



Guide to IRS Forms 5498-ESA, 5498, 5498-SA for Tax Year 2013

Contribution deadline

Contributions to a Coverdell ESA, Traditional or Roth IRA, and Archer Medical Savings Account can be made at any time during the year or by the due date for filing your return for that year, not including extensions; generally April 15th.

IRS required delivery dates

5498-ESA – April 30, 2014

5498 & 5498-SA – June 2, 2014

IRS Form 5498-ESA

Your IRS Form(s) 5498-ESA shows contributions you made to one or more Coverdell Education Savings Accounts (ESAs) for tax year 2013. A form is included for each account to which you made contributions in 2013 or through April 15, 2014, designated for 2013.

We report this information to the IRS. Keep the form(s) with your tax records, but you don't need to file it with your income tax return.

General Coverdell ESA Rules

1. The annual contribution maximum per beneficiary is \$2,000, no matter how many individuals contribute. Contributions can be made to a Coverdell ESA and a 529 Plan in the same tax year for the same beneficiary. The deadline for tax year 2013 contributions is April 15, 2014.
2. Contributions are not tax deductible, but distributions are tax free and penalty free if used for qualified education expenses.
3. Contributions can be made on behalf of anyone (e.g., child, friend, relative or yourself) before the beneficiary is age 18. An exception applies to beneficiaries with special needs, defined by regulation to include a beneficiary who, because of an emotional, mental or physical condition, requires additional time to complete his or her education. The same taxpayer can set up as many ESAs as desired for as many different beneficiaries as desired.
4. ESA plans can remain open until the beneficiary turns age 30. This age limitation does not apply if the beneficiary has special needs, as described above. If the beneficiary does not use the assets in the plan, the assets can be transferred to certain other members of the designated beneficiary's family to pay for qualified education expenses.¹
5. Any individual (including the designated beneficiary for whose benefit the account is established) can contribute to a Coverdell ESA provided that the contributor's modified adjusted gross income (MAGI) does not exceed certain threshold limits (see table). In addition, entities, such as corporations and trusts, can also contribute to ESAs. There is no maximum income for an entity.

¹ See IRS Publication 970, Tax Benefits for Education, for the definition of a designated beneficiary, the definition of a family, and for calculation of allowable contributions.

Allowable Contribution Limits

Your MAGI represents the adjusted gross income before certain deductions or adjustments to income are taken. The table below shows maximum contribution limits.

Filing Status	MAGI for 2013	Maximum Annual Contribution Limit
Any individual filer (e.g., Single, Head of Household, Married filing separately)	Up to \$94,999 \$95,000-\$109,999 \$110,000 or more	\$2,000 Less than \$2,000 ² No contribution
Married filing a joint return	Up to \$189,999 \$190,000-\$219,999 \$220,000 or more	\$2,000 Less than \$2,000 ² No contribution

²You can use Worksheets 7-1 and 7-2 in IRS Publication 970 to determine your contribution limit.

Coverdell ESA Withdrawals

1. Withdrawals of investment earnings from the Coverdell ESA are free from federal income taxes so long as they are used to cover the cost of qualified education expenses; for example: tuition, books, fees, supplies, equipment and room and board.³ Withdrawals of investment earnings used for purposes other than qualified education expenses may be subject to tax and to an additional 10% penalty.
2. Any remaining balance in the Coverdell ESA must be distributed within 30 days after the beneficiary reaches age 30 unless the beneficiary has special needs; or it may be transferred to a new beneficiary who is a member of the original designated beneficiary's family. The remaining investment earnings may be subject to ordinary taxes plus a 10% penalty. See IRS Publication 970, Tax Benefits for Education, for exceptions.
3. Deadline for withdrawing excess contributions: There is no additional tax on contributions exceeding the maximum of \$2,000 per beneficiary if the excess (and earnings on that amount) is distributed before the first day of the sixth month of the following tax year. Generally, a calendar year taxpayer will have until June 2, 2014, to withdraw an excess contribution for 2013. Excess contributions are subject to a 6% penalty tax that will generally be imposed on the designated beneficiary.

³Students must be enrolled at least half time to qualify for tax-free room and board withdrawals. USAA Investment Management Company and USAA Financial Advisors, Inc, both registered broker dealers.

The preceding discussion is not tax, legal or estate planning advice. Consult with your tax, legal or estate planning professional regarding your specific situation.

IRS Form 5498

Your IRS Form(s) 5498 shows 2013 account contributions, including rollovers,⁴ and the fair market value at year-end for your Traditional IRAs, Roth IRAs, SEP IRAs, and/or SIMPLE IRAs. It also shows amounts converted to a Roth IRA and amounts recharacterized from one type of IRA to another.

We report this information to the IRS. Keep the form(s) with your tax records but you don't need to file it with your income tax return.

You'll receive a form for each Traditional IRA or Roth IRA to which you made contributions designated for tax year 2013.

You'll also receive a form for each SEP IRA or SIMPLE IRA for which we received contributions from you or your employer in calendar year 2013. (According to IRS regulations, contributions to SEP IRAs and SIMPLE IRAs are reported for the calendar year in which they are received.) Self-employed taxpayers should consult IRS Publication 560 and their tax advisors to determine deductible amounts.

The deadline for tax year 2013 contributions to Traditional or Roth IRAs is April 15, 2014, but certain service in, or in support of, the Armed Forces may qualify for an extension of specified tax deadlines, including that for IRA contributions. For more information, please see IRS Publication 3, Armed Forces' Tax Guide.

IRS Form 5498-SA

Your IRS Form 5498-SA shows contributions you made to your Archer Medical Savings Account(s) for tax year 2013.

We report this information to the IRS. Keep the form with your tax records but you don't need to file it with your income tax return.

For information about Archer Medical Savings Accounts, see IRS Publication 969 Health Savings Accounts and Other Tax-Favored Health Plans.

⁴Either indirect rollovers or direct rollovers from employer-sponsored plans.

USAA Investment Management Company and USAA Financial Advisors, Inc, both registered broker dealers.

The law concerning tax and retirement plans is complex, penalties are severe, and the laws of your state may differ. Consult your tax and legal advisers regarding your specific situation.