

Coverdell Education Savings Account



STRATTON
MUTUAL FUNDS

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COVERDELL ACCOUNT APPLICATION INSTRUCTIONS
(DO NOT USE THIS KIT TO ESTABLISH A ROTH, SEP, SIMPLE, OR TRADITIONAL IRA)

Certain Definitions:

"**Application Agreement**" or the "agreement" means the following sections of this document which constitute the binding agreement between Depositor and Custodian:

- Coverdell Account Application Instructions ("**Application Instructions**")
- Coverdell Account Disclosure Statement ("**Disclosure Statement**")
- Privacy Policy of the Custodian ("**Privacy Policy**")
- Coverdell Education Savings Account Custodial Agreement ("**Custodial Agreement**")
- Coverdell Education Savings Account Application and Adoption Agreement Form ("**Application Form**")

"**Code**" means the Internal Revenue Code, as amended.

"**Coverdell Account**" and "**Custodial Account**" each means the Coverdell Education Savings Account established by the Depositor with the Custodian by properly completing and signing the Application Form.

"**Custodian**", "**we**" and "**us**" each means BNY Mellon Investment Servicing Trust Company.

"**Depositor**" means the individual named as Contributor on the Application Form, unless none is named, in which case it means the individual named as the Responsible Individual on the Application Form.

"**Designated Beneficiary**" means the individual named as Designated Beneficiary on the Application Form for whose benefit the Coverdell Account is established.

"**IRS**" means the Internal Revenue Service.

"**Responsible Individual**" means the individual named as the Responsible Individual on the Application Form and who is generally the parent or legal guardian of the Designated Beneficiary.

General Instructions:

Complete and sign the Application Form. Refer to the Disclosure Statement or IRS Publication 970 for eligibility requirements and contribution restrictions.

Contributions may be made to the Coverdell Account for a Designated Beneficiary under the age of 18 by one or more individuals but the total contributions made to all Coverdell ESAs for the Designated Beneficiary cannot exceed \$2,000 for any tax year. This rule does not apply to:

1. Contributions which are qualified rollover contributions, as described in the Code or,
2. Contributions which are the result of a transfer of assets from the custodian or trustee of another Coverdell ESA.

Contributions to the Coverdell Account may be invested in one or more mutual funds pursuant to the Mutual Fund Option. (Please see "Available Options for Your Contributions" in the Disclosure Statement). Prospectuses for the mutual funds available through the Mutual Fund Option (the "**Mutual Funds**") may be obtained by calling 1-800-472-4266.

Before investing in a Mutual Fund, please be sure to read the prospectus for that Mutual Fund carefully. All portions of this Application Agreement are binding, so you are encouraged to read all portions, and in particular the section titled "Available Options for Your Contributions" in the Disclosure Statement, the Custodial Agreement and the section titled "Terms and Conditions" on the signature page of the Application Form.

Please make checks payable to Stratton Funds. There is a \$500 minimum per Fund

Special Instructions Regarding Transfers and Rollovers:

To establish the Coverdell Account using assets from another Coverdell ESA, follow the general instructions for establishing the Coverdell Account and note where provided on the Application Form that the contribution is a transfer or rollover from another Coverdell ESA.

Assets may be transferred or rolled over to this Coverdell Account from another Coverdell ESA in the name of the Designated Beneficiary or from a Coverdell ESA held by a family member of the Designated Beneficiary (subject to certain restrictions).

- For transfers (directly from the current trustee or custodian), please complete the "Coverdell ESA Transfer of Assets Form."
- For rollovers, please complete the "Coverdell ESA Certification of Rollover Assets". Rollovers must be completed within 60 calendar days of receipt.

Mail the Completed Application to:

First Class Mail:

Stratton Funds
P.O. Box 9801
Providence, RI 02940-5214

Overnight Mail:

Stratton Funds
4400 Computer Drive
Westborough, MA 01581
1-800-472-4266

DISCLOSURE STATEMENT

In addition to this Disclosure Statement, the following additional disclosure materials should be read: the Custodial Agreement, the "[Terms and Conditions](#)" on the signature page of the Application Form, and the prospectus applicable to each Mutual Fund in which contributions to the Coverdell Account will be invested.

Provisions below which apply to all Coverdell Education Savings Accounts generally will use the terms "Coverdell ESA". Provisions which apply specifically to the Coverdell Account created by this agreement will use the term "Coverdell Account" or "Custodial Account".

CUSTODIAN'S REQUIREMENTS THAT MAY AFFECT YOUR ACCOUNT

BNY Mellon Investment Servicing Trust Company ("BNY Mellon", "we", or "us") provides custodial and administrative services for your retirement or savings account. As a result of this role, persons who open a retirement or savings account are considered 'customers' of BNY Mellon ("you" or "your").

To help the U.S. Government fight the funding of terrorism and money laundering activities, Federal law requires the Custodian, as a financial institution, to obtain, verify, and record information that identifies each person who opens an account. All accounts we open are opened on a conditional basis – conditioned on our ability to verify your identity in accordance with Federal law.

When establishing an account, you are required to provide your full legal name, address, government issued identification number (e.g. social security number), date of birth, and other information within your account-opening application that will allow us to identify you. We may also request a copy of your driver's license or other identifying documents and may consult third-party databases to help verify your identity. If the account you are opening will be registered in the name of a beneficiary, trust, or estate or charity we may require additional identifying documentation.

If you fail to provide any requested identifying information or documentation when opening your account, your new account application may be rejected.

If we open your account, and you subsequently fail to provide all identification materials we request or if we are subsequently unable to adequately verify your identity as required by U.S. Government regulations, we reserve the right to take any one or more of the following actions:

- We may place restrictions on your account which block all purchase transactions and we may place additional restrictions on your account blocking other transactional activities if we determine such additional restrictions are appropriate under Federal law or regulation.
- We may close your account, sell (i.e., "liquidate") the assets in your account in the prevailing market at the time, and send you a check representing the cash proceeds of your account. This distribution will be reported to the IRS and may result in unfavorable consequences to you under Federal and state tax laws.

You May Incur Losses. Despite being opened as a conditional account, your account will be invested as you instruct and you will be subject to all market risks during the period between account opening and any liquidation necessitated by your failure to furnish requested identifying information or by an inability to adequately verify your identity. You may also be subject to additional market risks if the additional transactional restrictions discussed in the first bullet above are placed on your account. In addition, the closing of your account may subject you to fees and charges imposed under the terms of the assets in which you are invested, and any sales charges you may have paid in connection with your purchases will not be refunded.

You Assume All Responsibility For These Losses. The Custodian expressly disclaims any responsibility or liability for losses you incur as a result of your failure to furnish identification materials we request, including investment losses and any other loss or damage (including but not limited to lost opportunities and adverse tax consequences). If you proceed with the account opening process, you accept all risks of loss resulting from any failure of yours to furnish the identification materials we request or from a subsequent inability to adequately verify your identity in accordance with Federal law.

STATE UNCLAIMED PROPERTY LAW DISCLOSURE

The assets in your Custodial Account are subject to state unclaimed property laws which provide that if no activity occurs in your account within the time period specified by the particular state law, your assets must be transferred to the appropriate state. We are required by law to advise you that your assets may be transferred to an appropriate state in compliance with these state laws.

Disclosures Required By IRS Regulations

The following information is the disclosure statement required by IRS regulations.

THE COVERDELL ACCOUNT

The following requirements apply to the Coverdell Account:

1. No contribution can be accepted:
 - a) unless it is in the form of "cash" by check, draft, or other form acceptable to the Custodian;
 - b) after the date on which the Designated Beneficiary attains age 18, unless a "special needs" Designated Beneficiary (as determined by IRS regulations), or
 - c) if such contribution would result in an excess contribution for the Designated Beneficiary (exceeding the \$2,000 annual contribution limit). Assets transferred or rolled over into the Coverdell Account are excluded from the annual contribution limit.
2. The custodian or trustee must be a bank or other entity authorized by the IRS to act as trustee or custodian of an Individual Retirement Account ("IRA").
3. No part may be invested in life insurance contracts.
4. The asset of the account may not be mixed with other property except in a common trust fund or common investment fund.

CONTRIBUTIONS

The maximum contribution to a Designated Beneficiary's Coverdell ESA is \$2,000 for any given tax year. Any contribution made to the Coverdell Account will be treated as a contribution for the year it is received, unless the contribution is made between January 1 and the April 15th postmark deadline and you have identified the contribution as a prior year contribution. For the year in which the Designated Beneficiary reaches age 18, contributions must be made on or before the Designated Beneficiary's 18th birthday, with the exception of a "special needs" Designated Beneficiary. See the section titled "GENERAL QUESTIONS AND ANSWERS" (Q&A #6) for information regarding correcting amounts contributed to Coverdell ESAs in excess of the allowable limit.

