Travis Credit Union

Cover the Rising Cost of Education

Coverdell Education Savings Account
Live better

Travis Credit Union is focused on helping our members live better and achieve their financial goals at every stage of life. That's why we offer an assortment of products to help you plan for and enjoy every aspect of your child's financial needs. When it comes to planning for their education, opening a Coverdell Education Savings Account (CESA) is an excellent way to invest money to help pay for your child's K-12 or college education costs.

Why choose a Coverdell Education Savings Account?
A CESA is designed for the sole purpose of paying for your child's education. You can use CESA funds for qualified education expenses incurred during elementary and high school as well as college.

Withdrawals are tax-free when used to pay for qualified expenses, making the CESA a popular investment option for parents wishing to cover the cost of their child's education.

Who is the beneficiary of a CESA?
The term “designated beneficiary” is used to refer to the individual on whose behalf the CESA is established and who will eventually benefit by using the CESA assets for his/her education. Each Coverdell Education Savings Account may have only one child who is the designated beneficiary.

How much can I contribute?
You may contribute up to a maximum amount of $2,000 per year as long as the child is under the age of 18. Once the child has turned 18, contributions are no longer allowed.

When is the deadline for contributing to a CESA?
The deadline for CESA contribution is your federal income tax filing due date, excluding extensions (usually April 15th).
Who can contribute?
Multiple people can contribute to your child’s CESA as long as the combined total does not exceed the maximum $2,000 per year. As a contributor, your allowable contribution depends on your modified adjusted gross income (MAGI) and tax filing status as shown below:

<table>
<thead>
<tr>
<th>MAGI</th>
<th>Contribution Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$95,000 or less</td>
<td>Full Contribution</td>
</tr>
<tr>
<td>Between $95,000 and $110,000</td>
<td>Partial Contribution</td>
</tr>
<tr>
<td>$110,000 or greater</td>
<td>No Contribution</td>
</tr>
</tbody>
</table>

Married, Joint Filers:

<table>
<thead>
<tr>
<th>MAGI</th>
<th>Contribution Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$190,000 or less</td>
<td>Full Contribution</td>
</tr>
<tr>
<td>Between $190,000 and $220,000</td>
<td>Partial Contribution</td>
</tr>
<tr>
<td>$220,000 or greater</td>
<td>No Contribution</td>
</tr>
</tbody>
</table>

What if I have more than one child?
If you have multiple children, you’ll need to set up individual CESA accounts for each child. You may contribute up to the maximum of $2,000 for each child.

What if the money is no longer needed?
What if your child decides not to go to college? What if there’s money left over in his/her CESA after graduation? In this case, you can rollover or transfer the funds in the CESA to another beneficiary under the age of 30, as long as that beneficiary is a member of the original beneficiary’s family. The IRS loosely defines the term “family member” to include everyone from siblings and parents to step-siblings and in-laws.

When must assets be distributed?
Assets need to be distributed when either one of the following two events occurs:

1. The designated beneficiary reaches age 30. The remaining assets must be distributed within 30 days after the beneficiary reaches 30. This rule doesn’t apply if the beneficiary is a special needs beneficiary.
2. The designated beneficiary dies before reaching 30. The remaining assets must generally be distributed within 30 days after the date of death.

How might a CESA impact scholarships and/or financial aid?
According to the U.S. Department of Education, your CESA contributions won’t hurt your child’s chances of receiving scholarships or financial aid. Up to 5.64 percent of parent-owned assets – excluding qualified retirement assets, your primary residence and insurance policies – are considered in financial aid calculation.

Can I use CESA assets together with other forms of education funding?
You may use the Hope Scholarship and Lifetime Learning tax credits in the same year as tax-free CESA distributions as long as distributions and tax credits are for different expenses.

How do I open a CESA?
Visit any one of our convenient branches or contact the Member Service Center at (800) 877-8328 and we will mail you a packet to get your CESA started.
Mailing & Shipping
Mailing Address
Travis Credit Union
P.O. Box 2069
Vacaville, CA 95696

Deposits & Loan Payments Only
Travis Credit Union
P.O. Box 8000
Travis AFB, CA 94535

Shipping & Overnight Mail
Travis Credit Union
One Travis Way
Vacaville, CA 95696

Account Access & Information
Web Site Address
www.traviscu.org

Call-24 Phone Banking
(707) 449-4700 or (800) 578-3282

Member Service Center
Account Assistance and Information
(707) 449-4000 or (800) 877-8328

PhoneLoan™
(707) 451-5350 or (800) 877-8328

Home Loan Center
One Travis Way, Vacaville, CA 95687
(707) 469-2000 or (888) 698-0000

Check Fraud Information
(707) 469-4384 or
(800) 877-8328, ext. 4384#

Debit/Credit Card Fraud Information
(707) 449-4000 or (800) 877-8328

Everyone who lives, works, worships or attends school in Alameda, Colusa, Contra Costa, Merced, Napa, Placer, Sacramento, San Joaquin, Sonoma, Solano, Stanislaus or Yolo County is eligible to join. Certain membership eligibility requirements may apply.

Federally insured by NCUA.

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