

# Coverdell Education Savings Account

**Q How much can be contributed to a Coverdell Education Savings Account?**

A \$2,000 per child may be saved each year.

**Q Who can contribute to a Coverdell Education Savings Account?**

A Corporations, non-profit organizations and individuals. However, if an individual's Modified Adjusted Gross Income (MAGI) exceeds a certain threshold, contributions are prohibited.

**Q My tax filing status is individual. What is the MAGI threshold for determining whether or not I can make a contribution?**

A \$95,000 – \$110,000. If your MAGI is less than \$95,000, up to \$2,000 may be contributed. If your MAGI is between these numbers, you can make a partial contribution. If your MAGI is greater than \$110,000, you cannot make a contribution.

**Q My spouse and I file our taxes jointly. What is the MAGI threshold for determining whether or not we can make a contribution?**

A \$190,000 – \$220,000. If your MAGI is less than \$190,000, up to \$2,000 may be contributed. If your MAGI is between these numbers, you can make a partial contribution. If your MAGI is greater than \$220,000, you cannot make a contribution.

**Q For how long can I make contributions?**

A Generally, contributions can be made up until the minor turns 18 years old.

**Q Can I make a contribution and designate it for the prior tax year?**

A Yes, as long as the contribution is made by April 15<sup>th</sup>.

**Q Are contributions tax deductible?**

A No.

**Q How are distributions taxed?**

A Generally, as long as the funds are used toward educational expenses (e.g. tuition, fees, books, supplies, equipment and certain other expenses), distributions are not taxable.

*For more information, please refer to the Coverdell Education Savings Account Disclosure Statement and Custodial Agreement or call a Sit Mutual Funds Investor Services Representative at:*

**800-332-5580**