

Coverdell Education Savings Account

The Praxis Coverdell Education Savings Account (ESA) helps you prepare for your children's educational future. Since costs of education are increasing at a more rapid rate than standard inflation, the need to save for your children's education becomes increasingly important.

In a Coverdell ESA your contributions are made with after-tax dollars, earnings grow tax free, and withdrawals used for qualified education expenses are also free from federal income taxes. This allows you to get the greatest return on your investment toward your children's education.

Eligibility

In most cases, anyone is eligible to contribute to a Coverdell ESA. Parents,

grandparents, friends, other relatives, and the child for whom the account is being established may all invest in a Coverdell ESA until the child reaches age 18. This limitation may not apply in certain situations.

Contributions

While a variety of friends and family are able to fund the account, the combined contributions to a single Coverdell ESA may not exceed \$2,000 per year per beneficiary. Contribution limits are also adjusted according to household income. Find your income and tax bracket in Chart A, to determine the maximum contribution you can make. The deadline for making a contribution is your tax filing deadline (not including extensions).

Chart A

Tax filing status	Gross adjusted income	Contribution amount
Single	Less than \$95,000.	\$2,000 per year per child.
	\$95,000 to \$110,000.	Partial contribution permitted.
	More than \$110,000.	No contribution permitted.
Married, filing jointly	Less than \$190,000.	\$2,000 per year per child.
	\$190,000 to \$220,000.	Partial contribution permitted.
	More than \$220,000.	No contribution permitted.



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Tax advantages

Contributions are made with after-tax dollars, and the fund grows tax-deferred. Tax-deferred compounding can have a dramatic impact on the growth rate of your investment.

Withdrawing your funds

Another advantage of the Coverdell ESA is that on top of your investment growing tax-deferred, qualified withdrawals are tax-free. You can use these withdrawals to meet a variety of education expenses from the day your child enters kindergarten until the day he finishes graduate school. Expenses such as tuition, fees, books, supplies, room and board, uniforms, transportation, and even computer equipment are considered qualified education expenses.

The account must be fully withdrawn by the time your child reaches age 30. Withdrawals for non-education expenses may be subject to ordinary income taxes and a 10 percent IRS penalty on the earnings.

Coordination with other programs

You can claim a HOPE credit or Lifetime Learning Credit in the same year you withdraw funds from your Coverdell ESA, as long as the distributed amount is not used for the same education expenses as the credit.

You can also fund a qualified state tuition program in the same tax year

you make contributions to this ESA. Please see your tax advisor for more information.

Getting started

Establishing your Praxis Coverdell Education Savings Account is easy! Just follow these steps:

1. Complete the *Coverdell Education Savings Account Application* form and return it to Praxis Mutual Funds.
2. Complete the *Coverdell Education Savings Account Transfer Request* form, if necessary, and return it to Praxis.

Be sure to read the prospectus carefully before establishing an account or making your first investment. These and other materials are available at praxismutualfunds.com.

You should consider the fund's investment objectives, risks and charges and expenses carefully before you invest. The fund's prospectus or summary prospectus contains this and other information. Call (800) 977-2947 or visit praxismutualfunds.com for a prospectus or summary prospectus, which you should read carefully before you invest. Praxis Mutual Funds are advised by Everence Capital Management and distributed through FINRA member Foreside Financial Services, LLC. Investment products offered are not FDIC insured, may lose value, and have no bank guarantee.

This material is intended to provide general information. It is not intended as legal or tax advice. Please see your tax advisor for specific advice concerning your ESA.