**5305-EA**

The depositor named in the accompanying Coverdell Education Savings Custodial Account Application is establishing a Coverdell education savings account under section 530 for the benefit of the Designated Beneficiary identified in the Application exclusively to pay for the qualified elementary, secondary, and higher education expenses, within the meaning of section 530(b)(2), of such Designated Beneficiary. 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**

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 below, 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.

**☐Option** *(This provision is effective only if checked):* The responsible individual shall 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**

The responsible individual **☒** may or ☐ **may not** change the beneficiary designated under this agreement 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 the custodian whose signatures appear below.

**Article X**

**INVESTMENT PROVISIONS**

**1.** **Appointment of Custodian**: Responsible Individual appoints Custodian as the custodian of the Custodial Account. All contributions shall be invested by the Custodian as directed by the Responsible Individual. Responsible Individual has the right to revoke this Agreement and close the Custodial Account within seven (7) days from the date Responsible Individual signs this Agreement, without payment of fees or expenses to Custodian, by mailing or delivering a written notice to Custodian.

**2. Availability of Funds**: Because of Responsible Individual’s right to revoke described above, funds deposited into a new Custodial Account cannot be invested until expiration of the seven (7) day revocation period. Any checks deposited into the Custodial Account will not be available until Custodian receives confirmation of final settlement of payment on the check from Custodian’s bank.

**3. Uninvested Cash**: Custodian will automatically place all deposits received into the Custodial Account into a non-interest bearing FDIC-insured bank account until such funds are invested at Responsible Individual’s direction.

**4.** **Withdrawal Requests**: All requests for withdrawal shall be on a form provided by the Custodian. In order to verify final settlement of deposits prior to a withdrawal, funds will not be available for withdrawal until 30 days after deposit into the Custodial Account. Responsible Individual acknowledges that distributions from the Custodial Account during the taxable year in excess of the Designated Beneficiary’s qualified education expenses during the taxable year are subject to taxes and penalties. Custodian is not responsible for monitoring the use of assets distributed from the Custodial Account.

**Article XI**

**SELF-DIRECTED INVESTMENT PROVISIONS**

**1.** **Investment of Contributions**: At the direction of the Responsible Individual, the Custodian shall invest all contributions to the Custodial Account and earnings thereon in investments, provided that such investments that are considered administratively feasible by the Custodian in the Custodian’s sole discretion. However, if any such investment directions are unclear in the opinion of the Custodian, all or a portion of the contribution may be held uninvested without liability for loss of income or appreciation, and without liability for interest pending receipt of such orders or clarification, or the contribution may be returned. The Custodian shall have no duty other than to follow the written investment directions of the Responsible Individual, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Responsible Individual under any circumstances.

**2. Designated Representative**: The Responsible Individual may appoint a Designated Representative to direct the investment of the Custodial Account, or any specified portion of the Custodial Account. The Responsible Individual shall notify the Custodian of any such appointment by providing the Custodian a representative designation form acceptable to the Custodian. The Custodian shall comply with any investment directions furnished to it by the Designated Representative, unless and until it receives written notification from the Responsible Individual that the Designated Representative's appointment has been terminated.

**3.** **No Investment Advice**: Responsible Individual understands and agrees that the Custodial Account is self-directed, which means that the Responsible Individual is solely responsible for the management of the assets placed within the Custodial Account, including the selection, monitoring and retention of all investments held within the Custodial Account. The Custodian does not assume any responsibility for rendering advice with respect to the investment and reinvestment of Custodial Account and shall not be liable for any loss which results from Responsible Individual's exercise of control over the Custodial Account under any circumstances. The Custodian shall not have any duty to question any investment directions given by the Responsible Individual or Responsible Individual’s Designated Representative.

