



# Instructions for Form 5498-ESA

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

## What's New

**Rollover Contributions.** The contribution of a military death gratuity to a Coverdell ESA is a rollover contribution.

## Reminder

In addition to these specific instructions, you should also use the 2009 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G. Those general instructions include information about the following topics.

- Backup withholding.
- Electronic reporting requirements.
- Penalties.
- Who must file (nominee/middleman).
- When and where to file.
- Taxpayer identification numbers.
- Statements to recipients.
- Corrected and void returns.
- Other general topics.

You can get the general instructions from the IRS website at [www.irs.gov](http://www.irs.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

## Specific Instructions

File Form 5498-ESA, Coverdell ESA Contribution Information, with the IRS by June 1, 2010, for each person for whom you maintained any Coverdell education savings account (ESA) during 2009.

A Coverdell education savings account is a trust or custodial account created or organized in the United States exclusively for the purpose of paying the qualified education expenses of an individual who is the designated beneficiary of the trust or custodial account. The account must be designated as a Coverdell ESA at the time it is created or organized in order to be treated as a Coverdell ESA for tax purposes. The governing instrument creating the trust must meet the requirements of section 530(b)(1).

**Contributions.** You must report contributions, including rollover contributions, to any Coverdell ESA on Form 5498-ESA. See the instructions under boxes 1 and 2. If no reportable contributions were made for 2009, no return is required.

For contributions made between January 1, 2010, and April 15, 2010, trustees and issuers should obtain the participant's designation of the year for which the contributions are made.

**Transfers.** Report on Form 5498-ESA all rollovers, including a direct trustee-to-trustee transfer from one

Coverdell ESA to another Coverdell ESA. A rollover can be made from certain U.S. Savings Bonds or another Coverdell ESA. Any amount distributed from a Coverdell ESA may be rolled over to another Coverdell ESA and is not taxable if it is for the benefit of the same beneficiary or a member of the beneficiary's family.

**Family member.** Family members of the designated beneficiary include the beneficiary's spouse. Also included are the beneficiary's children, stepchildren, foster children, and their descendants; siblings and their children; parents, their siblings, and ancestors; stepparents; in-laws; the spouse of any of the foregoing; and any first cousin of the designated beneficiary.

**Total distribution, no contributions.** Generally, if a total distribution was made from an account during the year and no contributions including rollovers were made for that year, you do not need to file Form 5498-ESA.

**Distributions.** Report distributions from any Coverdell ESA on Form 1099-Q, Payments From Qualified Education Programs (Under Sections 529 and 530). Any change in the beneficiary of the Coverdell ESA is not treated as a distribution if the new beneficiary is a family member (see above) of the prior beneficiary and has not reached the age of 30 (except for a beneficiary with special needs).

**Statements to participants.** If you are required to file Form 5498-ESA, you must provide a statement to the beneficiary (participant) by April 30, 2010.

For more information about the requirement to furnish statements to participants, see part M in the 2009 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G.

**Account number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 5498-ESA. Additionally, the IRS encourages you to designate an account number for all Forms 5498-ESA that you file. See part L in the 2009 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G.

## Box 1. Contributions (Other Than Amounts in Box 2)

Enter contributions to a Coverdell ESA made from January 1, 2009, through April 15, 2010, and designated for 2009.

Do not include rollovers in box 1. Report rollovers in box 2.

## Box 2. Rollover Contributions

Enter any rollover contributions (including a military death gratuity and trustee-to-trustee transfer) to this Coverdell ESA received by you during 2009 (see *Transfers* earlier).