

Putnam
Coverdell Education
Savings Account
Plan and
Disclosure Statement

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Form **5305-E**
(Rev. October 2010)
Department of the
Treasury Internal
Revenue Service

**COVERDELL EDUCATION
SAVINGS TRUST ACCOUNT**
(Under section 530 of the Internal Revenue Code)

Do not file
with the Internal
Revenue Service

Check if amendment

Name of grantor

Grantor's identification number

Name of designated beneficiary

Designated beneficiary's identification number

Address of designated beneficiary

Date of birth of designated beneficiary

Name of responsible individual (generally the parent or guardian of the designated beneficiary)

Same as grantor

Address of responsible individual

Name of trustee	Address or principal place of business of trustee
Putnam Fiduciary Trust Company	One Post Office Square, Boston, MA 02109

The grantor named above is establishing a Coverdell education savings trust 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 grantor assigned the trust _____ dollars
(\$ _____) in cash.

The grantor and the trustee make the following agreement:

ARTICLE I

The trustee 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 trust account funds may be invested in life insurance contracts, nor may the assets of the trust 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 grantor shall have the power to direct the trustee regarding the investment of the above-listed amount assigned to the trust (including earnings thereon) in the investment choices offered by the trustee. The responsible individual, however, shall have the power to redirect the trustee regarding the investment of such amounts, as well as the power to direct the trustee regarding the investment of all additional contributions (including earnings thereon) to the trust. In the event that the responsible individual does not direct the trustee regarding the investment of additional contributions (including earnings thereon), the initial investment direction of the grantor also will govern all additional contributions made to the trust account until such time as the responsible individual otherwise directs the trustee. Unless otherwise provided in this agreement, the responsible individual also shall have the power to direct the trustee regarding the administration, management, and distribution of the account.

ARTICLE V

The “responsible individual” named by the grantor shall be a parent or guardian of the designated beneficiary. The trust 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. The responsible individual shall continue to serve as the

responsible individual for the trust after the designated beneficiary attains the age of majority under state law and until such time as all assets have been distributed from the trust and the trust 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 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 trustee's procedures.

ARTICLE VII

1. The grantor agrees to provide the trustee with all information necessary to prepare any reports required by section 530(h).
2. The trustee 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 grantor and trustee whose signatures appear below.

ARTICLE X

Article X may be used for any additional provisions. If no other provisions will be added, draw a line through this space. If provisions are added, they must comply with applicable requirements of state law and the Internal Revenue Code.

1. Effective Date

Except as otherwise provided, the provisions of this instrument are effective as of January 1, 2014 or, if later, the date on which the Account Owner establishes the Account.

2. Contributions

- (a) **Regular Contributions.** Regular Contributions may be made for a calendar year up to the amount determined under Article I above.

A Regular Contribution is deemed made for the calendar year in which the Trustee receives it, unless such contribution is received by the Trustee (or by an intermediary at the discretion of the Trustee) on or before the due date for the contributor's federal income tax return for that year (excluding extensions), and the contributor timely directs that it is made for the preceding calendar year. For purposes of the preceding sentence, a contribution shall be deemed received by the Trustee (or an intermediary) on the day it is post-marked by the United States Postal Service or submitted to a private delivery service that has been designated by the Internal Revenue Service for purposes of filing tax returns.

- (b) **Rollover Contributions.** A Rollover Contribution may be made at any time in any amount.
- (c) **Form of Contributions.** All contributions must be made in cash.
- (d) **Limitation of Trustee's Responsibilities.** Notwithstanding any other provision herein, the Trustee has no duty or responsibility to (i) collect, or determine the source or correctness of, any contribution or (ii) determine whether any contribution exceeds the limits of Article I and this paragraph 2 of Article X.

3. Beneficiary

- (a) **Designation.** The Account Owner must designate a beneficiary of the Account. Such designation must be in a form acceptable to the Trustee, which generally includes name, social security number and date of birth of the beneficiary.
- (b) **Change of Designation.** The Account Owner may change a beneficiary designation by providing the Trustee a new beneficiary designation in a form acceptable to the Trustee, provided, however, (i) the new beneficiary must be a Member of the Family of the old beneficiary and (ii) the new beneficiary must not have attained age 30 as of the date of the change.
- (c) **Special Needs Beneficiary.** Notwithstanding any other provision herein, a Special Needs Beneficiary will not be subject to the age limitations in Article I, Article III, or paragraph 3(b) or paragraph 11(h) of this Article X.

- (d) **Nonforfeitability.** Except as otherwise provided herein, a beneficiary's interest in the Account is nonforfeitable.

4. **Successor Owner**

Notwithstanding the provisions of Article V, in the event the Account Owner dies or becomes legally incapacitated, the Successor Owner shall become the Account Owner for all purposes hereunder.

5. **Investments**

- (a) **Permitted Investments.** An Account may be invested in open-end, non-tax-exempt Putnam Funds or other permissible investments that are offered by subsidiaries or affiliates of Putnam Investments, LLC and acceptable to the Trustee. An Account may also be invested in open-end, tax-exempt Putnam Funds upon request received in a form acceptable to the Trustee.
- (b) **Impermissible Investments.** An Account may not be invested in any investment described in Article II above or any investment that is not acceptable to the Trustee.
- (c) **Investment Direction.** The provisions of this paragraph 5(c) supersede the provisions of Article IV. A contributor will direct the Trustee with respect to the investment of his contribution when made. Thereafter, the Account Owner will direct the Trustee with respect to the investment of amounts held in the Account. Unless otherwise directed, any cash dividends and capital gains distributions from a Putnam Fund will be reinvested in such Putnam Fund. The Trustee will have no duty or responsibility to question any investment directions it receives. The Account Owner hereby directs the Trustee to invest in the Putnam Money Market Fund (or other similar fund) any amounts held in the Account for which other investment directions are not received in good order. Notwithstanding the foregoing, the Trustee may postpone implementing investment directions for seven days from the date the Account is established. If the Account Owner authorizes his or her employer to withhold contributions from the Account Owner's pay and remit them to the Trustee periodically, those contributions may be held separately or on a pooled basis without interest or other earnings pending the employer's direction to the Trustee to allocate such contributions to the Account.
- (d) **Voting.** Subject to applicable law, the Trustee will deliver to the Account Owner copies of notices of shareholders' meetings, proxies and proxy soliciting materials, prospectuses and annual or other

