



# Disclosure Statement and Custodial Agreement

Coverdell Education Savings Account



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# Disclosure Statement

The Coverdell Education Savings Account (CESA) Disclosure Statement and Custodial Agreement contain important information about investing in CESAs. Please read them carefully before investing.

## Revocation: Right to Cancel

The Depositor has the right to revoke ("cancel") a CESA for any reason within seven days of the time we receive the application. Any contributions received for a CESA during the seven-day period will be refunded in full.

To cancel a CESA, mail or fax a letter stating, "I hereby elect to revoke the American Century® Coverdell Education Savings Account." The Depositor should include the Designated Beneficiary's name, sign his or her name exactly as it appears on the application and send the letter by mail or fax to:

### **American Century Investments**

P.O. Box 419200

Kansas City, MO 64141-6200

Fax: 1-888-327-1998

A letter will be considered mailed on the date of postmark, or the date of registration or certification if sent by registered or certified mail.

## CESAs

Established by the Taxpayer Relief Act of 1997 as the Education IRA, then revised and renamed with the 2001 Tax Act, a CESA allows you to invest, usually tax free, for a child's education. Money earned in a CESA grows tax deferred, just like in an IRA. Money from a CESA may be withdrawn without owing federal income taxes if it is used to pay tuition or other qualified educational expenses.

### **CESA eligibility**

Anyone may contribute to a CESA, including grandparents, parents, friends and relatives, whose adjusted gross income (AGI) does not exceed the limits.

Each year congress sets contribution limits for CESAs. Find the limit for the tax year in which you are investing at [americancentury.com](http://americancentury.com) or [irs.gov](http://irs.gov).

### **Investing in a CESA**

Between January 1 of the current year and April 15 of the following year, a maximum annual contribution of \$2,000 may be made for a child until the child's 18th birthday, or longer if the child is deemed to have special needs as defined by the IRS.

There is no limit on the number of CESAs that may be established for a child. However, a child may receive a total contribution of only \$2,000 per calendar year among all of his/her CESAs. Additional fund accounts may be established once the CESA reaches your fund's minimum investment amount.

All contributions to a CESA must be made in cash (e.g., a check) and are **not** deductible on an income tax return.

Because there is some speculation involved in any mutual fund investment, American Century Investments® cannot project or guarantee a specific rate of return or growth of share values.

## Fees

### **Custodial fee**

Your IRA assets are held in a custodial account by State Street Bank and Trust Company. As custodian, State Street Bank and Trust Company does not charge an annual custodial fee for your CESA. The custodian reserves the right to change the fee policy with a 30-day notice and to charge fees for special services required by any individual.

### **Account maintenance fee**

American Century Investments charges a \$12.50 semiannual account maintenance fee to certain personal mutual fund investors whose total eligible investment balance is below \$10,000. The total investment balance is based on the sum of accounts listed under your Tax Identification number, including all personal accounts held with American Century Investments.\* If applicable, this fee is automatically deducted from just one personal account two times a year.

More information about the account maintenance fee is available in the *Understand Your Services* flier that accompanies your account application or at [americancentury.com](http://americancentury.com).

## Definitions

**Death Beneficiary** — The individual named to receive all or a portion of the account in the event the Designated Beneficiary dies before the complete distribution of the CESA. If the Death Beneficiary is a member of the Designated Beneficiary's family and is under age 30 at the time of the Designated Beneficiary's death, he or she will become the new Designated Beneficiary of the CESA as of the date of death of the Designated Beneficiary.

**Depositor** — The Depositor is the person who establishes the Custodial Account and may designate himself or herself as the Responsible Individual if the Depositor is a parent or guardian of the Designated Beneficiary.

**Designated Beneficiary** — The child on whose behalf the CESA has been established.

**Responsible Individual** — The individual who is authorized to act on the account and must be a parent or guardian of the Designated Beneficiary. The Designated Beneficiary will become the Responsible Individual upon reaching the age of majority.

\*For American Century Brokerage, only assets from American Century funds are considered in your total investment balance.

Members of the Designated Beneficiary's family shall include the Designated Beneficiary's:

- Spouse
- Children or step-children, and their descendants
- Siblings and their children
- Step-siblings
- Parents and their ancestors
- Step-parents
- Aunts and uncles
- Father- or mother-in-law, son- or daughter-in-law, brother- or sister-in-law
- All spouses of all the foregoing
- Any first cousin

**Qualified education expenses** — The term “qualified education expenses” means amounts contributed to a qualified tuition program or tuition, fees, books, academic tutoring, special needs services in the case of a special needs beneficiary, supplies and other equipment required for the enrollment or attendance of the Designated Beneficiary at an eligible educational institution. Qualified education expenses also include room and board if the Designated Beneficiary is enrolled at least half time and does not live at home.

**Eligible educational institution** — An eligible educational institution is any public, private and religious elementary or secondary education institution, as well as any college, university, vocational school or other post-secondary educational institution that is described in section 481 of the Education Act of 1965 (20 USC 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 elementary, secondary and post-secondary institutions.

## Rollovers and Transfers

### **Rollover or transfer to American Century Investments**

Rollover contributions and transfers to an American Century Investments CESA may be made only in cash or in shares of mutual funds authorized by American Century Investments.

There are two ways to roll over or transfer money to a CESA:

1. Transfer all or part of a CESA from another financial institution to an American Century Investments CESA.
2. Roll over all or part of another CESA to an American Century Investments CESA.

These rules also apply:

1. There is no tax paid on the amount transferred or rolled over from one CESA to another CESA.
2. A rollover from one CESA to another can be made only once every 365 days.
3. A rollover contribution must be deposited in a CESA within 60 days of receipt of the distribution from another CESA.
4. The \$2,000 contribution limit does not apply to rollover contributions or transfers.
5. The current or new Designated Beneficiary must be under age 30 as of the date of the rollover contribution. Special needs beneficiaries do not need to be under age 30 to make a rollover contribution.

## Transfer from American Century Investments

Transferring a CESA from us to another company can be done in one of two ways:

1. **Rollover:** The Responsible Individual may request a redemption and send the money to the new custodian or trustee.
2. **Direct transfer:** The Responsible Individual should contact the custodian or trustee of the other CESA. Most companies have forms you can use to provide the required information, and often it saves time if they are used. If a form isn't available, send a letter to us indicating a transfer of all or a portion of the CESA to another custodian. Include the following information:
  - (a) American Century Investments account number and account address.
  - (b) Designated Beneficiary's name.
  - (c) The name and address of the new custodian or trustee.
  - (d) The name of the mutual fund being transferred, if applicable.
  - (e) The account number of the new CESA.
  - (f) The Responsible Individual's signature.

**IMPORTANT:** Also include a letter of acceptance from the new custodian or trustee stating that a CESA has been established for the Designated Beneficiary and will accept the transferred amount for credit to the CESA.

The redemption price is based on the day all properly completed documents are received.

## Investing in a CESA

### Excess contributions

If the Depositor is eligible to contribute the maximum \$2,000, any amount over that limit is considered an excess contribution. It is also considered an excess contribution if a contribution is made to a CESA whose Designated Beneficiary is over 18 and not a special needs beneficiary.