**4.** **Prohibited Transactions**: Responsible Individual acknowledges and agrees to abide by the provisions of § 4975 of the Internal Revenue Code and the related Treasury regulations pertaining to "Prohibited Transactions," and acknowledges that adverse tax consequences to the Responsible Individual would result from any investment or other use of the Custodial Account in a way that constitutes such a Prohibited Transaction. Responsible Individual assumes full responsibility for and agrees to hold the Custodian harmless for Prohibited Transactions entered into, either knowingly or without knowledge, at the direction of the Responsible Individual. Responsible Individual understands that certain transactions are prohibited for Coverdell Education Savings Accounts under § 4975 of the Internal Revenue Code and the related Treasury regulations, including transactions with a disqualified person (as defined in the Internal Revenue Code), and that such transactions will trigger excise taxes and/or result in a deemed distribution from the Custodial Account. Responsible Individual understands and agrees that Custodian has no responsibility to make any determination as to whether a transaction directed by the Responsible Individual is a prohibited transaction. Responsible Individual is solely responsible for consulting with such tax, legal and other advisors as Responsible Individual deems appropriate to make such a determination.

**5.**   **Relationships to AMERCO**:Custodian makes its Custodial Account services available to employees of AMERCO and its affiliated companies (“System Members”) on the same terms available to the general public. Establishing a Custodial Account is voluntary. AMERCO and its affiliated companies will not contribute to any System Member’s Custodial Account and do not act as employers in relation to any Custodial Account established with Custodian. Many other Coverdell Education Savings Custodial Account custodians are available to System Members. The tax consequences of contributing to a Coverdell Education Savings Custodial Account with Custodian would be the same as contributing to another Coverdell Education Savings Custodial Account. Coverdell Education Savings Custodial Accounts established with Custodian may not be appropriate for all individuals. If the Responsible Individual or the Designated Beneficiary is an officer, director or major shareholder of AMERCO or any of its affiliated companies, investing assets of the Custodial Account in promissory notes issued by AMERCO under the U-Haul Investors Club (“U-Notes”) may result in a Prohibited Transaction. Responsible Individual is solely responsible for consulting with such tax, legal and other advisors as Responsible Individual deems appropriate to make such a determination.

**6.** **Unrelated Business Income Tax**: If the Responsible Individual directs investment of the Custodial Account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Responsible Individual to so advise the Custodian and to prepare and provide to the Custodian any required returns or reports for the Custodial Account. It shall be the sole responsibility of the Responsible Individual to produce such returns and provide to the Custodian the information necessary to file such returns. The Custodian is authorized to file such returns and reports, and to apply assets of the Custodial Account to the payment of any taxes that are owed as a result of such unrelated business taxable income.

**7. Valuation Reports**: Custodian may be required to periodically submit a report to the IRS that includes the fair market value of assets held in the Custodial Account. Because U-Notes are illiquid and their value is not readily ascertainable on either an established exchange or generally recognized market, the valuation is merely an estimate of market value. Any U-Note valuations reported by Custodian should not be relied upon by Responsible Individual to make investment decisions or for any other purposes. The amount the Designated Beneficiary could realize from a sale of a U-Note could be substantially lower than the value Custodian reports to the IRS and in statements for the Custodial Account. Custodian will request valuation information for U-Notes from the issuer of the investment. Responsible Individual agrees that Custodian has the right to rely, without investigation, on values reported by the issuer of the U-Notes. Custodian does not value assets or conduct appraisals and does not seek to verify the prices or values reported to it. For record-keeping and reporting purposes, Custodian will report the value of U-Notes as the unpaid principal balance plus accrued and unpaid interest. Custodian may report a lower value if the issuer of the U-Notes defaults or becomes insolvent, or if other relevant conditions exist.

**8. No Fiduciary Status**: Custodian is acting solely as a passive custodian to hold assets of the Custodial Account. Custodian has no discretion to direct any investment in the Custodial Account and is not responsible for providing any investment advice. Custodian is not a fiduciary (as said term is defined in the Internal Revenue Code, ERISA, or any other applicable federal, state or local laws) with respect to the Custodial Account.

**9. Change of Responsible Individual**: After the Designated Beneficiary attains the age of majority (as defined by state law where the Designated Beneficiary lives), the Responsible Individual may resign and the Designated Beneficiary can assume control of the Custodial Account and become the Responsible Individual by completing a Self Directed Coverdell Education Savings Custodial Account Application.