reports to shareholders that it receives for securities in the Account. The Account Owner may direct the manner in which such securities are voted with respect to any matters contained in such materials. In the event the Trustee does not timely receive voting instructions in good order for any shares of a Putnam Fund, the Account Owner affirmatively directs the Trustee to vote such shares in the same proportions as the Trustee has been instructed to vote the shares of such Putnam Fund held in all Putnam Coverdell education savings accounts.

- (e) **Investment Advice.** Notwithstanding any other provision herein, the Trustee has no duty or responsibility to render advice with respect to the investment of amounts held in the Account and will not be liable for any loss incurred with respect to any investment purchased, sold or retained in accordance with the directions of a contributor or the Account Owner.

6. Distributions

- (a) **Direction.** The provisions of this paragraph 6(a) supersede the provisions of Article IV. Subject to the provisions of this Article X, the Account Owner may direct the Trustee to distribute all or any portion of the Account; provided, however, that the Trustee will not be required to make a distribution until it is furnished with any and all applications, certificates, tax waivers, signature guarantees and other documents and information (including evidence of any legal representative's authority) deemed necessary or desirable by the Trustee. Notwithstanding the foregoing, the Trustee will not be liable for complying with directions that appear on their face to be genuine, or for refusing to comply with directions that it is not satisfied are genuine, and the Trustee has no duty of further inquiry.
- (b) **Form.** The Account Owner may direct distributions to be paid:
 - (i) from time to time in an amount designated by the Account Owner in cash or, at the discretion of the Trustee, in kind;
 - (ii) in monthly, quarterly, semiannual or annual installments in cash or, at the discretion of the Trustee, in kind, over a designated period; or
 - (iii) in installments in cash consisting of current dividends and/or capital gains distributions from Putnam Funds held in the Account.

Nothing herein will require the Trustee to pay installments of less than \$50 per month. Upon notice to the Account Owner that a monthly installment will be less than \$50, the Trustee will not be obligated to continue such installment payment, or to make any other distribution, unless and until it receives proper direction to make a distribution in another permissible form.

- (c) **Withholding.** The Trustee will not withhold any amount from any distribution as federal income tax withholding.
- (d) **Limitation of Trustee's Responsibilities.** Notwithstanding any other provision herein, the Trustee has no duty or responsibility (i) to determine the correctness or taxable amount of any distribution or (ii) to make any distributions from the Account, unless and until it receives directions in accordance with this paragraph 6.

7. Transfers

- (a) **Transfers to Account.** To the extent permitted by applicable law, the Account Owner may direct the Trustee to accept the transfer of assets held in another Coverdell education savings account within the meaning of Code Section 530(a) on behalf of the beneficiary (or a Member of the Family of the beneficiary) of the Account; provided, however, that (i) the Trustee, before such transfer, may in its discretion require an opinion of counsel satisfactory to it that the requirements of Code Section 530(a) or any successor provision of law are satisfied by such other Coverdell education savings account, and (ii) such assets must be in cash or another form of investment permitted under paragraph 5. Upon such transfer, the terms and conditions of the account from which such transfer is made will have no further effect, and the terms and conditions of this Account will govern with respect to the assets transferred.
- (b) **Transfers from Account.** The provisions of this paragraph 7(b) supersede the provisions of Article IV. To the extent permitted by applicable law, the Account Owner may direct the Trustee to transfer assets held in the Account to another Coverdell education savings account within the meaning of Code Section 530(a) maintained on behalf of the beneficiary (or a Member of the Family of the beneficiary) of the Account; provided, however, that the Trustee will have the right to reduce the amount to be transferred by any amounts referred to in paragraph 8(d) of this Article X. Upon such transfer, the terms and conditions of this Account will have no further effect, and the terms and conditions of the account to which such transfer is made will govern with respect to the assets transferred.

- (c) **Limitation of Trustee's Responsibilities.** Notwithstanding any other provision herein, the Trustee has no duty or responsibility to (i) collect any transfer to the Account, (ii) determine the correctness of any transfer to or from the Account or (iii) determine whether any other account to or from which a transfer is made is a Coverdell education savings account within the meaning of Code Section 530(a) maintained on behalf of the beneficiary (or a Member of the Family of the beneficiary) of the Account.

8. Powers and Duties of the Trustee

- (a) **Trustee Powers.** In addition to and not in limitation of such powers as the Trustee has by law or under any other provisions of this instrument, and subject to the limitations set forth in this instrument, the Trustee has the power:
 - (i) to deal with all or any part of the Account;
 - (ii) to retain uninvested such cash as it may deem necessary or advisable, without liability for interest thereon;
 - (iii) to enforce by suit or otherwise, or to waive, its rights on behalf of the Account, and to defend claims asserted against it or the Account, provided that the Trustee is indemnified by the Account Owner to its satisfaction against liability and expenses;
 - (iv) to compromise, adjust and settle any and all claims against or in favor of it or the Account;
 - (v) to register securities in its own name (with or without indication of its capacity hereunder), including commingling with other securities held by the Trustee;
 - (vi) to enter into contracts or participating interests for investments under the Account;
 - (vii) to make, execute, acknowledge and deliver any and all instruments that it deems necessary or appropriate to carry out the powers herein granted; and
 - (viii) generally to exercise any of the powers of an owner with respect to all or any part of the Account.
- (b) **Record Keeping.** The Trustee will maintain records showing the amount of the Account Owner's interest in the Account. The Trustee

will also give access to its records with respect to the Account at reasonable times and upon reasonable notice to the Account Owner or his designee or to any person required by law to have access to such records.