If the Depositor is only eligible to make a partial contribution due to his or her AGI, anything over that amount would be considered an excess contribution. The excess amount can be handled in one of two ways:

### Option 1: Apply excess amount to contributions for a later year

To apply the excess amount to a later year (or years), reduce the amount contributed for that year(s) by the amount of the excess contribution.

### Tax penalties for option 1

There is a 6% penalty tax applied to an excess contribution when it is applied to a later year. If applying the excess contribution over several years, the 6% penalty tax will be applied to the amount of the excess contribution that remains after each year.

## **Option 2: Remove the excess contribution**

To avoid a 6% penalty tax, the excess contribution (and any interest or other income earned on the excess) must be removed by May 31 of the year following the taxable year for which the contribution was made.

### **Tax penalties for option 2**

Any interest or other income earned on the excess will be taxable for the year in which the excess contribution was made.

## **Withdrawing From a CESA**

Some states and localities may have tax, community property or other laws that are different from the federal laws for CESAs. Those laws aren't covered in this Disclosure Statement.

### **Taxation**

Distributions made from a CESA to pay for qualified education expenses are tax-free and not subject to any penalty, as long as the distribution does not exceed the qualified education expenses. If the distribution is greater than the qualified education expenses, a portion of the distribution may be subject to taxes and penalties. A portion of the proceeds resulting from distributions made after the Designated Beneficiary reaches age 30, or proceeds not used for qualified education expenses, generally are subject to ordinary income tax and a 10% penalty tax.

If the Designated Beneficiary is receiving a tax-free distribution from a CESA in a particular tax year, some of the Designated Beneficiary's expenses may be claimed as the basis for a Hope Scholarship Credit or Lifetime Learning Credit for that year as long as the expenses paid by the CESA are not duplicated as qualifying for either credit.

### **Penalties**

A 10% penalty tax may apply to the earnings portion of a distribution (in addition to income tax), unless at least one of the following applies:

1. The amount is rolled over within 60 days to another CESA for the Designated Beneficiary or a member of the Designated Beneficiary's family.
2. Money is removed for qualified education expenses.
3. Contributions are removed due to an excess. (However, earnings may be subject to the penalty tax.)
4. Money is removed due to death, disability or scholarship.



## **How to make a withdrawal**

### **By telephone**

The Responsible Individual may call us with redemption instructions.

### **By mail**

The Responsible Individual should complete an American Century Investments *One-Time and Automatic Transactions* form or write a letter that includes:

1. The Designated Beneficiary's name.
2. The fund and account number of the CESA from which money is being taken.
3. The number of shares or the dollar amount to be redeemed.
4. The signature of the Responsible Individual.

## **Withdrawal options**

### **Before the age of 30**

The Responsible Individual may request a distribution at any time and in any amount by choosing one of the following options:

1. Reinvest the amount taken from a CESA into a regular investment account, request a check or, if your banking information is already on file with us, a wire or electronic funds transfer.
2. Through our Automatic Withdrawal Plan, choose automatic cash payments or automatic transfers into a regular investment account. Amounts taken under this plan must be at least \$50 each and can be taken monthly, quarterly, semiannually or annually.
3. By instructing us in writing, request that a CESA distribution be mailed directly to another address or made payable to another person, corporation or entity. A signature guarantee is required if you request a check payable to someone other than the Responsible Individual.

### **After the age of 30**

Any amount remaining in the account after the Designated Beneficiary's 30th birthday must be withdrawn within 30 days. If this hasn't occurred at the end of the 30-day period, the account will be deemed distributed. The Designated Beneficiary will be subject to both income tax and the additional 10% penalty tax on the portion of the amount distributed that represents earnings if the Designated Beneficiary does not have any qualified education expenses in the same taxable year he/she receives the distribution. *Please note, however, that if the amount in the Designated Beneficiary's CESA is distributed and rolled over to another CESA for the benefit of an eligible member of the Designated Beneficiary's family, the amount rolled over will not be taxable.*

**The Designated Beneficiary can be changed from one child to another without triggering a taxable event, provided:**

1. The Depositor authorized this option on the application.
2. The new Designated Beneficiary is a member of the current Designated Beneficiary's family.
3. The new Designated Beneficiary is under the age of 30 as of the date of the change.

## **Death of the Designated Beneficiary**

Upon the death of the Designated Beneficiary, the balance will be handled in one of the following ways:

1. If the Death Beneficiary is a member of the Designated Beneficiary's family:
  - (a) If the family member is under age 30 at the time of the Designated Beneficiary's death, he or she will become the new Designated Beneficiary of the CESA as of the date of death of the Designated Beneficiary.
  - (b) If the family member is over age 30 at the time of the Designated Beneficiary's death, the CESA must be distributed to the Death Beneficiary within 30 days of the death of the Designated Beneficiary. Otherwise, the account will be deemed distributed to the Death Beneficiary.
2. If the Death Beneficiary is not a member of the Designated Beneficiary's family:
  - (a) The account must be distributed to the Death Beneficiary within 30 days of the death of the Designated Beneficiary. Otherwise, the account will be deemed distributed to the Death Beneficiary.

If a Death Beneficiary is not named, or if all the Death Beneficiaries die before the Designated Beneficiary, the Custodian will distribute the CESA to the Designated Beneficiary's spouse. If the Designated Beneficiary does not have a spouse, then the Death Beneficiaries will be the Designated Beneficiary's surviving children. If the Designated Beneficiary does not have any surviving children, the Death Beneficiary will be the Designated Beneficiary's estate.

No distribution will be made until we have received a certified copy of the death certificate and proper written instructions.

## Other Disclosures

The custodian or trustee of a CESA must be a bank or other institution or person that has satisfied the Secretary of the Treasury that it is able to administer a CESA in accordance with tax laws.

None of the money in a CESA may be invested in life insurance contracts or most "collectibles."

The money in a CESA cannot be forfeited.

The assets of a CESA may not be blended with the Designated Beneficiary's other assets or the assets of other individuals, with the exception that a CESA may be invested in a common trust fund or common investment fund, such as a mutual fund.

### **Prohibited transactions**

If transactions are made that are prohibited by law, such as borrowing money from a CESA or using part of it as collateral for a loan, a CESA will lose its tax advantages and the entire amount will be treated as having been paid all at once. In this instance, the earnings will be taxed as ordinary income and the 10% penalty tax may apply.

### **IRS approval**

The American Century Investments CESA plan has been approved as to form by the IRS. This approval doesn't determine the relative merits of a CESA or any of the investments.

# State Street Bank and Trust Company

## Coverdell Education Savings Custodial Account Agreement

Articles I - IX are in the form promulgated by the Internal Revenue Service in Form 5305-EA (Revised October 2010). References are to sections of the Internal Revenue Code of 1986, as amended ("Code").

### **Article I.**

The Custodian may accept additional cash contributions provided the Designated Beneficiary has not attained the age of 18 as of the date such contributions are made. Contributions by an individual contributor may be made for the tax year of the Designated Beneficiary by the due date of the beneficiary's tax return for that year (excluding extensions). Total contributions that are not rollover contributions described in section 530(d)(5) are limited to \$2,000 for the tax year. In the case of an individual contributor, the \$2,000 limitation for any year is phased out between modified adjusted gross income (AGI) of \$95,000 and \$110,000. For married individuals filing jointly, the phase-out occurs between modified AGI of \$190,000 and \$220,000. Modified AGI is defined in section 530(c)(2).

