

COVERDELL EDUCATION SAVINGS ACCOUNT (ESA)

Establishment Documents

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FACTS**WHAT DOES LT Trust Company
DO WITH YOUR PERSONAL INFORMATION?**

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> • Social Security number and account balance • Account transactions and related transaction history • Checking account and wire transfer instructions <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons LT Trust Company chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does LT Trust Company share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?Call 1-800-492-0165 or go to www.LTRetire.com

Who we are

Who is providing this notice?

LT Trust Company

What we do

How does LT Trust Company protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

Prospective employees are screened for criminal convictions and drug use. Once hired, employees are advised of LT Trust privacy policies.

How does LT Trust Company collect my personal information?

We collect your personal information, for example, when you

- open an account or deposit money
- wire out or otherwise withdraw from your account
- direct us to buy or sell securities

We also collect your personal information from others, such as credit bureaus, affiliates or other companies.

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes – information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- LTC Investment Services, a financial company
- Fringe Benefit Administrators, a financial company
- Independent Pension Consultants, a financial company
- Plan Strategies Incorporated, a financial company

Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *LT Trust Company does not share with nonaffiliates so they can market to you.*

Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *LT Trust Company does not jointly market.*

COVERDELL EDUCATION SAVINGS ACCOUNT (ESA) FINANCIAL INSTITUTION INFORMATION

Name: _____

Address: _____

The above-named Financial Institution facilitates the establishment of your Coverdell Education Savings Account (Coverdell ESA), serves as the depository of the funds you deposit into your Coverdell ESA, maintains your Plan investments, and plays a significant role in the administration of your Coverdell ESA.

As the Sponsor/Trustee of your Coverdell ESA, LT Trust Company (LT Trust) monitors this Plan document to ensure its compliance with all applicable laws. The Sponsor/Trustee does not, however, engage in the daily administration of your Plan or in the relationship between you and your chosen Financial Institution.

Your chosen Financial Institution also shares in many of the same duties as the Sponsor/Trustee. Because of the relationship between your Sponsor/Trustee and your chosen Financial Institution, most of the references to Sponsor/Trustee in this booklet also carry with them an implied reference to your chosen Financial Institution.

Notice: If you are the Participant of this Coverdell ESA who is participating in a self-directed Coverdell ESA, your investments in the deposit accounts (including money market, certificates of deposit and savings accounts) of your chosen financial institution (including Credit Unions and Savings and Loans), are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA), subject to their rules and regulations. Your self-directed investments, if any, may not be insured by the FDIC or the NCUA. Self-directed investments may include stocks, bonds, mutual funds, etc.



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Financial Institution Name

Branch Name or Number

Institution ID # / Participant ID #

COVERDELL EDUCATION SAVINGS ACCOUNT (ESA) ADOPTION AGREEMENT

Important Information About Procedures for Opening a New Account Note: Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

DESIGNATED BENEFICIARY INFORMATION

The Designated Beneficiary is the person for whose benefit this Coverdell ESA is being opened. **Please print or type below.**

Name

Social Security Number

Address

City/State/ZIP

Date of Birth

DEPOSITOR INFORMATION

The Depositor is the individual who is establishing the Coverdell ESA. The Depositor is also known as the Grantor. **Print or type below.**

Name

Social Security Number

Address

City/State/ZIP

RESPONSIBLE INDIVIDUAL INFORMATION

The Responsible Individual must be the parent or guardian of the Designated Beneficiary. **Print or type below.**

Name

Social Security Number

Address

City/State/ZIP

Relationship to Beneficiary Parent Guardian

Telephone Number

DESIGNATION OF SUCCESSOR RESPONSIBLE INDIVIDUAL

I, the Responsible Individual, hereby designate the person described below as the Successor Responsible Individual of this Coverdell ESA in the event that I die or become incapacitated. I understand that if I do not name a Successor Responsible Individual, the Successor Responsible Individual will be the Designated Beneficiary's other parent or successor guardian. **Print or type below.**

Name

Social Security Number

Address

City/State/ZIP

Relationship to Beneficiary Parent Guardian

Telephone Number

COVERDELL EDUCATION SAVINGS ACCOUNT (ESA) ADOPTION AGREEMENT

DESIGNATION OF DEATH BENEFICIARY

I, the Responsible Individual, hereby designate the person described below as the Beneficiary of this Coverdell ESA in the event of the Designated Beneficiary's death. I understand that if I do not name a Death Beneficiary, or if there is no designated Death Beneficiary living on the date of the Designated Beneficiary's death, then the designated Death Beneficiary shall be deemed to be the Designated Beneficiary's spouse (if legally married to the Designated Beneficiary on the date of death and if living on the date of distribution, which is 30 days from the date of the Designated Beneficiary's death). If no such spouse exists, I, the Responsible Individual, shall be deemed to be the Death Beneficiary. Print or type below.

Name Social Security Number

Address

City/State/ZIP

Relationship to Designated Beneficiary Telephone Number

COVERDELL ESA DEPOSIT INFORMATION Check only the appropriate boxes.

Annual Contribution \$ For the year 200

Transfer from Coverdell ESA Basis: \$ Earnings: \$

60-Day Rollover from Coverdell ESA Basis: \$ Earnings: \$

Opening Balance: \$ Account Number

Effective Year Date Opened

HOW DID YOU HEAR ABOUT LT TRUST COMPANY?