- (c) **Accounting.** Within a reasonable period after the end of each calendar year and after the termination of the Account, the Trustee will render or make available to the Account Owner and to other persons as required by law (“Recipients”) an accounting of transactions under the Account during the preceding calendar year or interim period through termination. The following rules will apply to such accounting, to the extent permitted by applicable law. The accounting will be considered approved with the same effect as though it had been judicially allowed, except to the extent that, within 60 days after the accounting is rendered, a Recipient notifies the Trustee of an objection to a matter or transaction shown in, or omitted from, the accounting. If such notice is timely given and such objections cannot be amicably settled, the Recipient will have the right to have such objections settled by judicial proceedings, provided that such proceedings commence within 60 days from the filing of the objection to the accounting. Nothing herein will be construed as depriving the Trustee of the right to have a judicial settlement of accounting. In any proceeding for a judicial settlement, the only necessary parties will be the Trustee and all persons to whom the accounting was rendered, and any judgment or decree entered in any such proceeding will be binding and conclusive on all persons claiming to have any interest in the Account.
- (d) **Compensation.** The Trustee will be entitled to reasonable compensation for services rendered, as determined from time to time on such basis as will be specified by the Trustee. Unless otherwise provided, the Trustee’s compensation and all reasonable expenses incurred by it in the administration of the Account will be paid from the Account. The Account Owner expressly authorizes the Trustee to redeem Account investments for the purpose of paying such amounts.
- (e) **Limitation of Liability.** The Trustee will be responsible hereunder only with respect to amounts actually deposited in the Account and earnings thereon. The Trustee will not be liable for any acts or omissions, except its own negligence or bad faith in failing to carry out its obligations under this instrument and the Adoption Agreement. The Trustee makes no representation and has no duty or responsibility with respect to the federal or state tax treatment of

contributions to the Account, the earnings thereon or distributions from the Account.

- (f) **Reliance.** For all purposes hereunder, the Trustee may conclusively rely on any information provided by the Account Owner or any person permitted to act for the Account Owner hereunder.
- (g) **Successor.** Any corporation or other entity into which the Trustee may merge or with which it may consolidate or any corporation or other entity resulting from any such merger or consolidation will be the successor of the Trustee hereunder without the execution or filing of any additional instrument or the performance of any further act.
- (h) **Resignation.** The Trustee may resign at any time upon 30 days notice to the Account Owner. Resignation of the Trustee will not terminate the Account. The Account Owner will take all reasonable steps necessary to appoint a successor trustee or, if the Account Owner fails or refuses to do so, the Trustee may appoint a successor trustee. Any successor trustee will be a “bank” within the meaning of Code Section 581 or another person found qualified to act as a trustee or custodian under a Coverdell education savings account within the meaning of Code Section 530(a) by the Secretary of the Treasury or his delegate. The appointment of a successor trustee will be effective upon receipt by the Trustee of its written acceptance of such appointment. Within 30 days of the effective date of a successor trustee’s appointment, the Trustee will perform all acts necessary to transfer and deliver the assets and records of the Account to the successor trustee. Notwithstanding the foregoing, the Trustee may reserve such portion of the Account as it may reasonably determine to be necessary for payment of its compensation and any taxes and expenses and any balance of such reserve remaining after payment of such compensation, taxes and expenses will be paid over to the successor trustee.

9. Amendment and Termination of Account

- (a) **Amendment.** The Trustee may at any time and from time to time modify or amend this instrument as is necessary or desirable by delivering (including via electronic methods) a copy of the amendment to the Account Owner at the address then contained in the Trustee’s records. Any amendment may apply retroactively, to the extent permitted under applicable law. The Account Owner will be deemed to have consented to and adopted any modification or amendment so made. No amendment of this Account may be

inconsistent with applicable law or cause any part of the Account to be used for a purpose other than for the exclusive benefit of the beneficiary. No amendment will change the rights, duties or responsibilities of the Trustee without its written consent. The Account Owner specifically acknowledges that the Account may require amendment as a result of changes in the laws governing Coverdell education savings accounts within the meaning of Code Section 530(a) or in response to guidance published by the Internal Revenue Service.

- (b) **Termination.** An Account Owner may terminate the Account at any time by delivering a written notice of termination to the Trustee. On termination, if permitted by the terms of the investments then held in the Account, the Trustee will distribute the Account (reduced by any penalty applicable thereto and any amounts due under paragraph 8(d) above) in a single sum payment in cash or, at the discretion of the Trustee, in kind as the Account Owner directs. Upon complete distribution of the Account for any reason, the Account will terminate and will have no further force and effect, and the Trustee will have no further obligation or liability with respect to the Account except as required by applicable law.

10. Other Terms and Conditions

- (a) **Spendthrift Provision.** To the extent permitted by applicable law, and except as provided herein, a beneficial interest in the Account will not be assignable, subject to hypothecation, pledge or lien, nor subject to attachment or receivership, nor will it pass to any trustee in bankruptcy or be reached or applied by legal process for the payment of any obligation of the beneficial owner hereunder.
- (b) **Directions and Designations.** Except as otherwise provided herein and subject to applicable law, any direction or designation hereunder may be made in writing or by or through another medium acceptable to the Trustee.
- (c) **Security.** The Account Owner authorizes, and acknowledges and assumes the risk inherent in, the use of a personal identification number and other identifying information as a security mechanism to ensure confidentiality of Account data and to ensure proper identification of the person directing, or otherwise communicating with, the Trustee through a telephone representative, a voice response unit, the Internet or other electronic means. The Account Owner directs the Trustee to follow any direction it receives through a telephone representative, a voice response unit, the Internet or

other electronic means with respect to the Account; provided that the Trustee is given the appropriate personal identification number and other identifying information.