ROLLOVER AND TRANSFER CONTRIBUTIONS

Coverdell ESAs may be rolled over or redesignated to another designated beneficiary, who is an eligible family member as defined in Code section 529(e)(2), as long as the new designated beneficiary is under the age of 30. Rollovers must be completed within 60 calendar days of the date of receipt. Only one rollover per Coverdell ESA is allowed during the 12-month period ending on the date of the payment or distribution. Trustee-to-Trustee Transfers are also allowed between Coverdell ESAs registered in the name of the Designated Beneficiary or between an eligible family member of the Designated Beneficiary. For more information see the section titled "GENERAL QUESTIONS AND ANSWERS" (Q&A #24).

AVAILABLE OPTIONS FOR YOUR CONTRIBUTIONS

Subject to any minimum investment requirements, contributions to the Coverdell Account must be allocated to one or more of the Mutual Funds made available in connection with the Coverdell Account.

Mutual Fund Option: An investment in one or more Mutual Funds involves investment risks, including possible loss of principal. In addition, growth in the value of Mutual Funds is neither guaranteed nor protected due to the characteristics of a mutual fund investment. Detailed information about the shares of each Mutual Fund available for investment of the Coverdell Account contributions must be furnished in the form of a prospectus. The method for computing and allocating annual earnings is set forth in the prospectus. (See the section of each prospectus entitled "Dividends.") The prospectus also sets forth the costs and expenses incurred by being invested in a particular Mutual Fund; such costs and expenses reduce any yield from the particular Mutual Fund. (See the section of the prospectus entitled "Expense Table" and the sections referred to therein.) For further information regarding expenses, earnings, and distributions of a particular Mutual Fund, see that Mutual Fund's financial statements, prospectus and/or statement of additional information.

DISTRIBUTIONS UPON ATTAINING AGE 30 OR DUE TO THE DESIGNATED BENEFICIARY'S DEATH

Any balance in the Coverdell Account on the date the Designated Beneficiary turns 30 years old, or, if earlier, the date of the Designated Beneficiary's death, must be distributed within thirty (30) days of such date. If such distribution has not occurred at the end of the 30-day period, the account balance will be deemed to have been distributed on that date.

A Designated Death Beneficiary may be named for the Coverdell Account. The Designated Death Beneficiary must be an eligible family member as described in the Custodial Agreement and must be under age 30 on the date of the Designated Beneficiary's death in order to receive the account assets. If the Designated Death Beneficiary predeceases the Designated Beneficiary, or the Designated Death Beneficiary attains age 30 before the Designated Beneficiary's death, all assets will be paid to the estate of the Designated Beneficiary. Alternately, a tax free rollover or redesignation of the account to an eligible family member who is under the age of 30 would still be allowed within the thirty day period following the Designated Beneficiary's death, as defined in the Custodial Agreement. See the section titled "GENERAL QUESTIONS AND ANSWERS" (Q&A #27 and 28.)

TAX INFORMATION REGARDING DISTRIBUTIONS

Distributions used to pay for qualified elementary, secondary, and higher education expenses are excludable from taxable gross income to the extent the amount does not exceed the qualified education expenses of the Designated Beneficiary during the year. The portion of any distribution which exceeds, or is not used for, such expenses is a "nonqualified distribution." Nonqualified distributions are treated as representing a pro-rata share of the principal and accumulated earnings in the account. The accumulated earnings portion of a nonqualified distribution is includible in the taxable gross income of the Designated Beneficiary. The accumulated earnings portion of a nonqualified distribution is generally also subject to an additional 10% tax, unless the distribution is due to the death or disability of the Designated Beneficiary, the receipt of certain scholarship payments by the Designated Beneficiary, or includible in income solely because the HOPE or Lifetime Learning tax credit was elected. For more information see the section titled "GENERAL QUESTIONS AND ANSWERS" (Q&A #21, 22 and 23).

FEES AND CHARGES

The charges in connection with the Coverdell Account are set forth in the Application Form. The Custodian may also charge a service fee in connection with any distribution from the Coverdell Account.

IRS APPROVED FORM

Articles I through IX of the Custodial Agreement are substantially the same as Articles I through IX of IRS Form 5305-EA, the IRS model custodial account form. Certain variations permitted by the IRS are reflected in Article V and VI with certain additional terms added as Article X. Coverdell ESAs established using the Custodial Agreement will meet the requirements of the Code applicable to Coverdell ESAs. However, the IRS has not endorsed the investments permitted under this Coverdell Account. **This Custodial Agreement cannot be used in connection with Roth, SEP, SIMPLE, or Traditional IRAs.**

GENERAL INFORMATION

Coverdell Education Savings Accounts (Coverdell ESAs) were established under the Taxpayer Relief Act effective in 1998. This type of account was originally called an Education Individual Retirement Account and the annual contribution limit per Designated Beneficiary for 1998 through 2001 was \$500. Effective for contributions made for tax year 2002, the annual contribution limit is increased to \$2,000 per Designated Beneficiary. The Economic Growth and Tax Relief Reconciliation Act increased the annual contribution limit, as well as made other important changes that are described in the following questions and answers. Amounts deposited in the account grow tax-free until distributed, and the Designated Beneficiary will not owe tax on any withdrawal from the account if the Designated Beneficiary's qualified education expenses at an eligible educational institution for the year equal or exceed the amount of the withdrawal. If the Designated Beneficiary does not need the money for educational purposes, the account balance can be rolled over to a Coverdell ESA of certain family members who can use it for their education. Amounts withdrawn from a Coverdell ESA that exceed the Designated Beneficiary's qualified education expenses in a taxable year are generally subject to income tax and to an additional tax of 10 percent.

There are potentially three (or more) parties involved in the establishment of, making contributions to, and directing distributions from the account. These parties are referred to in the following questions and answers, and include the:

Depositor: The Depositor is the initial contributor who establishes the Coverdell ESA by executing the Application Form and who contributes the initial contribution. Subsequent contributions to the account may be made by the original Depositor or by other eligible contributors. The Depositor may also be the Designated Beneficiary and/or the Responsible Individual.

Designated Beneficiary: The Designated Beneficiary is the individual for whose benefit the Coverdell ESA is established. Except for "special needs Designated Beneficiaries", no contribution can be made after the Designated Beneficiary's 18th birthday. The Designated Beneficiary may also be the Depositor and/or the Responsible Individual.

Responsible Individual: The Responsible Individual is the individual who generally controls all decisions regarding the account, including authorizing payments from the account. There can be only one Responsible Individual at any time and generally must be a parent or legal guardian of the Designated Beneficiary. However, in certain cases the Designated Beneficiary may automatically become his or her own Responsible Individual. The Responsible Individual may also be the Depositor.

GENERAL QUESTIONS AND ANSWERS

Q1: What is a Coverdell Education Savings Account (Coverdell ESA)?

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

Q2: For whom may a Coverdell ESA be established?

A2: A Coverdell ESA may be established for the benefit of any child under the age of 18. Contributions to a Coverdell ESA are not permitted after the Designated Beneficiary reaches his/her 18th birthday.

Q3: Where may an individual open a Coverdell ESA?

A3: An individual may open a Coverdell ESA with any bank, or other financial institution that has been approved to serve as a nonbank trustee or custodian of an Individual Retirement Account (IRA), and the bank or entity is offering Coverdell ESAs.

Q4: When may a taxpayer start contributing to a Coverdell ESA?

A4: A taxpayer may start making contributions on January 1, 1998, or at any time thereafter.

Q5: How much may be contributed to a Coverdell ESA on behalf of a Designated Beneficiary?

A5: For tax years 1998 through 2001, the maximum contribution limit per year was \$500 in aggregate contributions made for the benefit of any Designated Beneficiary. For tax year 2002 and thereafter, the maximum contribution limit per year is \$2,000 in aggregate contributions made for the benefit of any Designated Beneficiary. Contributions may be made into a single Coverdell ESA or into multiple Coverdell ESAs for the benefit of any one Designated Beneficiary.

Q6: What happens if more than the maximum annual contribution limit is contributed to a Coverdell ESA on behalf of a Designated Beneficiary for a particular calendar year?

A6: Aggregate contributions for the benefit of any one Designated Beneficiary in excess of annual limit for a particular calendar year are treated as excess contributions. If the excess contributions (and any earnings attributable to them) are not withdrawn from the ESA that received the excess contribution by May 31st of the calendar year following the calendar year in which the excess was made, the excess contribution is subject to a 6 percent excise tax for each year the excess amount remains in the account. If the excess contributions (and any earnings) are timely withdrawn, no 6 percent excise tax applies. However, any earnings distributed in such a corrective distribution will be taxable to the Designated Beneficiary, but no 10% additional tax applies to the earnings.

Q7: May contributions other than cash be made to a Coverdell ESA?

A7: No. Coverdell ESAs are permitted to accept contributions made in cash only.

Q8: May contributors take a deduction for contributions made to a Coverdell ESA?

A8: No. Contributions to a Coverdell ESA are not deductible. Therefore, contributions to a Coverdell ESA create "basis" in the account. This means that any distributions that are not used for qualified education expenses are taxable only with respect to any earnings on the contributions.

Q9: Are there any restrictions on who can contribute to a Coverdell ESA?