Advisor (e.g., attorney, CPA, financial rep)

- Direct mail
Friend, family member, or business associate
Google
Other Web search engine
Print advertisement
Property manager
Radio
Realtor
Other

ADOPTION OF COVERDELL ESA

By signing this Adoption Agreement below, we (as the Depositor/Grantor and the designated Responsible Individual) make the following declarations:

We are establishing a Coverdell ESA for the benefit of the Designated Beneficiary named in this Adoption Agreement. This Coverdell ESA is exclusively for the purposed of paying for the qualified elementary, secondary, and higher education expenses, within the meaning of Code Section 530(b)(2), of the named Designated Beneficiary. We appoint LT Trust as the Trustee of this Coverdell ESA.

We have received a copy of the Trust Account Agreement/Disclosure Booklet, and a schedule of fees and/or charges from the financial institution that is acting as the custodian of my Coverdell ESA. We have read and understand all of the terms and conditions of the Trust Account Agreement, Disclosure Statement, and the schedule of fees and/or charges.

Signature of Depositor/Grantor X Date

Signature of Responsible Individual X Date

COVERDELL EDUCATION SAVINGS ACCOUNT (ESA) DISCLOSURE STATEMENT

PURPOSE

The questions and answers contained in this Disclosure Statement summarize the requirements for a Coverdell Education Savings Account (Coverdell ESA). Coverdell ESAs previously were known as Education Individual Retirement Accounts, or Education IRAs. Coverdell ESAs are governed by Section 530 of the Internal Revenue Code (Code) and any regulations that may be issued under Code Section 530. The details under which this Coverdell ESA is governed are specified by law and as provided in the Coverdell Education Savings Account Trust Account Agreement (Trust Agreement).

The Coverdell ESA is a savings tool created by the federal government to help save for a child's education expenses. Any person may contribute to the child's Coverdell ESA, provided that the total contributions for the child during the calendar year do not exceed \$2,000. Contributions to a Coverdell ESA are not tax deductible. The tax benefits of the Coverdell ESA include tax-deferred growth of the earnings and tax-free distributions, if such distributions are used for qualified education expenses.

Because the rules with respect to Coverdell ESAs are very complex, you should consult your own tax advisor if you have questions about the information contained in this Disclosure Statement. Further information is contained in IRS Publication 970, which can be obtained from any District Office of the Internal Revenue Service (IRS).

In this Disclosure Statement, the term "child" or "Designated Beneficiary" means the Designated Beneficiary, as defined in the Trust Agreement, on whose behalf the Trust Account is established.

DISCUSSION

Section 1. Coverdell Education Savings Accounts (Coverdell ESAs)

Beginning January 1, 2002, taxpayers may deposit up to \$2,000 per year into a Coverdell Education Savings Account (Coverdell ESA) for a child under age 18. Parents, grandparents, other family members, friends, and a child him/herself may contribute to the child's Coverdell ESA, provided that the total contributions for the child during the taxable year do not exceed the \$2,000 limit. Amounts deposited in the account grow tax-free until distributed, and the child will not owe tax on any withdrawal from the account if the child's qualified education expenses at an eligible educational institution for the year equal or exceed the amount of the withdrawal. If the child does not need the money for qualified education expenses, the account balance can be rolled over to the Coverdell ESA of certain family members who can use it for their qualified education expenses. A portion of the amounts withdrawn from a Coverdell ESA that exceed the child's qualified education expenses in a taxable year are generally subject to income tax and to an additional tax of 10 percent. The Hope Scholarship Credit and Lifetime Learning Credit can be claimed in the same year the child takes a tax-free withdrawal from the Coverdell ESA, provided that the distribution from the Coverdell ESA is not used for the same expenses for which a credit is claimed.

Q1: What is a Coverdell Education Savings Account?

A1: A Coverdell Education Savings Account (Coverdell ESA) is a Trust or custodial account that is created or organized in the United States exclusively for the purpose of paying the qualified education expenses of the Designated Beneficiary of the account. The account must be designated as a Coverdell ESA when it is created in order to be treated as a Coverdell ESA for tax purposes.

Q2: For whom may a Coverdell ESA be established?

A2: A Coverdell ESA may be established for the benefit of any child under age 18. After the Designated Beneficiary reaches his/her 18th birthday, contributions to the Coverdell ESA can be made if he/she is designated as a "special needs beneficiary." The term "special needs beneficiary" has not yet been defined by the IRS, but the IRS intends to issue Regulations under Code Section 530 defining special needs beneficiary, and that definition will be incorporated herein by reference.

Q3: How much may be contributed to a child's Coverdell ESA?

A3: Up to \$2,000 per year in aggregate contributions may be made for the benefit of any child. The contributions may be placed in a single Coverdell ESA or in multiple Coverdell ESAs.

Q4: What happens if more than \$2,000 is contributed to a Coverdell ESA on behalf of a child in a calendar year?

A4: Aggregate contributions for the benefit of a particular child in excess of \$2,000 for a calendar year are treated as excess contributions. In order to avoid penalties, excess contributions (and any earnings on the excess) must be withdrawn prior to the first day of the sixth month of the taxable year following the taxable year for which the contribution was made. If excess contributions are not removed by this date, a 6% excise tax will be imposed on the excess contribution for each year the excess contribution remains in the account.

