after he graduates from college can roll over the full \$12,000 balance to an Education Savings Account for his younger sister who is still in high school without paying any tax on the transfer. Amounts may be rolled over from the Education Savings Account to another Education Savings Account as long as those amounts have not been rolled over in the previous twelve months. A rollover is often complex and we suggest seeking professional tax advice before receiving and rolling over a distribution.

D.2 May a distribution from a Traditional or Roth IRA be rolled over into an Education Savings Account?

No. No amounts withdrawn from a Traditional or Roth IRA may be rolled over into an Education Savings Account or vice versa.

D.3 Is there a deadline for making a rollover contribution?

Yes, a rollover contribution must be completed within 60 days after a distribution is made from an Education Savings Account. If the rollover is not completed within the 60-day period, the taxable portion of the distribution will be taxed as ordinary income for the year in which it was received and may be subject to penalties as explained in Question E.5.

D.4 May amounts be transferred directly from one Education Savings Account to another?

A Designated Beneficiary's interest in the Education Savings Account may be transferred tax-free to his or her spouse or former spouse under a divorce or separation instrument. After the transfer, the interest will be treated as an Education Savings Account in which the spouse or former spouse is the Designated Beneficiary.

E. Withdrawals From an Education Savings Account .

E.1 What happens when a withdrawal is made from an Education Savings Account?

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.

E.2 What are "qualified education expenses"?

The definition of qualified education expenses includes "qualified higher education expenses" and "qualified elementary and secondary school expenses." "Qualified higher education expenses" means expenses for tuition, fees, books, supplies, and equipment and expenses for special needs services in the case of a Special Needs Beneficiary required for the enrollment or attendance of the Designated Beneficiary at an eligible educational institution. Qualified higher education expenses also include amounts contributed to a qualified state tuition program and include certain room and board expenses if the Designated Beneficiary is at least a half-time student at an eligible educational institution.

"Qualified elementary and secondary school expenses" means expenses directly connected to the attendance and enrollment at an elementary or secondary public, private or religious school. Qualified elementary and secondary school expenses include expenses for tuition, fees, academic tutoring, special needs services in the case of a Special Needs Beneficiary, books, supplies, and other equipment. Qualified elementary and secondary school expenses also include expenses for room and board, uniforms, transportation, and supplementary items and services (including extended day programs) which are required or provided by a public, private, or religious school. The purchase of any computer technology, equipment or Internet access and related services are also considered qualified expenses if such technology, equipment or services are to be used by the Designated the

Designated Beneficiary's family during any of the years the Designated Beneficiary is in school. Computer software designed for sports, games, or hobbies is not considered a qualified expense unless the software is predominantly educational in nature.

Qualified education expenses are reduced for certain scholarships and the limits are coordinated with other tax favored education programs. See Question E.7.

This information is intended to be general in nature; The Fund does not provide individual tax information. The determination of qualified education expenses is complex, so please consult with your tax advisor to determine the amount of the Designated Beneficiary's qualified education expenses for their Education Savings Account.

E.3 What is an eligible educational institution?

An eligible educational institution is any college, university, vocational school, or other post-secondary 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. This category includes virtually all accredited public, nonprofit, and proprietary post-secondary institutions.

Eligible educational institutions also include kindergartens, elementary and secondary schools that provide education as determined by state law (public, private, or parochial schools). The educational institution should be able to tell you if it is an eligible educational institution.

E.4 What happens if a withdrawal is made from an Education Savings Account but the Designated Beneficiary does not have any qualified educational expenses to pay in the taxable year of the withdrawal?

Generally, if a withdrawal is made from an Education Savings Account for a tax year and the Designated Beneficiary does not have any qualified educational expenses to pay in that tax year, a portion of the distribution is taxable and the Designated Beneficiary must include it in income. The taxable portion is the amount of withdrawn earnings that have accumulated tax-free in the account.

Please consult your tax advisor for more information regarding how to determine the taxable portion of a distribution from an Education Savings Account. You may also find IRS Publication 970 helpful for purposes of this calculation.

E.5 Do any other taxes apply when a taxable withdrawal is made from an Education Savings Account?

