

# Coverdell Education Savings Account (CESA) Distribution Form

## 1 ACCOUNT INFORMATION

DESIGNATED BENEFICIARY NAME, ADDRESS, CITY, STATE AND ZIP			
CESA ACCOUNT NUMBER	SOCIAL SECURITY NUMBER (SSN)	DATE OF BIRTH	DAYTIME PHONE NUMBER
RESPONSIBLE INDIVIDUAL NAME			RESPONSIBLE INDIVIDUAL RELATIONSHIP TO DESIGNATED BENEFICIARY  <input type="checkbox"/> Parent <input type="checkbox"/> Guardian <input type="checkbox"/> Other _____
DAYTIME PHONE NUMBER			

## 2 DISTRIBUTION REASON (For further information, see Additional Information included with this form.) Check One.

<input type="checkbox"/> Distributions <b>Note:</b> Distributions includes a distribution for qualified higher education expenses and all other distributions reasons (including transfers) except for correction of excess contribution, disability, death, and prohibited transaction.  <b>For Transfers only:</b> <input type="checkbox"/> Transfer to CESA of same Designated Beneficiary <input type="checkbox"/> Transfer to CESA of a new qualified designated beneficiary <input type="checkbox"/> Transfer to former spouse's CESA due to divorce or legal separation <input type="checkbox"/> Death. Date of Designated Beneficiary's Death _____	<input type="checkbox"/> Correction of Excess Contribution for Tax Year _____ Amount of excess \$ _____ <input type="checkbox"/> in same year as excess contribution Earnings attributable to excess \$ _____ <input type="checkbox"/> in year after excess contribution, but by May 31 Earnings attributable to excess \$ _____ <input type="checkbox"/> after May 31 of the tax year after excess contribution <input type="checkbox"/> Disability <input type="checkbox"/> Prohibited Transaction
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<b>Recipient Information [Complete for Transfer and Death transactions.]</b>		
NAME, ADDRESS, CITY, STATE AND ZIP		
TAXPAYER IDENTIFICATION NUMBER (TIN)/SSN (IF APPLICABLE)	CESA ACCOUNT NUMBER (IF APPLICABLE)	DAYTIME PHONE NUMBER

## 3 PAYMENT INSTRUCTIONS

A. PAYMENT ELECTION	B. PAYMENT METHOD	C. PAYMENT DETAIL (completed by financial organization)														
I elect distributions to be paid in the following manner (select one):  (1) <input type="checkbox"/> <b>Immediate Distribution</b> of \$ _____  (2) <input type="checkbox"/> <b>Periodic Distribution</b> I authorize automatic distributions of \$ _____ on a <input type="checkbox"/> monthly <input type="checkbox"/> annual <input type="checkbox"/> quarterly <input type="checkbox"/> other _____ basis, starting on _____. Continue periodic distributions until I notify you in writing otherwise.  (3) <input type="checkbox"/> <b>Other</b> (including transfers) _____ _____	(1) <input type="checkbox"/> <b>Mail check to me.</b>  (2) <input type="checkbox"/> <b>Deposit into my State Farm Bank® account.</b> State Farm Bank Account Type: _____  State Farm Bank Account Number: _____  (3) <input type="checkbox"/> <b>Deposit into my account at this financial organization.</b> (Only available for the following request types: immediate, fixed or total distribution requests.)  Bank Name: _____  Bank Routing Number: _____  Account Type: _____  Account Number: _____  (4) <input type="checkbox"/> <b>Other</b> _____	<table style="width:100%;"> <tr> <td>Amount Requested</td> <td style="text-align:right;">\$ _____</td> </tr> <tr> <td>Penalties Charged</td> <td style="text-align:right;">(-) _____</td> </tr> <tr> <td>Administrative Fees</td> <td style="text-align:right;">(-) _____</td> </tr> <tr> <td><b>Subtotal (amount subject to withholding)</b></td> <td style="text-align:right;"><b>\$ _____</b></td> </tr> <tr> <td>State Income Tax Withheld</td> <td style="text-align:right;">(-) _____</td> </tr> <tr> <td>Local Tax Withheld</td> <td style="text-align:right;">(-) _____</td> </tr> <tr> <td><b>Net Amount Paid*</b></td> <td style="text-align:right;"><b>\$ _____</b></td> </tr> </table> <p>*Amount of distribution equals Basis of \$ _____ plus Earnings of \$ _____.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">                     Earnings paid to date not already reported to CESA administration provider (optional). Include this figure in the Amount Requested.                      \$ _____                      Does this distribution close the CESA?  <input type="checkbox"/> Yes    <input type="checkbox"/> No                 </div> <p style="text-align: right; margin-top: 10px;">Date of Distribution _____</p>	Amount Requested	\$ _____	Penalties Charged	(-) _____	Administrative Fees	(-) _____	<b>Subtotal (amount subject to withholding)</b>	<b>\$ _____</b>	State Income Tax Withheld	(-) _____	Local Tax Withheld	(-) _____	<b>Net Amount Paid*</b>	<b>\$ _____</b>
Amount Requested	\$ _____															
Penalties Charged	(-) _____															
Administrative Fees	(-) _____															
<b>Subtotal (amount subject to withholding)</b>	<b>\$ _____</b>															
State Income Tax Withheld	(-) _____															
Local Tax Withheld	(-) _____															
<b>Net Amount Paid*</b>	<b>\$ _____</b>															