A9: Any individual may contribute to a Coverdell ESA if the individual's modified adjusted gross income for the taxable year for which the contribution is made is no more than \$95,000 (\$190,000 for married taxpayers filing jointly). For purposes of this section, "modified AGI" means the AGI of the taxpayer for the taxable year increased by amounts excluded from gross income under sections 911 (foreign earned income); 931 (income from Guam, American Samoa, or Northern Mariana Islands); and 933 (income from Puerto Rico). The maximum annual contribution per Designated Beneficiary is gradually reduced for individuals with modified adjusted gross income between \$95,000 and \$110,000 (between \$190,000 and \$220,000 for married taxpayers filing jointly).

For example, an unmarried taxpayer with modified adjusted gross income of \$96,500 could make a maximum contribution for the year per Designated Beneficiary of \$1,800 ($\$110,000 - \$96,500 \times .1333 = \$1,800$). A married individual filing jointly with modified adjusted gross income of \$215,000 could make a maximum contribution for the year per Designated Beneficiary of \$350 ($\$220,000 - \$215,000 \times .07 = \350). Taxpayers with modified adjusted gross income above \$110,000 ($\$220,000$ for married taxpayers filing jointly) cannot make contributions to anyone's Coverdell ESA.

Q10: May a Designated Beneficiary contribute to his/her own Coverdell ESA?

A10: Yes.

Q11: Does a taxpayer have to be related to the Designated Beneficiary in order to contribute to the Designated Beneficiary's Coverdell ESA?

A11: No.

Q12: Can entities make contributions to the Designated Beneficiary's Coverdell ESA?

A12: Yes. Any entity can make contributions to the Designated Beneficiary's Coverdell ESA without regard to such entity's adjusted gross income. For example, Century Computer Services, Inc. decides to make Coverdell ESA contributions on behalf of any child under the age of 18 of their employees in the amount of \$500. Century Computer Services, Inc. qualifies as a contributor regardless of the company's adjusted gross income, but the company cannot take a deduction for such contributions. Also, other contributions up to \$1,500 could be made into the same Coverdell ESA or another Coverdell ESA on behalf of any one of these employees' children.

Q13: Is the contributor to a Coverdell ESA required to have compensation or earned income in order to make contributions?

A13: No. The contributor (whether an individual or an entity) is not required to have earned income or compensation.

Q14: What is the deadline for making contributions to a Coverdell ESA for a particular tax year?

A14: Beginning for contributions made for tax year 2002, the deadline to make contributions is the tax filing deadline for such year not including extensions. Thus, in most cases, the deadline to make contributions for a tax year is the following April 15th. The contributor should designate in writing to the trustee or custodian the tax year for which the contribution is being made.

Q15: Are there any special reporting requirements for a Coverdell ESA?

A15: Yes. The trustee or custodian will issue an annual Form 5498-ESA to the IRS and to the Designated Beneficiary reporting contributions made for the tax year, and any rollover contributions or transfers received during the tax year. The trustee or custodian will also issue Form 1099-Q to the IRS and to the Designated Beneficiary whenever distributions or transfers are paid from the account. The Designated Beneficiary is responsible for determining whether or not a distribution is taxable and to file Form 5329 with the IRS if excess contributions have been made to the account or if distributions were made that exceed the qualified education expenses for the year. If a rollover or transfer is made from the Coverdell ESA of one Designated Beneficiary to another eligible family member of the Designated Beneficiary, certain statements must be attached to the tax returns of both the original Designated Beneficiary and the eligible family member to which the account was rolled over or transferred (see Form 1040 instructions). Taxable distributions from a Coverdell ESA are included in gross income on the "Other Income" line of Form 1040. The trustee or custodian is not required to report the taxable amount of any distribution from the ESA, except for earnings that are distributed on a returned contribution. The Designated Beneficiary will use the worksheet in IRS Publication 970 to figure the earnings, basis and taxable amount of any ESA distributions.

Q16: How many Coverdell ESAs may a Designated Beneficiary have?

A16: There is no limit on the number of Coverdell ESAs that may be established for a particular Designated Beneficiary. However, for any given taxable year the total aggregate contributions to all the accounts for a particular Designated Beneficiary may not exceed the annual contribution limit described in Q&A 5.

Q17: May a Designated Beneficiary take a tax-free withdrawal from a Coverdell ESA to pay qualified education expenses if the Designated Beneficiary is enrolled less than full-time at an eligible educational institution?

A17: Yes. Whether the Designated Beneficiary is enrolled full-time, half-time, or less than half-time, he/she may take a tax-free withdrawal to pay qualified education expenses.

Q18: What happens when a Designated Beneficiary withdraws assets from a Coverdell ESA to pay for qualified education expenses?

A18: Generally, the withdrawal is tax-free to the Designated Beneficiary to the extent the amount of the withdrawal does not exceed the Designated Beneficiary's qualified education expenses.

Q19: What are "qualified education expenses"?

A19: "Qualified education expenses" mean qualified higher education expenses for tuition, fees, books, supplies, and equipment required for the enrollment or attendance of the Designated Beneficiary at an eligible educational institution. Qualified higher education expenses also include room and board (generally the school's posted room and board charge, or \$2,500 per year for students living off-campus and not at home) if the Designated Beneficiary is at least a half-time student at an eligible educational institution. A student will be considered to be enrolled at least half-time if the student is enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined under the standards of the institution where the student is enrolled.

The standards for determining whether a student is enrolled at least half-time are the same as those used for the Hope Scholarship Credit. A student is eligible for the Hope Scholarship Credit if: (1) for at least one academic period (e.g., semester, trimester, quarter) beginning during the calendar year, the student is enrolled at least half-time in a program leading to a degree, certificate, or other recognized educational credential and is enrolled in one of the first two years of postsecondary education, and (2) the student is free of any conviction for a Federal or State felony offense consisting of the possession or distribution of a controlled substance. For purposes of the Hope Scholarship Credit, a student will be considered to be enrolled at least half-time if the student is enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined under the standards of the institution where the student is enrolled. The institution's standard for a full-time workload must equal or exceed the standards established by the Department of Education under Higher Education Act and set forth in 34 CFR 674.2(b).

Beginning in 2002, qualified education expenses also include qualified elementary and secondary education expenses for tuition, fees, academic tutoring, special needs services in the case of a special needs beneficiary, books, supplies, and other equipment which are incurred in connection with the enrollment or attendance of the Designated Beneficiary as an elementary or secondary school student at a public, private or religious school. Such expenses also include room and board, uniforms, transportation, and supplementary items and services (including extended day programs) which are required or provided by a public, private or religious school in connection with such enrollment or attendance, and expenses for the purchase of any computer technology or equipment or Internet access and related services, if such technology, equipment, or services are to be used by the Designated Beneficiary and the Designated Beneficiary's family during any of the years the Designated Beneficiary is in school.

Qualified education expenses also include amounts contributed to a qualified state tuition program. Also, qualified education expenses are reduced by any amount provided by scholarship, educational assistance allowance, or any other payment (other than a gift or bequest) which is excludable from gross income under any law of the United States.

Q20: What is an eligible educational institution?

A20: For purposes of qualified higher education expenses, an eligible educational institution is any college, university, vocational school, or other postsecondary educational institution that is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) and, therefore, eligible to participate in the student aid programs administered by the Department of Education. This category includes virtually all accredited public, nonprofit, and proprietary postsecondary institutions. (The same eligibility requirements for institutions apply for the Hope Scholarship Credit, the Lifetime Learning Credit, and early withdrawals from IRAs for qualified higher education expenses).

For purposes of elementary and secondary education expenses, an eligible education institution means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under state law.

Q21: What happens if a Designated Beneficiary withdraws an amount from a Coverdell ESA but does not have any qualified education expenses to pay in the taxable year he/she makes the withdrawal?

A21: Generally, if a Designated Beneficiary withdraws an amount from a Coverdell ESA and does not have any qualified education expenses during the taxable year, a portion of the distribution is taxable. The taxable portion is the portion that represents earnings that have accumulated tax-free in the account. The taxable portion of the distribution is also subject to a 10 percent additional tax unless an exception applies. Form 5329 is required to be filed with the IRS by the Designated Beneficiary. The 10 percent additional tax does not apply to distributions made: (1) to a death beneficiary (or to the estate of the Designated Beneficiary) after the death of the Designated Beneficiary; (2) attributable to the Designated Beneficiary becoming disabled within the meaning of section 72(m)(7) of the Internal Revenue Code; or (3) made on account of a scholarship, allowance or payment to the extent such payment or distribution does not exceed the amount of such scholarship, allowance or payment.

Q22: Is a distribution from a Coverdell ESA taxable if the distribution is contributed to another Coverdell ESA?

A22: Any amount distributed from a Coverdell ESA and rolled over to another Coverdell ESA for the benefit of the same Designated Beneficiary or certain members of the Designated Beneficiary's family is not taxable. An amount is rolled over if it is paid to another Coverdell ESA on a date within 60 days after the date of the distribution. Members of the Designated Beneficiary's family include the Designated Beneficiary's spouse, children, grandchildren, sibling, parent, niece or nephew, son-in-law, daughter-in-law, father-in-law, mother-in-law, or sister-in-law, and the spouse of any such individual. A first cousin, but not his or her spouse is also an eligible family member of the Designated Beneficiary. The annual contribution limit to Coverdell ESAs does not apply to these rollover contributions. For example, an older brother who has \$5,000 left in his Coverdell ESA after he no longer needs the account for education purposes can roll over the full \$5,000 balance to a Coverdell ESA for his younger sister who is still in high school without paying any tax on the transfer or rollover. The eligible family member to whose Coverdell ESA such amount is rolled over or transferred must be under the age of 30. Only one rollover between Coverdell ESAs is permitted during a 12-month period.