### **Article II.**

No part of the Custodial Account funds may be invested in life insurance contracts, nor may the assets of the Custodial Account be commingled with other property except in a common 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 a case, the family member shall become the Designated Beneficiary as of the original Designated Beneficiary's date of death.

### **Article IV.**

The Depositor shall have the power to direct the Custodian regarding the investment of the above-listed amount assigned to the Custodial Account (including earnings thereon) in the investment choices offered by the Custodian. The Responsible Individual, however, shall have the power to redirect the Custodian regarding the investment of such amounts, as well as the power to direct the Custodian regarding the investment of all additional contributions (including earnings thereon) to the Custodial Account. In the event that the Responsible Individual does not direct the Custodian regarding the investment of additional contributions (including earnings thereon), the initial investment direction of the Depositor also will govern all additional contributions made to the Custodial Account until such time as the Responsible Individual otherwise directs the Custodian. Unless otherwise provided in this agreement, the Responsible Individual also shall have the power to direct the Custodian regarding the administration, management, and distribution of the Account.

## **Article V.**

The "Responsible Individual" named by the Depositor shall be a parent or guardian of the Designated Beneficiary. The Custodial Account shall have only one Responsible Individual at any time. If the Responsible Individual becomes incapacitated or dies while the Designated Beneficiary is a minor under state law, the successor Responsible Individual shall be the person named to succeed in that capacity by the preceding Responsible Individual in a witnessed writing or, if no successor is so named, the successor Responsible Individual shall be the Designated Beneficiary's other parent or successor guardian. 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 designated Death Beneficiary, the Responsible Individual shall be such designated Death Beneficiary's parent or guardian.

## **Article VI.**

The Responsible Individual may or may not (as chosen on the Account Application by the Depositor), change the Beneficiary designated under this agreement to another member of the Designated Beneficiary's family described in section 529(e)(2) in accordance with the Custodian's procedures.

## **Article VII.**

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required under section 530(h).
2. The Custodian agrees to submit to the Internal Revenue Service (IRS) and the 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 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 in accordance with Article X, Section 12 of this Agreement.

## **Article X.**

1. **Definitions.** As used in this Custodial Agreement the following terms have the following meanings:

"Adoption Agreement" is the application signed by the Depositor to accompany and adopt this Custodial Account. The Adoption Agreement may also be referred to as the "Account Application."

"Advisor" is an investment advisor or an agent under a Power of Attorney appointed in writing.

"Authorized Individual" shall mean the Responsible Individual designated in the Account Application and any successor Responsible Individual, including the Designated Beneficiary if the Designated Beneficiary has attained the age of majority under state law and has assumed responsibility for the Custodial Account in accordance with Article V.

“Agreement” means this American Century Investments Coverdell Education Savings Custodial Account Agreement and the Adoption Agreement signed by the Depositor.

“Custodial Account” means the Coverdell Education Savings Account (“CESA”) established using the terms of this Agreement and the Adoption Agreement signed by the Depositor and the Responsible Individual on behalf of the Designated Beneficiary. The Custodial Account is used to pay the qualified education expenses of the Designated Beneficiary.

“Custodian” means State Street Bank and Trust Company.

“Death Beneficiary” means the person to whom all or a portion of the Custodial Account shall be distributed in the event of the Designated Beneficiary’s death prior to the complete distribution of the Custodial Account.

“Depositor” means the person or entity who establishes a CESA for a Designated Beneficiary by completing and signing the Account Application and making the initial contribution.

“Designated Beneficiary” means the person on whose behalf the CESA is established, as designated in the Account Application (or on a form acceptable to the Custodian for use in connection with the Custodial Account, and filed with the Custodian). After reaching the age of majority under state law, the Designated Beneficiary, in writing on such form as may be acceptable to the Custodian, may designate another person who is a “family member” of the Designated Beneficiary (within the meaning of section 529(e)(2) of the Code) who is under the age of 30 (or who is a Special Needs Student of any age) as the successor Designated Beneficiary with respect to the Custodial Account hereunder, and thereafter such individual will be the Designated Beneficiary for purposes of Articles I through IX and Article X respectively.

“Distributor” means the entity which has a contract with the Fund(s) to serve as distributor of the shares of such Fund(s). In any case where there is no Distributor, the duties assigned hereunder to the Distributor may be performed by the Fund(s) or by an entity that has a contract to perform management or investment advisory services for the Fund(s).

“Family member” means the Designated Beneficiary’s family members as described in Code Section 529(e)(2).

“Fund” means any registered investment company which is specified in the Adoption Agreement, or which is advised, sponsored or distributed by Sponsor; provided, however, that such a mutual fund or registered investment company must be legally offered for sale in the state of the Designated Beneficiary’s residence.

“Money Market Fund” means a Fund selected by Sponsor that seeks to maintain a \$1 share price by investing in high-quality (two highest short-term categories), very short-term (60 days or less weighted average maturity) debt obligations of banks, governments, and corporations.

“Responsible Individual” means the individual who, pursuant to Article V, is authorized to act on the Custodial Account on behalf of the Designated Beneficiary until they reach the age of majority under state law, at which time the Designated Beneficiary becomes the Responsible Individual.

“Service Company” means any entity employed by the Custodian or the Distributor, including but not limited to American Century Services, LLC, the transfer agent for the Fund(s), to perform various administrative duties of either the Custodian or the Distributor. In any case where there is no Service Company, the duties assigned hereunder to the Service Company will be performed by the Distributor (if any) or by an entity specified in the second preceding paragraph.

“Shares” shall mean any series of Shares offered by the Sponsor or any investment companies as may be authorized by the Sponsor for the investment of contributions in the Custodial Account.

“Sponsor” means American Century Investment Management, Inc. Reference to the Sponsor includes reference to any affiliate of Sponsor to which Sponsor has delegated (or which is in fact performing) any duty assigned to Sponsor under this Agreement. Sponsor specifically assumes sponsorship of Custodial Accounts previously established with American Century Mutual Funds, Inc., as Sponsor.

“Special Needs Student” is a Student who, because of a physical, mental, or emotional condition (including a demonstrable learning disability) requires additional time to complete his or her education. Any requirements for a “Special Needs Student” specified in IRS regulations or rulings (if any) defining this term also must be satisfied.

“Student” means the person named as the Designated Beneficiary in the Account Application (or on a form acceptable to the Custodian for use in connection with the Custodial Account, and filed with the Custodian). The individual who is the “Student” (as used in this Article X) and the individual who is the “Designated Beneficiary” (as used in Articles I through X) are the same.

2. (a) **Revocation.** Subject to the last paragraph of this Section 2(a), the Depositor may revoke the Custodial Account established hereunder by mailing or delivering a written notice of revocation to the Custodian within seven days after the Depositor first receives the Disclosure Statement related to the Custodial Account. Mailed notice is treated as given to the Custodian on the date of the postmark (or on the date of Post Office certification or registration in the case of notice sent by certified or registered mail). Upon timely revocation, the Depositor will receive a payment equal to the initial contribution, without adjustment for administrative expenses, commissions or sales charges, fluctuations in market value or other changes.

