

Saturna Capital Coverdell Education Savings Accounts



ESA

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Coverdell ESA Application Checklist

- ESA Application Form (and ESA Transfer Form, if transferring an existing ESA), completed and signed
- Form 5305-E, completed and signed
- A copy of your government-issued photo ID
- A check for your initial investment payable to the fund(s) of your choice
 - If you wish to purchase non-Saturna affiliated mutual funds, stocks, or bonds, a separate check should be made payable to Pershing LLC for those purchases
 - Be sure to indicate the tax year for which you are making the contribution

The Saturna Advantage

Open your Coverdell Education Savings Account with Saturna and take advantage of:

Wide range of investment choices

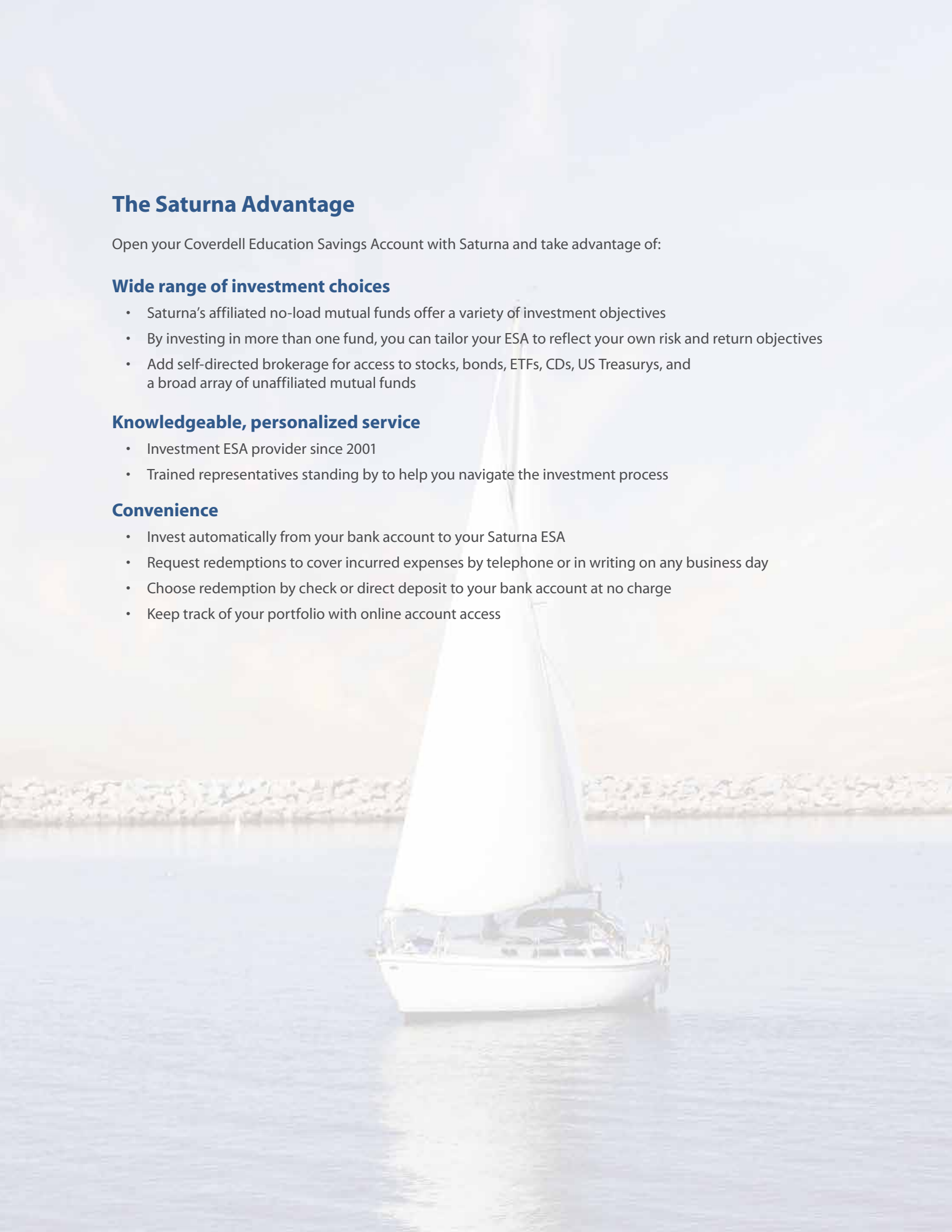
- Saturna's affiliated no-load mutual funds offer a variety of investment objectives
- By investing in more than one fund, you can tailor your ESA to reflect your own risk and return objectives
- Add self-directed brokerage for access to stocks, bonds, ETFs, CDs, US Treasuries, and a broad array of unaffiliated mutual funds

Knowledgeable, personalized service

- Investment ESA provider since 2001
- Trained representatives standing by to help you navigate the investment process

Convenience

- Invest automatically from your bank account to your Saturna ESA
- Request redemptions to cover incurred expenses by telephone or in writing on any business day
- Choose redemption by check or direct deposit to your bank account at no charge
- Keep track of your portfolio with online account access



Step 1: Learn More About Saturna's ESA

Is a Saturna Coverdell ESA Right for Me?

