

10. Are There Distribution Rules that Apply after My Death?

Yes. If you die before receiving the balance of your IRA, distribution of your remaining account balance is subject to the following rules. If your spouse is not the beneficiary, then your remaining interest may either (i) be distributed by December 31 of the year containing the fifth anniversary of your death, or (ii) begin to be distributed by December 31 of the year following your death over a period not exceeding the life expectancy or expectancies of your designated beneficiary or beneficiaries.

The minimum amount that must be distributed under (ii) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy of the designated beneficiary using the age of the beneficiary in the year following the year of the depositor's death and subtracting one from the divisor for each subsequent year.

Two additional distribution options are available if your spouse is the beneficiary: (i) payments to your spouse may commence as late as December 31 of the year you would have attained age 70^{1/2} and be distributed over a period not exceeding the life expectancy of your spouse, or (ii) your spouse can simply elect to treat your Roth IRA as his or her own.

11. How Are Distributions from a Roth IRA Taxed for Federal Income Tax Purposes?

Amounts distributed to you are generally excludable from your gross income if they (i) are paid after you attain age 59^{1/2}, (ii) are made to your beneficiary after your death, (iii) are attributable to your becoming disabled, (iv) subject to various limits, the distribution is used to purchase a first home or, in limited cases, a second or subsequent home for you, your spouse, or you or your spouse's grandchild or ancestor, or (v) are rolled over to another Roth IRA.

Regardless of the foregoing, if you or your beneficiary receive a distribution within the five-taxable-year period starting with the beginning of the year to which your initial contribution to your Roth IRA applies, the earnings on your account are includable in taxable income. In addition, if you roll over (convert) funds to your Roth IRA from another individual retirement plan (such as a Traditional IRA or another Roth IRA into which amounts were rolled from a Traditional IRA), the portion of a distribution attributable to rolled-over amounts which exceeds the amounts taxed in connection with the conversion to a Roth IRA is includable in income (and subject to penalty tax) if it is distributed prior to the end of the five-tax-year period beginning with the start of the tax year during which the rollover occurred. An amount taxed in connection with a rollover is subject to a 10% penalty tax if it is distributed before the end of the five-tax-year period.

As noted above, the five-year holding period requirement is measured from the beginning of the five-taxable-year period beginning with the first taxable year for which you (or your spouse) made a contribution to a Roth IRA on your behalf. Previously, the law required that a separate five-year holding period apply to regular Roth IRA contributions and to amounts contributed to a Roth IRA as a result of the rollover or conversion of a Traditional IRA. Even though the holding period requirement has been simplified, it may still be advisable to keep regular Roth IRA contributions and rollover/conversion Roth IRA contributions in separate accounts. This is because amounts withdrawn from a rollover/conversion Roth IRA within five years of the rollover/conversion may be subject to a 10% penalty tax.

As noted above, a distribution from a Roth IRA that complies with all of the distribution and holding period requirements is excludable from your gross income. If you receive a distribution from a Roth IRA that does not comply with these rules, the part of the distribution that constitutes a return of your contributions will not be included in your taxable income, and the portion that represents earnings will be includable in your income. For this purpose, certain ordering rules apply. Amounts distributed to you are treated as coming first from your non-deductible contributions. The next portion of a distribution is treated as coming from amounts which have been rolled over (converted) from any non-Roth IRAs in the order such amounts were rolled over. Any remaining amounts (including all earnings) are distributed last. Any portion of your distribution which does not meet the criteria for exclusion from gross income may also be subject to a 10% penalty tax.

Note that to the extent a distribution would be taxable to you, neither you nor anyone else can qualify for capital gains treatment for amounts distributed from your account. Similarly, you are not entitled to the special five- or ten-year averaging rule for lump-sum distributions that may be available to persons receiving distributions from certain other types of retirement plans. Rather, the taxable portion of any distribution is taxed to you as ordinary income. Your Roth IRA is not subject to taxes on excess distributions or on excess amounts remaining in your account as of your date of death.

You must indicate on distribution requests whether or not federal income taxes should be withheld on the taxable portion (if any) of a distribution from a Roth IRA. Redemption requests not indicating an election not to have federal income tax withheld will be subject to withholding with respect to the taxable portion (if any) of a distribution.

Note that, for federal tax purposes (for example, for purposes of applying the ordering rules described above), Roth IRAs are considered separately from Traditional IRAs.

