

**Fees.** Neither the Bank nor any Sales Agent will charge depositors application, maintenance or other fees in connection with any CD.

Pursuant to agreements with the Bank, various banking institutions, broker/dealers and financial planners act as agents or authorized representatives in effecting sales to their customers relating to the Program, and the Bank has agreed to pay them a commission.

Depositors pay no commissions to any authorized representative in connection with purchases of CDs. The commissions are an expense of the Bank and do not affect the amount of the customer's deposit. Savers who work through brokers are in the same position as those who work directly with College Savings Bank.

**Lack of Immediate Liquidity.** An investment in an Account is not the equivalent of a demand deposit in a checking account. An Account Owner may seek to withdraw funds from an Account. However, a Bank check for the amount withdrawn (after reduction for possible early withdrawal penalties and tax withholdings) may be issued 30 days after the Bank receives written notice of the request for the withdrawal.

### **Accumulator Account and Savings Account Terms and Conditions**

College Savings Bank offers the Accumulator Account as a special service to Account Owners utilizing an ACH direct deposit and/or payroll deduction. This savings account provides a convenient way to reach the minimum required for a CD. When the minimum is reached, a CD is automatically purchased.

College Savings Bank also offers a savings account as a special service to hold matured CD funds greater than \$250 when the expected withdrawal to pay Qualified Expenses is sooner than one year after the maturity date of the CD.

The Accumulator/Savings Account earns a variable interest rate equal to the Federal Funds Target Rate, the target interest rate set by the Federal Reserve Open Market Committee at which a depository institution lends its immediately available funds to another depository institution overnight. Interest begins to accrue on the Contribution Date. Your interest rate and APY may change without notice. However, CSB will send you a notice at least 30 days prior to a change in the terms that govern your Account, including a change in the index (currently Federal Funds Target Rate), or a change in the manner in which your Account earns interest.

Interest is credited and compounded quarterly on January 31, April 30 and July 31, October 31. Interest is calculated using the daily-balance method which applies a daily periodic rate to the principal in the Account each day.

**Withdrawals.** Withdrawals from these Accounts must be made by submitting a Distribution Authorization Form. You may call a Client Service Representative at 1.800.888.2723 to receive a Distribution Authorization Form or download the form on our website at [www.collegesavings.com](http://www.collegesavings.com). Generally, withdrawal requests will be processed within 10 business days.

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as of March 2011.

CSBFRCDC

# Fixed Rate Certificate of Deposit Terms and Conditions



College  
Savings Bank®

Member FDIC

**Product.** The College Savings Bank Fixed Rate certificates of deposit (CDs) earn a fixed rate for the entire term of the CD (1- and 3-years), determined at the time the CD is opened. The rate will appear on your deposit confirmation along with the annual percentage yield (APY).

**Issuer.** Fixed Rate CDs are issued by College Savings Bank (CSB or the Bank), a New Jersey-chartered savings bank. The Bank's deposits are insured up to applicable statutory limits by the Federal Deposit Insurance Corporation (FDIC). Each CD is governed by the statutes, rules and regulation of the State of New Jersey and the FDIC; College Savings Bank's certificate of incorporation and by-laws; the regulations, rules and practices adopted by CSB; and general savings bank practices.

**FDIC Insurance.** Your principal and accrued interest on a CD will, for FDIC deposit insurance purposes, be added to any other deposit accounts you hold at College Savings Bank in the same right and capacity and will be insured by the FDIC up to \$250,000 in the aggregate. For this purpose, all Accounts with the same Account Owner will be deemed to be held in the same right and capacity and will be combined for purposes of this \$250,000 limitation. FDIC deposit insurance is backed by the full faith and credit of the U.S. Government. Separate deposit insurance for Accounts with the same Account Owner and Beneficiary may also be available in certain limited circumstances.

**Minimum Deposit Amounts.** The minimum initial contribution is \$250. Subsequent contributions are also \$250. Additional contributions may not be made to existing CDs but may be made into an existing Account to purchase new CDs offered by College Savings Bank.

If you do not intend to contribute \$250 at one time, you may contribute \$25 per month through direct deposits from your bank or brokerage account, or \$25 per pay period using payroll deduction. Direct deposit contributions or payroll deductions are held in an Accumulator Account until the balance of your Account reaches \$250. Once the funds reach the \$250 level, they are used to purchase a Fixed Rate CD.

#### **Maturities Available.**

- 1-year Fixed Rate CD (12 month maturity)
- 3-year Fixed Rate CD (36 month maturity)

**Annual Percentage Yield (APY).** The APY is published online at [www.collegesavings.com](http://www.collegesavings.com). Account Owners will receive the published interest rate on the Contribution Date, except for online deposits where the Account Owner will receive the APY applicable at the time of the day when the online application and funding are complete. If you prefer to mail in a check to fund the CD, the Account will be opened at the applicable interest rate for the term selected on the Contribution Date.

**Contribution Date:** Contributions are credited to your Account as follows:

- Contributions by check received before 2:00 p.m. Eastern time are credited on the same Business Day. Contributions by check received after 2:00 p.m. Eastern time are credited the next Business Day.
- Contributions by E-Check and credit card are credited on the next Business Day.
- Contributions by ACH or wire transfer are credited on the Business Day the Bank receives the funds.

**Accrual, Crediting and Compounding.** Interest begins to accrue on the Contribution Date, and is computed based on the daily balance of the contribution and the actual number of days elapsed divided by 365. Interest is compounded and credited to your Account annually. Interest accrued on your Account will not be paid until maturity of the CD. No interest will be earned after maturity unless the CD is renewed for another term.

**Options at Maturity.** CSB will provide written notification at least 60 days before the Maturity Date. Thereafter, you must provide written instructions at least 30 days prior to the Maturity Date if you would like the proceeds upon maturity of the Fixed Rate CD to be invested other than in accordance with the Default Actions described in this document. If you provide instructions in good order, funds will be disbursed from your Account no later than the first Business Day following the Maturity Date.

If CSB does not receive instructions at maturity, it will take one of the following Default Actions:

- If the Beneficiary will be 17 years of age or younger by December 31st of the year in which the CD matures, the Bank will transfer the matured funds to a new 1-year Fixed Rate CD issued under the then current terms and conditions for issuing 1-year Fixed Rate CDs;
- If the Beneficiary will be 18 years of age or older by December 31st of the year in which the CD matures, the Bank will hold the matured funds in a Savings Account until you provide distribution or other investment instructions.

Alternatively, you may choose one of the following alternative options at maturity:

- Transfer the matured funds to a CollegeSure CD;
- Transfer the matured funds to an InvestorSure CD;
- Reinvest the matured funds in another 1- or 3-year Fixed Rate CD under the then current terms and conditions;
- Rollover the matured funds to another qualified program;
- Hold the matured funds in a Savings Account; or
- Take a Qualified or Non-Qualified Distribution of the funds.

Please note any actions other than taking a Qualified or Non-Qualified Distribution or a default action stated above, could be considered your once per calendar year investment exchange as per 529 plan rules.

**Early Withdrawal.** Upon 30 days prior written notice, you may take a Qualified or Non-Qualified Distribution, in whole or in part. Withdrawals prior to the Maturity Date are subject to an Early Withdrawal Penalty equal to three (3) months of interest. The APY applied to a Fixed Rate CD assumes the funds remain on deposit until the Maturity Date. An early withdrawal will reduce earnings.

In addition to an Early Withdrawal Penalty, if the withdrawal is a Non-Qualified Distribution, you may also be subject to Federal and State tax consequences.