The Depositor may certify in the Adoption Agreement that the Depositor received the Disclosure Statement related to the Custodial Account at least seven days before signing the Adoption Agreement to establish the Custodial Account, and the Custodian may rely on such certification. In any instance where it is established that the Depositor has had possession of the Disclosure Statement for more than seven days, it will be conclusively presumed that the Depositor has waived his or her right to revoke under this Section.

- (b) **Rights and responsibilities of Depositor, Responsible Individual and Designated Beneficiary.** After making a contribution to the Custodial Account for the benefit of the Designated Beneficiary, and specifying the initial investment elections, all rights and obligations to, in and for the Custodial Account shall irrevocably inure to, and be enjoyed and exercised by, the Designated Beneficiary, and Depositor shall have no such rights or obligations (unless Depositor and Designated Beneficiary or Responsible Individual are the same person or unless Depositor revokes the Custodial Account in accordance with subsection (a) above).

The Depositor must sign the Adoption Agreement, and, for purposes of maintaining the Custodial Account, the Responsible Individual (identified in the Adoption Agreement) must execute all forms, applications, certifications and other documents on behalf of any Designated Beneficiary who has not yet attained the age of majority as recognized by the laws of the Designated Beneficiary's state of residence ("age of majority"). Any right, power, responsibility, authority or requirement given to the Designated Beneficiary under this Agreement or any related document shall be exercised or carried out by such Responsible Individual on behalf of any Designated Beneficiary who has not yet attained the age of majority. The Custodian's acceptance of the Custodial Account on behalf of a minor Designated Beneficiary is expressly conditioned upon the Responsible Individual's acceptance of the rights and responsibilities accorded hereunder, and all parties hereto so acknowledge. Upon attainment of the age of majority under the laws of the Designated Beneficiary's state of residence at such time, the Designated Beneficiary may advise the Custodian in writing (accompanied by such documentation as the Custodian may require) that he or she is assuming sole responsibility to exercise all rights, powers, obligations, responsibilities, authorities or requirements associated with the Custodial Account. Upon such notice to the Custodian, the Designated Beneficiary shall have and shall be responsible for all of the foregoing, the Custodian will deal solely with the Designated Beneficiary as the person controlling the administration of the Custodial Account, and Responsible Individual shall thereafter have or exercise none of the foregoing. (Absent such written notice by Designated Beneficiary, Custodian shall be under no obligation to acknowledge Designated Beneficiary's right to exercise such powers and authority and may continue to rely on Responsible Individual to exercise such powers and authority.)

3. **Investments.** All contributions to the Custodial Account shall be invested and reinvested in full and fractional shares of one or more Funds. All such shares shall be held as book entry shares, and no physical shares or share certificates will be held in the Custodial Account. Such investments shall initially be made in such proportions and/or in such amounts as Depositor from time to time in the Adoption Agreement or by other written or verbal notice to the Service Company (in such form as may be acceptable to the Service Company) may direct.

The Service Company shall be responsible for promptly transmitting all written or verbal investment directions by the Authorized Individual for the purchase or sale of shares of one or more Funds hereunder to the Funds' transfer agent for execution. However, if investment directions with respect to the investment of any contribution hereunder are not received initially from the Depositor or thereafter from the Authorized Individual as required or, if received, are unclear or incomplete in the opinion of the Service Company, the contribution may be invested in a money market fund pending clarification or completion by the Depositor or the Authorized Individual, as the case may be, in either case without liability for interest, depreciation in value or loss of income or appreciation. If any other directions or other orders by the Authorized Individual with respect to the sale or purchase of shares of one or more Funds are unclear or incomplete in the opinion of the Service Company, the Service Company will refrain from carrying out such investment directions or from executing any such sale or purchase, without liability for loss of income or for appreciation or for depreciation of any asset, pending receipt of clarification or completion from the Authorized Individual.

All initial investment directions by the Depositor or subsequent investment directions by the Authorized Individual will be subject to any minimum initial or additional investment or minimum balance rules applicable to a Fund as described in its prospectus.



All dividends and capital gains or other distributions received on the shares of any Fund shall be (unless received in additional shares) reinvested in full and fractional shares of such Fund (or any other Fund offered by the Sponsor, if so directed).

If any Fund held in the Custodial Account is liquidated or is otherwise made unavailable by the Sponsor as a permissible investment for a Custodial Account hereunder, the liquidation or other proceeds of such Fund shall be invested in accordance with the instructions of the Authorized Individual. If the Authorized Individual does not give such instructions, or if such instructions are unclear or incomplete in the opinion of the Service Company, the Service Company may invest such liquidation or other proceeds in such other Fund (including a money market fund if available) as the Sponsor designates, provided that the Sponsor gives at least thirty (30) days advance written notice to the Authorized Individual and the Service Company. In such case, neither the Service Company nor the Custodian will have any responsibility for such investment.

Alternatively, if the Authorized Individual does not give instructions and the Sponsor does not designate such other Fund as described above, then the Authorized Individual will be deemed to have directed the Custodian to distribute any amount remaining in the Fund to the Student (or to the Designated Death Beneficiaries as their interests shall appear on file with the Custodian if the Student is deceased), subject to the Custodian's right to reserve funds as provided in Section 16(b). The Sponsor and the Custodian will be fully protected in making any and all such distributions pursuant to this Section 3, provided that the Sponsor gives at least thirty (30) days advance written notice to the Authorized Individual and the Service Company. In such case, neither the Service Company nor the Custodian will have any responsibility for such distribution. The Student (or his or her designated Death Beneficiaries if Student is deceased) shall be fully responsible for any taxes due on such distribution.

4. **Exchanges.** Subject to the minimum initial or additional investment, minimum balance and other exchange rules applicable to a Fund, the Authorized Individual may at any time direct the Service Company to exchange all or a specified portion of the shares of a Fund in the Custodial Account for shares and fractional shares of one or more other Funds. The Authorized Individual shall give such directions by written or verbal notice acceptable to the Service Company, and the Service Company will process such directions as soon as practicable after receipt thereof (subject to the second paragraph of Section 3 of this Article X.)
5. **Transaction pricing.** Any purchase or redemption of shares of a Fund for or from the Custodial Account will be effected at the public offering price or net asset value of such Fund (as described in the then effective prospectus for such Fund) next established after the Service Company has transmitted the Authorized Individual's investment directions to the transfer agent for the Fund(s).

Any purchase, exchange, transfer or redemption of shares of a Fund for or from the Custodial Account will be subject to any applicable sales, redemption or other charge as described in the then effective prospectus for such Fund.

6. **Recordkeeping.** The Service Company shall maintain adequate records of all purchases or sales of shares of one or more Funds for the Student's Custodial Account. Any Custodial Account maintained in connection herewith shall be in the name of the Custodian for the benefit of the Student. All assets of the Custodial Account shall be registered in the name of the Custodian or of a suitable nominee. The books and records of the Custodian shall show that all such investments are part of the Custodial Account.

The Custodian shall maintain or cause to be maintained adequate records reflecting transactions of the Custodial Account. In the discretion of the Custodian, records maintained by the Service Company with respect to the Custodial Account hereunder will be deemed to satisfy the Custodian's recordkeeping responsibilities therefor. The Service Company agrees to furnish the Custodian with any information the Custodian requires to carry out the Custodian's recordkeeping responsibilities.