12. What Are The Qualifications for A Charitable Donation?

The Pension Protection Act of 2006 allows Roth IRA holders who are age 70^{1/2} or older at the time of a distribution to annually exclude qualified charitable distribution amounts up to \$100,000 per year from gross income. A qualified charitable distribution must be made payable directly to the qualified charity as described in Section 170(b) of the Internal Revenue Code. Qualified charitable distributions are currently allowed only for the tax years of 2006 and 2007.

13. Are There Penalties for Early Distribution from a Roth IRA?

As indicated above, earnings on your contributions, as well as amounts contributed to a Roth IRA as a rollover from a Traditional IRA, that are distributed before certain events are subject to various taxes. Please see IRS Publication 590 for further information about Roth IRA rules and restrictions.

14. What if I Engage in a Prohibited Transaction?

If you engage in a "prohibited transaction", as defined in Section 4975 of the Internal Revenue Code, your account could lose its tax-favored status. Examples of prohibited transactions are:

- (a) the sale, exchange, or leasing of any property between you and your account;

- (b) the lending of money or other extensions of credit between you and your account;
- (c) the furnishing of goods, services, or facilities between you and your account.

15. What if I Pledge My Account?

If you use (pledge) all or part of your Roth IRA as security for a loan, your account may lose its tax-favored status.

16. How Are Contributions to a Roth IRA Reported for Federal Tax Purposes?

You must file Form 5329 with the IRS to report and remit any penalties or excise taxes. In addition, certain contribution and distribution information must be reported to the IRS on Form 8606 (as an attachment to your federal income tax return).

17. How Are Earnings on My Account Calculated and Allocated?

The method of investing earnings is set forth in the Roth Individual Retirement Account Custodial Agreement. The growth in value of your IRA is neither guaranteed nor projected.

18. Is There Anything Else I Should Know?

Your Roth Individual Retirement Account Plan has been approved as to form by the Internal Revenue Service. The Internal Revenue Service approval is a determination only as to the form of the Plan and does not represent a determination of the merits of the Plan as adopted by you. You may obtain further information with respect to your Roth Individual Retirement Account from any district office of the Internal Revenue Service. The statute provides that Roth IRAs are to be treated the same as Traditional IRAs for most purposes. As the IRS clarifies its interpretation of the statute, revised or updated information will be provided.

Roth Individual Retirement Custodial Account

The following constitutes an agreement establishing a Roth IRA (under Section 408A of the Internal Revenue Code) between the depositor and the Custodian.

Article I

Except in the case of a rollover contribution described in Section 408A(e), a recharacterized contribution described in Section 408A(d)(6), or an IRA Conversion Contribution, the Custodian will accept only cash contributions up to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost of living adjustment, if any.

Article II

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a single depositor, the annual contribution is phased out between adjusted gross income (AGI) of \$95,000 and \$110,000; for a married depositor filing jointly, between AGI of \$150,000 and \$160,000; and for a married depositor filing separately, between AGI of \$0 and

\$10,000. In the case of a conversion, the Custodian will not accept IRA Conversion Contributions in a tax year if the depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the depositor is married and files a separate return. Adjusted gross income is defined in Section 408A(c)(3) and does not include IRA Conversion Contributions.

2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the depositor and his or her spouse.

Article III

The depositor's interest in the balance in the custodial account is non-forfeitable.

Article IV

1. 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 common investment fund (within the meaning of Section 408(a)(5)).
2. No part of the custodial account funds may be invested in collectibles (within the meaning of Section 408(m)) except as otherwise permitted by Section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

Article V

1. If the depositor dies before his or her entire interest is distributed to him or her and the depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated beneficiary, in accordance with (b) below:
 - (a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the depositor;
 - (b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.

2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations Section 1.401(a)(9)-9) of the designated beneficiary using the attained age of the beneficiary in the year following the year of the depositor's death and subtracting 1.0 from the divisor for each subsequent year.
3. If the depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the depositor.

Article VI

1. The depositor agrees to provide the Custodian with all information necessary to prepare any reports required by Sections 408(i) and 408A(d)(3)(E), Regulations Sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (IRS).

2. The Custodian agrees to submit to the IRS and depositor the reports prescribed by the IRS.

Article VII

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through IV and this sentence will be controlling. Any additional articles inconsistent with Section 408A, the related regulations, and other published guidance will be invalid.

Article VIII

This agreement will be amended as necessary to comply with the provisions of the Code, the related regulations, and other published guidance. Other amendments may be made with the consent of the persons whose signatures appear below.