Q23: What happens to the assets remaining in a Coverdell ESA after the Designated Beneficiary finishes his/her education?

A23: There are two options. The amount remaining in the account may be withdrawn for the Designated Beneficiary. The Designated Beneficiary will be subject to both income tax and the additional 10 percent tax on the portion of the amount withdrawn that represents earnings if the Designated Beneficiary does not have any qualified education expenses in the same taxable year he/she makes the withdrawal. Alternatively, if the amount in the Designated Beneficiary's Coverdell ESA is withdrawn and rolled over (or transferred) to another Coverdell ESA for the benefit of an eligible member of the Designated Beneficiary's family, the amount rolled over or transferred will not be taxable.

Q24: Rather than rolling over money from one Coverdell ESA to another, may the Designated Beneficiary of the account be changed from one Designated Beneficiary to another without triggering a tax?

A24: Yes, provided: (1) the terms of the particular trust or custodial account permit a change in Designated Beneficiaries, and (2) the new Designated Beneficiary has not attained age 30 and is a member of the previous Designated Beneficiary's family.

Q25: May a student or the student's parents claim the Hope Scholarship Credit or Lifetime Learning Credit for the student's expenses in a taxable year in which the student receives money from a Coverdell ESA on a tax-free basis?

A25: Yes, effective for tax year 2002. If a student is receiving a tax-free distribution from a Coverdell ESA in a particular taxable year (beginning in 2002), the student's expenses may generally be claimed as the basis for a Hope Scholarship Credit or Lifetime Learning Credit for that same year, provided however that the distributed amount from the Coverdell ESA is not used for the same educational purposes as the tax credit.

Q26: May contributions be made to both a qualified state tuition program and a Coverdell ESA on behalf of the same Designated Beneficiary in the same taxable year?

A26: Yes, beginning in tax year 2002. The excise tax prohibiting contributions to both a Coverdell ESA and a qualified state tuition program was repealed for 2002 and forward. Therefore, contributions may be made to a Coverdell ESA on behalf of a Designated Beneficiary during the same taxable year in which any contributions are made to a qualified state tuition program on behalf of the same Designated Beneficiary. However, if distributions from a Coverdell ESA and a qualified state tuition program exceed the Designated Beneficiary's qualified education expenses for the year, the Designated Beneficiary is

required to allocate the expenses between the distributions to determine the amount includible in gross income, if any.

Q27: What happens to the assets remaining in the Coverdell ESA after the death of the Designated Beneficiary?

A27: Generally within 30 days after the death of the Designated Beneficiary, distribution is made to the Designated Beneficiary's estate; or the Responsible Individual may change the name of the Designated Beneficiary to an eligible family member under the age of 30 of the original Designated Beneficiary, if the agreement permits. Alternatively, if the agreement permits the naming of a Designated Death Beneficiary, any remaining balance in the account on the date of death of the Designated Beneficiary shall become payable to such Designated Death Beneficiary. If the Designated Death Beneficiary is not an eligible family member of the Designated Beneficiary, the entire balance must be distributed within 30 days of the death of the Designated Beneficiary. If the Designated Death Beneficiary is an eligible family member of the Designated Beneficiary, the entire balance may be rolled over or transferred tax free to a Coverdell ESA on behalf of such Designated Death Beneficiary. Any distributions paid after the date of death of the Designated Beneficiary are taxable to the extent such distribution represents earnings, unless the account is rolled over or transferred to a Coverdell ESA on behalf of an eligible family member of the Designated Beneficiary.

Q28: What happens to the assets remaining in the Coverdell ESA after the Designated Beneficiary attains the age of 30?

A28: Any balance remaining in the Coverdell ESA when the Designated Beneficiary attains the age of 30 must be distributed to such Designated Beneficiary within 30 days. However, if permitted under the agreement, the remaining balance may be rolled over or transferred to a Coverdell ESA on behalf of an eligible family member.

Q29: Do the age requirements described above apply to "special needs" Designated Beneficiaries?

A29: No. A Coverdell ESA established on behalf of any Designated Beneficiary with special needs (as determined by IRS regulations) may continue to receive contributions after the Designated Beneficiary's 18th birthday. In addition, any remaining balance in a Coverdell ESA on behalf of any Designated Beneficiary with special needs is not required to be distributed within 30 days after the Designated Beneficiary attains the age of 30.

Q30: Does the Internal Revenue Service provide a publication that contains more information on Coverdell ESAs?

A30: Yes. IRS Publication 970, Tax Benefits for Higher Education, contains information regarding the Coverdell ESA, as well as claiming the Hope Credit, Lifetime Learning Credit, student loans, penalty-free withdrawals from IRAs for certain education expenses, employer-provided educational assistance and qualified state tuition programs. The Custodian recommends that the Depositor, Designated Beneficiary and/or Responsible Individual read Publication 970 before making contributions to or taking distributions from a Coverdell ESA. Publication 970 can be downloaded from the IRS web site at www.irs.gov.

Q31: Can payments received from a military death gratuity or a payment from Servicemember's Group Life Insurance (SGLI) be contributed to a Coverdell ESA?

A.31: Yes, if you received a military death gratuity or a payment from the SGLI after October 6, 2001, you may roll over all or part of the amount received to one or more Coverdell ESAs for the benefit of members of the beneficiary's family. Such payments are made to an eligible survivor upon the death of a member of the armed forces. The contribution to a Coverdell ESA from survivor benefits received after June 16, 2008, cannot be made later than 1 year after the date on which you receive the gratuity or SGLI payment. If you received survivor benefits before June 17, 2008, with respect to a death from injury occurring after October 6, 2001, you could have contributed to a Coverdell ESA no later than June 17, 2009. The amount contributed from the survivor benefits is treated as part of your basis in the Coverdell ESA and will not be taxed when distributed. Also, the one rollover per Coverdell ESA during a 12-month period does not apply to a military death gratuity or SGLI payment.

Q32: Are the changes to the Coverdell ESA rules made under the Economic Growth and Tax Relief Reconciliation Act of 2001 that were effective in 2002 subject to EGTRRA's sunset provision?

A.32: Yes. Certain rules are scheduled to expire after 2012 as part of EGTRRA's sunset provision. These rules include: the maximum annual Coverdell ESA contribution; the AGI limits of the contributor; the definition of qualified education expenses; the deadline for making a contribution for a given year; the coordination of the rules between Coverdell ESAs and the Hope Scholarship Credit or Lifetime Learning Credit.

Coverdell Education Savings Account Custodial Agreement
(Under Section 530 of the Internal Revenue Code) (March 2002) Form 5305-EA

The Depositor whose name appears on the Application Form is establishing a Coverdell Education Savings Account under section 530 for the benefit of an Individual who is the named Designated Beneficiary on the Application Form exclusively to pay for qualified elementary, secondary, and higher education expenses, within the meaning of section 530(b)(2), of such Designated Beneficiary.

The Custodian has provided the depositor with a concise statement disclosing the provisions governing section 530. This disclosure statement must include an explanation of the statutory requirements applicable to, and the income tax consequences of establishing and maintaining an account under section 530. Providing the depositor with a copy of Notice 97-60, 1997-2 C.B. 310, is considered a sufficient disclosure statement.

The depositor and the Custodian make the following agreement:

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 trust fund or 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 case, that family member shall become the Designated Beneficiary as of the 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

1. 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. Unless otherwise directed by checking the option (if available) in the Application Form, at the time that the Designated Beneficiary attains the age of majority under state law, the Designated Beneficiary becomes the Responsible Individual. If a family member under the age of majority under state law becomes the Designated Beneficiary by reason of being a named death Beneficiary, the Responsible Individual shall be such Designated Beneficiary's parent or guardian.
2. Under this agreement, the Responsible Individual shall not continue to serve as the Responsible Individual for the Custodial Account after the Designated Beneficiary attains the age of majority under state law and until such time as all assets have been distributed from the Custodial Account and the Custodial Account terminates. If the Responsible Individual becomes incapacitated or dies after the Designated Beneficiary reaches the age of majority under state law, the Responsible Individual shall be the Designated Beneficiary.

Article VI

Under this agreement, the Responsible Individual may change the Beneficiary Designated 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 by section 530(h).
2. The Custodian agrees to submit to the Internal Revenue Service (IRS) and Responsible Individual the reports prescribed by the IRS.

Article VIII

Notwithstanding any other articles, which may be added or incorporated, the provisions of Articles I through III will be controlling. Any additional articles inconsistent with section 530 and the related regulations will be invalid.

Article IX

This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the Depositor and Custodian whose signatures appear on the Application Form.

