

NIZARI PROGRESSIVE FEDERAL CREDIT UNION COLLEGE SAVINGS

	Nizari Coverdell Education Savings Account (College Savings IRA)	Nizari Credit Union College Savings Account
INCOME LIMITS	Contribution is phased out if income is \$95,000-\$110,000 if single, or \$190,000-\$220,000 if married	No income limits for contribution
CONTRIBUTION LIMITS	\$2000 per year per beneficiary	\$6,000 per year beneficiary
CONTROL	Beneficiary may assume control at age 18 or 21 in most states	Can be owner Controlled with change of beneficiary
USES	Education expenses, including tuition, books, lodging for kindergarten thru high school, college and graduate school	Higher education Including tuition, Books, lodging
ABILITY TO CHANGE BENEFICIARY	YES	YES
PENALTIES ON NON-QUALIFIED WITHDRAWALS	10% IRS Penalty on earnings	10% penalty on earnings
EARNINGS	½ % over declared dividend	½% over declared dividend
INSURANCE	NCUSIF insured	NCUSIF insured
TAX TREATMENT	Tax exempt. In case of withdrawals for non-educational purpose, all earnings will be taxed in the year it is withdrawn	Earnings subject to Tax every year. Member get 1099-INT each year.

Important facts related to these products:

Coverdell IRA may or may not be sufficient for all members and there is limit of \$2000 per year imposed by IRS regulation. There are no other limits except that one account per year per beneficiary. Nizari College Savings account provides additional means for savings and provides a much better interest rate than most low risk money market accounts. Saving on a regular monthly basis rather than annual lump sum of \$6000 is strongly encouraged.



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DISCLOSURE FOR SPECIAL COLLEGE SAVINGS ACCOUNT

I, the undersigned hereby agree to the following terms and conditions for depositing savings in to my account as part of college savings plan introduced by Nizari Progressive Federal Credit Union.

1. That the maximum amount of **\$6,000 per year** can be deposited in this special college savings account for the beneficiary until he/she reaches **the age of 18 years**.
2. That this amount can only be withdrawn for the purpose of higher education including tuition, fees, books, equipment required for enrollment or certain room and board expenses of the beneficiary.
3. That this account will earn ½% higher dividend than the regular share accounts with Nizari.
4. That the dividend rates are not fixed. The Board of Directors will declare dividend every three months.
5. That the dividend will be credited to this special account quarterly.
6. That the penalties of 10% on earnings will be imposed on non-qualified and early withdrawals.
7. That the beneficiary can be changed any time during the term of this special account.
8. That all the earnings from this account are subject to tax every year and member will get 1099-INT each year.
9. That this special account will be controlled by the owner and not by the beneficiary.
10. That there is no income limits for contribution to this special savings account.

The **beneficiary** information is as under:

Name of beneficiary: _____

Date of Birth: _____

Social Security Number: _____

Signature

Account Number

Name of Account Holder

Date