**ARTICLE XII**

**U-HAUL INVESTORS CLUB; DISCLOSURE OF BUSINESS AFFILIATION WITH CUSTODIAN**

Responsible Individual acknowledges that the Custodian, Oxford Life Insurance Company, is a wholly-owned subsidiary of AMERCO. AMERCO is the issuer of the U-Notes. As a result, the Custodian has an inherent interest in the fortunes of its parent company, including benefits to AMERCO accruing from any investments of Custodial Account funds directed by Responsible Individual into U-Notes. The Custodian reserves the right to invest for its own account in U-Notes, provided, however, that the Custodian will not sell any U-Notes to, or purchase U-Notes from, the Custodial Account.

**ARTICLE XIII**

**RESIGNATION AND REMOVAL OF CUSTODIAN**

**1.** **Successor Custodian**:The Custodian may appoint a successor custodian to serve under this Agreement or under another governing agreement selected by the successor custodian by giving the Responsible Individual written notice at least 30 days prior to the effective date of such resignation and appointment, which notice shall also include or be provided under separate cover a copy of such other governing instrument, if applicable, and any related disclosure statement.

**2.** **Nonbank Trustee Provision**: The Responsible Individual shall substitute another custodian in place of the Custodian upon receipt of notice from the Commissioner of the Internal Revenue Service or his delegate that such substitution is required because the Custodian has failed to comply with the requirements of Income Tax Regulations Section 1.408-2(e), or is not keeping such records, making such returns, or rendering such statements as are required by applicable law, regulations, or other rulings. The successor custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury pursuant to Section 408(a)(2) of the Code. Upon receipt by the Custodian of written acceptance by its successor of such successor's appointment, Custodian shall transfer and pay over to such successor the assets of the account (less fees and expenses retained pursuant to this Agreement) and all records (or copies thereof) of the Custodian pertaining thereto, provided that the successor custodian agrees not to dispose of any such records without the Custodian's consent.

**3.** **Resignation of Custodian**: The Custodian may resign and demand that the Responsible Individual appoint a successor custodian of the Custodial Account by giving the Responsible Individual written notice at least 30 days prior to the effective date of such resignation. The Responsible Individual shall then have 30 days from the date of such notice to designate a successor custodian, notify the Custodian of the name and address of the successor trustee or custodian, and provide the Custodian with appropriate evidence that such successor has accepted the appointment and is qualified to serve as custodian of an individual retirement account. The Custodian shall then transfer all of the assets held by the Custodian in the Custodial Account, minus any fees or expenses owed to the Custodian, to the successor custodian.

**(a)**  If the Responsible Individual does not notify the Custodian of the appointment of a successor trustee or custodian within such 30 day period, then the Custodian may distribute all of the assets held by the Custodian in the Custodial Account to the Responsible Individual, outright and free of trust, and the Responsible Individual shall be wholly responsible for the tax consequences of such distribution.

**(b)** In any event, the Custodian may expend any assets in the Custodial Account to pay expenses of transfer (including re-registering the assets and preparation of deeds, assignments, and other instruments of transfer or conveyance) to the successor custodian or the Responsible Individual, as the case may be. In addition, the Custodian may retain a portion of the assets as a reserve for payment of any anticipated remaining fees and expenses. Upon satisfaction of such fees and expenses, the Custodian shall pay over any remainder of the reserve to the successor custodian or to the Responsible Individual, as the case may be.

**ARTICLE XIV**

**CUSTODIAN’S FEES AND EXPENSES**

**1.** **Custodian's Fees:** The Custodian shall be entitled to fees for services provided with respect to the Custodial Account, in accordance with a Custodial Fee Schedule provided by the Custodian to the Responsible Individual. The Custodian reserves the right to change all or part of the Custodial Fee Schedule at its discretion by giving the Responsible Individual 30 days advance notice.

**2. Expenses**: In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the assets of the Custodial Account, 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 Account assets, and to charge the Custodial Account for any expenses incurred in obtaining such legal determination.

**3. Payment of Fees and Expenses**: U-Haul International, Inc. (“U-Haul”), an affiliate of Custodian and AMERCO, has agreed to pay Custodian’s fees in accordance with the Custodial Fee Schedule pursuant to a services agreement between Custodian and U-Haul. Designated Beneficiary may become responsible for payment of Custodian’s fees if U-Haul ever discontinues paying the fees or upon the closing of the Investors Club account established for the Custodial Account. If Designated Beneficiary becomes responsible for paying Custodian’s fees, the Custodian shall deduct the fees from assets in the Custodial Account.