- (d) **Notices.** All notices from the Trustee will be deemed to have been given when mailed to the address of the Account Owner then contained in the Trustee's records. All notices from the Account Owner will be deemed to have been given when received by the Trustee.
- (e) **Payment of Taxes.** Notwithstanding any other provision herein, in the event the Trustee is required to pay any tax with respect to the Account, the Account Owner expressly authorizes the Trustee to redeem Account investments for the purpose of paying such taxes.
- (f) **Governing Law.** This instrument and the Adoption Agreement will be construed, administered and enforced according to the laws of The Commonwealth of Massachusetts (determined without regard to its choice of law rules) and according to the Code with the intention of maintaining the qualification of the Account for the tax benefits afforded by Code Section 530(a) or any successor thereto.

11. Definitions

Notwithstanding any other provision herein to the contrary, the following definitions will apply:

- (a) **Account.** The Coverdell education savings account set forth in this instrument and the related Adoption Agreement, as they may be amended from time to time.
- (b) **Account Owner.** The individual who is named as a grantor and the responsible individual in this instrument and who is named as Account Director or Account Owner or is otherwise shown as owning the Account in the Adoption Agreement with respect to the Account.
- (c) **Adoption Agreement.** The agreement through which the Account Owner adopts the Account and agrees to its terms and conditions.
- (d) **Code.** The Internal Revenue Code of 1986, as it may be amended from time to time.
- (e) **Member of the Family.** An individual who bears one of the following relationships to another individual is a Member of the Family of such other individual: a spouse, a father or mother or ancestor of either; a son or daughter, or a descendant of either; a brother, sister,

step-brother or stepsister; a stepfather or stepmother; a stepson or stepdaughter; 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 of the foregoing individuals; and a first cousin (but not a spouse of a first cousin).

- (f) **Putnam Funds.** Shares issued by any registered investment company for which Putnam Investment Management, LLC, or its successor or affiliate, serves as investment advisor, or for which Putnam Retail Management Limited Partnership, or its successor or affiliate, serves as principal underwriter; provided, however, that in the case of any open end investment company, the then current prospectus provides that such investment company offers its shares for purchase under the Account.
- (g) **Regular Contribution.** A contribution described in Article I.
- (h) **Rollover Contribution.** A contribution of a distribution from another Coverdell education savings account maintained for the benefit of the beneficiary, or a Member of the Family of the beneficiary who has not attained age 30, of the Account.
- (i) **Special Needs Beneficiary.** A beneficiary of the Account with special needs within the meaning of Code Section 530(b)(1).
- (j) **Successor Owner.** In the event the Account Owner dies or becomes legally incapacitated, the first available Member of the Family of the Account Owner who is willing, able and eligible to serve as the Account Owner and who first provides the following to the Trustee:
 - (i) written notice of his willingness to serve as the Account Owner; and
 - (ii) such evidence of the Account Owner's death or legal incapacity as the Trustee shall deem necessary or desirable.
- (k) **Trustee.** Putnam Fiduciary Trust Company.

Grantor's Signature _____ Date _____



Trustee's Signature _____

Witness' signature _____ Date _____

(Use only if signature of the grantor of the trustee is required to be witnessed)

General Instructions

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

Purpose of Form

Form 5305-E is a model trust 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 grantor and the trustee. 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 custodial account, see **Form 5305-EA**, Coverdell Education Savings Custodial Account.

Do not file Form 5305-E with the IRS. Instead, the grantor must keep the completed form in its records.

Definitions

Trustee. The trustee 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 trustee. Any person who may serve as a trustee of a traditional IRA may serve as the trustee of a Coverdell ESA.

Grantor. The grantor is the person who establishes the trust account.

Designated beneficiary. The designated beneficiary is the individual on whose behalf the trust 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 grantor and designated beneficiary's Social Security numbers will serve as their identification numbers. If the grantor 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 grantor and trustee 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 trustee, trustee’s fees, state law requirements, treatment of excess contributions, and prohibited transactions with the grantor, designated beneficiary, or responsible individual, etc. Attach additional pages as necessary.

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

PUTNAM COVERDELL EDUCATION
SAVINGS ACCOUNT DISCLOSURE STATEMENT

The Putnam Coverdell Education Savings Account provides a federal income tax favored way to save for the qualified education expenses of a beneficiary. Although others may contribute to the account, Putnam considers you to be the owner of the account and you will decide who the beneficiary of the account will be, how amounts in the account will be invested and when the account will be distributed, among other things. In that sense, the account is your account, and this Disclosure Statement is written with that in mind. However, you should also keep in mind that the account will be held for the exclusive benefit of your beneficiary and generally offers federal income tax benefits only to the extent that it is used for your beneficiary's qualified education expenses. In that sense, your Putnam Coverdell ESA differs from other accounts you might own for your own benefit.

This Disclosure Statement describes the features of the Putnam Coverdell ESA and the principal federal income tax rules that apply to it. If you have any questions about your Putnam Coverdell ESA, you may call a Putnam representative at 1-800-225-1581 or consult your own tax or financial advisor. You should also consult your own tax or financial advisor about state income tax rules, which may differ from the federal income tax rules described in this Disclosure Statement.

1. Establishing Your Account

- (a) **Establishment.** To establish a Putnam Coverdell ESA, you must complete a Putnam Coverdell ESA Adoption Agreement and Putnam Coverdell Education Savings Trust Account Agreement and submit the Adoption Agreement to Putnam Fiduciary Trust Company.
- (b) **Governing documents and laws.** Your account is governed by the terms of your Adoption Agreement and the Putnam Coverdell Education Savings Trust Account Agreement. The Adoption Agreement and Putnam Coverdell Education Savings Trust Account Agreement will be construed, administered and enforced in accordance with the laws of The Commonwealth of Massachusetts and applicable federal law.
- (c) **Trust.** Putnam Fiduciary Trust Company, as trustee, will hold your account in trust exclusively for the benefit of your beneficiary. Putnam Fiduciary Trust Company is a New Hampshire non-depository trust company subject to periodic examination by the New Hampshire Banking Department.
- (d) **Nonforfeitability.** The account is nonforfeitable at all times.