Article IX

1. Investment of Account Assets

- (a) All contributions to the custodial account shall be invested in the shares of the New Covenant Mutual Funds. Shares of stock of New Covenant Mutual Funds shall be referred to as "Investment Company Shares". To the extent that two or more funds are available for investment, contributions shall be invested in accordance with the depositor's investment election.
- (b) Each contribution to the custodial account shall identify the depositor's account number and be accompanied by a signed statement directing the investment of that contribution. The Custodian may return to the depositor, without liability for interest thereon, any contribution which is not accompanied by adequate account identification or an appropriate signed statement directing investment of that contribution.
- (c) Contributions shall be invested in whole and fractional Investment Company Shares at the price and in the manner such shares are offered to the public. All distributions received on Investment Company Shares held in the custodial account shall be reinvested in like shares. If any distribution of Investment Company Shares may be received in additional like shares or in cash or other property, the Custodian shall elect to receive such distribution in additional like Investment Company Shares.
- (d) All Investment Company Shares acquired by the Custodian shall be registered in the name of the Custodian or its nominee. The depositor shall be the beneficial owner of all Investment Company Shares held in the custodial account.
- (e) The Custodian agrees to forward to the depositor each prospectus, report, notice, proxy and related proxy soliciting materials applicable to Investment Company Shares held in the custodial account received by the Custodian. By establishing or having established the custodial account, the depositor affirmatively directs the Custodian to vote any Investment Company Shares held on the applicable record date that have not been voted by the depositor prior to a shareholder meeting for which prior notice has been given. The Custodian shall vote with the management of the Investment Company on each proposal that the Investment Company's Board of Directors has approved unanimously. If the Investment Company's Board of Directors has not approved a proposal unanimously, the Custodian shall vote in proportion to all shares voted by the Investment Company's shareholders.
- (f) The depositor may, at any time, by written notice to the

Custodian, redeem any number of shares held in the custodial account and reinvest the proceeds in the shares of any other Investment Company. Such redemptions and reinvestments shall be done at the price and in the manner such shares are then being redeemed or offered by the respective Investment Companies.

2. Amendment and Termination

- (a) The Custodian may amend the custodial account (including retroactive amendments) by delivering to the depositor written notice of such amendment setting forth the substance and effective date of the amendment. The depositor shall be deemed to have consented to any such amendment not objected to in writing by the depositor within thirty (30) days of receipt of the notice, provided that no amendment shall cause or permit any part of the assets of the custodial account to be diverted to purposes other than for the exclusive benefit of the depositor or his or her beneficiaries.
- (b) The depositor may terminate the custodial account at any time by delivering to the Custodian a written notice of such termination.
- (c) The custodial account shall automatically terminate upon distribution to the depositor or his or her beneficiaries of its entire balance.

3. Taxes and Custodial Fees

Any income taxes or other taxes levied or assessed upon or in respect of the assets or income of the custodial account and any transfer taxes incurred shall be paid from the custodial account. All administrative expenses incurred by the Custodian in the performance of its duties, including fees for legal services rendered to the Custodian, and the Custodian's compensation shall be paid from the custodial account, unless otherwise paid by the depositor or his or her beneficiaries.

The Custodian's fees are set forth in Section 3 of the General Information section at the beginning of this booklet. Extraordinary charges resulting from unusual administrative responsibilities not contemplated by the schedule will be subject to such additional charges as will reasonably compensate the Custodian. Fees will be charged for any liquidation including transferring to a successor trustee or custodian. The fee will be taken from the remaining balance of the account in the event of a partial liquidation. The fee will be taken from the proceeds in the event of a total liquidation and the balance of the account will be forwarded in accordance with the depositor's instructions.

4. Reports and Notices

- (a) The Custodian shall keep adequate records of transactions it is required to perform hereunder. After the close of each calendar year, the Custodian shall provide to the depositor or his or her legal representative a written report or reports reflecting the transactions effected by it during such year and the assets and liabilities of the custodial account at the close of the year.
- (b) All communications or notices shall be deemed to be given upon receipt by the Custodian at: U.S. Bank NA, P.O. Box 701, Milwaukee, Wisconsin 53201-0701 or the depositor at his most recent address shown in the Custodian's records. The depositor agrees to advise the Custodian promptly, in writing, of any change of address.

5. Designation of Beneficiary

The depositor may designate a beneficiary or beneficiaries to receive benefits from the custodial account in the event of the depositor's death. In the event the depositor has not designated a beneficiary, or if all beneficiaries shall predecease the depositor, the following persons shall take in the order named:

- (a) The spouse of the depositor;
- (b) If the spouse shall predecease the depositor or if the depositor does not have a spouse, then to the depositor's estate.

