

You work hard to plan for the future

College Savings Bank works hard to protect it



College Savings Bank IRA and ESA Plans offer the security of FDIC insurance and principal protection.

The IRA and ESA Plans from College Savings Bank are a safe way to save for your family's future, whether it be college, retirement or both. Our innovative FDIC-insured certificates of deposit (CDs) are available through both a Traditional IRA and Roth IRA, as well as a Coverdell ESA account. All of the savings options featured in this enrollment package were designed for families, parents and grandparents who are not comfortable with risking their hard earned savings in more volatile investment vehicles.



IRAs and ESAs at a glance

Pay for college, retirement or both

Traditional IRA

- tax deductible contributions
- tax-deferred accumulation of interest
- penalty-free withdrawals for college
- shelter from financial aid considerations
- asset control
- no income limitations
- rollovers from a Traditional IRA are tax-free

Roth IRA

- tax-free distributions
- tax-deferred accumulation of interest
- tax-free withdrawals for college
- shelter from financial aid considerations
- asset control
- rollovers from a Roth IRA are tax-free

Coverdell Education Savings Account (ESA)

- tax-free distributions
- tax-deferred accumulation of interest
- tax-free withdrawals for education expenses
- shelter from financial aid considerations
- asset control

There is no limit on the number of Coverdell ESAs that can be established for a Designated Beneficiary. The total amount that may be contributed to all Coverdell ESAs on behalf of a Designated Beneficiary is \$2,000 per year, excluding rollover and transfer contributions.

Take the next step

College Savings Bank IRA and ESA savings options offer you convenient and affordable ways to save:

- Open an account with as little as \$250, or invest regularly through Payroll Direct Deposit or Automatic Direct Deposit from your financial institution.
- There are no checks to write, stamps to buy or deposit slips to fill out. Change the amount or frequency of your deposits at any time. As a direct deposit customer, you'll receive quarterly statements to keep you apprised of your progress.
- Payroll Direct Deposit allows you to have \$25 or more deducted from your paycheck and deposited into your account.
- Automatic Direct Deposit allows you to set up transfers of \$25 or more monthly or \$250 from your account at another financial institution to your account.

To learn more, visit www.collegesavings.com.

Ensure your family's future is in good hands with safe deposit options

Ensuring a child is afforded the opportunity to realize a successful future is a family priority —so consider a savings option that you can be sure about. With multiple tax-advantaged ways to save, the benefits of saving with College Savings Bank are numerous.

Retirement/College

IRAs are established by individual taxpayers who may contribute 100% of compensation up to a set maximum dollar amount. Contributions to a Traditional IRA may be tax deductible depending on the taxpayer's income, tax filing status and coverage by an employer-sponsored retirement plan. Interest earned within the account is tax-deferred. Roth IRA contributions are not tax-deductible, however qualified withdrawals used for retirement or college, including accumulated interest are tax-free.

Education

Coverdell ESAs are established by individual taxpayers with children under the age of 18 seeking to save for education expenses, including elementary, secondary or postsecondary education. Contributions are not tax-deductible, however qualified withdrawals, including accumulated interest are tax-free.

Estate Planning

Contributions to an IRA or ESA account are eligible for the applicable annual exclusion from gift and generation skipping transfer taxes (\$13,000 for a single individual or \$26,000 for a married couple making a proper election). Under certain conditions, you can contribute up to \$65,000 immediately (\$130,000 for married couples) and apply the contribution against the annual exclusion equally over a five-year period. Please consult your tax advisor for more information.¹

The rising cost of college

Since 2002, the cost of higher education has increased at an average rate of 5.23%, according to the College Board's Independent College 500® Index (IC 500®), published annually by The College Entrance Examination Board.

In 2000-2001, it cost \$24,088 for one year of tuition, fees, room and board at the average private U.S. college measured by the IC 500. In 2011-2012, one year of private college expenses increased to \$42,168. With few exceptions, college inflation has steadily risen over the last ten years.

Year	Private College (with room and board)	Private College (tuition only)	Public College (with room and board)	Public College (tuition only)	Ivy League (with room and board)
2007-2008	\$35,272	\$26,512	\$13,558	\$6,191	\$45,853
2008-2009	\$37,208	\$28,042	\$14,364	\$6,591	\$47,626
2009-2010	\$38,799	\$29,247	\$15,212	\$7,050	\$49,443
2010-2011	\$40,408	\$30,404	\$16,140	\$7,605	\$51,562
2011-2012	\$42,168	\$31,710	\$18,975	\$8,391	\$53,806

Source: Public college costs and percentage increases are derived from "Trends in College Pricing" © 2010 The College Board (available at trends.collegeboard.org). Private college costs and percentage increases are based on the Independent College 500 Index © 2010 The College Board (available at professionals.collegeboard.com).

Give them a savings option you can be sure about

Each CD savings option from College Savings Bank is available in a Traditional IRA, a Roth IRA or a Coverdell ESA. With principal protection and FDIC insurance on each CD option, College Savings Bank offers one of the most secure and beneficial college savings plans available.

CollegeSure® CD

With a 23 year history, the CollegeSure CD has a proven track record of helping families, like yours, save for future higher education costs.

- The CollegeSure CD is a variable rate CD indexed to college costs. It pays an annual percentage yield tied to the rise in college costs as measured by the IC 500.
- The CollegeSure CD provides safety and flexibility. Maturities range from 1 to 22 years and each CollegeSure CD is FDIC-insured up to \$250,000 per depositor, so your principal is protected.

The chart below illustrates how an initial investment of \$1,000.00 over a 5-year term will yield a greater return when invested in the CollegeSure CD as compared to an average National Fixed Rate CD.