Q5: May contributions other than cash be made to a child's Coverdell ESA?

A5: No. Coverdell ESAs are permitted to accept contributions made in cash only.

Q6: May contributors take a deduction for contributions made to a Coverdell ESA?

A6: No.

Q7: Are there any restrictions on who can contribute to a Coverdell ESA?

A7: Any individual may contribute up to \$2,000 to a child's Coverdell ESA if the individual's modified adjusted gross income for the taxable year is no more than \$95,000 (\$190,000 for married taxpayers filing jointly). The \$2,000 maximum contribution per child is gradually reduced for individuals with modified adjusted gross income between \$95,000 and \$110,000 (between \$190,000 and \$220,000 for married taxpayers filing jointly). For example, an unmarried taxpayer with modified adjusted gross income of \$96,500

COVERDELL EDUCATION SAVINGS ACCOUNT (ESA) DISCLOSURE STATEMENT

in a taxable year could make a maximum contribution per child of \$1,800 for that year. Taxpayers with modified adjusted gross income above \$110,000 (\$220,000 for married taxpayers filing jointly) cannot make contributions to anyone's Coverdell ESA.

Modified adjusted gross income generally is an individual's adjusted gross income from his or her federal income tax return recalculated without taking into account any foreign earned income exclusion (citizens living and working abroad), foreign housing exclusion, exclusion for income for bona fide residents of Guam, American Samoa, and the Northern Mariana Islands, or exclusion for income from Puerto Rico.

Q8: May a child contribute to his/her own Coverdell ESA?

A8: Yes.

Q9: Does a taxpayer have to be related to the Designated Beneficiary in order to contribute to the Designated Beneficiary's Coverdell ESA?

A9: No.

Q10: How many Coverdell ESAs may a child have?

A10: There is no limit on the number of Coverdell ESAs that may be established designating a particular child as beneficiary. However, in any given taxable year the total aggregate contributions to all the accounts designating a particular child as beneficiary may not exceed \$2,000.

Q11: May a Designated Beneficiary take a tax-free withdrawal from a Coverdell ESA to pay qualified education expenses if the Designated Beneficiary is enrolled less than full-time at an eligible educational institution?

A11: Yes. Whether the Designated Beneficiary is enrolled full-time, half-time, or less than half-time, he/she may take a tax-free withdrawal to pay qualified education expenses. However, the Designated Beneficiary must be at least a half-time student at an eligible educational institution in order for the cost of room and board to be considered a qualified education expense.

Q12: What happens when a Designated Beneficiary withdraws assets from a Coverdell ESA to pay for qualified education expenses?

A12: 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.

Q13: What are "qualified education expenses"?

A13: "Qualified education expenses" include both qualified higher education expenses and qualified elementary and secondary education expenses. "Qualified higher education expenses" mean expenses for tuition, fees, books, supplies, and equipment 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. Qualified higher education expenses also include room and board (generally the school's posted room and board charge, or \$2,500 per year for students living off-campus and not at home) if the Designated Beneficiary is at least a half-time student at an eligible educational institution. The standards for determining whether a student is enrolled at least half-time are the same as those used for the Hope Scholarship Credit.

"Qualified elementary and secondary education expenses" means expenses for tuition, fees, academic tutoring, special needs services in the case of a special needs beneficiary, books, supplies, and other equipment which are incurred in connection with the enrollment or attendance of the Designated Beneficiary as an elementary or secondary school student at a public, private, or religious school. Room and board, uniforms, transportation, and supplementary items and services (including extended day programs) are included if required or provided by a public, private, or religious school in connection with the enrollment or attendance. Expenses for the purchase of any computer technology or equipment (as defined in Code Section 170(e)(6)(F)(i)) or Internet access and related services also are included if (i) such technology, equipment, or services are to be used by the Designated Beneficiary and the Designated Beneficiary's family during any of the years the Designated Beneficiary is in school and (ii) if the expenses do not include the cost for computer software designed for sports, games, or hobbies (unless the software is predominately educational in nature).

Q14: What is an eligible educational institution?

A14: An eligible educational institution is any college, university, vocational school, or other postsecondary educational institution that is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) and, therefore, eligible to participate in the student aid programs administered by the Department of Education. This category includes virtually all accredited public, nonprofit, and proprietary post-secondary institutions. "School" means any school that provides elementary education or secondary education (kindergarten through grade 12), as determined under State Law.

Q15: What happens if a Designated Beneficiary withdraws an amount from a Coverdell ESA but does not have any qualified education expenses to pay in the taxable year he/she makes the withdrawal?

A15: Generally, if a Designated Beneficiary withdraws an amount from a Coverdell ESA and does not have any qualified education expenses during the taxable year, a portion of the distribution is taxable. The taxable portion is the portion that represents earnings that have accumulated tax-free in the account. The taxable portion of the distribution is also subject to a 10 percent additional tax unless one of the following exceptions applies: (i) qualified education expenses; (ii) distributions on account of the death of the Designated Beneficiary; (iii) distributions attributable to the Designated Beneficiary's being disabled; or (iv) distributions made on account of a scholarship, allowance or payment as described in Code Section 25A(g)(2).

Q16: Is a distribution from a Coverdell ESA taxable if the distribution is contributed to another Coverdell ESA?