6. Inalienability of Benefits

The benefits provided under this custodial account shall not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind and any attempt to cause such benefits to be so subjected shall not be recognized except to the extent as may be required by law.

7. Rollover Contributions and Transfers

Subject to the restrictions in Article I, the Custodian shall have the right to receive rollover contributions and to receive direct transfers from other Custodians or trustees. All contributions must be made by check or wire (no cash).

8. Conflict in Provisions

To the extent that any provisions of this Article IX shall conflict with the provisions of Articles V, VI and/or VIII, the provisions of this Article IX shall govern.

9. Applicable State Law

This custodial account shall be construed, administered and enforced according to the laws of the State of Wisconsin.

10. Resignation or Removal of Custodian

The Custodian may resign at any time upon thirty (30) days notice in writing to the Investment Company. Upon such resignation, the Investment Company shall notify the depositor, and shall appoint a successor custodian under this Agreement. The depositor or the Investment Company at any time may remove the Custodian upon 30 days written notice to that effect in a form acceptable to and filed with the custodian. Such notice must include designation of a successor custodian. The successor custodian shall satisfy the requirements of Section 408(h) of the Code. Upon receipt by the Custodian of written acceptance of such appointment by the successor custodian, the Custodian shall transfer and pay over to such successor the assets of and records relating to the custodial account. The Custodian is authorized, however, to reserve such sum of money as it may deem advisable for payment of all its fees, compensation, costs and expenses, or for payment of any other liability constituting a charge on or against the assets of the custodial account or on or against the Custodian, and where necessary may liquidate shares in the custodial account for such payments. Any balance of such reserve remaining after the payment of all such items shall be paid over to the successor custodian. The Custodian

shall not be liable for the acts or omissions of any predecessor or successor custodian or trustee.

11. Limitation on Custodian Responsibility

The Custodian will not under any circumstances be responsible for the timing, purpose or propriety of any contribution or of any distribution made hereunder, nor shall the Custodian incur any liability or responsibility for any tax imposed on account of any such contribution or distribution. Further, the Custodian shall not incur any liability or responsibility in taking or omitting to take any action based on any notice, election, or instruction or any written instrument believed by the Custodian to be genuine and to have been properly executed. The Custodian shall be under no duty of inquiry with respect to any such notice, election, instruction, or written instrument, but in its discretion may request any tax waivers, proof of signatures or other evidence which it reasonably deems necessary for its protection. The depositor and the successors of the depositor including any executor or administrator of the depositor shall, to the extent permitted by law, indemnify the Custodian and its successors and assigns against any and all claims, actions or liabilities of the Custodian to the depositor or the successors or beneficiaries of the depositor whatsoever (including without limitation all reasonable expenses incurred in defending against or settlement of such claims, actions or liabilities) which may arise in connection with this Agreement or the custodial account, except those due to the Custodian's own bad faith, gross negligence or willful misconduct. The Custodian shall not be under any duty to take any action not specified in this Agreement, unless the depositor shall furnish it with instructions in proper form and such instructions shall have been specifically agreed to by the Custodian, or to defend or engage in any suit with respect hereto unless it shall have first agreed in writing to do so and shall have been fully indemnified to its satisfaction.

Disclosure Statement For Coverdell Education Savings Accounts

1. Who is Eligible for a Coverdell Education Savings Account?

Anyone may contribute to a Coverdell Education Savings Account regardless of his or her relationship to the beneficiary. The beneficiary of a Coverdell Education Savings Account must be under age 18 at the time a contribution is made to a Coverdell Education Savings Account on his or her behalf, unless the beneficiary is a "Special Needs" beneficiary as discussed later. A Coverdell Education Savings Account may also be established to receive rollover contributions or transfers from another Coverdell Education Savings Account.

Coverdell Education Savings Accounts are subject to limitations based on the status of the contributor as well as the status of the beneficiary. For purposes of this discussion, except as noted, the term "beneficiary" is used to refer to an individual whose education is to be financed, in part or in whole, through a Coverdell Education Savings Account.

2. When Can I Make Contributions to a Coverdell Education Savings Account?

You may make contributions for the prior tax year until April 15th of the following year.

You may make contributions to a Coverdell Education Savings Account for the tax year regardless of your age; however, you may

not make a contribution to a Coverdell Education Savings Account after the beneficiary attains age 18, unless the beneficiary is a “Special Needs” beneficiary. A “Special Needs” beneficiary is one who needs additional time to complete his/her education due to physical, mental or emotional limitations. In addition, as discussed below, a beneficiary may roll over contributions to another Coverdell Education Savings Account until he or she attains age 30. A beneficiary may also roll over his or her Coverdell Education Savings Account to a new beneficiary who is a member of his or her family so long as the recipient has not attained age 30.