Article X

1. **Investment:** All funds in the Custodial Account (including earnings) shall be invested in shares of any one or more of the registered investment companies ("Mutual Funds"), or portfolios thereof, which have been designated by the company listed on the account opening documents ("company") as eligible for investment under this Custodial Account. The mutual funds, portfolios, and company shall be collectively referred to herein as "the Funds" and the shares of the Funds shall be collectively referred to as "Fund Shares." Fund Shares shall be purchased at the public offering price for Fund Shares next to be determined after receipt of the contribution by the Custodian or its agent.
2. **Applicable Law:** Except to the extent superseded by federal law, this agreement shall be governed by, and construed, administered and enforced according to, the laws of the State of Delaware, and all contributions shall be deemed made in Delaware.
3. **Notices:** The Custodian agrees to forward, or to cause to be forwarded, to every depositor and Responsible Individual the then-current prospectus(es) of the funds, as applicable, which have been Designated by the company as eligible for investment under the Custodial Account and selected by the Depositor/Responsible Individual for such investment, at the time the account is established, and thereafter shall forward, or cause to be forwarded, to the Responsible Individual all notices, proxies and related proxy soliciting materials applicable to said Fund Shares received by the Custodian. All notices to be given by the Custodian to the Responsible Individual shall be deemed to have been given when mailed to the address of the Responsible Individual indicated by the Custodian's records.

In addition, the Custodian shall periodically cause to be mailed to the Responsible Individual in respect of each such period an account of all transactions affecting the Custodial Account during such period and a statement showing the Custodial Account as of the end of such period. If, within 60 days after such mailing, the Responsible Individual has not given the Custodian written notice of any exception or objection thereto, the periodic accounting shall be deemed to have been approved and, in such case or upon the written approval of the Responsible Individual, the Custodian and the Funds shall be released, relieved and discharged with respect to all matters and statements set forth in such accounting as though the account had been settled by judgment or decree of a court of competent jurisdiction.

4. **Annual Accounting:** The Custodian shall, at least annually, provide the Designated Beneficiary (or the Responsible Individual, if applicable) with an accounting of such Designated Beneficiary's account. Such accounting shall be deemed to be accepted by the Designated Beneficiary, if the Designated Beneficiary (or Responsible Individual) does not object in writing within 60 days after the mailing of such accounting.
5. **Amendment:** The Depositor, Designated Beneficiary and Responsible Individual irrevocably delegates to the Custodian the right and power to amend this Custodial Agreement. Except as hereafter provided, the Custodian will give the Designated Beneficiary (or Responsible Individual) 30 days prior written notice of any amendment. In case of a retroactive amendment required by law, the Custodian will provide written notice to the Designated Beneficiary (or Responsible Individual) of the amendment within 30 days after the amendment is made, or if later, by the time that notice of the amendment is required to be given under regulations or other guidance provided by the IRS. The Depositor, Designated Beneficiary and Responsible Individual shall be deemed to have consented to any such amendment unless the Designated Beneficiary (or Responsible Individual) notifies the Custodian to the contrary within 30 days after notice to the Designated Beneficiary (or Responsible Individual) and requests a distribution or transfer of the balance in the account.
6. **Resignation and Removal of Custodian:**
 - (a) The Custodian may resign at any time by giving at least 30 days notice to the Designated Beneficiary (or Responsible Individual). The Custodian may resign and appoint a successor trustee or custodian to serve under this agreement or under another governing instrument selected by the successor trustee or custodian by giving the Designated Beneficiary (or Responsible Individual) written notice at least 30 days prior to the effective date of such resignation and appointment, which notice shall also include a copy of such other governing instrument, if applicable, and the related disclosure statement. The Designated Beneficiary (or Responsible Individual) shall then have 30 days from the date of such notice to either request a complete distribution of the account balance or designate a different successor trustee or custodian. If the Designated Beneficiary (or Responsible Individual) does not request distribution of the account or designate a different successor within such 30 days, the Designated Beneficiary (or Responsible Individual) shall be deemed to have consented to the appointment of the successor trustee or custodian and the terms of any new governing instrument, and neither the Depositor, Designated Beneficiary, Responsible Individual nor the successor shall be required to execute any written document to complete the transfer of the account to the successor trustee or custodian. The successor trustee or custodian may rely on any information, including death Beneficiary designations, previously provided by the Depositor, Designated Beneficiary or Responsible Individual.
 - (b) The Designated Beneficiary (or Responsible Individual) may at any time remove the Custodian and replace the Custodian with a successor trustee or custodian of the Designated Beneficiary's (or Responsible Individual's) choice by giving 30 days written notice to the Custodian. In such event, the Custodian shall then deliver the assets of the account as directed by the Designated Beneficiary or Responsible Individual. However, the Custodian may retain a portion of the assets of the Coverdell ESA as a reserve for payment of any anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor trustee or custodian upon satisfaction of such fees and expenses.
 - (c) Any successor trustee or custodian shall be a bank (as defined in section 408(n) of the Code) or such other person found qualified to act as a trustee or custodian under a Coverdell ESA by the Secretary of the Treasury or his delegate. The appointment of a successor trustee or custodian shall be effective upon receipt by the Custodian of such successor's written acceptance, which shall be submitted to the Custodian, the Funds, and the Responsible Individual. Within 30 days of the effective date of a successor custodian's appointment, the Custodian shall transfer and deliver to the successor trustee or custodian applicable account records and assets of the Custodial Account (reduced by any

unpaid amounts referred to in paragraph 7 of this Article X). The successor custodian shall be subject to the provisions of this agreement (or any successor thereto) on the effective date of its appointment.

7. **Custodian's Fees and Expenses:**

The Depositor, Designated Beneficiary and Responsible Individual agree that the Custodian shall be entitled to receive any and all fees specified in the Custodian's current published fee schedule for establishing and maintaining this Coverdell Account, including, but not limited to, any fees for distributions from, transfers from, and terminations of this Coverdell Account. The Custodian may change its fee schedule at any time by giving the Designated Beneficiary (or Responsible Individual) 30 days prior written notice.

- (a) The Depositor, Designated Beneficiary and Responsible Individual agree that the Custodian shall be entitled to reimbursement for any expenses incurred by the Custodian in the performance of its duties in connection with the account. Such expenses include, but are not limited to, administrative expenses, such as legal and accounting fees, and any taxes of any kind whatsoever that may be levied or assessed with respect to such account.
- (b) All such fees, taxes, and other administrative expenses charged to the account shall be collected either from the assets in the account or from any contributions to or distributions from such account if not paid by the Depositor, Designated Beneficiary or Responsible Individual, but the Depositor, Designated Beneficiary and Responsible Individual shall be Responsible for any deficiency.
- (c) In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the custodial funds, the Custodian reserves the right to withhold any payment from the Custodial Account, to request a court ruling to determine the disposition of the custodial assets, and to charge the Custodial Account for any expenses incurred in obtaining such legal determination.

8. **Rollovers:** The Custodian shall have the right to receive rollover contributions as described in Article I of this Custodial Agreement. The Custodian reserves the right to refuse to accept any property, which is not in the form of cash. Any amounts received or transferred by the Custodian under this paragraph shall be accompanied by such records and other documents, as the Custodian deems necessary to establish the nature, value and extent of the assets and of the various interests therein.

9. **Withdrawal Requests:** All requests for withdrawal, distribution, or payment from the account shall be in writing on a form provided and accepted by the Custodian. Such written request must also specify the reason for the withdrawal, distribution, or payment and the desired method or form of withdrawal, payment, or distribution. Distributions of the assets of the Custodial Account shall be made in accordance with the written instructions to the Custodian by the Responsible Individual. A Coverdell Education Savings Account Withdrawal Authorization form is available from the Custodian, and should be obtained and used to request any distribution from the Custodial Account. Prior to making any distribution from the Custodial Account, including but not limited to a distribution to the estate of the Beneficiary, the 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 the Custodian, but the Custodian shall not be liable for complying with written instructions which appear on their face to be genuine, or for refusing to comply if not satisfied such instructions are genuine, and assumes no duty of further inquiry. Upon receipt of proper written instructions as required above, the Custodian shall cause the assets of the Custodial Account to be distributed in cash and/or in kind, as specified in such written instructions.

10. **Responsibilities:**

- (a) The Depositor, Designated Beneficiary and Responsible Individual represent that all information and instructions given to the Custodian by the Depositor, Designated Beneficiary and Responsible Individual is complete and accurate and that the Custodian shall have no responsibility for any incomplete or inaccurate information provided by the Depositor, Designated Beneficiary or Responsible Individual. The Depositor, Designated Beneficiary and Responsible Individual agree to be responsible for all tax consequences arising from contributions to and distributions from this Custodial Account and acknowledge that no tax advice has been provided by the Custodian.
- (b) The Custodian may rely upon any statement by the Depositor at the time the account is established, and thereafter by the Responsible Individual when taking any action or determining any fact or question which may arise under this Custodial Agreement. The Responsible Individual assumes sole responsibility for assuring that contributions to the Custodial Account satisfy the limits specified in the appropriate provisions of the Code, except that the depositor assumes such responsibility in connection with the initial contribution. The Custodian shall not be liable for acting upon any instructions given by the Responsible Individual named on the Custodian's records prior to the time the Custodian receives appropriate written notice that the Responsible Individual has changed.
- (c) Neither the Custodian nor the Funds shall be responsible for any losses, penalties or other consequences to the Responsible Individual, Designated Beneficiary or any other person arising out of the making of, or the failure to make, any contribution or withdrawal.