A16: Any amount distributed from a Coverdell ESA and rolled over to another Coverdell ESA for the benefit of the same Designated Beneficiary or certain members of the Designated Beneficiary's family is not taxable. The family member must not have attained age 30 (unless the family member is a special needs beneficiary) as of the date of the rollover contribution. The Designated Beneficiary is allowed only one rollover per 12-month period. An amount is rolled over if it is paid to another Coverdell ESA on a date within 60

days after the date of the distribution. Members of the Designated Beneficiary's family include the Designated Beneficiary's children and their descendants, stepchildren, siblings and their children, parents and grandparents, stepparents, and spouses of all the foregoing. A first cousin of the Designated Beneficiary, but not his or her spouse, also is a family member. The \$2,000 annual contribution limit to Coverdell ESAs does not apply to these rollover contributions. For example, an older brother who has \$3,000 left in his Coverdell ESA after he graduates from college can roll over the full \$3,000 balance to a Coverdell ESA for his younger sister who is still in high school without paying any tax on the transfer.

Q17: What happens to the assets remaining in a Coverdell ESA after the Designated Beneficiary no longer has qualifying education expenses?

A17: There are two options. The amount remaining in the account may be withdrawn by the Designated Beneficiary. The Designated Beneficiary will be subject to both income tax and the additional 10 percent 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, if the amount in the Designated Beneficiary's Coverdell ESA is withdrawn and rolled over (as described above) to another Coverdell ESA for the benefit of a member of the Designated Beneficiary's family who has not attained the age of 30, or is a special needs beneficiary, the amount rolled over will not be taxable.

Q18: Rather than rolling over money from one Coverdell ESA to another, may the Designated Beneficiary of the account be changed from one child to another without triggering a tax?

A18: Yes, provided: (1) the terms of the particular trust or custodial account permit a change in designated beneficiaries (each trustee or custodian will control whether options like this one are available in the accounts they offer), and (2) the new Designated Beneficiary is a member of the previous Designated Beneficiary's family and is under the age of 30, or is a special needs beneficiary.

Q19: May a student or the student's parents claim the Hope Scholarship Credit or Lifetime Learning Credit for the student's expenses in a taxable year in which the student receives money from a Coverdell ESA on a tax-free basis?

A19: Yes. A student may claim the Hope Scholarship Credit or Lifetime Learning Credit in the same year he/she takes a tax-free withdrawal from a Coverdell ESA, provided that the distribution from the Coverdell ESA is not used for the same expenses for which a credit is claimed.

Q20: May contributions be made to both a qualified tuition program (QTP) and a Coverdell ESA on behalf of the same Designated Beneficiary in the same taxable year?

A20: Yes. Contributions can be made to a Coverdell ESA and a qualified tuition program (QTP) in the same year for the same beneficiary.

Q21: When are Coverdell ESA contributions due?

A21: An individual will be treated as having made a contribution to a Coverdell ESA on the last day of the preceding taxable year if the contribution is made on account of that taxable year and is made not later than the due date for the tax return for that year (not including extensions).

Q22: When must distributions from the Coverdell ESA be completed?

A22: Any balance in the Coverdell ESA on the date on which the Designated Beneficiary attains age 30 (unless the Designated Beneficiary is a special needs beneficiary) must be distributed to the Designated Beneficiary within 30 days of that date, unless rolled over to another Coverdell ESA as described in Q&A 16. In addition, any balance in the Coverdell ESA on the date on which the Designated Beneficiary dies prior to attaining age 30 must be distributed within 30 days of the date of the death, unless the Designated Beneficiary of the Coverdell ESA is a family member of the deceased Designated Beneficiary who is under the age of 30.

Q23: Who is responsible for the investment of the Coverdell ESA assets?

A23: The Responsible Individual named for the Coverdell ESA will be responsible for making all investment selections under the terms of the Trust Agreement, and for directing the Trustee concerning the management, investment, and distribution of the Coverdell ESA. Please see the Trust Agreement for details on who may serve as the Responsible Individual, and the duties and responsibilities of the Responsible Individual.

Q24: Are there any other items of importance?

A24: Yes. You should be aware of the following:

Coverdell ESAs are authorized under federal law and are granted federal tax benefits. States may also grant tax benefits for Coverdell ESAs. Please consult with your tax advisor concerning any state law questions you may have.

This Disclosure Statement does not provide any tax advice nor any advice as to whether or not a Coverdell ESA is in the best interests of the grantor or the child. Please consult with your tax advisor if you have any questions concerning the Coverdell ESA.

The Designated Beneficiary may be required to file certain IRS Forms in connection with the Coverdell ESA. Please see **IRS Publication 970** and **IRS Form 8606** for more information.

Coverdell Education Savings Account (ESA) Trust Account Agreement

Form **5305-E**
(Rev. March 2002)
Department of the Treasury
Internal Revenue Service

Education Individual Retirement Trust Account (Under section 530 of the Internal Revenue Code)

**DO NOT File
With the Internal
Revenue Service**

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 Designated 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 (with 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. 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.

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 of the related regulations. Other amendments may be made with the consent of the Grantor and Trustee.