The taxable portion of the distribution is also subject to a 10% additional tax unless an exception applies. The additional tax will not apply if the distribution is:

- * made on or after the death of the Designated Beneficiary;
- * made on account of disability (within the meaning of Code section 72(m)(7)) of the Designated Beneficiary;
- * made on account of a scholarship, allowance or payment (described in Code section 25A(g)(2)) received by the Designated Beneficiary to the extent the amount of the payment or distribution does not exceed the amount of the scholarship, allowance, or payment;
- * made on account of the attendance of the Designated Beneficiary at a U.S. military academy, to the extent that the amount of the payment or distribution does not exceed the costs of advanced education attributable to such attendance;
- * includible in gross income solely because expenses were reduced by the amount claimed as a Hope Scholarship Credit or a Lifetime Learning Credit;
- or
- * an excess contribution (and related earnings) and such distribution occurred before the first day of the sixth month of the taxable year following the taxable year in which the contribution was made.

E.6 What happens to the assets remaining in an Education Savings Account after the Designated Beneficiary finishes his/her post-secondary education?

There are two options. First, the Designated Beneficiary could take the remaining assets as a distribution. In this case, any amount remaining in the Education Savings Account must be withdrawn for the Designated Beneficiary within 30 days after the Designated Beneficiary's 30th birthday, except in the case of a Special Needs Beneficiary. Any balance remaining at the end of the 30-day period will be considered distributed at that time and the earnings portion of the deemed distribution is includible in the Designated Beneficiary's gross income. If the amounts are distributed (or considered distributed) to the Designated Beneficiary, the Designated Beneficiary will be subject to both income tax and the additional 10% tax on the portion of the amount withdrawn that represents earnings, if the Designated Beneficiary does not have any qualified education expenses in the same taxable year he/she makes the withdrawal.

Alternatively, prior to the Designated Beneficiary's 30th birthday, the Responsible Individual could designate a successor Designated Beneficiary to be effective on the Designated Beneficiary's 30th birthday. The successor Designated Beneficiary must be an eligible family member who has not reached age 30 as of the date of the original Designated Beneficiary's 30th birthday, except in the case of a Special Needs Beneficiary. If a successor Designated Beneficiary is designated or if the amount in the Designated Beneficiary's Education Savings Account is withdrawn and rolled over (as described in Question D.1) to another Education Savings Account for the benefit of an eligible member of the Designated Beneficiary's family, no tax should be imposed due to the Designated Beneficiary's 30th birthday.

E.7 May the Designated Beneficiary or the Designated Beneficiary's parents claim the Hope Scholarship Credit or the Lifetime Learning Credit for the Designated Beneficiary's expenses in a taxable year in which the Designated Beneficiary receives money from an Education Savings Account on a tax-free basis?

A Designated Beneficiary (or his or her parents) may claim a Hope Scholarship Credit or Lifetime Learning Credit in the same taxable year that he or she takes a tax-free distribution from an Education Savings Account, provided that the distribution from the Education Savings Account is not used for the same expenses for which the credit is claimed.

E.8 What about income tax withholding?

Federal income tax is not withheld from Education Savings Account distributions. Please consult your state tax authority to determine if your state requires withholding.

E.9 What are the methods of withdrawal from the Education Savings Account?

The balance of a Coverdell Education Savings Account may be withdrawn by choosing (a) or (b) below. All withdrawals must be paid either by check or an automatic deposit to a designated account.

- (a) A single withdrawal of the balance; or
- (b) Withdrawing specified amounts.

E.10 What happens to the Education Savings Account when the Designated Beneficiary dies?

In the event that the Designated Beneficiary dies while assets remain in the Education Savings Account, the Responsible Individual may direct that one of two things be done with the remaining assets. The assets may be paid to the Death Beneficiary or the Death Beneficiary may become the successor Designated Beneficiary, if the Death Beneficiary is an eligible member of the family and under 30 years of age or is a Special Needs Beneficiary.

The Death Beneficiary is the person designated by the Depositor when the Education Savings Account is opened. The Responsible Individual may change the Death Beneficiary designation at any time by contacting us and submitting a written designation in a form acceptable to us. Each Death Beneficiary designation filed with us will cancel all previous designations. If there are no surviving Death Beneficiaries or there is no record of a Death Beneficiary, the account will be paid to the Designated Beneficiary's spouse. If the Designated Beneficiary is not survived by a spouse, the account will be paid to the Designated Beneficiary's surviving children as determined under state law. In such case, a legal or personal representative is required to provide us with a written certification listing the names of the Designated Beneficiary's surviving children as determined under state law. If there is no legal or personal representative, a court order may be required. If the Designated Beneficiary is not survived by a spouse or by any children, as certified by the legal or personal representative, then the ESA will be paid to the Designated Beneficiary's estate.

Any balance remaining at the end of the 30-day period will be considered distributed at that time, and the earnings portion of the deemed distribution is includible in the Designated Beneficiary's estate.