In accordance with the Uniform Commercial Code, if an official Bank check, cashier's check or similar instrument is lost, stolen or destroyed, State Farm Bank will not consider a request to replace the same prior to the expiration of 90 days from the date of issuance and receipt of a completed Declaration of Loss.

# 4 SIGNATURES

I certify that I am the CESA's responsible individual, or the designated death beneficiary or individual legally authorized to complete this form. I certify the accuracy of the information provided on this form and authorize this transaction. I understand that the custodian/trustee may require additional documentation before processing distributions. I am responsible for any consequences resulting from this distribution including taxes and penalties owed. I agree to indemnify and hold the custodian/trustee harmless from any resulting liabilities. I acknowledge that the custodian/trustee cannot provide me with legal advice, and I agree to consult with my tax or legal professional for advice.



\_\_\_\_\_  
Signature of Responsible Individual/Death Beneficiary

\_\_\_\_\_  
Date



\_\_\_\_\_  
Signature of Custodian/Trustee

\_\_\_\_\_  
Date

## ADDITIONAL INFORMATION

**Purpose.** The Coverdell Education Savings Account (CESA) Distribution Form is designed to assist you in selecting your CESA distribution reason and payment method.

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

**For Additional Guidance.** It is in your best interest to seek the guidance of a tax or legal professional before completing this document. Your first reference should be the CESA agreement and disclosure statement issued upon establishing the CESA or amendments provided by the custodian/trustee. For more information, refer to Internal Revenue Service (IRS) Publication 970, *Tax Benefits for Education*, your local IRS office, or the IRS's web site at [www.irs.gov](http://www.irs.gov).

**Terms.** A general understanding of the following terms may be helpful in completing your transactions.

**Basis.** An amount that is not tax deductible when originally contributed and not taxable upon distribution. Refer to the IRS reporting instructions for CESAs for further information.

**Death.** Upon the death of a designated beneficiary, assets can be withdrawn by the beneficiary(ies) named on the CESA agreement. A beneficiary should be prepared to provide a death certificate and identification to the custodian/trustee. A representative of a deceased designated beneficiary's estate should be prepared to also provide copies of appropriate documentation, such as letters of appointment, from the decedent's state of residence.

**Disability.** A distribution for disability can avoid a 10 percent penalty tax. The custodian/trustee may require a copy of a physician's certificate that states the designated beneficiary meets the definition of disability under IRC 72(m)(7).

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

**Excess.** Ineligible contributions and funds contributed that exceed the contribution amount allowed are examples of excess contributions. To avoid potential tax or penalty consequences, the excess contribution amount should be removed by May 31 of the year following the contribution tax year.

**Prohibited Transaction.** Violations of IRC Section 4975 due to improper investment or use of CESA assets could result in the CESA assets becoming fully taxable and subject to penalty tax.

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

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

**Qualified Higher Education Expenses.** A distribution taken for one of the following reasons, which are defined in Internal Revenue Code (IRC) Section 530(b), is generally not subject to income or penalty tax. Qualified higher education expenses are:

- ◆ higher education
- ◆ elementary or secondary education
- ◆ qualified state tuition program contribution
- ◆ scholarship, allowance, or payment described in IRC Section 25A(g)(2)

**Recipient Information.** The Recipient Information section must be completed for a death distribution, a transfer to another CESA, a transfer to the CESA of a new qualified designated beneficiary, a transfer to the CESA of a new qualified designated beneficiary due to death, or a transfer to the CESA of the designated beneficiary's spouse due to divorce or legal separation. Complete information should be provided regarding the individual or entity receiving the assets.

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

**Exceptions to the 10 Percent Penalty Tax for Distributions Not Used for Education Expenses.** These types of distributions are automatically exempt from the 10 percent penalty tax:

- ◆ A distribution due to receipt of a scholarship, allowance or payment described in IRC Section 25A(g)(2).
- ◆ A distribution due to disability.
- ◆ A distribution due to death.

**State Withholding.** Your state may allow or require state income tax withholding on any taxable distribution.

**Local Withholding.** Your local governing authority may allow or require local income tax withholding on any taxable distribution.