ARTICLE X

Article 10.1 Definitions

Qualified Elementary, Secondary, and Higher Education Expenses. "Qualified higher education expenses," in general, means expenses for tuition, fees, books, supplies, and

equipment required for the enrollment or attendance of a Designated Beneficiary at an eligible educational institution. "Qualified elementary and secondary education expenses," in general, means expenses for tuition, fees, academic tutoring, special needs services in the case of a special needs beneficiary, books, supplies, and other equipment which are incurred in connection with the enrollment or attendance of the Designated Beneficiary of the Trust as an elementary or secondary school student at a public, private, or religious school; 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 in connection with such enrollment or attendance; and expenses for the purchase of any computer technology or equipment (as defined in section 170(e)(6)(F)(i)) or Internet access and related services, if such technology, equipment, or services are to be used by the Designated Beneficiary and the Designated Beneficiary's family during any of the years the beneficiary is in school.

Expenses for computer software designed for sports, games, or hobbies are not included unless the software is predominantly educational in nature. "Eligible educational institution" means all accredited public, nonprofit, and proprietary post-secondary schools. The college, university, vocational school, or other post-secondary educational institution must be described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) and must be eligible to participate in the student aid programs administered by the U.S. Department of Education. "School" means any school that provides elementary education or secondary education (kindergarten through grade 12), as determined under State Law.

Rollover contribution means any amount paid or distributed from a Coverdell Education Savings Account that is paid, not later than the 60th day after the date of such payment or distribution, into another Coverdell Education Savings Account for the benefit of the same beneficiary, or a family member of such beneficiary, who has not attained age 30 as of such date.

Only one rollover per Coverdell Education Savings Account is allowed during the 12-month period ending on the date of the payment or distribution.

Modified Adjusted Gross Income (MAGI), for most taxpayers, means adjusted gross income (AGI) as figured on their federal income tax return.

If filing Form 1040, MAGI is the AGI, modified by adding back any:

- 1) Foreign earned income exclusion,
- 2) Foreign housing exclusion,
- 3) Exclusion of income for bona fide residents of American Samoa, Guam, and the Northern Mariana Islands, and
- 4) Exclusion of income from Puerto Rico.

provided that such withdrawal is made to and reported under the Designated Beneficiary's name and Social Security Number. Withdrawals may be requested by the Responsible Individual at any time upon written notice to the Trustee using a form acceptable to the Trustee. The Trustee shall make distributions in cash or property at the value reported by the Trustee.

10.2.2 Final Distribution of Account – During Designated Beneficiary's Lifetime

The Responsible Individual shall provide written notice to the Trustee, using a form acceptable to the Trustee, with instructions for the final distribution of any balance to the credit of the Designated Beneficiary 30 days prior to the Designated Beneficiary's attaining age 30.

10.2.3 Final Distribution of Account – Upon Designated Beneficiary's Death

In the event of the Designated Beneficiary's death, the Responsible Individual shall notify the Trustee within 30 days of the Designated Beneficiary's death and provide written instructions to the Trustee, using a form acceptable to the Trustee, for the final distribution of any balance to the credit of the Designated Beneficiary in accordance with (a) or (b) below:

- (a) If a death beneficiary has been named, is a family member of the Designated Beneficiary, and is under 30 years of age, such death beneficiary shall become the Designated Beneficiary in accordance with the provisions of Section 10.2.6; or
- (b) If a death beneficiary has not been named, distribution shall be made in accordance with Section 10.3.2.

10.2.4 Trustee Under No Duty of Notification

The Trustee shall be under no duty of notification to the Responsible Individual or any other individual and shall have no liability with respect to any adverse consequence (including, but not limited to, taxes and/or penalties), resulting from the Responsible Individual's failure to timely provide the Trustee with the required notifications or instructions.

10.2.5 Transfer of Assets To and From This Coverdell ESA

The Trustee is authorized to receive and add to the Trust the assets of another Coverdell ESA for the benefit of the same Designated Beneficiary that are transferred to this plan and which the Responsible Individual has determined are eligible for such transfer. The Responsible Individual on this Plan may direct the Trustee in writing to transfer all or any portion of the Account to another Coverdell ESA established on behalf of the Designated Beneficiary provided that the Trustee of that plan has provided written acceptance of such assets.

10.2.6 Transfer Due To Divorce

Notwithstanding any other Article conferring authority on the Responsible Individual to notify, instruct, direct or provide approval to the Trustee with respect to the management of the Account, the Designated Beneficiary and the Designated Beneficiary's spouse or former spouse may direct the Trustee in writing, on a form acceptable to the Trustee, to transfer the appropriate portion of the assets in the Account to the Coverdell ESA of the spouse or former spouse pursuant to a divorce or separation instrument. It

Article 10.2 Distribution of Account

10.2.1 Right to Withdraw

The Responsible Individual shall have the right to request the withdrawal of all or any part of the Coverdell ESA Account

will be the Designated Beneficiary's, and not the Trustee's, responsibility to ensure that the transfer instructions are in accordance with the terms of the decree of divorce, separation or dissolution of marriage.

10.2.7 Change of Designated Beneficiary

In accordance with Article VI, the Responsible Individual may change the Designated Beneficiary by requesting, on a form acceptable to the Trustee, the transfer of all or a portion of the Account to a separate Coverdell ESA established on behalf of the family member of the Designated Beneficiary receiving the transfer.