The term “Member of the Family” shall have the meaning prescribed by Code Section 529(e)(2), and shall mean any individual who bears one of the following relationships to the beneficiary:

- (a) the father or mother of the beneficiary, or an ancestor of either;
- (b) a son or daughter of the beneficiary, or a descendent of either;
- (c) a brother, sister, stepbrother or stepsister of the beneficiary;
- (d) a stepfather or stepmother of the beneficiary;
- (e) a stepson or stepdaughter of the beneficiary;
- (f) a son or daughter of the brother or sister of the beneficiary;
- (g) a brother or sister of the father or mother of the beneficiary;
- (h) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law of the beneficiary; or
- (i) the spouse of any of the individuals described in sections (a) through (h) above; or of the beneficiary; or
- (j) the first cousin of the beneficiary.

3. How Much May I Contribute to a Coverdell Education Savings Account?

The maximum contribution that can be made to all Coverdell Education Savings Accounts that cover a particular beneficiary may not exceed \$2,000. It is the joint responsibility of the contributor and the beneficiary to verify that excess contributions are not made on behalf of a particular beneficiary. Qualifying rollover contributions and transfers are not subject to these limitations. Note that special rules apply to contributions to Coverdell Education Savings Accounts for purposes of gift and estate taxes.

In addition, if your adjusted gross income (or combined income if you file a joint tax return) as modified below exceeds certain limits, you are not eligible to make a contribution to a Coverdell Education Savings Account. For this purpose your adjusted gross income is increased by amounts excluded under Section 911 (certain exclusions applicable to U.S. citizens or residents living abroad), Section 931 (certain exclusions applicable to U.S. citizens or residents living in Guam, American Samoa, or the Northern Mariana Islands), and Section 933 (certain exclusions applicable to U.S. citizens and residents living in Puerto Rico) of the Code.

The amount you may contribute to a Coverdell Education Savings Account for a particular beneficiary is reduced proportionately for adjusted gross income (as modified above) which exceeds the applicable dollar amount. The applicable dollar limit is \$110,000 for an individual, a married individual filing a separate tax return or a head of household and for a married individual filing a joint tax return this limit is increased to \$220,000. If your adjusted gross income as modified above exceeds the applicable dollar amount by \$15,000 or less (\$30,000 or less in the case of a married individual

filing jointly), you may make a contribution to a Coverdell Education Savings Account. The amount you may contribute, however, will be less than \$2,000.

To determine the amount you may contribute to a Coverdell Education Savings Account, use the following calculations:

- Step 1 Subtract the applicable dollar amount from your adjusted gross income as modified above. If the result is \$15,000 or more (\$30,000 or more in the case of a married individual filing jointly), you may not make a contribution to a Coverdell Education Savings Account.
- Step 2 Divide the above figure by \$15,000 (\$30,000 in the case of a married individual filing jointly), and multiply that percentage by \$2,000.
- Step 3 Subtract the dollar amount (result from (2) above) from \$2,000 to determine the amount that you may contribute to a Coverdell Education Savings Account.

In addition to the limitations described above, the \$2,000 may be reduced by other amounts contributed to an individual retirement plan for the benefit of a particular beneficiary, but is not affected by the adjusted gross income of the beneficiary. If the beneficiary of the Coverdell Education Savings Account also maintains a Traditional or Roth IRA, his or her overall contributions to other individual retirement plans may be limited. Please contact your tax advisor for more information.

4. Can I Roll Over or Transfer Amounts from Another Coverdell Education Savings Account?

Amounts may be “rolled over” from one Coverdell Education Savings Account to another Coverdell Education Savings Account benefiting the same beneficiary. In addition, amounts may be rolled over without any tax liability to benefit a member of the family, as defined in paragraph 2, of the beneficiary, provided that they have not attained age 30 at the time of the rollover. Rollovers between Coverdell Education Savings Accounts may be made once per year and must be accomplished within 60 days after the distribution. 529 Plans cannot be transferred or rolled over into a Coverdell Education Savings Account.

5. What if I Make an Excess Contribution?

Contributions that exceed the allowable maximum for federal income tax purposes are treated as excess contributions. A nondeductible penalty tax of 6% of the excess amount contributed must be paid for each year in which the excess contribution remains in the beneficiary’s account.