In performing the duties conferred upon the Custodian by the Depositor and Responsible Individual hereunder, the Custodian shall act as the agent of the Responsible Individual. The parties do not intend to confer any fiduciary duties on the Custodian or the Funds, and none shall be implied. Neither the Custodian nor the Funds shall be liable (and neither assumes any responsibility) for the collection of contributions or the propriety of any contribution under this Custodial Agreement, the selection of any Fund Shares for this Custodial Account, or the purpose or propriety of any distribution made in accordance with the Responsible Individual's written instructions, which matters are the sole responsibility of the Responsible Individual.

- (d) The Responsible Individual shall, from time to time, direct the Custodian to invest the funds of the Custodial Account in Fund Shares. Any funds which are not directed as to investment shall, at the sole discretion of the Custodian, be held uninvested until such direction is received from the Responsible Individual or be returned to the Responsible Individual without being deemed to have been contributed to the Custodial Account, except that any funds received from the depositor to establish the Custodial Account which are not directed as to investment will, if returned by the Custodian without being deemed to have been contributed to the Custodial Account, be returned to the depositor. The Designated Beneficiary shall be the beneficial owner of all Fund Shares held in the Custodial Account, and the Custodian shall not vote any such shares except upon written direction of the Responsible Individual.
- (e) The Depositor, Responsible Individual, Designated Beneficiary, Designated Death Beneficiary and their successors, heirs and assigns, including any executor or administrator of the Designated Beneficiary, shall, to the extent permitted by law, indemnify and hold the Custodian and the

Funds and their successors and assigns harmless from any and all claims, actions or liabilities of the Custodian, except such as may arise from the Custodian's own bad faith, negligence, nonfeasance, or willful misconduct.

11. **Change of Designated Beneficiary:**
 - (a) If elected in the Adoption Agreement, while the Designated Beneficiary is a minor or otherwise lacks legal capacity, the Responsible Individual may at any time change the Designated Beneficiary for this Coverdell ESA to any member of the family under the age of 30 of the original Designated Beneficiary or direct the Custodian to roll over or transfer the Funds in this Coverdell ESA to a Coverdell ESA for any member of the family under the age of 30 of the original Designated Beneficiary. If elected in the Adoption Agreement, when the Designated Beneficiary has legal capacity, the Designated Beneficiary may at any time change the Designated Beneficiary for this Coverdell ESA to any member of the family under the age of 30 or direct the Custodian to roll over or transfer the Funds in this Coverdell ESA to a Coverdell ESA for any member of the family under the age of 30 of the original Designated Beneficiary.
 - (b) Any change of Designated Beneficiary under this Custodial Account agreement shall not be treated as a distribution, if the new Designated Beneficiary is a member of the family (as defined under Section 13 below) and such new Designated Beneficiary has not attained the age of 30, as of the date of such change.
 - (c) Notwithstanding Section 3.01, a new Designated Beneficiary may be named within 30 days after the Designated Beneficiary attains the age of 30.
12. **Designated Beneficiary's Minority or Incapacity:** The following provisions apply while the Designated Beneficiary is a minor or lacks legal capacity:
 - (a) The Responsible Individual shall have, to the exclusion of the Designated Beneficiary, all of the rights, powers, and responsibilities granted to the Designated Beneficiary under this Custodial Agreement, including, without limitation, the right to receive accountings and notices of amendment and resignation, the power to remove and replace the Custodian, the power to direct investments, the power to request withdrawals, distributions, and payments, and the power to direct a rollover or transfer to the trustee or custodian of a Coverdell ESA for the Designated Beneficiary or another member of the family of the Designated Beneficiary.
 - (b) In the event the Responsible Individual dies, becomes disabled, or otherwise fails or refuses to act and no successor Responsible Individual has been appointed, or no duly appointed Responsible Individual is willing or able to serve, then a parent of the Designated Beneficiary or the legal guardian or conservator of the estate of the Designated Beneficiary may appoint a Responsible Individual in writing on a form acceptable to and filed with the Custodian.
13. **Member of the Designated Beneficiary's Family:** The term "member of the family" or "eligible family member" includes the Designated Beneficiary's: spouse, children, grandchildren, sibling, parent, niece or nephew, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; and spouses of the foregoing. A first cousin, but not his or her spouse, is also an eligible family member.
14. **Designated Death Beneficiary:** In accordance with Article III, Section 2 of this Custodial Agreement and if permitted by the Custodian, the Depositor, Designated Beneficiary or Responsible Individual shall have the right to name a Designated Death Beneficiary(ies) on a form provided by and acceptable to the Custodian. In the event of the Designated Beneficiary's death, such Designated Death Beneficiary(ies) shall be entitled to the remaining interest in the account. If any such Designated Death Beneficiary is not a member of the family (as defined in Article X, Section 13 of this Custodial Agreement), the remaining balance in the account shall be distributed to the Designated Death Beneficiary within 30 days of the death of the Designated Beneficiary. If any such Designated Death Beneficiary is a member of the family (as defined in Article X, Section 13 of this Custodial Agreement), the remaining balance in the account shall become the Coverdell ESA of the Designated Death Beneficiary. If no death beneficiary designation is in effect or if none of the death beneficiaries survive the Designated Beneficiary, the remaining balance will be paid to the estate of the Designated Beneficiary.
15. **Investment Provisions:** All contributions to the Coverdell Account shall be invested and reinvested by the Custodian as directed by the Responsible Individual (or the Depositor or Designated Beneficiary, if applicable)
16. **Nominee:** The shareholder of record of all Fund Shares shall be the Custodian or its nominee.
17. **Termination:** This agreement shall terminate coincident with the complete distribution of the assets of the Custodial Account.
18. **Agents:** The Custodian is authorized to hire agents (including any transfer agent for Fund Shares) to perform certain duties under this agreement.
19. **Income Taxes:** The Custodian shall be responsible solely for the performance of those duties expressly assigned to it in this Custodial Agreement and by operation of law. In determining the taxable amount of a distribution, the Responsible Individual shall rely only on the federal tax records of the Designated Beneficiary.
20. **Contributor** – As referenced in the Coverdell Account Application Instructions and in any forms associated with this Custodial Agreement, carries the same definition as the Depositor identified in this Custodial Agreement and the Definitions Section of this Custodial Agreement.

**COVERDELL EDUCATION SAVINGS ACCOUNT (COVERDELL ESA)
APPLICATION & ADOPTION AGREEMENT FORM**

STRATTON FUNDS

P.O. Box 9801

Providence, RI 02940-5214

1-800-472-4266

RESPONSIBLE INDIVIDUAL (Parent or legal guardian of the Designated Beneficiary. Only one Responsible Individual is allowed on the account at any given time.)

Name: _____

Street Address (required): _____

City: _____ State: _____ Zip: _____

Social Security Number: _____ Date of Birth: _____

Mailing Address (if different from street address): _____

City: _____ State: _____ Zip: _____

DESIGNATED BENEFICIARY

Name: _____

Street Address (required): _____

City: _____ State: _____ Zip: _____

Social Security Number: _____ Date of Birth: _____

CONTRIBUTOR (Individual establishing the account if different than Responsible Individual)

Name: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Social Security Number: _____ Date of Birth: _____

*Under the terms of this agreement, the Designated Beneficiary automatically becomes the Responsible Individual upon attaining the age of majority (see Article V of the Custodial Agreement) and the Responsible Individual may designate an eligible family member of the original Designated Beneficiary as the new Designated Beneficiary, but certain restrictions apply (see Article VI and Article X, Section 13 of the Custodial Agreement).

INVESTMENT OPTIONS (Please check the type of contribution and indicate how to invest)

CONTRIBUTION FOR TAX YEAR: _____ (Must be under age 18, unless a special needs Designated Beneficiary)
\$500 Minimum per Fund

Stratton Multi-Cap Fund #29 _____ \$ _____ or _____ %

Stratton Real Estate Fund #36 _____ \$ _____ or _____ %

Stratton Small-Cap Value Fund #37 _____ \$ _____ or _____ %

ROLLOVER - This contribution is a Rollover Coverdell ESA, which has been completed within 60 days of receipt of the funds. These funds are from a Coverdell ESA established for the benefit of either the Designated Beneficiary named above, or another member of the Designated Beneficiary's family as described in IRS section 529(e)(2) who is under age 30. A completed "Certification of Rollover Assets" form must be attached.