Article 10.3 Administrative Provisions

10.3.1 Designation of Death Beneficiary

The Responsible Individual may designate a death beneficiary to whom the Trustee shall pay any balance to the credit of the Designated Beneficiary upon the Designated Beneficiary's death in accordance with Section 10.2.3. The Trustee shall prescribe the form for the written designation of the death beneficiary and, upon receipt of the form by the Trustee, it shall become effective on that date and shall revoke all designations filed prior to that date by the Responsible Individual. The death beneficiary designation on file with the Trustee as of the date of distribution shall be considered the effective designation. If more than one death beneficiary is named, any balance to the credit of the Designated Beneficiary shall be paid pro rata to the death beneficiaries.

10.3.2 No Death Beneficiary Designation

If a Responsible Individual fails to designate a death beneficiary in accordance with Section 10.3.1, or if no designated death beneficiary is living on the date of distribution, then the designated death beneficiary shall be deemed to be the Designated Beneficiary's spouse (if legally married to the Designated Beneficiary on the date of death and if living on the date of distribution), or, if no such spouse, the designated death beneficiary shall be deemed to be the Responsible Individual.

10.3.3 Designation of Successor Responsible Individual

In accordance with and in addition to Article V, the Responsible Individual may, at any time, relinquish his or her authority, on a form acceptable to the Trustee, as the Responsible Individual in favor of the Successor Responsible Individual named to succeed in that capacity.

10.3.4 Reports

Notwithstanding Article VII, the Responsible Individual shall furnish the Trustee whatever information is necessary for the Trustee to prepare any report required under Code Section 530(h).

10.3.5 Trustee's Right to Rely on Information

The Trustee may assume the truth of any statement made by the Responsible Individual under the provisions of the Plan. The Trustee shall be under no duty of inquiry with respect to any statement made by the Responsible Individual and shall have no liability with respect to any action taken in reliance upon any such statement. Any notice from the Trustee to any person provided for in this Plan shall be effective if sent by first class mail to such person at the person's last known address. The Trustee, Designated Beneficiary, Responsible Individual, or designated

death beneficiary may waive any notice required to be received by it under this Plan.

Article 10.4 Investment of Trust/Responsible Individual and Trustee Powers

10.4.1 Investment Responsibility

For purposes of this Plan and any applicable statutory rules, the Responsible Individual or his authorized agent is a fiduciary within the meaning of Code Section 4975(e)(3) with respect to the Account and the assets in this Account. The Trustee acts in a nondiscretionary Trustee capacity and does not act as a fiduciary with respect to the selection and retention of Plan investments. Notwithstanding Article IV, immediately upon establishment of this Plan and subject to Section 10.4.5, the Responsible Individual has the sole authority and discretion, fully and completely, to select and to direct the investment of all assets in this Account. The Responsible Individual accepts full and sole responsibility for the success or failure of any investment decision or selection made and for an investment's suitability to be held in the Account. The Responsible Individual also accepts full responsibility for instituting or defending against any action related to the protection of any investment interest. Upon the death of the Responsible Individual, the Successor Responsible Individual assumes all rights, responsibilities and liabilities for investment of the Account that is passed to that Successor Responsible Individual. Throughout this Article X whenever "Responsible Individual" is used, "Successor Responsible Individual" shall be substituted, as appropriate, if the Responsible Individual has died.

10.4.2 Trustee Limitation on Liability

The Trustee acts in a nondiscretionary Trustee capacity and has no fiduciary capacity or authority with respect to any matter involving the Plan or the Plan assets, including but not limited to 1) the appointment and retention of the Financial Representative; 2) the selection and retention of Plan investments; and 3) the selection of Plan assets in order to make distributions from the Plan whether in cash or in kind. The Trustee shall not be liable for the acts or omissions of the Responsible Individual or his agent or of the sponsor of any investment. The Trustee shall not have any responsibility nor any liability for any loss of income or of capital, nor for any expense which the Trustee may incur, relating to any investment, or to the sale or exchange of any asset which the Responsible Individual or his authorized agent directs the Trustee to make. The Trustee will not act as an investment advisor to a Responsible Individual and shall not have any duty to question the Responsible Individual's or his authorized agent's directions regarding the purchase, retention, or sale of any asset. The Trustee shall not incur any liability by reason of any action taken or not taken by the Responsible Individual or his authorized agent resulting from the Trustee transmitting or not transmitting to the Responsible Individual or his authorized agent any information of any kind and from wherever derived concerning the authorized agent or concerning any investment. The Trustee shall not assume or incur any liability by reason of, or have any duty or responsibility to inquire into, or take action with respect to, any acts performed or not performed by the former trustee of any plan which has transferred all or any portion of its assets to the Trustee of this Account.

10.4.3 Trustee's Interim Responsibility

The Responsible Individual or the Responsible Individual's authorized agent shall direct the Trustee with regard to the investment of any cash in the Account. Notwithstanding Article IV, in the event such direction is not received by the Trustee, the Responsible Individual shall be deemed to have directed the Trustee to invest all cash not otherwise earmarked, in the cash investment option specified by the Trustee on the Adoption Agreement.