2. Contributing to Your Account

- (a) **Form of contributions.** All contributions must be made in cash (although, for this purpose cash does not include paper currency). While securities or other assets cannot be contributed to your account, securities or other assets can be liquidated and the cash proceeds contributed to your account.
- (b) **Regular contributions.** Contributions to your account can be made from a checking account, savings account or other cash assets. These contributions are known as regular contributions. The maximum amount of regular contributions that may be made for a calendar year to Coverdell ESAs is \$2,000 per beneficiary. However, this maximum amount may be reduced for one or more of the reasons described below.
- (i) **Maximum reduced based on modified adjusted gross income.** If your modified adjusted gross income is not more than the amounts below (based on your federal income tax filing status), you may make the maximum amount of regular contributions described above.

<u>Modified Adjusted Gross Income</u>	<u>Federal Income Tax Filing Status</u>
\$190,000	Married filing jointly
\$95,000	All other taxpayers

Your modified adjusted gross income is generally the adjusted gross income shown on your federal income tax return increased by any foreign earned income or foreign housing exclusion you claim and by any exclusion of income from Puerto Rico or exclusion of income available to residents of American Samoa.

The maximum amount you may contribute is phased out if your modified adjusted gross income exceeds the dollar amounts above. You may not make any regular contributions to your account for a year if your adjusted gross income is at least \$30,000 more than the amount above (if married filing jointly) or \$15,000 more than the amount above (for all other taxpayers). If your modified adjusted gross income exceeds the amounts in the chart above, you can calculate the maximum amount of your contributions by following these steps:

Step 1 - Subtract the amount in the chart above from your modified adjusted gross income.

Step 2 - Divide the result from Step 1 by \$30,000 (if married and filing jointly) or \$15,000 (for all other taxpayers).

Step 3 - Multiply the result from Step 2 by the maximum contribution amount for the year.

Step 4 - Subtract the result from Step 3 from the maximum contribution amount for the year.

Example: Assume that you have adjusted gross income of \$194,914 for 2014, and you are married and file a joint federal income tax return. To calculate the maximum amount of regular contributions you may make for 2014, subtract the amount in the chart above from your adjusted gross income ($\$194,914 - \$190,000 = \$4,914$). Then, divide this amount by \$30,000 ($\$4,914 \div \$30,000 = 0.1638$). Multiply the quotient by the maximum regular contribution amount for the year ($0.1638 \times \$2,000 = \327.60). Subtract the result from the maximum regular contribution amount for the year ($\$2,000 - \$327.60 = \$1,672.40$). Your maximum contribution amount for 2014 would be \$1,672.40.

- (ii) **Maximum reduced by other contributions for beneficiary.** The maximum regular contribution limit above applies to all Coverdell education savings accounts maintained for the benefit of your beneficiary. Therefore, if someone else owns another Coverdell education savings account that is also for the benefit of your beneficiary, any regular contributions to that Coverdell education savings account for a year will reduce the amount of contributions that may be made to your account for that year. Similarly, any regular contributions made to your account for a year would reduce the amount of regular contributions that could be made to your account or any other Coverdell education savings account for your beneficiary for that year.
- (iii) **Maximum reduced based on age of beneficiary.** Regular contributions to your account cannot be made after your beneficiary's 18th birthday, unless your beneficiary has special needs.

- (iv) **Year of contribution.** You should designate the year for which a regular contribution is made. You may designate that a contribution is made for a year at any time from the first day of that year until the due date for your federal income tax return for that year (excluding extensions). For example, you may designate a regular contribution as having been made for 2014 at any time from January 1, 2014 through April 15, 2015. If you do not designate the year for which a contribution is made, Putnam Fiduciary Trust Company will treat the contribution as having been made for the calendar year in which it is received. For this purpose, a contribution will be deemed received on the day it is postmarked by the United States Postal Service or submitted to a private delivery service that has been designated by the Internal Revenue Service for purposes of filing tax returns.
 - (v) **Deposit of federal income tax refunds.** Subject to all of the limits described in this Section 2, you may choose to have a refund of federal income taxes directly deposited into your Putnam Coverdell Education Savings Account as a regular contribution.
 - (vi) **Military Death Gratuities and Servicemembers' Group Life Insurance.** Under certain circumstances military death gratuities and Servicemembers' Group Life Insurance payments may be contributed to your Putnam Coverdell IRA (and will generally be treated as a qualified rollover contribution as described below). You should contact your tax advisor to determine whether you are eligible to make such contributions.
- (c) **Rollover contributions.** You may contribute a distribution from another Coverdell education savings account as described below. These contributions are known as rollover contributions.
- (i) **Rollover must be from account for benefit of beneficiary or member of his family.** The Coverdell education savings account from which your rollover contribution is distributed must be maintained for the benefit of your beneficiary or a member of your beneficiary's family. For this purpose, members of your beneficiary's family include your beneficiary's spouse, children, grandchildren (and later descendants), stepchildren, siblings, stepsiblings, parents, grandparents (and earlier ancestors), stepparents, nieces, nephews, aunts, uncles, certain in-laws, the spouses of any of these individuals and first cousins (but not their spouses).