E.11 How about estate and gift taxes?

For more information about estate and gift tax issues, please consult your tax advisor.

The federal estate tax will not apply to the estate of individuals who die after December 31, 2009. However, unless congressional action is taken, the estate tax will apply to the estates of individuals who die on or after January 1, 2011. For more detailed information concerning estate and gift tax treatment, consult your tax advisor.

F. Excess Contributions and Prohibited Transactions

F.1 What happens if more than the permitted amount is contributed to an Education Savings Account on behalf of the Designated Beneficiary in a taxable year?

Aggregate contributions to all of a Designated Beneficiary's Education Savings Accounts in excess of \$2,000 (or, if less, the total of each contributor's limit) for a taxable year are treated as excess contributions. Excess contributions are subject to a 6% excise tax for each year the excess amount remains in the Education Savings Account.

F.2 How may the 6% penalty be avoided?

If excess contributions are withdrawn (and any earnings on them) from the Education Savings Account(s) before the first day of the sixth month after the taxable year (usually June 1), the excess contribution penalty will not apply. The withdrawn earnings must be included in the Designated Beneficiary's income for the year in which the excess contribution is made. If the excess contributions are not withdrawn by that date, the 6% penalty will be charged for that year. The 6% penalty tax does not apply to any properly made rollover contribution.

In order to avoid tax penalties in subsequent years:

- (a) contribute less than the maximum allowable contribution in later years, or
- (b) withdraw the excess contributions in accordance with applicable rules.

Example:

Both the Depositor and Sue's grandmother contribute \$1,500 to an Education Savings Account for Sue. The Depositor and Sue's grandmother may help Sue avoid the 6% tax penalty if the \$1,000 excess (\$3,000 – \$2,000) and any earnings on that amount are withdrawn by May 31 of the following year. If the excess is not withdrawn by May 31 of the following year, the penalty in the subsequent tax year may be avoided by contributing \$1,000 less than the permitted amount. Again, the penalty tax will apply for each tax year in which the excess contribution is not corrected.

F.3 What is a prohibited transaction?

Generally, a prohibited transaction is any improper use of the Education Savings Account by the Depositor, Responsible Individual or any disqualified person. Prohibited transactions include such actions as the Depositor or Responsible Individual selling property to the Education Savings Account or buying property from it. To learn more about prohibited transactions and who are disqualified persons, refer to IRS Publication 590.

F.4 What happens if the Depositor or Responsible Individual engages in a prohibited transaction?

The Education Savings Account will lose its tax-exempt status and the entire taxable balance will be includible in income for that year. Furthermore, the 10% federal tax penalty on the taxable balance may be imposed, unless an exception to the tax penalty described in Question E.5 applies. If someone other than a contributor to the Education Savings Account or the Designated Beneficiary engages in a prohibited transaction with respect to the Education Savings Account, that person may be liable for certain excise taxes.

F.5 May anyone use the Education Savings Account as security for a loan?

No. If anyone uses all or part of the Education Savings Account as security for a loan, the amount used would be considered a taxable withdrawal in that year. The withdrawal would be subject to the 10% federal tax penalty on the taxable balance unless an exception to the penalty tax applies.

G. Investments

G.1 Who is responsible for investing the Education Savings Account assets?

The Depositor with respect to the initial contribution and the Responsible Individual with respect to all other contributions and the reinvestment of the initial contribution are solely responsible for making any investment decision regarding the Education Savings Account assets. The Depositor and the Responsible Individual (as applicable) may designate someone other than themselves to direct the investment of the assets in the Education Savings Account by executing a valid third party trading authorization or power of attorney on a form acceptable to The Fund and by naming a person or entity acceptable to The Fund. The Responsible Individual may separately contract with the Custodian or an affiliate to manage the Education Savings Account, to the extent permitted. The assets in the Education Savings Account generally are not limited to any particular type of investment, and therefore it is impossible to determine what the investment return will be or what the Education Savings Account assets will look like in future years.

All investment directions shall be given in a form that complies with the reasonable requirements and procedures imposed by The Fund. Such requirement may include that certain representations and warranties accompany certain directions, including indemnification.

The Depositor or the Responsible Individual (as applicable) (or their duly authorized representatives) are making all investment decisions. The Fund will have no investment responsibility (and neither The Fund nor any of its employees will accept such responsibility) other than to make investments pursuant to the Depositor's or Responsible Individual's (or your duly authorized representative's) direction. The Fund has no duty to and will not question such direction. In addition, The Fund is indemnified and held harmless for any liability which may arise in The Fund's performance of its duties under the Custodial Agreement, except for any liability arising from The Fund's gross negligence or willful misconduct as custodian.