6. How Do I Correct an Excess Contribution?

If a contribution in excess of the allowable maximum is made, it may be corrected to avoid the 6% penalty tax for that year by withdrawing the excess contribution and its earnings on or before the date, including extensions, for filing the tax return for the beneficiary’s tax year for which the contribution was made. An excess contribution may be corrected by June 1st of the taxable year following the taxable year in which the excess contribution was made. Any earnings on the withdrawn excess contribution will be taxable in the year the excess contribution was made and will be subject to a 10% tax penalty.

7. *What Forms of Distribution Are Available from a Coverdell Education Savings Account?*

Distributions may be made as a lump sum of the entire account, or distributions of a portion of the account may be made as requested.

8. *When Must Distributions from a Coverdell Education Savings Account Begin?*

Distribution of a Coverdell Education Savings Account must be made (or otherwise will be deemed made) no later than 30 days from the earlier of the beneficiary's death or attainment of age 30. A distribution from a Coverdell Education Savings Account may be rolled over to another beneficiary's Coverdell Education Savings Account according to the requirements of Section (4). Note that the Economic Growth and Tax Relief Reconciliation Act of 2001 waives the distribution age limitation if the beneficiary of the Coverdell Education Savings Account is a "Special Needs" student.

9. *Are There Distribution Rules That Apply After Death?*

Special rules apply in the case of the divorce or death of a beneficiary of a Coverdell Education Savings Account. In particular, any balances to the credit of a beneficiary must, within 30 days of death, be either: (i) rolled over to another beneficiary's Coverdell Education Savings Account according to the requirements of Section (4) (in which case the distribution will not be subject to tax) or (ii) distributed to a death beneficiary or the beneficiary's estate (in which case the distribution will be subject to tax).

10. *How Are Distributions from a Coverdell Education Savings Account Taxed For Federal Income Tax Purposes?*

Amounts distributed are generally excludable from gross income if they do not exceed the beneficiary's "qualified higher education expenses" for the year or are rolled over to another Coverdell Education Savings Account according to the requirements of Section (4). "Qualified higher education expenses" generally include the cost of tuition, fees, books, supplies, and equipment for enrollment at (i) accredited post-secondary educational institutions offering credit toward a bachelor's degree, an associate's degree, a graduate-level or professional degree or another recognized post-secondary credential and (ii) certain vocational schools. In addition, room and board may be covered if the beneficiary is at least a "half-time" student. This amount may be reduced or eliminated by certain scholarships, qualified state tuition programs, HOPE, Lifetime Learning tax credits, proceeds of certain savings bonds, and other amounts paid on the beneficiary's behalf as well as by any other deductions or credits taken for the same expenses. The definition of "qualified education expenses" includes expenses more frequently and directly related to elementary and secondary school education, including the purchase of computer technology or equipment or Internet access and related services.

To the extent payments during the year exceed such amounts, they are partially taxable and partially non-taxable similar to payments received from an annuity. Any taxable portion of a distribution is generally subject to a 10% penalty tax in addition to income tax unless the distribution is (i) due to the death or disability of the beneficiary, (ii) made on account of a scholarship received by the beneficiary, or (iii) is made in a year in which the beneficiary elects the HOPE or Lifetime Learning credit and waives the exclusion from income of the Coverdell Education Savings Account distribution. You may be allowed to take both the HOPE or Lifetime Learning credits while simultaneously taking distributions from Coverdell

Education Savings Accounts. However, you cannot claim a credit for the same educational expenses paid for through Coverdell Education Savings Account distributions.

To the extent a distribution is taxable, capital gains treatment does not apply to amounts distributed from the account. Similarly, the special five- and ten-year averaging rules for lump-sum distributions do not apply to distributions from a Coverdell Education Savings Account. The taxable portion of any distribution is taxed as ordinary income.

The IRS does not require withholding on distributions from Coverdell Education Savings Accounts.

11. *What if a Prohibited Transaction Occurs?*

If a "prohibited transaction", as defined in Section 4975 of the Internal Revenue Code, occurs, the Coverdell Education Savings Account could be disqualified. Rules similar to those that apply to Traditional IRAs will apply.

12. *What if the Coverdell Education Savings Account is Pledged?*

If all or part of the Coverdell Education Savings Account is pledged as security for a loan, rules similar to those that apply to Traditional IRAs will apply. In general, those rules provide that the amount pledged is treated as distributed.

13. *How Are Contributions to a Coverdell Education Savings Account Reported for Federal Tax Purposes?*

Contributions to a Coverdell Education Savings Account are reported on IRS Form 5498-ESA.

