



# COVERDELL EDUCATION ACCOUNTS

## Save for Your Child's Education...the Tax-Smart Way

A Coverdell Education Savings Account (CESA) is a great way to start saving for your child's education. Distributions are tax-free as long as they are used for qualified education expenses, such as tuition and fees, books, supplies, and room and board.

### Account Features

- Interest earned grows tax-free until distributed
- Distributions for qualified education expenses at eligible institutions are tax-free
- CD terms available from one to five years with competitive fixed rates
- Unused savings can be rolled over into a Coverdell account for another family member
- FDIC insured up to the maximum amount allowable by law

### Requirements

- Open your account with as little as \$100
- Your modified adjusted gross income (MAGI) must be less than the limit set by Congress
- Total contributions to all of a beneficiary's Coverdell accounts cannot exceed \$2,000 per year
- Contributions can be made until the beneficiary turns 18
- All funds must be distributed to the beneficiary, or rolled over to another beneficiary's account, by the time the beneficiary turns 30

Please consult your tax professional for tax rules regarding education savings accounts.