- (ii) **12-month waiting period.** You may not make a rollover contribution if you have made another rollover contribution to your account or another Coverdell ESA in the preceding 12 months.
- (iii) **Maximum amount.** A rollover contribution can be any amount. However, you may not make rollover contributions to your account on or after your beneficiary's 30th birthday, unless your beneficiary has special needs.
- (iv) **Method.** You must contribute your rollover contribution within 60 days of the date you receive the distribution from the other Coverdell education savings account. Otherwise, your contribution will be treated as a regular contribution, subject to the rules described in Section 2(b) above.
- (d) **Tax treatment.** For federal income tax purposes, no amount of a contribution (or any of its earnings) is includible in the income of your beneficiary, or may be claimed as a deduction or credit by any contributor to your account. For federal gift and generation-skipping transfer tax purposes, a contribution (other than a rollover contribution) to your account is a taxable gift and is eligible for the federal annual gift tax exclusion of up to \$14,000 for 2014 (\$28,000 for a contributor who is married and whose spouse consents to "split" gifts). For federal estate tax purposes, no amount held in your account is included in the gross estate of any individual, except an amount distributed on account of the death of your beneficiary.
- (e) **Contributions by other individuals.** Any other individual, including your beneficiary, may contribute to your account as described above.

3. Correcting Excess Contributions

- (a) **Excess contributions.** An excess contribution is the portion of a regular contribution that exceeds the maximum applicable amount described in Section 2(b) above. An excess contribution will be subject to a 6% nondeductible penalty tax for the year for which it is made and each year thereafter, unless or until you correct the excess contribution as described below. If Putnam issues you an IRS Form 1099 you may be required to file Form 5329 with the Internal Revenue Service for a year if the penalty tax applies to you.

- (b) **Correction by June 1.** You may avoid the 6% penalty tax entirely by withdrawing the excess contribution, together with earnings on the excess contribution, before June 1 of the year following the calendar year for which the excess contribution was made. The amount of the excess contribution will not be includible in your income and will not be subject to the additional 10% tax described in Section 6(c) below. However, any earnings withdrawn will be includible in your income for the year in which the excess contribution was made and may also be subject to the additional 10% tax described in Section 6(c) below.
- (c) **Correction on or after June 1.** If you do not correct an excess contribution as described in Section 3(b) above, the 6% penalty tax will apply for the year for which the contribution was made. However, you can avoid the 6% penalty tax for a subsequent year by withdrawing the excess contribution in that year. The amount of the excess contribution you withdraw will not be includible in your income for the year of withdrawal. If you use this correction method, you are not required to withdraw any earnings on the excess contribution.

You can also eliminate an excess contribution, and thus avoid the 6% penalty tax for a subsequent year, by contributing less than the maximum amount of regular contributions you are otherwise permitted to make for that year. However, if you choose to eliminate an excess contribution in this way, you may be subject to the 6% penalty for the year for which you contributed the excess contribution, and for each subsequent year an excess amount remains in the account. For example, if you made an excess contribution of \$500 in 2013, you can eliminate that excess contribution by making no more than \$1,500 of regular contributions in 2014 (assuming you are otherwise entitled to make a maximum \$2,000 contribution in 2014). In that case, you could owe the 6% penalty tax on the \$500 excess contribution for 2013. However, no penalty tax would be due for 2014.

4. Designating a Beneficiary

- (a) **Designation.** You may designate any individual, including yourself, as beneficiary of your account. However, keep in mind that you (or another contributor) may not make regular contributions to your account once the beneficiary reaches age 18 (unless the beneficiary has special needs). You may not designate more than one individual as beneficiary of your account at any one time. Any designation must be in writing (or by or through any other acceptable medium) in a form acceptable to Putnam Fiduciary Trust Company, which generally includes name, social security number and date of birth of the beneficiary.

- (b) **Change of beneficiary.** You may designate a new beneficiary at any time, provided the requirements described in Section 4(a) above are met, the new beneficiary is a member of the previous beneficiary's family (as described in Section 2(c)(i) above) and the new beneficiary has not attained age 30 as of the date of the change. If you designate a new beneficiary who is not a family member of the previous beneficiary, your account will be treated as distributed and will be subject to tax and penalty as described in Section 6 below.
- (c) **Tax treatment.** The designation of a beneficiary generally is not considered a transfer subject to federal gift taxes. However, if you change your beneficiary, and the new beneficiary is a generation or more younger than the previous beneficiary and is not a member of the previous beneficiary's family, the previous beneficiary will be treated as having made a gift to the new beneficiary in the amount of the account.

5. Investing Your Account

- (a) **Control of investments.** You may invest your account in open-end, non-tax-exempt Putnam mutual funds and any other permissible investments that are offered by subsidiaries or affiliates of Putnam Investments, LLC and acceptable to Putnam Fiduciary Trust Company. You may also invest your account in open-end, tax-exempt Putnam Funds upon request received in a form acceptable to the trustee. However, you are solely responsible for directing how amounts in your account are invested among those investments. To the extent you do not direct how amounts in your account are to be invested, or to the extent your investment directions are unclear, amounts will be invested in the Putnam Money Market Fund or other similar fund. The prospectus for each Putnam mutual fund outlines the mutual fund's investment objectives. You should consider these objectives carefully to determine whether they are consistent with your own planning. You should also understand that fluctuations in market value will affect the value of your account and that growth in the value of your account is neither guaranteed nor projected. If you select an investment other than a Putnam mutual fund, Putnam Fiduciary Trust Company may furnish you with additional information that will constitute part of this Disclosure Statement.
- (b) **Federal income tax deferral.** Any earnings from your investments will not be subject to federal income tax until you withdraw them from the account and then only to the extent described in Section 6 below.