Stratton Multi-Cap Fund #29 _____ \$ _____ or _____ %
\$500 Minimum per Fund

Stratton Real Estate Fund #36 _____ \$ _____ or _____ %

Stratton Small-Cap Value Fund #37 _____ \$ _____ or _____ %

TRANSFER OF ASSETS - The initial contribution to this account is a Transfer of Assets from a Coverdell ESA established for the benefit of the Designated Beneficiary named above or an eligible family member for which you are listed as the Responsible Individual authorized to act on the account. A completed "Transfer of Assets Form" providing your investment allocations must be attached.

DESIGNATED DEATH BENEFICIARY

I, the Contributor, designate the following family member of the Designated Beneficiary (must be under age 30 upon the death of the Designated Beneficiary) to receive any benefits to which the Designated Death Beneficiary may be entitled in the event of the death of the Designated Beneficiary. If the Designated Death Beneficiary predeceases the Designated Beneficiary or the Designated Death Beneficiary attains age 30 before the Designated Beneficiary's death, all assets will be paid to the estate of the Designated Beneficiary.

Name: _____ Relationship to Designated Beneficiary: _____
Street Address: _____
City: _____ State: _____ Zip code: _____
Social Security Number: _____ Date of Birth: _____

TERMS AND CONDITIONS

I (as Contributor, unless another party to the Application Form is noted in a particular case) hereby establish this Coverdell Education Savings Account for the benefit of the named Designated Beneficiary under the terms and conditions contained in this Application Form (which constitutes a binding agreement), including in particular but without limitation the terms and conditions of the Custodial Agreement. I agree that the Coverdell Account becomes effective only upon written acceptance by the Custodian and that such written acceptance will consist of a confirmation of transaction statement.

I acknowledge receiving and reading the Application Agreement, which consists of the Application Instructions, the Disclosure Statement, the Custodial Agreement and the Application and Adoption Agreement Form and Privacy Policy. I also acknowledge receiving and reading the current prospectus for each Mutual Fund I may have designated for investment.

I agree that the Custodian may amend (add to, delete from or revise) any term of the agreement at any time by notice to me and that my sole remedy if I disagree with the amendment is to transfer funds in the Coverdell Account to another custodian.

Each contribution to the Coverdell Account will be invested in accordance with the written instructions provided with respect to that contribution. In the event that this is a rollover contribution, the undersigned hereby irrevocably elects to treat the contribution as a rollover contribution.

Custodial Fees: \$12 annual maintenance fee per fund account. The annual maintenance fee may be paid by the Contributor or Responsible Individual at account opening or subsequently with respect to any calendar year. If the fee is not paid at account opening or if it is not paid by the date in a given calendar year that the Custodian sets for collection of the fee ("**Fee Collection Date**"), the Custodian is authorized to deduct the fee from the Custodial Account at the Fee Collection Date, or, if earlier in a given calendar year, the date the Custodial Account is closed. The Custodian reserves the right to change the custodial fee, but will give at least 30 days written notice to the Responsible Individual. The Custodian will keep records, identify and file returns and provide other information concerning the Custodial Account as required of custodians by any applicable provisions of the Code and IRS regulations.

Certification If Designated Death Beneficiary Has Been Named: If I have named a Designated Death Beneficiary, the information I furnished in connection with that designation, including in particular but without limitation the Social Security Number, the date of birth and the relationship of the individual to the Designated Beneficiary, is true, correct and complete.

TIN Certification By Contributor and Responsible Individual: I certify under penalties of perjury that the Designated Beneficiary is a US person (including a US resident alien) and that the Social Security Numbers filled in on this Application Form for myself, the Responsible Individual and the Designated Beneficiary are true, correct and complete and that these numbers are the Taxpayer Identification Numbers of the respective individuals. (*Foreign persons must use the appropriate Form W-8.*)

Custodian's Customer Identification Program Statement: To help the U.S. government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions (such as the Custodian) to obtain, verify, and record information that identifies persons opening accounts. To comply, the Custodian requires the name, address, date of birth and government-issued identification number (generally, a Social Security Number) of the Contributor and the Responsible Individual (if the Responsible Individual is different from the Contributor) and other information that may help the Custodian to identify the Contributor and, if applicable, Responsible Individual. The Custodian may ask for copies of related documentation and the Custodian may consult third-party databases to help verify the identity of the Depositor and, if applicable, the Responsible Individual.

Contributor's Signature: _____ Date: _____

Responsible Individual's Signature: _____ Date: _____

Custodian: BNY Mellon Investment Servicing Trust Company, 101 Sabin Street, Pawtucket, RI 02860.

Mail to the following:

First Class Mail:

Stratton Funds
P.O. Box 9801
Providence, RI 02940-5214

Overnight Mail:

Stratton Funds
4400 Computer Drive
Westborough, MA 01581
1-800-472-4266

**STRATTON FUNDS COVERDELL EDUCATION SAVINGS ACCOUNT (COVERDELL ESA)
TRANSFER OF ASSETS FORM**

Use this form to request a Coverdell ESA transfer of assets from an existing Coverdell ESA to a Coverdell ESA at Stratton Funds. Based on your instructions, BNY Mellon (the "Custodian") will initiate the transfer for you. Incomplete information will result in delays in processing your request. If you need assistance completing this form, please contact Shareholder Services at 1-800-472-4266.

RESPONSIBLE INDIVIDUAL (The parent or guardian of the Designated Beneficiary)

Name: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Social Security Number: _____ Date of Birth: _____

DESIGNATED BENEFICIARY

Name: _____

Social Security Number: _____ Date of Birth: _____

COMPLETE IF TRANSFERRING FROM AN ELIGIBLE FAMILY MEMBER'S COVERDELL ESA (This option is only available if you are the Responsible Individual listed on the account.)

Family Member's Name: _____ Relationship: _____

Social Security Number: _____ Date of Birth: _____

INVESTMENT INSTRUCTIONS (Complete items A and B)

- A. I am opening a new account and have attached the required Coverdell ESA application.
- Deposit the proceeds into an existing Coverdell ESA. Account Number: _____

B. Invest as follows:

Stratton Multi-Cap Fund #29 Dollar Amount \$ _____ or Percentage _____ %

Stratton Real Estate Fund #36 Dollar Amount \$ _____ or Percentage _____ %

Stratton Small-Cap Value Fund #37 Dollar Amount \$ _____ or Percentage _____ %

Must equal 100%

TRANSFER AND AUTHORIZATION INSTRUCTIONS TO CURRENT CUSTODIAN

Please attach a copy of a recent statement, if possible. Note: The current custodian may require a Medallion Signature Guarantee to process the transfer request (Please see the Authorization section for an explanation of the Medallion Signature Guarantee).

Name of current custodian: _____

Address _____

City: _____ State: _____ Zip Code: _____

Contact name: _____ Telephone number: (_____) _____

Continued on next page.

1) Investment to transfer:

Account number:

Share class:

Liquidate Entire Account Partial Dollar Amount \$ _____ or # of Shares _____ Transfer In-Kind

For Certificate of Deposits: Immediately* At Maturity Date _____

2) Investment to transfer:

Account number:

Share class:

Liquidate Entire Account Partial Dollar Amount \$ _____ or # of Shares _____ Transfer In-Kind

For Certificate of Deposits: Immediately* At Maturity Date _____

***Note:** if you wish to have certificates of deposit transferred immediately and they have not matured, you may incur a redemption penalty. We cannot accept requests to convert certificates of deposit more than 60 days before their maturity.

AUTHORIZATION

I authorize the transfer of assets as noted above to a Stratton Funds Coverdell ESA and authorize the current custodian, Stratton Funds, and BNY Mellon Investment Servicing Trust Company to process this request on my behalf. I understand as the Responsible Individual, it is my responsibility to insure the prompt transfer of assets by the current custodian. I have read and understand all information on this form and hereby provide applicable authorization.

Signature of Responsible Individual:

Date:

Medallion Signature Guarantee Stamp and Signature (If required by your current custodian or transfer agent): An eligible guarantor is a domestic bank or trust company, securities broker/dealer, clearing agency or savings association that participates in a medallion program recognized by the Securities Transfer Agents Association. The three recognized medallion programs are the Securities Transfer Agents Medallion Program (known as STAMP), Stock Exchanges Medallion Program (SEMP), and the Medallion Signature Program (MSP). A notarization from a notary public is NOT an acceptable substitute for a signature guarantee.

Mail to the following:

First Class Mail:

Stratton Funds
P.O. Box 9801
Providence, RI 02940-5214

Overnight Mail:

Stratton Funds
4400 Computer Drive
Westborough, MA 01581
1-800-472-4266

**STRATTON FUNDS COVERDELL EDUCATION SAVINGS ACCOUNT (ESA)
CERTIFICATION OF ROLLOVER ASSETS**

Use this form to certify the eligibility of a rollover contribution. Rules regarding rollovers and their tax implications are complex. Please refer to IRS Publication 970 or a professional tax advisor for more information.

RESPONSIBLE INDIVIDUAL (The parent or guardian of the Designated Beneficiary)

Name: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Social Security Number: _____ Date of Birth: _____

DESIGNATED BENEFICIARY

Name: _____

Social Security Number: _____ Date of Birth: _____

Account Number: _____

ROLLOVER INVESTMENT

- 60 Day Rollover – (Coverdell ESA in the same Designated Beneficiary’s name)** This is a distribution of all or part of the account balance from another Coverdell ESA that was registered to the same Designated Beneficiary and is being rolled over within 60 days of receipt.
- 60 Day Rollover – (Eligible Family Member’s Coverdell ESA)** This is a distribution of all or part of the account balance from a Coverdell ESA that was held in another family member’s name and is being rolled over within 60 days of receipt.