7. **Allocation of responsibility.** Neither the Custodian nor any other party providing services to the Custodial Account will have any responsibility for rendering advice with respect to the investment and reinvestment of the Custodial Account, nor shall such parties be liable for any loss or diminution in value which results from the Depositor's initial or the Authorized Individual's subsequent exercise of investment control over the Custodial Account. Depositor will have and exercise exclusive responsibility for the initial investment of the assets of the Custodial Account. Thereafter Authorized Individual shall have and exercise exclusive responsibility for and control over the investment of the assets of the Custodial Account. Neither Custodian nor any other party shall have any duty to question directions in that regard or to advise regarding the purchase, retention or sale of shares of one or more Funds for the Custodial Account.
8. **Appointment of investment advisor or agent under power of attorney.** The Authorized Individual may in writing appoint an Advisor with respect to the Custodial Account on a form acceptable to the Custodian and the Service Company. The Advisor's appointment will be in effect until written notice to the contrary is received by the Custodian and the Service Company. While an Advisor's appointment is in effect, the Advisor may issue investment directions or may issue orders for the sale or purchase of shares of one or more Funds to the Service Company, and the Service Company will be fully protected in carrying out such investment directions or orders to the same extent as if they had been given by the Authorized Individual.

The Authorized Individual's appointment of any Advisor will also be deemed to be instructions to the Custodian and the Service Company to pay such Advisor's fees to the Advisor from the Custodial Account hereunder without additional authorization by the Authorized Individual or the Custodian.

9. (a) **Responsibility for distributions.** Distribution of the assets of the Custodial Account shall be made at such time and to such person or entity as the Authorized Individual shall elect by written or verbal instruction to the Custodian, provided however, that the Custodian is empowered to make a distribution absent such instruction if directed to do so pursuant to any apparently valid court order and the Custodian shall in such event incur no liability for acting in accordance with such court order. The Student will be responsible for (and the Custodian will have no responsibility for) including and reporting any distribution from the Custodial Account in the gross income of the Student in a manner consistent with the requirements of Code Section 72 and Code Section 530 (which sections provide that distributions shall be considered to consist partly of principal contributions and partly of earnings and appreciation (or depreciation) in value) and any other applicable Code requirements.

In general, the portion of a withdrawal considered to be principal is not subject to income tax, and the portion considered to be earnings and appreciation is generally subject to income tax and a potential penalty tax unless such withdrawal is used to pay the qualified education expenses of the Student (as defined in Code Section 530) and such qualified education expenses for the tax year are not less than the aggregate withdrawals from the Custodial Account during the tax year. In addition, such Code sections provide that, if the aggregate withdrawals exceed the qualified education expenses for the Student for that year, the amount that must be included as income for tax purposes is determined

by first determining the ratio that the qualified education expenses bear to the actual withdrawal. The portion of the withdrawal that is potentially subject to taxation—the amount of earnings or appreciation—is then multiplied by that percentage amount. The resultant sum is the amount excludable from income.

Notwithstanding the foregoing general information about the tax treatment of distributions from the Custodial Account, the Student will be responsible for properly reporting and, to the extent applicable, paying income taxes or applicable penalties on, any distribution from the Custodial Account.

- (b) **Taxability of distributions.** Authorized Individual acknowledges that any distribution of a taxable amount from the Custodial Account (except for distributions specified in Code Section 530, including distribution on account of Student's disability or death, return of an "excess contribution" referred to in Code Section 530(d)(4)(C), a "rollover" from this Custodial Account, or distributions made on account of a qualified scholarship, allowance or payment described in Code section 25A(g)(2)), may subject Student to an additional tax on distributions under Code Section 530(d)(4). For these purposes, Student will be considered disabled if Student can prove, as provided in Code Section 72(m)(7), that Student is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or be of long-continued and indefinite duration. Neither the Custodian nor any other party providing services to the Custodial Account assumes any responsibility for monitoring or approving the purposes for which such distributions are used, nor for the tax treatment accorded any distribution from the Custodial Account; such responsibility rests solely with the person ordering or receiving the distribution.
- (c) **Distribution requirements at age 30.** Any balance remaining in the Custodial Account when the Student attains age 30 is, pursuant to Code Section 530, to be distributed to the Student. The Student has the responsibility to notify the Custodian to make such distribution and the Student will be responsible for any tax consequences of not so directing the Custodian. However, the Custodian may, based upon its records, make a distribution to the Student upon the Student's attaining age 30, and/or the Custodian may report the balance in the Custodial Account at such time as a "deemed distribution" and thereafter maintain the Custodial Account as a taxable account (not an Education Savings Account), and/or the Custodian may take any other action required by law or by the IRS, and the Custodian will have no responsibility for any of the foregoing actions. This Section 9(c) shall not apply if the Student is a Special Needs Student. The Custodian may rely on any statement or certification (in the Adoption Agreement or other writing) filed with the Custodian to the effect that the Student is a Special Needs Student.
- (d) **Designated Death Beneficiary.**
  - (i) At any time and from time to time, the Authorized Individual shall have the right to designate one or more Death Beneficiaries. This right shall extend to the Death Beneficiary in the event the Designated Beneficiary dies prior to the distribution of his or her entire Custodial Account. Any such beneficiary designation shall be deemed legally valid only when submitted fully completed, duly executed and on a form acceptable to the Custodian. Any such beneficiary designation may be revoked at any time and shall automatically be revoked upon receipt of a subsequent beneficiary designation in valid form, bearing a later execution date, and acceptable to the Custodian.

- (ii) If no Death Beneficiary should survive the Designated Beneficiary, or all Death Beneficiaries renounce their rights to receive any benefit from the Custodial Account, or in the absence of a valid beneficiary designation on file with the Custodian at the time of death, the Custodian shall, upon receipt of notice of the death certificate or other appropriate evidence of the fact of death satisfactory to the Custodian, make distribution of the Custodial Account in the following order of preference: (i) the Designated Beneficiary's spouse; but if no such spouse shall survive the Designated Beneficiary, then to, (ii) the natural and adoptive children of the Designated Beneficiary in equal shares per capita; but if there shall be no such child or children, then to, (iii) the personal representative of the Designated Beneficiary's estate.
- (iii) Neither the Custodian nor the Service Company shall have any duty, obligation or responsibility to make any inquiry or conduct any investigation concerning the identification, address, or legal status of any individual or individuals alleging the status of beneficiary (designated or otherwise), nor to make inquiry or investigation concerning the possible existence of any beneficiary not reported to the Custodian within a reasonable period after the notification of the Designated Beneficiary's death (or that of the Designated Beneficiary's Death Beneficiary) and previous to the distribution of the account. The Custodian and Service Company may conclusively rely upon the veracity and accuracy of all matters reported to it by any source ordinarily presumed to be knowledgeable respecting the matters so reported.
- (iv) With respect to any distribution made by reason of the death of the Student (or the Student's designated Death Beneficiary), the Custodian and Service Company shall have no higher duty than the exercise of good faith, and shall incur no liability by reason of any action taken in reliance upon erroneous, inaccurate or fraudulent information reported by any source assumed to be reliable, or by reason of incomplete information in its possession at the time of such distribution. Upon full and complete distribution of the Custodial Account pursuant to the provisions of this Section, the Custodian, Sponsor, and Service Company shall be fully and forever discharged from all liabilities respecting such Custodial Account.
- (v) In the event of a divorce, if the former spouse has been designated as a Death Beneficiary on the Custodial Account, such designation is automatically revoked. Such former spouse can be subsequently designated as a Death Beneficiary, but only in a new designation of beneficiary executed subsequent to the final decree, and filed with and acceptable to the Custodian.