6. **Withdrawing Your Account**

- (a) **General.** You may withdraw all or any portion of your account at any time for any reason.
- (b) **Tax treatment.** Withdrawals of contributions to your account, as opposed to any earnings on the contributions, are not subject to federal income tax. The federal income tax treatment of withdrawals of earnings depends upon whether the amount of your withdrawals for a year exceeds the amount of your beneficiary's qualified education expenses for the year as described below.
 - (i) **Withdrawals that do not exceed qualified education expenses.** A withdrawal of earnings from your account will not be subject to federal income tax or the additional 10% tax described in Section 6(c) below to the extent that the withdrawal, when added to all other withdrawals from your account during a calendar year, does not exceed the total amount of qualified education expenses incurred by your beneficiary for the year. Qualified education expenses for this purpose are described below.
 - (A) **Higher education expenses.** Qualified education expenses include: tuition, room and board (so long as your beneficiary is enrolled on at least a half-time basis), fees, books, supplies and equipment required for the enrollment or attendance of your beneficiary at a post-secondary institution and, if your beneficiary has special needs, expenses for special needs services that are incurred in connection with such enrollment or attendance.
 - (B) **Primary and secondary education expenses.** Qualified education expenses include: tuition, fees, academic tutoring, books, supplies and other equipment required for the enrollment or attendance of your beneficiary at a public, private or religious elementary or secondary school (kindergarten through grade 12); room and board, uniforms, transportation and supplementary items and services (including extended day programs) that are required or provided by such school; certain expenses for the purchase of computer technology or equipment or Internet access and related services used by the beneficiary and the beneficiary's family during any of the years your beneficiary is in school; and, if your beneficiary has special needs, special needs services.

- (C) **Qualified education expenses reduced for certain scholarships, allowances and other payments.** The amount of your beneficiary's qualified education expenses is reduced by the amount of certain scholarships, educational assistance allowances or certain other nontaxable payments for educational expenses that your beneficiary receives. You should consult your tax advisor if you believe that your beneficiary's expenses may be reduced by any of these payments.
- (ii) **Withdrawals that exceed qualified education expenses.** Your beneficiary may be subject to federal income tax for any portion of a withdrawal that exceeds your beneficiary's qualified education expenses. The portion that is subject to federal income tax is determined as follows. First, you must determine the amount of earnings included in your withdrawal. To do this, multiply the total amount of the withdrawal by the total amount of contributions in your account and divide the result by the total balance in your account before your withdrawal. Then, subtract the result from the amount of your withdrawal. This is the amount of earnings in your withdrawal. Second, you must determine the amount by which the earnings portion of your withdrawal exceeds your beneficiary's qualified education expenses. To do this, multiply the amount of earnings in your withdrawal by the amount of your beneficiary's qualified education expenses for the year and divide the result by the amount of your withdrawal. Then, subtract the result from the amount of earnings in your withdrawal. This is the amount that is subject to federal income tax and may also be subject to an additional 10% tax as described in Section 6(c) below.

Example: Assume that you have made \$8,000 of contributions to your account and your account balance is \$10,000. You withdraw \$2,000 from your account. However, your beneficiary had \$1,000 of qualified education expenses for the year. Using the steps above, the taxable portion of your \$2,000 withdrawal is determined as follows. First, multiply the amount of the withdrawal by the amount of contributions to your account and then divide by your account balance ($\$2,000 \times \$8,000 \div \$10,000 = \$1,600$). Subtract this amount from the amount of your withdrawal ($\$2,000 - \$1,600 = \$400$). This is the amount of earnings in your withdrawal. Next, multiply the amount of earnings by your beneficiary's qualified education

expenses for the year and then divide by the total amount of your withdrawal ($\$400 \times \$1,000 \div \$2,000 = \200).

Subtract this amount from the amount of earnings in your withdrawal ($\$400 - \$200 = \$200$). This is the amount that is subject to federal income tax and may also be subject to an additional 10% tax as described in Section 6(c) below.

- (c) **Penalty for withdrawal in excess of qualified education expenses.** An additional 10% tax applies to the portion of a withdrawal that is subject to federal income tax as described in Section 6(b)(ii) above, unless one of the following exceptions applies. The additional 10% tax will not apply to any portion of a withdrawal on account of your beneficiary's:
- (i) death;
 - (ii) disability;
 - (iii) receipt of a tax-free scholarship or allowance, veterans assistance, employer-provided educational assistance, or other non-taxable educational assistance payment, to the extent the withdrawal does not exceed the assistance, scholarship or allowance;
 - (iv) education expenses for which the American Opportunity Credit or Lifetime Learning Credit is claimed (see Section 6(e)(i)); or
 - (v) attendance at the United States Military Academy, the United States Naval Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, to the extent that the amount of the distribution does not exceed the cost of such education at the applicable academy, as determined under Title 10 of the United States Code.
- (d) **Required distribution.** You must distribute the balance of your account within 30 days of your beneficiary's 30th birthday (or death, if earlier), or your account will be deemed distributed as of that date. The earnings portion of any amount distributed or deemed distributed will be subject to federal income tax, and may be subject to penalty, as described in Sections 6(b) and 6(c) above.

You can avoid being required to distribute (or being deemed to have distributed) your account if, before the deadlines above, you roll over your account to another Coverdell education savings account for the benefit of a member of your beneficiary's family (as described in Section 4(b) above) who has not yet reached age 30.

Different rules apply if your beneficiary has special needs. In that case, you need not distribute the balance of the account while your beneficiary is alive, regardless of his or her age. Also, if you are changing your beneficiary to a family member who has special needs, that new beneficiary may be any age.

- (e) **Coordination with other federal tax incentives.** You cannot use your beneficiary's qualified education expenses for purposes of withdrawing amounts from your account free from federal income tax to the extent they have also been used to obtain other federal tax incentives as described below. You should consult your own tax or financial advisor if you believe that other tax incentives might be available to you.
 - (i) **American Opportunity Credit or a Lifetime Learning Credit.** If you or any other person claims the American Opportunity Credit or Lifetime Learning Credit for education expenses of your beneficiary, you may not treat those same expenses as qualified education expenses for purposes of determining whether a withdrawal from your account is free from federal income tax or penalty. Rather, the earnings portion of a withdrawal used to pay education expenses for which you claim the American Opportunity Credit or Lifetime Learning Credit is subject to federal income tax as described in Section 6(b) above. However, it is not subject to the additional 10% tax described in Section 6(c) above.