14. *How Are Earnings on a Coverdell Education Savings Account Calculated and Allocated?*

The method of investing annual earnings is set forth in the Coverdell Education Savings Custodial Account Agreement. The growth in value of the IRA is neither guaranteed nor projected.

15. *Is There Anything Else I Should Know?*

As the IRS clarifies its interpretation of the Coverdell Education Savings Account provisions of the Code, revised or updated information will be provided to you.

Coverdell Education Savings Custodial Account

The following constitutes an agreement establishing a Coverdell Education Savings custodial account (under Section 530 of the Internal Revenue Code) between the depositor and the Custodian.

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 “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 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 reports 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 related regulations will be invalid.

Article IX

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

Article X

1. Investment of Account Assets

- (a) All contributions to the custodial account shall be invested in the shares of the New Covenant Mutual Funds. Shares of stock of New Covenant Mutual Funds shall be referred to as “Investment Company Shares”. To the extent that two or more funds are available for investment, contributions shall be invested in accordance with the depositor’s investment election.
- (b) Each contribution to the custodial account shall identify the designated beneficiary’s account number and shall be accompanied by a signed statement directing the investment of that contribution into the designated beneficiary’s account. The Custodian may return to the contributor, without liability for interest thereon, any contribution which is not accompanied by such information and such appropriate signed statement directing investment of that contribution.
- (c) Contributions shall be invested in whole and fractional Investment Company Shares at the price and in the manner such shares are offered to the public. All distributions received on Investment Company Shares held in the custodial account shall be reinvested in like shares. If any distribution

of Investment Company Shares may be received in additional like shares or in cash, the Custodian shall elect to receive such distribution in additional like Investment Company Shares.

- (d) All Investment Company Shares acquired by the Custodian shall be registered in the name of the Custodian or its nominee. The designated beneficiary shall be the beneficial owner of all Investment Company Shares held in the custodial account.
- (e) The Custodian agrees to forward to the depositor each prospectus, report, notice, proxy and related proxy soliciting materials applicable to Investment Company Shares held in the custodial account received by the Custodian. By establishing or having established the custodial account, the depositor affirmatively directs the Custodian to vote any Investment Company Shares held on the applicable record date that have not been voted by the depositor prior to a shareholder meeting for which prior notice has been given. The Custodian shall vote with the management of the Investment Company on each proposal that the Investment Company's Board of Directors has approved unanimously. If the Investment Company's Board of Directors has not approved a proposal unanimously, the Custodian shall vote in proportion to all shares voted by the Investment Company's shareholders.
- (f) The responsible individual may, at any time, by written notice to the Custodian, redeem any number of shares held in the custodial account and reinvest the proceeds in the shares of any other Investment Company. Such redemptions and reinvestments shall be done at the price and in the manner such shares are then being redeemed or offered by the respective Investment Companies.
- (g) To the extent a responsible individual for the designated beneficiary makes or has power to make decisions as to the investment of the designated beneficiary's account, that party acknowledges that such decisions are binding and non-voidable.

2. Amendment and Termination

- (a) The Custodian may amend the custodial account (including retroactive amendments) by delivering to the responsible individual written notice of such amendment setting forth the substance and effective date of the amendment. The responsible individual shall be deemed to have consented to any such amendment not objected to in writing by the responsible individual within thirty (30) days of receipt of the notice, provided that no amendment shall cause or permit any part of the assets of the custodial account to be diverted to purposes other than for the exclusive benefit of the designated beneficiary.
- (b) The responsible individual may terminate the custodial account at any time by delivering to the Custodian a written notice of such termination.
- (c) The custodial account shall automatically terminate upon distribution to the designated beneficiary or his or her estate of its entire balance.

3. Taxes and Custodial Fees

Any income taxes or other taxes levied or assessed upon or in respect of the assets or income of the custodial account and any

transfer taxes incurred shall be paid from the custodial account. All administrative expenses incurred by the Custodian in the performance of its duties, including fees for legal services rendered to the Custodian, and the Custodian's compensation shall be paid from the custodial account, unless otherwise paid by the beneficiary or his or her estate.

The Custodian's fees are set forth in Section 3 of the General Information section at the beginning of this booklet. Extraordinary charges resulting from unusual administrative responsibilities not contemplated by the schedule will be subject to such additional charges as will reasonably compensate the Custodian. Fees will be charged for any liquidation including transferring to a successor trustee or Custodian. The fee will be taken from the remaining balance of the account in the event of a partial liquidation. The fee will be taken from the proceeds in the event of a total liquidation and the balance of the account will be forwarded in accordance with the depositor's instructions.