10.4.4 Trustee's Right Not to Follow Investment Directions

The Trustee shall have no duty to follow a direction to invest the Trust in any investment prohibited by the Code or Treasury Regulation or to invest the Trust in any investment not permitted by the Trustee (including, but not limited to, margin transactions and writing uncovered calls or puts). Certain investments or classes of investments may pose administrative burdens to the Plan or Trustee, and therefore, the Trustee reserves the right not to process or accept such investments. The decision not to act on investment directions that the Trustee deems burdensome for administrative reasons should in no way be construed as a fiduciary decision or as a determination concerning the prudence or advisability of the investment.

10.4.5 Investment of Trust

The Trustee, as Trustee of the Trust assets entrusted to it under the Plan, shall not commingle the Trust with any other property it holds except in a common trust fund or common investment fund. Subject to the rules imposed by the Trustee, and subject to investment directions given by the Responsible Individual or the Responsible Individual's authorized agent, the Trustee is authorized and empowered, but not by way of limitation, with the following powers, rights and duties:

- (a) To hold or invest any part or all of the Trust in any asset permissible under law and permitted by the Trustee as an investment for a Coverdell ESA account;
- (b) To manage, sell, contract to sell, grant options to purchase, convey, petition, divide, subdivide, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Trust, and otherwise deal with all property, real or personal, in such manner for such considerations and on such terms and conditions as are in accordance with the written direction the Trustee receives;
- (c) To borrow money, to lend money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge;
- (d) To have with respect to the Trust all of the rights of an individual owner, including the power to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations, and to exercise or sell stock subscriptions or conversion rights. If the Coverdell ESA product chosen by the Grantor provides that service fees from a mutual fund or other investment sponsor are paid to the Trustee for necessary administrative services, the powers referred to in this subparagraph shall be exercised in accordance with and at the written direction of the Responsible Individual. For all other Coverdell ESA

products, the Trustee may, at its discretion, exercise such rights and powers or transmit them to the Responsible Individual for exercise by the Responsible Individual.

- (e) To retain in cash so much of the Trust as the Responsible Individual or his authorized agent directs, or as provided under 10.4.4, pending other instructions from the Responsible Individual or his authorized agent, and to deposit such cash held in the Trust in a savings instrument at a reasonable rate of interest, including specific authority to invest in an individual savings account, an individual certificate of deposit, a money market account, or in other savings instruments of the Trustee or named Financial Institution as defined in Code Section 1504;
- (f) To transfer all or any part of the Trust funds from one type of savings instrument offered by the Trustee or the named Financial Institution to another type of savings instrument offered by the Trustee or the named Financial Institution, to the extent permitted by the applicable governmental regulations and the procedures of the Trustee; and
- (g) To purchase and to hold annuity contracts and exercise all rights of ownership of the contracts.

10.4.6 Trustee's Powers

Subject to the investment directions of the Responsible Individual or the Responsible Individual's authorized agent, the Trustee shall have the power or duty:

- (a) To hold any securities or other property in the Trust in the name of the Trustee or its nominee, or in another form as it may deem best, with or without disclosing the Trustee relationship;
- (b) To retain any funds or property subject to any dispute without liability for the payment of interest and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes the final adjudication, and to pay all reasonable expenses and attorney's fees which may be necessarily incurred by the Trustee with respect to the foregoing matter;
- (c) To charge against and pay from the Trust all taxes of any nature levied, assessed, or imposed upon the Trust, and to pay all reasonable expenses and attorneys' fees which may be necessarily incurred by the Trustee with respect to the foregoing matter;
- (d) To file any tax or information return required of the Trustee, and to pay any tax, interest or penalty associated with any such tax return;
- (e) To act pursuant to written blanket settlement authorization given by the Responsible Individual on transactions executed by his authorized agent. The Trustee is authorized to honor all trade confirmations received from such agent;
- (f) To furnish or cause to be furnished to the Responsible Individual, at least annually, reports concerning the status of the Account, including a statement of the assets of the Trust held at the end of the calendar year;

- (g) To begin, maintain or defend any litigation necessary in connection with the administration of the Plan, except that the Trustee shall not be obliged or required to do so unless indemnified to its satisfaction;
- (h) To return any third party funds that can be shown to Trustee's satisfaction to have been sent in error or deposited to the Account in error; and
- (i) To amend this Trust Agreement consistent with provisions of applicable law. Notwithstanding the provisions of Article IX, the Responsible Individual irrevocably delegates to the Trustee the power to amend this Trust Agreement without any prior consent of the Responsible Individual upon 30 days prior written notice to the Responsible Individual setting forth such amendment. If the Trustee does request the consent of the Responsible Individual for an amendment to this Trust Agreement, the Responsible Individual will be deemed to have consented to such amendment unless the Responsible Individual responds in writing within 30 days of the mailing of such request, indicating their refusal to consent.

10.4.7 Prohibited Transactions

Neither the Grantor, Responsible Individual or Designated Beneficiary shall borrow any money from the Trust, nor shall such parties pledge any part of the Trust as security for a loan. Furthermore, neither the Grantor, Responsible Individual, or Designated Beneficiary nor the Trustee nor any other party shall engage, either directly or indirectly, in any prohibited transaction within the meaning of Code Section 4975 with respect to any portion of the Account.

10.4.8 Delegation of Trustee Powers

The Trustee may delegate or employ any person or persons to carry out any powers or responsibilities of the Trustee.