G.2 What assets may not be held in the Education Savings Account?

The Fund, in its sole discretion, may refuse to hold any investment. The Education Savings Account may not be invested in life insurance contracts and, except for investments pooled in a common trust fund or common investment fund, may not be commingled with other property. The Education Savings Account also may not be invested in any investment that The Fund determines, in its sole discretion, is administratively or operationally burdensome.

The Fund has no responsibility for monitoring the Education Savings Account investments. Thus, if the Depositor or Responsible Individual, or their duly authorized representatives, engage in any non-qualifying investment or prohibited transaction with respect to the Education Savings Account, neither The Fund nor any of its employees will be liable for any adverse investment, tax or other legal consequences that may result from such purchase. Also, if the Depositor's or Responsible Individual's investment direction results in a prohibited transaction, the tax-favored status of the Education Savings Account will be affected. See Section F: Excess Contributions and Prohibited Transactions for more information regarding prohibited transactions.

G.3 Is any interest earned on amounts awaiting investment or disbursement?

The Fund, or an affiliate of The Fund, may retain any interest earned on assets awaiting investment or disbursement. The Depositor and Responsible Individual understand and agree that this interest (generally referred to as "float") will be retained by The Fund as additional compensation for The Fund's provision of services with respect to the Education Savings Account. Such interest shall generally be at a prevailing interest rate.

Assets awaiting investment include (a) new deposits to the Education Savings Account, including interest and dividends, and (b) any un-invested assets held by the Education Savings Account caused by an instruction to The Fund to purchase or sell securities where investment instructions are received too late in the day to be completed. The Fund may also earn float on distributions from the time funds are distributed from your IRA until you cash the check or other payment method is completed.

H. Other Questions and Answers.

H.1 Are any tax forms required to be filed by the Depositor, Responsible Individual or Designated Beneficiary for the Education Savings Account?

Generally, no special forms will need to be filed for the Education Savings Account. However, Form 5329, Additional Taxes on Qualified Plans (including IRAs) and Other Tax Favored Accounts must be filed with the IRS by or on behalf of the Designated Beneficiary for any year in which the 6% penalty for excess contributions applies, or the 10% penalty for withdrawals applies for amounts not used for qualified education expenses. In addition, Form 5329 must be filed if a taxable distribution is taken from the Education Savings Account.

H.2 Does The Fund report any information about the Education Savings Account to the Internal Revenue Service?

Yes. All Education Savings Account custodians are required to report various Education Savings Account transactions to the IRS, Social Security Administration and the applicable state revenue department.

In addition, IRS Form 5498-ESA will be used to report both annual and rollover contributions, plus the December 31 fair market value of the account. Partial withdrawals and total distributions are reported on Form 1099-Q.

Unrelated business taxable income is reported on Form 990-T.

H.3 Are state tax laws the same as federal tax laws for Education Savings Accounts?

You should consult your professional tax advisor about the tax treatment in your state. This is especially important if you are subject to taxation by a state that does not automatically conform to the provisions found in the federal tax code.

H.4 Can the Education Savings Account be changed?

Yes. We may amend the Coverdell Education Savings Account Agreement by sending the Responsible Individual a copy of the changes. The Responsible Individual and the Depositor will be deemed to have consented to any amendment, unless we receive written notice to the contrary within

30 days after a copy of the amendment is first mailed to the Responsible Individual. Any notice we send will be delivered to the last address that we have for the Responsible Individual in our records. Although other amendments may be made, generally amendments will be made to comply with changes in the law. No amendment can take any part of the Education Savings Account away from the Designated Beneficiary.

H.5 Will the Education Savings Account be charged any fees?

Yes. All of the fees that may apply to the Education Savings Account are outlined in the new account documents. The Schedule of Fees may be changed from time to time, upon 30 days' written notice to the Responsible Individual. Please refer to the Schedule of Fees for more details. If The Fund's fees are not paid by their due date, The Fund may deduct these fees from the Education Savings Account.

H.6 What other rules apply to the Coverdell Education Savings Account?

If The Fund receives any process, summons, levy or similar order, the Depositor and Responsible Individual authorize The Fund either to comply with the order or refuse to honor the order, in The Fund's sole discretion. The Fund has no obligation to contest the order.

Any controversy regarding the Education Savings Account is subject to arbitration. The Education Savings Account Enrollment Form contains the arbitration information and it should be read carefully before the Form is signed.