**ARTICLE XV**

**BENEFICIARY DESIGNATIONS**

**1. Change of Designated Beneficiary**: The Responsible Individual may change the Designated Beneficiary to a member of the Designated Beneficiary’s family (as defined in Internal Revenue Code § 529(e)(2)).

**2. Designation in the Event Designated Beneficiary Dies**: If the Designated Beneficiary dies and the Responsible Individual has designated a designated death beneficiary who is a family member of the Designated Beneficiary as defined in Internal Revenue Code § 529(e)(2), the Custodial Account will become the property of the designated death beneficiary as of the date of death. If any assets to be distributed from the Custodial Account consist of U-Notes, then the designated death beneficiary will receive an in-kind distribution of the U-Notes and will need to open a new U-Haul Investors Club account to transfer title to those U-Notes to the designated death beneficiary. If no designated death beneficiary designation is in effect, or if the named designated death beneficiary does not survive the Designated Beneficiary, any remaining assets in the Custodial Account will be distributable to the Designated Beneficiary's estate.

**3. Beneficiary Forms**: A Designated Beneficiary or designated death beneficiary can only be designated or changed using a form provided by the Custodian and signed by the Responsible Individual. A designation or change will take effect when the designation or change is received and recorded by the Custodian, subject to any prior payments made or other actions taken by the Custodian.

**ARTICLE XVI**

**DISPUTE RESOLUTION**

If the Parties cannot resolve any dispute, controversy, or claim, whether contractual or non-contractual, arising out of this Agreement, relating to the breach or alleged breach of any provision or covenant under this Agreement, the dispute shall be resolved by binding arbitration in accordance with the Arbitration Rules of the American Arbitration Association, pursuant to an arbitration held in Phoenix, Arizona. The resolution of the dispute by a single arbitrator shall be final, binding, and fully enforceable by a court of competent jurisdiction. The prevailing party shall be entitled to receive from the other party its reasonable attorneys’ fees and costs incurred in connection with any action, proceeding or arbitration hereunder. Any actions, suits or disputes involving this Agreement, the Custodial Account, any investment held in the Custodial Account, and any document, disclosure or agreement in connection with the foregoing, must be brought in an individual capacity and not as a plaintiff or class member in any purported class or representative proceeding.

**ARTICLE XVII**

**CONSENT TO ELECTRONIC TRANSACTIONS AND DISCLOSURES**

As a condition of establishing and maintaining the Custodial Account with Custodian, Responsible Individual must consent to transactions with Custodian online and electronically. Responsible Individual agrees to receive electronically from Custodian all documents, communications, notices, contracts, account statements, agreements, and tax documents including any IRS Forms 1099 and 5498, arising from the Custodial Account (collectively or individually as the case may be, "Disclosures"). Such consent shall remain in effect for so long as the Custodial Account remains open. Responsible Individual agrees and acknowledges that Responsible Individual can access, receive and retain all Disclosures electronically sent via email or posted on a website designated by Custodian.

Receiving Disclosures electronically will require access to the following required hardware and software: access to the Internet; an e-mail account and related software capable of receiving e-mail through the Internet; a web browser which is SSL-compliant and supports secure sessions, such as Internet Explorer 5.0 or above, or the equivalent software; and hardware capable of running this software.

Any Disclosures will be provided to Responsible Individual electronically, either through a website designated by Custodian or via electronic mail to the verified e-mail address Responsible Individual provided to Custodian. If Responsible Individual revokes this consent to receive Disclosures electronically, a paper copy of any Disclosures required to be delivered to Responsible Individual after the effective time of revocation of consent will be provided. This will be sent to Responsible Individual at no cost. However, a fee may be charged for any additional or replacement copies of such Disclosures. If Responsible Individual revokes this consent to receive disclosures electronically, Custodian will confirm the revocation and its effective date in writing by email and Custodian may resign pursuant to Article XIII. Such revocation will take effect for the calendar year in which it is made so long as such revocation is made before November 1 of such calendar year. Any IRS Forms 1099 or 5498 provided electronically will remain accessible through at least October 15 of the year in which such IRS Form 1099 or 5498 is made available; after that time the IRS Forms 1099 and 5498 may no longer be accessible electronically.