Average Fixed Rate CD Compared to the CollegeSure CD (Assuming a 5-year term and \$1,000.00 initial deposit)					
	Average National Fixed Rate*		CollegeSure CD**		
Date	Balance	APY	Balance	APY	Projected College Inflation
8/1/11	\$1,000.00		\$1,000.00		4.36%
8/1/12	\$1,012.60	1.26%	\$1,016.50	2.11%	4.58%
8/1/13	\$1,025.36	1.26%	\$1,038.35	2.33%	4.81%
8/1/14	\$1,038.28	1.26%	\$1,065.87	2.56%	5.05%
8/1/15	\$1,051.36	1.26%	\$1,099.45	2.80%	5.30%
8/1/16	\$1,064.61	1.26%	\$1,139.58	3.05%	5.56%
	Total Return	Average APY	Total Return	Average APY	Average College Inflation
	\$64.61	1.26%	\$135.16	2.46%	5.15%

* National fixed rate CD statistics provided by Federal Deposit Insurance Corporation (FDIC) Weekly National Rates and Rate Caps: <http://www.fdic.gov/regulations/resources/rates/index.html> as of 10/31/11.

** CollegeSure CD interest rate is based on an issue margin of 2.25% for a 5-year CollegeSure CD and interest rate cap of 5.11%, as of 10/31/11. Projected college inflation assumes a 5% increase each year since 2011.

InvestorSure® CD

Losing principal in the stock market is a real risk, but not with the InvestorSure CD.

- Unlike many investments, the InvestorSure CD does not risk principal when held to maturity. It is indexed to the Standard & Poor's® 500 Composite Stock Index (S&P 500®).
- Should the value of the S&P 500 decline over the investment period, you will receive your full investment back at maturity. Funds held to maturity will also receive a percentage of the average increase in the S&P 500 based upon a specific formula.
- InvestorSure CDs will pay, based on a specific formula, between 70% and 100% of the increase in the S&P 500 at maturity as determined by averaging the closing value of the S&P 500 over the 20 quarterly observations throughout the term of the CD. The averaging further protects your investment from wide swings in the S&P 500 as your investment approaches maturity. The 70% to 100% participation rate is determined on the day the CD is issued.

InvestorSure CD: 20-Year, 10-Year and 5-Year Historical Rates of Return***			
Issue Date	11/86-8/06	11/96-8/06	11/01-8/06
Maturity Date	11/91-8/11	11/01-8/11	11/06-8/11
Number of CDs	80	40	20
Average APY	3.65%	1.76%	1.74%
Taxable Equivalent Earnings****	5.07%	2.45%	2.41%

*** The InvestorSure CD was introduced to the market on February 1, 2008. Historical analysis is purely hypothetical and applies the current product upside payment formula to a period of time in which the product was not available.

**** Taxable equivalent analysis assumes the investor is within the 28% federal income tax bracket.

Fixed Rate CDs

Fixed Rate CDs are a convenient way to save for a college education while earning competitive rates.

- Fixed Rate CDs are a dependable investment option, with maturity options of both 1- and 3-year.
- Each Fixed Rate CD provides the safety of FDIC insurance while earning a fixed rate of return for the entire term of the CD.
- Your rate of return is determined when the CD is opened, so you will be able to calculate the exact value of your account at maturity.

Fixed Rate CD Interest Rate 3-Year History*****			
	2009	2010	2011
College Savings Bank 1-Year	1.25%	0.63%	0.39%
Treasury 1-Year	0.47%	0.32%	0.17%
College Savings Bank 3-Year	2.46%	1.85%	1.13%
Treasury 3-Year	1.43%	1.16%	0.80%

***** Reflects the daily average rates for each CD maturity.



Getting started is easy

Mail

If you prefer, you can complete the enclosed Enrollment Form and return it with your initial contribution as follows:

Mail to:

College Savings Bank
PO Box 3769
Princeton, NJ 08543

For overnight mail:

College Savings Bank
5 Vaughn Drive
Suite 100
Princeton, NJ 08540

Make checks and electronic transfers payable to: **CSB as Manager**

Online

Online enrollment makes getting started even more convenient. Visit www.collegesavings.com/csb/enroll.csb to get started today.

Questions?

If you should need further assistance, contact a Client Service Representative toll-free at 1.800.888.2723, Monday through Friday, 9 a.m. to 6 p.m. Eastern time.

You can also email questions or comments to info@collegesavings.com.

For more information about the College Savings Bank, call 1.800.888.2723 or visit www.collegesavings.com to obtain full Disclosure Statements that discuss investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing.

College Savings Bank supports all aspects of the day-to-day operations, including marketing, recordkeeping and administrative support. College Savings Bank offers four portfolios that invest in either a College Savings Bank issued CD or a savings account. CDs may be subject to early withdrawal penalties. Generally, contributions to and earnings on investments are insured by the FDIC on a pass-through basis to each account owner up to the maximum amount set by federal law, currently \$250,000. Under the FDIC regulations, accounts that have the same owner and the same designated beneficiary will be combined for purposes of the \$250,000 limitation. Please refer to full program Disclosure Statements for additional information.

Tax and other penalties may apply to non-qualified withdrawals from a College Savings Bank account. You should consult your financial, tax, or other adviser to learn how state-based benefits (or limitations) will apply to your specific circumstances.

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¹ In the event the donor does not survive the five-year period, a pro-rated amount will revert back to donor's taxable estate. This material is not intended to be used, nor can it be used by any taxpayer, for the purpose of avoiding U.S. federal, state, or local tax penalties. This material is written to support the promotion or marketing of the transaction(s) or matter(s) addressed by this material. College Savings Bank and its affiliates and respective representatives do not provide tax, accounting, or legal advice. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.