Example: Assume that your beneficiary's college tuition in 2014 is \$2,000, and you withdraw \$2,000 from your account in 2014 to pay the tuition. You then determine that you are eligible to claim the American Opportunity credit with respect to \$1,100 of your beneficiary's college tuition. If you claim the credit for those tuition expenses, they will not constitute qualified education expenses for purposes of withdrawing from your account, and the \$2,000 you withdrew from your account will therefore exceed your qualified education expenses by the amount for which you claimed the credit (that is, \$1,100). Accordingly, the earnings portion of this excess amount of your withdrawal will be subject to federal income tax as described in Section 6(b) above. However, that portion will not be subject to the additional 10% tax described in Section 6(c) above.

- (ii) **Tax-free withdrawals from a qualified tuition program.** To the extent that amounts are withdrawn in the same year from both your Putnam Coverdell ESA and from an account under a qualified state tuition program (which is sometimes also referred to as a Section 529 plan) for the benefit of the same beneficiary, and the total amount of your withdrawals from the accounts exceeds your beneficiary's qualified education expenses, you must allocate your beneficiary's qualified education expenses among your withdrawals for purposes of determining the amount of each withdrawal that is subject to federal income tax and that may be subject to the additional 10% tax.

Example: Assume that you maintain both your Putnam Coverdell ESA and an account under a qualified tuition program for the same beneficiary. During 2014, your beneficiary's college tuition is \$1,000. However, in 2014, you withdraw \$1,000 from your Putnam Coverdell ESA and \$500 from your qualified tuition program account (that is, your withdrawals from both accounts total \$1,500). You must allocate your \$1,000 of tuition expenses between the withdrawal from your Putnam Coverdell ESA and your withdrawal from your qualified tuition program account for purposes of determining the portion of each withdrawal that is subject to federal income tax and that may be subject to the additional 10% tax. Pending additional guidance, you could do this by allocating the full \$1,000 to your Putnam Coverdell ESA withdrawal, or by allocating \$500 (or any other amount up to \$1,000) to that withdrawal and the remainder to the withdrawal from your qualified tuition program account.

- (f) **Federal income tax withholding.** Your withdrawals are not subject to federal income tax withholding.

7. **Rolling Over or Transferring Your Account**

- (a) **Rolling over your account.**

- (i) **General.** You may roll over a withdrawal from your account to another Coverdell education savings account maintained for the benefit of your beneficiary or a member of your beneficiary's family (as described in Section 2(c)(i) above). You may also roll over a withdrawal from your account to an account for the benefit of your beneficiary under a qualified tuition program that will accept it.

- (ii) **Methods.** You must deposit your rollover in the other Coverdell education savings account (or qualified tuition program account) within 60 days from the date you receive your withdrawal. If you roll over a withdrawal to another Coverdell education savings account, you may not make another rollover between your account and another Coverdell education savings account for 12 months. Similarly, you may not roll over a withdrawal to another Coverdell education savings account if you have already done so in the previous 12 months.
- (b) **Transferring your account.** You may directly transfer your account to a Coverdell ESA sponsored by another trustee or custodian. The transfer will not be treated as a rollover to the other Coverdell ESA, and thus will not affect the 12-month waiting period described in Section 7(a)(ii) above. The transfer will not be reported to the Internal Revenue Service, and you and your beneficiary should not include the amount transferred in your gross income so long as neither of you receive any part of it in connection with the transfer.

8. Prohibited Transactions

- (a) **Prohibited transactions.** The following transactions between you and your Putnam Coverdell ESA are prohibited: selling, exchanging or leasing any property; lending money or otherwise extending credit; furnishing goods, services or facilities; and transferring assets of your Putnam Coverdell ESA for your use or for your benefit other than certain distributions from your account. If one or more of these prohibited transactions occur, your Putnam Coverdell ESA will be disqualified and the balance of the account will be treated as distributed as of the first day of the year in which the prohibited transaction occurs. The tax-favored status of your Putnam Coverdell ESA will be lost and earnings may be taxed to your beneficiary as ordinary income. Your beneficiary may also have to pay an additional 10% tax on the taxable amount as described in Section 6(c) above.
- (b) **No pledging of account as security.** You may not pledge the account as security for a loan. If you do, the amount pledged is considered by the Internal Revenue Service to have been distributed and may be taxed as ordinary income to your beneficiary during the year in which you make the pledge. Your beneficiary may also have to pay an additional 10% tax on the taxable amount as described in Section 6(c) above.
- (c) **Beneficiary and other contributors.** The prohibitions above also apply to your beneficiary and to any other person who contributes to your account.

9. Other Information

- (a) **Internal Revenue Service approval.** The Putnam Coverdell Education Savings Trust Account is a word-for-word adoption of Internal Revenue Service Form 5305-E and thus has been approved as to form for use as a Coverdell education savings account by the Internal Revenue Service. As permitted, an Article X has been added to Form 5305-E. Internal Revenue Service approval is only an approval as to the form of the Putnam Coverdell ESA and should not be considered a determination as to the merits of the Putnam Coverdell ESA.
- (b) **Fees.** There is an annual maintenance fee per Putnam Coverdell ESA, regardless of the number of Putnam mutual funds in which it is invested, in an amount set forth in the Adoption Agreement. Additional maintenance fees may apply to other investments held in the account. Unless you make a separate payment of this fee, this fee will be deducted from your account each year. If you withdraw or transfer the balance of your account before the deduction date, the fee may be deducted from the withdrawal or transfer. Putnam Fiduciary Trust Company may reduce this fee in connection with certain corporate programs or otherwise in its discretion. If you invest in a mutual fund, a sales charge may be deducted from your contributions or a contingent deferred sales charge may be deducted from withdrawal proceeds, depending on the class of shares you have selected. Please consult your mutual fund prospectus for details. The mutual fund in which you invest is under contract to its investment advisor to pay certain annual management fees and also pays operating and distribution expenses; these are also described in the prospectus.
- (c) **Additional information.** For any further information regarding Coverdell education savings accounts and the conditions and requirements to which they are subject, you should contact your tax advisor or your local district office of the Internal Revenue Service.