Article 10.5 Fees and Expenses of the Trustee

10.5.1 Fees and Expenses of the Trustee

All expenses incurred by the Trustee, the Recordkeeper, and the Broker under this Trust Agreement, including fees for legal services rendered, and such reasonable compensation to the Trustee as may be agreed upon from time to time between the Financial Institution, the Recordkeeper, and the Trustee, may be paid from the assets of this Trust or charged to the Coverdell ESA Responsible Individual separately as the Trustee in its discretion deems equitable. The Trustee reserves the right to charge any additional fee upon 30 days' notice to the Responsible Individual that the fee will be effective.

Article 10.6 Amendment and Termination

10.6.1 Amendment

The Trustee shall have the right at any time and from time to time to amend the additional provisions under this Article X consistent with the provisions of applicable law without obtaining the consent of the Grantor, Responsible Individual or Designated Beneficiary. The Responsible Individual shall be furnished a copy of any such amendment. Any Successor Responsible Individual shall assume any and all the rights and responsibilities under this Article X.

10.6.2 Termination

The Responsible Individual shall have the right, at any time, to terminate this Plan and the Trust created under this agreement. The Plan shall terminate upon the first to occur of the following:

- (a) The date determined by the Responsible Individual's written notice given to the Trustee at least 60 days prior to termination;
- (b) Upon the written request of the Responsible Individual to terminate the Plan after the Trustee has distributed all assets in the Account; or
- (c) On the date the Plan ceases to be an Education Savings Account within the meaning of Code Section 530.

As soon as administratively practicable after this date, the Trustee shall distribute all of the assets in the Trust to the Designated Beneficiary or transfer all of the assets in the Trust to a successor trustee appointed by the Responsible Individual. The Plan will not be considered terminated if the Trustee has not authorized the removal of assets from the Plan.

10.6.3 Resignation or Removal of Trustee

The Trustee may resign at any time with or without cause upon written notice to the Responsible Individual. Resignation will take effect 30 days after the date the notice is sent, unless a successor Trustee is duly appointed before that date. The Trustee may be removed at any time with or without cause by the Responsible Individual on 60 days' written notice to the Trustee. Such effective date may be changed upon written mutual agreement. To be effective, the Responsible Individual's notice of removal of the Trustee must include notice of the appointment of a successor Trustee and a written acceptance of such appointment by the successor Trustee. If, by the effective date of either the Trustee's resignation, removal, or such longer time as the Trustee may agree to, the Responsible Individual has not appointed a successor Trustee which has duly accepted such appointment, the Trustee shall terminate the Plan which shall be effective by distributing all assets in the Account in a single sum in cash or in kind to the Designated Beneficiary, subject to the Trustee's right to reserve funds as provided below. Upon the resignation or removal of the Trustee, the Trustee shall be entitled to deduct from the Trust such reasonable amount as it deems necessary to provide for expenses in the settlement of its account, the amount of compensation due to it, and any taxes or other sums chargeable against the Trust for which it may be liable. If the Trust is not sufficient for such purposes, the Trustee shall have the right to a settlement of its account, which, at the option of the Trustee, may be by judicial settlement in an action the Trustee institutes in a court of competent jurisdiction; or by a settlement agreement between the Trustee and the Responsible Individual (or Successor Responsible Individual, if applicable). Upon settlement under this Section 10.6.3, all right, title and interest of the Trustee in the assets of the Trust shall vest in the successor Trustee or, if no duly appointed successor Trustee, in the Designated Beneficiary. At that time, all future liability of the Trustee shall terminate under the Plan; provided, however, that Trustee shall execute, acknowledge and

deliver all documents and written instruments necessary to transfer and convey the right, title and interest in the assets of the Trust, to the successor Trustee or, if no duly appointed successor Trustee, to the Designated Beneficiary.

Article 10.7 Miscellaneous

10.7.1 No Responsibility for Responsible Individual Action

The Trustee shall have no obligation or responsibility with respect to any act of, or failure to act, on the part of a Responsible Individual or his duly authorized agent or a Successor Responsible Individual or his duly authorized agent. The Trustee is not required to determine the correctness of the amount of any contribution, nor is the Trustee required to determine whether a rollover contribution satisfies the definition of Code Section 530(d)(5). The Trustee or the Responsible Individual may waive any notice required to be received by it under this Plan and, in the case of any written notice or election required under this Plan, the Trustee may accept such notice or election in any form (including electronically) approved by the Trustee for such notice or election.

10.7.2 Trust Not Guaranteed

The Trustee does not, in any way, guarantee the Trust from loss or depreciation. The liability of the Trustee to make any payment from the Trust at any time and all times is limited to the then available assets of the Trust.

10.7.3 Controlling Provisions

Any provision under this Plan shall be wholly invalid if it is inconsistent, in whole or in part, with Code Section 530. This Plan shall be governed by and construed, administered, and enforced according to the laws of the state in which is located the Trustee's principal place of business except to the extent preempted by Federal law.

10.7.4 Successors

The Plan shall be binding upon all persons entitled to benefits under the Plan, their respective heirs and legal representatives, and upon the Trustee and its successors.

10.7.5 Successor Trustee/Custodian

In the event the Trustee merges, reorganizes, is acquired or changes its name, the surviving entity will become the trustee or custodian of the IRA provided that it is authorized to serve in that capacity pursuant to the Code.