CERTIFICATION

I, as the Responsible Individual for the above referenced account, certify the following statements are true and correct:

The investment is an eligible Coverdell ESA rollover contribution that is being rolled over

- 1) Within the required timeframe, and
- 2) Includes only Coverdell ESA eligible assets, and
- 3) Is from another Coverdell ESA account in which the above-named Designated Beneficiary was either the original Designated Beneficiary or was an eligible family member of the Designated Beneficiary.

The property received from the distributing Coverdell ESA is the same property that is being rolled over into this Coverdell ESA.

I understand that this rollover contribution is irrevocable. I agree that I, as the Responsible Individual, am solely responsible for all tax consequences of this rollover contribution. I also agree that neither the Custodian nor Stratton Funds shall have responsibility for any such tax consequences or any consequences resulting from this amount being ineligible for rollover.

I have read, understand, and agree to be legally bound by the terms of this form. I also understand that the Custodian will rely on this form when accepting this rollover contribution.

Responsible Individual’s Signature: _____ **Date:** _____

Mail to the following:

First Class Mail:

Stratton Funds
P.O. Box 9801
Providence, RI 02940-5214

Overnight Mail:

Stratton Funds
4400 Computer Drive
Westborough, MA 01581
1-800-472-4266

**STRATTON FUNDS COVERDELL EDUCATION SAVINGS ACCOUNT (COVERDELL ESA)
WITHDRAWAL AUTHORIZATION FORM**

Note: For trustee to trustee transfers, please complete the appropriate receiving custodian's trustee to trustee transfer form. All required documentation must be received in good order before the withdrawal request can be honored. All legal documents must be certified and a Medallion Signature Guarantee may be required. Please see the Signature section for an explanation of the Medallion Signature Guarantee.

RESPONSIBLE INDIVIDUAL (Generally, the parent or legal guardian of the Designated Beneficiary unless the Designated Beneficiary is of legal age for their state of residence.)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

DESIGNATED BENEFICIARY

Name: _____

Social Security Number: _____ Date of Birth: _____

Account Number: _____

DISTRIBUTION REASON

Qualified Distribution - Is Being Used for Qualified Education Expenses:

The distribution from this account is being used for qualified education expenses of the Designated Beneficiary.

Non-Qualified Distribution - Is Not Being Used for Education Expenses:

1. This distribution is not being used for qualified education expenses and none of the other reasons listed below apply.

2. Permanent disability of the Designated Beneficiary (within the meaning of section 72(m)(7) of the Internal Revenue Code).

3. Removal of excess contribution plus earnings before the tax-filing deadline. In which tax year was the contribution made? _____
Is the contribution plus earnings being removed in the same year? Yes No

4. Liquidation of the account for the Designated Beneficiary has attained age 30.

5. Transfer incident due to divorce or legal separation - attach a Medallion Signature Guarantee letter of instruction indicating how the proceeds are to be distributed.

6. The Coverdell ESA is being rolled over to a Coverdell ESA for another eligible family member. Attached is either 1) a Medallion Signature Guarantee letter of instruction indicating how the proceeds are to be delivered, or 2) a new Stratton Funds Coverdell ESA account application.

7. Death - the Responsible Individual or representative of the Designated Beneficiary's estate must furnish a certified copy of the death certificate and select from the following options (**A, B, or C**) below.

A. Distribute assets payable to the estate of the Designated Beneficiary following the mailing instructions on page 2.

Estate's Tax Identification Number: _____

B. Distribute assets in cash payable to the named Designated Death Beneficiary following the mailing instructions on page 2.

Beneficiary's Name: _____ Social Security Number: _____

Continued on next page.

- C. The Coverdell ESA is being rolled over to a Coverdell ESA for an eligible family member who is under the age of 30.

Coverdell ESA Recipient's Name: _____

- Attached is a new Stratton Funds Coverdell ESA account application indicating a rollover contribution investment.
- Deposit as a rollover into an existing Coverdell ESA at Stratton Funds. Account Number: _____.
- Issue proceeds to a Coverdell ESA in the recipient's name at another institution following the mailing instructions below.

DISTRIBUTION METHOD (Complete A, B and C)

A. Choose one: Total Liquidation (or) Partial Distribution - Amount: \$ _____ (or) _____ Shares

B. Distribute from:

Fund: _____ Dollar Amount \$ _____ or %

Fund: _____ Dollar Amount \$ _____ or %

C. Mailing Instructions

- Mail to the Designated Beneficiary's address of record – Check will be made payable to the Designated Beneficiary (or to their estate in case of death distribution).
- Mail to the following address - (Medallion Signature Guarantee required if address is not already on file.)

Attention: _____ For the Benefit of: _____

Street: _____ City: _____ State: _____ Zip: _____

- Transfer funds electronically via ACH*: (voided check required) (or) Mail check to*:

Name of Institution: _____

For the Benefit of: _____

Address: _____

Routing and Account Number: _____

*Medallion Signature Guarantee is required and may be obtained at your local bank or trust company, securities broker/dealer, clearing agency or savings association.

*The receiving bank account must include your or the Designated Beneficiary's name in the account registration.

SIGNATURE

I certify that I am authorized to make these elections and that all information provided is true and accurate. I further certify that the Custodian, the Stratton Funds, or any agent of either of them has given no tax or legal advice to me, and that all decisions regarding the elections made on this form are my own. The Custodian is hereby authorized and directed to distribute funds from the account in the manner requested. The Custodian may conclusively rely on this certification and authorization without further investigation or inquiry. I expressly assume responsibility for any adverse consequences which may arise from the election(s) and agree that the Custodian, Stratton Funds, and their agents shall in no way be responsible, and shall be indemnified and held harmless, for any tax, legal or other consequences of the election(s) made on this form.

Signature of Responsible Individual*:

Date:

*Designated Beneficiary (if legal adult)

Medallion Signature Guarantee Stamp and Signature (If required by your current custodian or transfer agent): An eligible guarantor is a domestic bank or trust company, securities broker/dealer, clearing agency or savings association that participates in a medallion program recognized by the Securities Transfer Agents Association. The three recognized medallion programs are the Securities Transfer Agents Medallion Program (known as STAMP), Stock Exchanges Medallion Program (SEMP), and the Medallion Signature Program (MSP). A notarization from a notary public is NOT an acceptable substitute for a signature guarantee.

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Westborough, MA 01581
1-800-472-4266

FACTS	WHAT DOES BNY MELLON INVESTMENT SERVICING TRUST COMPANY DO WITH YOUR PERSONAL INFORMATION?
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Why?	<p>Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information.</p> <p>Please read this notice carefully to understand what we do.</p>
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What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> • Social Security number • Account balances • Transaction history • Account transactions • Retirement assets <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>
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How?	<p>All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons BNY Mellon Investment Servicing Trust Company chooses to share; and whether you can limit this sharing.</p>
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Reasons we can share your personal information	Does BNY Mellon Investment Servicing Trust Company share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes—to offer our products and services to you	No	No
For joint marketing with other financial companies	No	No
For our affiliates' everyday business purposes—information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes—information about your creditworthiness	No	No
For our affiliates to market to you	No	No
For nonaffiliates to market to you	No	No

Questions?	Call 855-649-0623
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Who we are

Who is providing this notice?

BNY Mellon Investment Servicing Trust Company, custodian for self-directed savings and retirement accounts, such as Individual Retirement Accounts, Qualified Plans and 403(b)(7) Plans, and for mutual fund Wrap Product and Global Cash Portal accounts

What we do

How does **BNY Mellon Investment Servicing Trust Company** protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. Our internal data security policies restrict access of nonpublic personal information to authorized employees. We maintain physical, electronic and procedural safeguards to guard our customers' nonpublic personal information. Employees who violate our data security policies are subject to disciplinary action, up to and including termination.

How does **BNY Mellon Investment Servicing Trust Company** collect my personal information?

We collect your personal information, for example, when you

- Open an account or deposit funds
- Make deposits or withdrawals from your account
- Provide account information
- Give us your contact information
- Show your government-issued ID

We also collect your personal information from affiliates or other companies.

Why can't I limit all sharing?

Federal law gives you the right to limit only

- Sharing for affiliates' everyday business purposes—information about your creditworthiness
- Affiliates from using your information to market to you
- Sharing for nonaffiliates to market to you

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

Definitions

Affiliates

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

Nonaffiliates

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

- **BNY Mellon Investment Servicing Trust Company** does not share information with nonaffiliates so they can market to you.

Joint marketing

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

- **BNY Mellon Investment Servicing Trust Company** doesn't jointly market.

Other important information

This notice applies to individual consumers who are customers or former customers. This notice replaces all previous notices of our consumer privacy policy, and may be amended at any time. We will keep you informed of changes or amendments as required by law.

