



# Rules And Conditions Applicable To Rollovers

## GENERAL INFORMATION

A rollover is a way to move money from one Coverdell ESA to another Coverdell ESA. The Internal Revenue Code (IRC) limits how many distributions may be rolled over, how quickly rollovers must be completed and how the Trustee or Custodian must report the transaction. By properly completing this form the Responsible Individual is certifying to the Trustee or Custodian that the Coverdell ESA Designated Beneficiary has satisfied the rules and conditions applicable to a rollover and that the Designated Beneficiary is making an irrevocable election to treat the transaction as a rollover.

## COVERDELL ESA TO COVERDELL ESA ROLLOVER REQUIREMENTS (Option One)

### 1. TIMELINESS

The funds you receive from the distributing Coverdell ESA must generally be deposited into another Coverdell ESA within 60 days after you receive them. When counting the 60 days include weekends and holidays. Receipt generally means the day you actually have the funds in hand. For example, the 60 days would begin on the day following the day you pick up the check from the Trustee or Custodian or you receive the check in the mail.

The IRS has the authority to grant an extension to the 60 day rule in cases where a hardship would be related (e.g., casualty, disaster, etc.). Generally, in order to receive this relief you must apply for a Private Letter Ruling accompanied by the applicable user fee. An automatic waiver (no application to the IRS) is available if all the following are true: (1) the financial institution receives the funds prior to the expiration of the 60-day rollover period, (2) you follow all procedures required for depositing the funds into an eligible Roth IRA within the 60-day period, (3) the funds are not deposited due to financial institution error, (4) the funds are deposited into a Roth IRA within one year from the beginning of the 60-day rollover period, and (5) if the financial institution had deposited the funds as instructed, it would have been a valid rollover.

### 2. TWELVE MONTH RESTRICTION

You are entitled to one distribution per year per Coverdell ESA which may be rolled over. Twelve (12) months must pass after receipt of one distribution which you roll over before you may take another distribution from the same Coverdell ESA to roll over. A Coverdell ESA is created by executing a plan agreement, not by depositing a contribution into a separate investment within an existing Coverdell ESA.

You are entitled to roll over the same assets only once in a twelve (12) month period. Twelve (12) months must elapse between the time you receive a distribution of the assets to be rolled over until you receive another distribution of those same assets for rollover purposes.

### 3. ELIGIBLE PERSON (If the rollover is to a new Coverdell ESA Designated Beneficiary)

The Designated Beneficiary can generally be changed from one Designated Beneficiary to a member of that individual's family. Qualified family members of the Designated Beneficiary include the Designated Beneficiary's child, grandchild, or stepchild, brother, sister, stepbrother, or stepsister, nephew or niece, parents, stepparents, or grandparents, uncle or aunt, spouses of all the family members listed above, cousin, and Designated Beneficiary's spouse.

## MILITARY DEATH GRATUITY AND SGLI PAYMENT ROLLOVER REQUIREMENTS (Option Two)

### AMOUNT AND TIMELINESS

If you have received a military death gratuity or a payment from the Servicemembers' Group Life Insurance program, you may be able to roll over the proceeds to a Coverdell ESA. The rollover contribution amount is limited to the sum of the death benefits received, less any such amount that was rolled over to a Roth IRA. Proceeds must be rolled over within one year of receipt of the gratuity or SGLI payment for deaths occurring on or after June 17, 2008. For deaths occurring between October 7, 2001 and June 17, 2008, proceeds may be rolled over no later than one year from June 17, 2008.

## BASIS AND EARNINGS INFORMATION

The earnings (or loss) on the gross amount distributed from a Coverdell ESA are calculated using the earnings ratio described in Proposed Regulations Section 1.529-3 and Notice 2001-81.

## SIGNATURE

The signature of the Coverdell ESA Responsible Individual is required to certify that the information provided is true and correct and that the Designated Beneficiary is aware of all the circumstances affecting this Coverdell ESA rollover contribution.