Except as described in the preceding paragraph, a Death Beneficiary designation will not be changed automatically and is not affected by any other executed documents or agreements such as, but not limited to, pre-nuptial agreements or other court orders, except as required by law. Only Death Beneficiary designations duly executed, filed with and acceptable to the Custodian are valid and enforceable.

- (vi) Upon the death of the Student, if a member of the Student's family (as defined in Code Section 529) who is under age 30 at the time of the Student's death or a Special Needs Student is the designated Death Beneficiary for the Custodial Account, the Custodial Account will continue to be maintained as an Education Savings Custodial Account for the benefit of the designated Death Beneficiary (who thereupon will be entitled to be treated as the Student hereunder; and, upon proper

notification to the Custodian of the original Student's death, the Custodian will treat the designated Death Beneficiary as the Student for purposes of administering the Custodial Account). If the designated Death Beneficiary at the time of the Student's death is not a family member of the Student who is either under age 30 or a Special Needs Student, the designated Death Beneficiary will be entitled to receive the remaining balance in the Custodial Account and any withdrawal by such designated Death Beneficiary will be a taxable distribution (and reported as such by the Custodian in accordance with applicable regulations). If not withdrawn by the designated Death Beneficiary within 30 days after the Student's death, the balance in the Custodial Account will be reported by the Custodian as a "deemed distribution" to the designated Death Beneficiary in accordance with applicable regulations, and the Custodian may thereafter maintain the Custodial Account as a taxable account (not an Education Savings Account). If there is no designated Death Beneficiary, any balance remaining in the Custodial Account will be distributed in accordance with paragraph (ii) above in the manner required by Code Section 530, and the Custodian will have no responsibility for making such a distribution, or for not making such distribution in the absence of instructions to do so from the legal representative of the Student's estate, and/or the Custodian may report the balance in the Student's Custodial Account at death as a "deemed distribution" and thereafter maintain the Custodial Account as a taxable account, and the Custodian will have no responsibility for so doing.

- (vii) The Responsible Individual (in the event the deceased Student was a minor at the time of death) or the executor or other representative of the Student's estate (if the deceased Student was not a minor at the time of death) has the responsibility to notify the Custodian of the Student's death as soon as practicable.
- (viii) In the event that the Custodian continues to maintain the Custodial Account as an Education Savings Account for the benefit of the designated Death Beneficiary under paragraph (vi) above, the deceased Student's Responsible Individual will continue to be the Responsible Individual for purposes of the Custodial Account and to discharge the rights and responsibilities of the designated Beneficiary hereunder until the designated Death Beneficiary (as the new Student for the Custodial Account) reaches the age of majority in the state of his or her residence and notifies the Custodian in accordance with this Agreement that the Student is assuming control of the Custodial Account. However, the Responsible Individual may in writing to the Custodian designate the designated Death Beneficiary's parent as the Responsible Individual, providing such information concerning the parent and such acceptance of designation by the parent as the new Responsible Individual, as the Custodian may request; the Custodian will thereupon treat the designated Death Beneficiary's parent as the Responsible Individual for purposes of administration of the Custodial Account.

10. **Distribution instructions.** The Custodian shall have no duty to notify 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 Custodian with the required or requested notifications or instructions. The Custodian may make distribution to the Student upon his or her written order containing such information as the Custodian may reasonably request (provided that the Custodian may make distributions on its own initiative to the extent specifically provided for in Section 9 of this Article X). Also, before making any distribution or honoring any assignment of the Custodial Account, Custodian shall be furnished with any and all

applications, certificates, tax waivers, signature guarantees and other documents (including proof of any legal representative's authority) deemed necessary or advisable by Custodian, but Custodian shall not be responsible for complying with any order or instruction which appears on its face to be genuine, or for refusing to comply if not satisfied it is genuine and in good order, and Custodian has no duty of further inquiry. Any distributions from the Custodial Account may be made in cash, remitted by check and mailed to the last known address of the person who is to receive such distribution, as shown on the Custodian's records, or by electronic bank transfers if so directed by the Authorized Individual (or the Student's Designated Death Beneficiary, if the Student is deceased), and such distribution shall to the extent thereof completely discharge the Custodian's liability for such payment.

**11. Tax reporting responsibilities.**

- (a) The Authorized Individual agrees to provide information to the Custodian at such time and in such manner as may be necessary for the Custodian to prepare any reports required under Section 530(h) or other provision of the Code.
- (b) The Custodian or the Service Company will submit reports to the Internal Revenue Service and the Student at such time and manner and containing such information as is prescribed by the Internal Revenue Service.
- (c) The Authorized Individual, Custodian and Service Company shall furnish to each other such information relevant to the Custodial Account as may be required under the Code and any regulations issued or forms adopted by the Internal Revenue Service thereunder or as may otherwise be necessary for the administration of the Custodial Account.
- (d) The Student and/or the Depositor shall file any reports to the Internal Revenue Service which are required of either of them by law, and neither the Custodian nor Service Company shall have any duty to advise either concerning the filings or monitor either's compliance with such requirement.

**12. Amendments.**

- (a) Authorized Individual delegates to Sponsor the right to amend this Agreement in any respect at any time, effective on a stated date which shall be at least 30 days after giving written notice of the amendment (including its exact terms) to Authorized Individual. Notwithstanding the foregoing, any such amendment may be retroactively effective if such amendment is necessary to conform the Agreement to, or satisfy conditions of, any law, governmental regulation, or ruling, or to permit the Agreement to meet the requirements of the Code. Written notice of amendment will be mailed or provided electronically to Authorized Individual, in accordance with Authorized Individual's election.
- (b) Authorized Individual delegates to the Custodian the Authorized Individual's right so to amend, provided (i) the Custodian does not change the investments available under the Custodial Agreement (other than an amendment to reflect any change in the Funds available hereunder made by the Sponsor) and (ii) the Custodian amends in the same manner all agreements comparable to this one, having the same Custodian, permitting comparable investments, and under which such power has been delegated to it; this includes the power to amend retroactively if necessary or appropriate in the opinion of the Custodian in order to conform this Custodial Account to pertinent provisions of the Code and other laws or successor provisions of law, or to obtain a governmental ruling that such requirements are met, to adopt a prototype or master form of agreement in substitution for this Agreement, or as otherwise may be advisable in the opinion of the Custodian. Such an amendment by the Custodian shall be communicated in writing to Authorized Individual, and Authorized Individual



shall be deemed to have consented thereto unless, within 30 days after such communication to Authorized Individual is mailed, Authorized Individual either (i) gives Custodian a written order for a complete distribution or transfer of the Custodial Account, or (ii) removes the Custodian and appoints a successor under Section 16 below.

Pending the adoption of any amendment necessary or desirable to conform this Custodial Account document to the requirements of the Code, or any amendment thereto or to any applicable provision of the regulations or rulings thereunder, the Custodian and the Service Company may operate the Student's Custodial Account in accordance with such requirements to the extent that the Custodian and/or the Service Company deem necessary to preserve the tax benefits of the Custodial Account or otherwise necessary to meet all legal requirements, and the Custodian and/or Service Company shall have no liability for so doing.