**ARTICLE XVIII**

**GENERAL PROVISIONS**

**1.** **Applicable Law**: This Agreement shall be governed by the laws of the State of Arizona.

**2.** **Amendment**: The Custodian reserves the right to amend this Agreement at any time. In the case of an amendment required by law, the Responsible Individual’s consent will not be required. The Responsible Individual shall be deemed to have consented to any other amendment unless the Responsible Individual notifies the Custodian that the Responsible Individual does not consent within 30 days after the Custodian sends notice of the amendment to the Responsible Individual.

**3.** **Entire Agreement**: This Agreement is the complete and exclusive agreement between the parties with respect to the subject matter hereof, superseding any prior agreements and communications (both written and oral) regarding such subject matter.

**4.** **Responsibilities**: Responsible Individual represents and warrants that all information and instructions given to the Custodian by the Responsible Individual is complete and accurate and agrees that the Custodian shall not be responsible for any incomplete or inaccurate information provided by the Responsible Individual or Responsible Individual's beneficiary(ies). Responsible Individual agrees to be responsible for all tax consequences arising from contributions to and distributions from this Custodial Account and acknowledges that no tax advice has been provided by the Custodian.

**This Agreement contains a binding arbitration provision. By agreeing to this Agreement, you are voluntarily giving up your right to a trial by jury. See Article XVI.**

**General Instructions**

*Section references are to the Internal Revenue Code unless otherwise noted.*

**What's New**

**Military death gratuity.** Families of soldiers who receive military death benefits may contribute, subject to certain limitations, up to 100 percent of such benefits into an educational savings account. Publication 970, Tax Benefits for Education, explains the rules for rolling over the military death gratuity and lists eligible family members.

**Purpose of Form**

Form 5305-EA is a model custodial account agreement that meets the requirements of section 530(b)(1) and has been pre-approved by the IRS. A Coverdell education savings account (ESA) is established after the form is fully executed by both the depositor and the custodian. This account must be created in the United States for the exclusive purpose of paying the qualified elementary, secondary, and higher education expenses of the designated beneficiary.

If the model account is a trust account, see **Form 5305-E,** Coverdell Education Savings Trust Account.

**Do not** file Form 5305-EA with the IRS. Instead, the depositor must keep the completed form in its records.

**Definitions**

**Custodian.** The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian. Any person who may serve as a custodian of a traditional IRA may serve as the custodian of a Coverdell ESA.

**Depositor.** The depositor is the person who establishes the custodial account.

**Designated beneficiary.** The designated beneficiary is the individual on whose behalf the custodial account has been established.

**Family member.** Family members of the designated beneficiary include his or her spouse, child, grandchild, 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 the spouse of any such individual. A first cousin, but not his or her spouse, is also a “family member.”

**Responsible individual.** The responsible individual, generally, is a parent or guardian of the designated beneficiary. However, under certain circumstances, the responsible individual may be the designated beneficiary.

**Identification Numbers**

The depositor’s and designated beneficiary’s social security numbers will serve as their identification numbers. If the depositor is a nonresident alien and does not have an identification number, write “Foreign” in the

block where the number is requested. The designated beneficiary’s social security number is the identification number of his or her Coverdell ESA. If the designated beneficiary is a nonresident alien, the designated beneficiary’s individual taxpayer identification number is the identification number of his or her Coverdell ESA. An employer identification number (EIN) is required only for a Coverdell ESA for which a return is filed to report unrelated business income. An EIN is required for a common fund created for Coverdell ESAs.

**Specific Instructions**

**Note*:*** *The age limitation restricting contributions, distributions, rollover contributions, and change of beneficiary are waived for a designated beneficiary with special needs.*

**Article X**. Article X and any that follow may incorporate additional provisions that are agreed to by the depositor and custodian to complete the agreement. They may include, for example, provisions relating to: definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the custodian, custodian’s fees, state law requirements, treatment of excess contributions, and prohibited transactions with the depositor, designated beneficiary, or responsible individual, etc. Attach additional pages as necessary.

**Optional provisions in Article V and Article VI**. Form 5305-EA may be reproduced in a manner that provides only those optional provisions offered by the custodian.