It is important to review the features of Saturna's ESA and other ESAs before you decide where to establish your account.

A Saturna ESA may be right for you if:

- You want to minimize account-related fees
- You want to use your ESA as a long-term, tax-advantaged savings vehicle that can help pay the current or future education expenses of your child or other beneficiary
- You want to invest your ESA savings and desire a broad variety of investment options, such as mutual funds, ETFs, stocks, and bonds
- You are comfortable directing your own investments and have a tolerance for investment risk

Saturna's Coverdell Education Savings Account Fees

	Invested in Saturna's affiliated mutual funds only	Self-Directed Saturna Brokerage ESA ¹
<i>Investments in mutual funds are subject to ongoing expenses that shareowners pay indirectly. Please consult a fund's prospectus or summary prospectus.</i>		
Account Fees		
Account Opening	None	None
Account Maintenance	None	Potential inactive account fee ²
Statement Fee	None	None
Low Balance Fee	None	None
Account Closing	None	None
Transaction Fees		
Contributions	None	Subject to Commission Schedule
Distributions/Withdrawals ³	None	Subject to Commission Schedule
<i>Outgoing wire transfers and overnight delivery of proceeds from sales are subject to prevailing rates.</i>		
Trades / Exchanges	None	Subject to Commission Schedule
Account Transfers	None	In: None ⁴ Out: \$75

¹ Self-Directed Brokerage ESAs may be subject to fees for services not listed in this chart. Please refer to the Saturna Brokerage Services Commission Schedule (available in the Saturna Brokerage Services Brochure and online at www.saturna.com/sbs) for more details.

² Inactive accounts have effected no trades from January 1 through December 31 and have had one or more security positions for the entire year, not including sweep account money market funds. Please see the Saturna Brokerage Services Commission Schedule for more details.

³ Withdrawals may be subject to income taxes if not used to pay qualified education expenses.

⁴ While Saturna does not have a specific charge for inbound transfers, the previous custodian may charge for the outbound transfer.

“ Upon the subject of education, not presuming to dictate any plan or system respecting it, I can only say that I view it as the most important subject which we as a people may be engaged in. ”

- Abraham Lincoln

Saturna Mutual Fund Expenses

The following tables describe the fees and expenses mutual fund shareowners may pay. There are no shareowner fees (fees paid directly from an investment). The Funds impose no sales charge (load) on purchases or reinvested dividends, or any deferred sales charge (load) upon redemption or exchange. Investments in mutual funds are subject to ongoing expenses. Saturna endeavors to keep these fees low. We encourage you to compare the following fees with similar fees of other no-load mutual funds.

Shareowner Fees (fees paid directly from your investment)	
All Saturna Mutual Funds	
Sales Charge (Load) Imposed on Purchases (as a percentage of offering price):	0%
Deferred Sales Charge (Load):	0%
Sales Charge (Load) Imposed on Reinvested Dividends/Distributions:	0%
Redemption Fee:	0%
Exchange Fee (between Saturna's affiliated funds):	0%
Account Fee:	0%

Annual Fund Operating Expenses (expenses deducted from Fund Assets)				
Amana Mutual Funds	Growth¹ Institutional (AMIGX)	Income¹ Institutional (AMINX)	Developing World¹ Institutional (AMIDX)	Participation¹ Institutional (AMIPX)
Management Fees ²	0.75%	0.78%	0.80%	0.50%
Other Expenses	0.04%	0.04%	0.34%	0.14%
Total Annual Fund Operating Expenses	0.79%	0.82%	1.14%	0.64%
Sextant Mutual Funds	Core³ (SCORX)	Global High Income³ (SGHIX)	Short-Term Bond³ (STBFX)	Bond Income³ (SBIFX)
Management Fees ²	0.51%	0.58%	0.47%	0.41%
Other Expenses	0.37%	0.39%	0.44%	0.43%
Total Annual Fund Operating Expenses	0.88%	0.97%	0.91%	0.84%
Less Fee Waiver/Expense Reimbursement	(0.01)%	(0.22)%	(0.31)%	(0.19)%
Net Annual Operating Expenses	0.87%	0.75%⁴	0.60%⁴	0.65%⁴
Sextant Mutual Funds	Growth³ Z Shares (SGZFX)	International³ Z Shares (SIFZX)		
Management Fees ²	0.42%	0.58%		
Other Expenses	0.28%	0.26%		
Total Annual Fund Operating Expenses	0.70%	0.84%		
Saturna Sustainable Funds	Sustainable Equity³ (SEEFX)	Sustainable Bond³ (SEBFX)		
Management Fees ²	0.65%	0.55%		
Other Expenses	0.62%	0.22%		
Total Annual Fund Operating Expenses	1.27%	0.77%		
Less Fee Waiver/Expense Reimbursement	(0.52)%	(0.12)%		
Net Annual Operating Expenses	0.75%⁴	0.65%⁴		

¹ As stated in the Funds' most recent prospectus dated 09/27/2019.

² Paid to Saturna Capital Corporation.

³ As stated in the Funds' most recent prospectus dated 03/27/2019.