- (c) Notwithstanding the provisions of subsections (a) and (b) above, no amendment shall increase the responsibilities or duties of Custodian without its prior written consent.
- (d) This Section 12 shall not be construed to restrict the Custodian's right to substitute fee schedules in the manner provided by Section 15 below, and no such substitution shall be deemed to be an amendment of this Agreement.

### **13. Terminations.**

- (a) This Agreement shall terminate and have no further force and effect upon a complete distribution of the Custodial Account to the Student (or the designated Death Beneficiaries if Student is deceased) or to a successor custodian or trustee in accordance with the instructions provided to the Custodian by the Authorized Individual. In addition, the Sponsor shall have the right to terminate this Agreement and instruct the Custodian to distribute the Custodial Account upon thirty (30) days notice to the Custodian and the Authorized Individual (or the designated Death Beneficiaries if the Student is deceased). In the event of such termination by the Sponsor, the Custodian shall transfer the entire amount in the Custodial Account to a successor custodian or trustee as the Authorized Individual (or the designated Death Beneficiaries) shall instruct or shall distribute the Custodial Account to the Student (or the designated Death Beneficiaries) if so directed. If, at the end of such thirty (30) day period, the Authorized Individual (or the designated Death Beneficiaries) has not directed the Custodian to transfer or distribute the amount in the Custodial Account as described above then the Authorized Individual (or the designated Death Beneficiaries ) will be deemed to have directed the Custodian to distribute any amount remaining in the Custodial Account to (i) the Student (or to the designated Death Beneficiaries as their interests shall appear on file with the Custodian) or, (ii) if the Student is deceased with no designated Death Beneficiaries on file with the Custodian, then in accordance with Section 9(d)(ii), subject to the Custodian's right to reserve funds as provided in Section 16(b). The Sponsor and the Custodian will be fully protected in making any and all such distributions pursuant to this Section 13(a). The Student (or his or her designated Death Beneficiaries) shall be fully responsible for any taxes due on such distribution.
- (b) Sections 14(f), 16(b) and 16(c) hereof shall survive the termination of the Custodial Account and this document, and Custodian shall be relieved from all further liability hereunder or with respect to the Custodial Account and all assets thereof so distributed.

**14. Responsibilities of Custodian and service providers.**

- (a) In its discretion, the Custodian may appoint one or more contractors or service providers to carry out any of its functions and may compensate them from the Custodial Account for expenses attendant to those functions.
- (b) The Service Company shall be responsible for receiving all instructions, notices, forms and remittances from Authorized Individual and for dealing with or forwarding the same to the transfer agent for the Fund(s).
- (c) The parties do not intend to confer any fiduciary duties on Custodian or Service Company (or any other party providing services to the Custodial Account), and none shall be implied. Neither shall be liable (or assumes any responsibility) for the collection of contributions, the proper amount, time or tax treatment of any contribution to the Custodial Account or the propriety of any contributions under this Agreement, or the purpose, time, amount (including any required distribution amounts), tax treatment or propriety of any distribution hereunder, which matters are the sole responsibility of Student and Student's designated Death Beneficiary.
- (d) Not later than 60 days after the close of each calendar quarter in which transactions have occurred in the Student's Custodial Account, the Custodian or Service Company shall send to Student a written report or reports reflecting the transactions effected by it during such period and the assets of the Custodial Account at its close. Additionally, such a report shall be sent to Depositor not later than 60 days after the close of the second and fourth calendar quarters (or after the Custodian's resignation or removal). Upon the expiration of 30 days after such a report is sent to Depositor (or Beneficiary), the Custodian or Service Company shall be forever released and discharged from all liability and accountability to anyone with respect to transactions shown in or reflected by such report except with respect to any such acts or transactions as to which Depositor shall have filed written objections with the Custodian or Service Company within such 30-day period.
- (e) The Service Company shall deliver, or cause to be delivered, either by mail or electronically, to Student all notices, prospectuses, financial statements and other reports to shareholders, proxies and proxy soliciting materials relating to the shares of the Funds(s) credited to the Custodial Account. The Authorized Individual (or other authorized agent) may direct the Custodian as to the manner in which such shares shall be voted. In the absence of direction from Authorized Individual (or Authorized Individual's authorized agent), Authorized Individual authorizes and instructs the Custodian to vote the shares of the Fund(s) credited to the Custodial Account as recommended by the Fund's board of directors in the relevant proxy soliciting materials. The Custodian shall have no responsibility to separately review or evaluate such Fund's board of directors' voting recommendation nor have any liability for following Authorized Individual's instructions to follow the Fund's board of directors' recommendation.
- (f) The Authorized Individual shall always fully indemnify Service Company, Sponsor, Distributor, the Fund(s) and Custodian, and shall defend and save them harmless from any and all liability whatsoever which may arise either
  - (i) in connection with this Agreement and the matters which it contemplates, except that which arises directly out of the Service Company's, Distributor's, Fund's, Sponsor's or Custodian's bad faith, gross negligence or willful misconduct, (ii) with respect to making or failing to make any distribution, other than for failure to make distribution in accordance with an order therefor which is in good order and in full compliance with Section 9, or (iii) actions taken or omitted in good faith by such parties. Neither Service Company nor



Custodian shall be obligated or expected to commence or defend any legal action or proceeding in connection with this Agreement or such matters unless agreed upon by that party and Authorized Individual, and unless fully indemnified for so doing to that party's satisfaction. The Custodian's acceptance of the contributions to this Custodial Account is expressly conditioned upon Authorized Individual's agreement with the foregoing, and with all other provisions of this Agreement. Exercise of any right, duty or responsibility by the Authorized Individual in connection with the Student's Custodial Account shall be deemed to constitute acceptance of this condition.

- (g) The Custodian and Service Company shall each be responsible solely for performance of those duties expressly assigned to it in this Agreement, and neither assumes any responsibility as to duties assigned to anyone else hereunder or by operation of law.
- (h) The Custodian and Service Company may each conclusively rely upon and shall be protected in acting upon any written order from Authorized Individual, or any Advisor appointed under Section 8, or any other notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed, and so long as it acts in good faith, in taking or omitting to take any other action in reliance thereon. In addition, Custodian will carry out the requirements of any apparently valid court order relating to the Custodial Account and will incur no liability or responsibility for so doing.

**15. Fees and Expenses.**

- (a) The Custodian, in consideration of its services under this Agreement, shall receive the fees specified on the applicable fee schedule. The fee schedule originally applicable shall be the one specified in the Adoption Agreement or Disclosure Statement, as applicable. The Custodian may substitute a different fee schedule at any time upon 30 days' written notice to Authorized Individual. The Custodian shall also receive reasonable fees for any services not contemplated by any applicable fee schedule and either deemed by it to be necessary or desirable or requested by Authorized Individual.
- (b) Any income, gift, estate and inheritance taxes and other taxes of any kind whatsoever, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the Custodial Account, that may be levied or assessed in respect to such assets, and all other administrative expenses incurred by the Custodian in the performance of its duties (including fees for legal services rendered to it in connection with the Custodial Account) shall be charged to the Custodial Account. If the Custodian is required to pay any such amount, the Authorized Individual shall promptly upon notice thereof reimburse the Custodian.
- (c) All such fees and taxes and other administrative expenses charged to the Custodial Account shall be collected either from the amount of any contribution or distribution to or from the Custodial Account, or (at the option of the person entitled to collect such amounts) to the extent possible under the circumstances by the conversion into cash of sufficient shares of one or more Funds held in the Custodial Account (without liability for any loss incurred thereby). Notwithstanding the foregoing, the Custodian or Service Company may make demand upon the Authorized Individual for payment of the amount of such fees, taxes and other administrative expenses. Fees which remain outstanding after 60 days may be subject to a collection charge.

