

ADDITIONAL INFORMATION

Purpose. The Coverdell Education Savings Account (CESA) Contribution Instructions form is used to document a CESA contribution transaction.

Additional Documents. Policies of the CESA custodian/trustee or applicable law may require additional documentation.

For Additional Guidance. It is in your best interest to seek the guidance of a tax or legal professional before completing this document. For more information, refer to Internal Revenue Service (IRS) Publication 970, *Tax Benefits for Education*, IRS Notice 97-60 and its successor, instructions to your federal income tax return, your local IRS office, or the IRS's web site 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 the IRS reporting instructions for CESAs for further information.

Contributor. Any individual or other entity can be a CESA contributor. The responsible individual may also be a contributor.

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

Qualified Designated Beneficiary. A qualified designated beneficiary is a family member of an existing designated beneficiary. In addition to the spouse of the designated beneficiary, members of the designated beneficiary's family are defined under Internal Revenue Code (IRC) Sections 529(e)(2) and 152(a) respectively as:

- ◆ a son or daughter, or a descendant of either
- ◆ a brother, sister, stepbrother, or stepsister
- ◆ the father or mother, or an ancestor of either
- ◆ a stepfather or stepmother
- ◆ a son or daughter of a brother or sister
- ◆ a brother or sister of the father or mother
- ◆ a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law
- ◆ the spouse of any individual described above
- ◆ first cousin of the designated beneficiary

Responsible Individual. The responsible individual is generally the parent or legal guardian of the designated beneficiary but, in some circumstances, may be the designated beneficiary or another individual. The responsible individual shall have the power to direct the custodian/trustee concerning administration, management, investment, movement, and distribution of the account. Refer to the CESA agreement, disclosure statement, or amendments thereto for specific guidance on the responsible individual's role and responsibilities.