4. Reports and Notices

- (a) The Custodian shall keep adequate records of transactions it is required to perform hereunder. After the close of each calendar year, the Custodian shall provide to the responsible individual a written report or reports reflecting the transactions effected by it during such year and the assets and liabilities of the custodial account at the close of the year.
- (b) All communications or notices shall be deemed to be given upon receipt by the Custodian at: U.S. Bank NA, P.O. Box 701, Milwaukee, Wisconsin 53201-0701 or the responsible individual at his most recent address shown in the Custodian's records. The responsible individual agrees to advise the Custodian promptly, in writing, of any change of address.

5. Monitoring of Contribution Limitations Information

The Custodian shall not be responsible for monitoring the amount of contributions made to the designated beneficiary's account or the income levels of any depositor or contributor for purposes of assuring compliance with applicable state or federal tax laws.

6. Inalienability of Benefits

The benefits provided under this custodial account shall not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind and any attempt to cause such benefits to be so subjected shall not be recognized except to the extent as may be required by law. However, the responsible individual may change the designated beneficiary under the agreement to another member of the designated beneficiary's family described in Internal Revenue Code Section 529(e)(2) in accordance with the Custodian's procedures.

7. Rollover Contributions and Transfers

The Custodian shall have the right to receive rollover contributions and to receive direct transfers from other Custodians or trustees. All contributions must be made by check or wire (no cash).

8. Conflict in Provisions

To the extent that any provisions of this Article X on the Coverdell Education Savings Account Application shall conflict with the provisions of Articles IV through VII or IX, the provisions of this Article X shall govern.

9. Applicable State Law

This custodial account shall be construed, administered and enforced according to the laws of the State of Wisconsin.

10. Resignation or Removal of Custodian

The Custodian may resign at any time upon thirty (30) days notice in writing to the Investment Company. Upon such resignation, the Investment Company shall notify the depositor, and shall appoint a successor custodian under this Agreement. The depositor or the Investment Company at any time may remove the Custodian upon 30 days written notice to that effect in a form acceptable to and filed with the Custodian. Such notice must include designation of a successor custodian. The successor custodian shall satisfy the requirements of Section 408(h) of the Code. Upon receipt by the Custodian of written acceptance of such appointment by the successor custodian, the Custodian shall transfer and pay over to such successor the assets of and records relating to the custodial account. The Custodian is authorized, however, to reserve such sum of money as it may deem advisable for payment of all its fees, compensation, costs and expenses, or for payment of any other liability constituting a charge on or against the assets of the custodial account or on or against the Custodian, and where necessary may liquidate shares in the custodial account for such payments. Any balance of such reserve remaining after the payment of all such items shall be paid over to the successor custodian. The Custodian shall not be liable for the acts or omissions of any predecessor or successor custodian or trustee.

11. Limitation on Custodian Responsibility

The Custodian will not under any circumstances be responsible for the timing, purpose or propriety of any contribution or of any distribution made hereunder, nor shall the Custodian incur any liability or responsibility for any tax imposed on account of any such contribution or distribution. Further, the Custodian shall not incur any liability or responsibility in taking or omitting to take any action based on any notice, election, or instruction or any written instrument believed by the Custodian to be genuine and to have been properly executed. The Custodian shall be under no duty of inquiry with respect to any such notice, election, instruction, or written instrument, but in its discretion may request any tax waivers, proof of signatures or other evidence which it reasonably deems necessary for its protection. The depositor and the successors of the depositor including any executor or administrator of the depositor shall, to the extent permitted by law, indemnify the Custodian and its successors and assigns against any and all claims, actions or liabilities of the Custodian to the depositor or the successors or beneficiaries of the depositor whatsoever (including without limitation all reasonable expenses incurred in defending against or settlement of such claims, actions or liabilities) which may arise in connection with this Agreement or the custodial account, except those due to the Custodian's own bad faith, gross negligence or willful misconduct. The Custodian shall not be under any duty to take any action not specified in this Agreement, unless the depositor shall furnish it with instructions in proper form and such instructions shall have been specifically agreed to by the Custodian, or to defend or engage in any suit with respect hereto unless it shall have first agreed in writing to do so and shall have been fully indemnified to its satisfaction.

Mail to:

New Covenant Mutual Funds
c/o U.S. Bancorp Fund Services, LLC
PO Box 701
Milwaukee, WI 53201-0701

Overnight Express Mail to:

New Covenant Mutual Funds
c/o U.S. Bancorp Fund Services, LLC
615 E. Michigan Street., 3rd Floor
Milwaukee, WI 53202-5207

For additional information, please call toll-free 1-877-835-4531