- (d) The Authorized Individual may authorize the Custodian to pay other expenses incurred by the Student out of the Custodial Account, including but not limited to fees of a registered investment Advisor for financial advisory services rendered to Student with respect to the assets held in the Custodial Account and fees for the performance of other administrative services. The Authorized Individual must specifically authorize the Custodian in writing, in a form and manner acceptable to Custodian and Service Company, to pay such fees upon receipt of a statement from the Advisor or other service provider. The Custodian and Service Company shall not be required to inquire as to the actual performance of such services, the accuracy of the fee statement, the reasonableness of the fees for the services, or the regulation of such fees under federal or state law. The Custodian and Service Company shall be free from all liability to the Authorized Individual, the Student, any designated Death Beneficiary, or any other person for the payment of, or the failure or refusal to pay, such fees.

**16. Resignation or Replacement of Custodian.**

- (a) Upon 60 days' prior written notice to the Custodian, Sponsor may remove it from its office hereunder. Such notice, to be effective, shall designate a successor custodian and shall be accompanied by the successor's written acceptance. The Custodian also may at any time resign upon 60 days' prior written notice to Sponsor, whereupon Sponsor shall notify the Authorized Individual (or designated Death Beneficiary), and shall appoint a successor to the Custodian. In connection with its removal or resignation hereunder, the Custodian may, but is not required to, designate a successor custodian by written notice to the Sponsor, if he Sponsor does not designate a successor custodian, and the Authorized Individual (or designated Death Beneficiary) and Sponsor will be deemed to have consented to such successor unless the Sponsor designates a different successor custodian and provides written notice thereof together with such different successor's written acceptance by such date as the Custodian specifies in its original notice to the Sponsor (provided that the Sponsor will have a minimum 60 days to designate a different successor).
- (b) The successor custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury under Code Section 530(b)(1)(B). Upon receipt by Custodian of written acceptance by its successor of such successor's appointment, Custodian shall transfer and pay over to such successor the assets of the Custodial Account and all records (or copies thereof) of Custodian pertaining thereto, provided that the successor custodian agrees not to dispose of any such records without the Custodian's consent. Custodian is authorized, however, to reserve such sum of money or property as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the successor custodian.
- (c) No custodian shall be liable for the acts or omissions of its predecessor or its successor.

- 17. Applicable Code.** References herein to the "Internal Revenue Code" or "Code" and sections thereof shall mean the same as amended from time to time, including successors to such sections.

18. **Delivery of notices.** Except where otherwise specifically required in this Agreement, any notice from Custodian to any person provided for in this Agreement shall be effective if sent by first-class mail or electronically if such service has been elected by the person, to such person at that person's last address on the Custodian's records.
19. **Exclusive benefit.** Authorized Individual shall not have the right or power to anticipate any part of the Custodial Account or to sell, assign, transfer, pledge or hypothecate any part thereof. The Custodial Account shall not be liable for the debts of Student or subject to any seizure, attachment, execution or other legal process in respect thereof except to the extent required by law. At no time shall it be possible for any part of the assets of the Custodial Account to be used for or diverted to purposes other than for the exclusive benefit of the Student except to the extent required by law.
20. **Applicable law/Interpretation.** When accepted by the Custodian, this Agreement is accepted in and shall be construed and administered in accordance with the laws of the state where the principal office of the Custodian is located. Any action involving the Custodian brought by any other party must be brought in such state.
- This Agreement is intended to qualify under Code Section 530 as an Education Savings Account and to entitle Student to the tax benefits thereof, and if any provision hereof is subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with that intent.
- However, the Custodian shall not be responsible for whether or not such intentions are achieved through use of this Agreement, and Authorized Individual is referred to Authorized Individual's attorney for any such assurances.
- Anything to the contrary herein notwithstanding, in the event of reasonable doubt respecting the proper course of action to be taken, the Custodian may seek a judicial determination which shall be binding on all parties claiming interest in the Custodial Account. In such event all court costs, legal expenses, reasonable compensation of time expended by Custodian in the performance of its duties, and other appropriate and pertinent expenses shall be collected by the Custodian from the Custodial Account.
21. **Professional advice.** Authorized Individual (or Depositor) should seek advice from Authorized Individual's (or Depositor's) attorney regarding the legal consequences (including but not limited to federal and state tax matters) of entering into this Agreement, making contributions to the Custodial Account, and ordering Custodian to make distributions from the Custodial Account. Authorized Individual (and Depositor) acknowledges that Custodian and Service Company (and any company associated therewith) are prohibited by law from rendering such advice.
22. **Definition of written notice.** If any provision of any document governing the Custodial Account provides for notice, instructions or other communication from one party to another in writing, to the extent provided for in the procedures of the Custodian, Service Company or another party, any such notice, instructions or other communications may be given by telephonic, computer, other electronic or other means, and the requirement for written notice will be deemed satisfied.
23. **Governing documents.** This Agreement and the Adoption Agreement signed by Authorized Individual and Depositor (as either may be amended) are the documents governing the Student's Custodial Account. Articles I through IX are in the form promulgated by the Internal Revenue Service in Form 5305-EA for use in establishing and maintaining an Education Savings Account under Code Section 530. If the Internal Revenue Service amends such form, the Custodian will amend this Agreement accordingly, and the Authorized Individual specifically consents to

such amendment in accordance with Section 12(b) hereof. In addition, if there is any change in the legal requirements applicable to Education Savings Accounts, pending the adoption by the Internal Revenue Service of a revised Form 5305-EA, the Custodial Account may be operated in accordance with such changed legal requirements, notwithstanding that such operation may be in conflict with the unrevised version of Form 5305-EA.

24. **Representations by Depositor and/or Authorized Individual.** The Depositor and/or Authorized Individual acknowledges that he or she has received and read the current prospectus for each Fund in which the Custodial Account is invested and the Coverdell Education Savings Custodial Account Disclosure Statement related to the Custodial Account. The Depositor and Authorized Individual each represent under penalties of perjury that his or her Social Security number (or other Taxpayer Identification Number) as stated in the Adoption Agreement is correct.
25. **Custodial Acceptance.** If all required forms and information are properly submitted, State Street Bank and Trust Company will accept appointment as Custodian of the Custodial Account. However, this Agreement (and the Adoption Agreement) is not binding upon the Custodian until the Depositor has received a statement confirming the initial transaction for the Custodial Account. Receipt by the Depositor of a confirmation of the purchase of the Fund shares indicated in the Depositor's Adoption Agreement will serve as notification of State Street Bank and Trust Company's acceptance of appointment as Custodian of the Custodial Account.









## Contact Us

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1-800-345-2021

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**Enclosed is the new custodial agreement  
for your Coverdell Education Savings account.**

American Century Services, LLC

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