⁴ The Adviser has voluntarily capped expenses of the Short-Term Bond Fund at 0.60%, the Bond Income Fund at 0.65%, Global High Income Fund at 0.75%, the Sustainable Equity Fund at 0.75%, and the Sustainable Bond Fund at 0.65% through 03/31/2020.

Please consider an investment's objectives, risks, expenses, and charges carefully before investing. To obtain a prospectus or summary prospectus that contains this and other important information about these mutual funds, please call 1-800-728-8762 or visit www.saturna.com. Please read the prospectus or summary prospectus carefully before investing.

Distributed by Saturna Brokerage Services, a wholly-owned subsidiary of Saturna Capital Corporation and member FINRA/SIPC.

Step 2: Review the Basics You Need to Know

What is a Coverdell Education Savings Account (ESA)?

Named Education IRAs when first established in 1998, these accounts were renamed Coverdell Education Savings Accounts (ESA) in 2001. The ESA is a tax-favored account for the purpose of saving for education expenses. ESAs allow contributions for any child under age 18, and tax-free distributions for a broad variety of education expenses up until age 30.

Annual contributions to the ESA may not exceed \$2,000 (eligible contributions may be less if the taxpayer's income exceeds certain thresholds). All contributions must be in cash. Like an IRA, an ESA will lose its tax-advantaged status if it is used in a prohibited transaction.

Coverdell ESA Eligibility

Any parent or guardian can open a Coverdell ESA for any child under the age of 18. Any eligible adult can contribute to an ESA if the beneficiary is under 18. The person who controls the ESA is the custodian (sometimes referred to as the "responsible party") as named in the account agreement. The child, known as the designated beneficiary, does not have to be related to the person establishing the account.

Coverdell ESA Income and Contribution Limits 2018 and 2019

Aggregate contributions that may be made by all contributors to one (or more) ESA established on behalf of any particular beneficiary are limited to \$2,000 for each year. Corporations, tax-exempt organizations and other entities may make contributions to an unlimited number of parties' ESAs.

Maximum income limits (AGI) for contributions to an ESA		
	Full contribution up to:	Contribution phased out up to:
Single Filers		
2019	\$95,000	\$110,000
2020	\$95,000	\$110,000
Joint Filers		
2019	\$190,000	\$220,000
2020	\$190,000	\$220,000

Contributions to an ESA may be made up to April 15th (the tax return due date, not including extensions) for a contribution to apply to the preceding year. Any contribution to an ESA is treated as a gift from the contributor to the beneficiary at the time of the contribution, meaning annual contributions are subject to the gift tax exclusion and are excludable for purposes of the generation-skipping transfer tax.

Excise taxes and/or penalties may apply to excess contributions made to ESAs. Contributions are considered excess when they are:

- More than a total of \$2,000 per designated beneficiary per year;
- Made in a year when the contributor's adjusted gross income tops the limits for income eligibility;
- Contributed to a designated beneficiary who is 18 years of age or older;
- Made in violation of applicable rollover rules.

Excess contributions, if corrected prior to the tax filing deadline for the year in which the contributions are applied, will avoid related excise taxes and/or penalties.

Coverdell ESA Eligible Expenses

Distributions from your Coverdell Education Savings Account are tax-free provided that they are used to pay the beneficiary's **qualified education expenses**.

You may use your Coverdell Education Savings Account to pay for the beneficiary's elementary, secondary, and postsecondary expenses at virtually any accredited public, private, or religious school. Qualified education expenses include tuition, fees, books, supplies, and equipment required for attendance at the designated educational institution. Other expenses such as room and board, uniforms, transportation, computer-related expenses, and supplementary items (e.g., extended day programs) may also qualify. Additional exceptions are available to special needs beneficiaries. Qualified education expenses are reduced by the amount of any scholarships or financial aid received.

Please see IRS Publication 970, Tax Benefits for Education, for more information about qualified education expenses.

Coverdell ESA Distribution Rules

The account custodian may request a distribution at any time. Distributions, including earnings, are tax-free as long as they do not exceed the beneficiary's adjusted qualified education expenses. Some tax-free scholarships, fellowships, and grants may reduce the allowable amount of tax-free ESA distributions in a given tax year. Distributions in excess of the beneficiary's adjusted qualified education expenses are generally includable in the beneficiary's taxable income for the year, and may be subject to a 10% IRS tax penalty.

Once the designated beneficiary reaches age 30 (or upon the beneficiary's death), any remaining ESA balance must be distributed within 30 days. Alternatively, amounts remaining in an ESA may be rolled over into another ESA for the education of another beneficiary in the beneficiary's family. A change in beneficiary does not constitute a distribution if the new beneficiary is a member of the family of the original beneficiary.

Taxpayers may claim the HOPE Scholarship/American Opportunity Education Credit or the Lifetime Learning Credit in the same year that a tax-free distribution is made from an ESA. However, the distributions cannot cover the same education expense.

For more information about ESA distributions, including calculating adjusted qualified education expenses, please refer to IRA Publication 970, Tax Benefits for Education.

Coverdell ESA Age Limit

The balance remaining in an ESA must be distributed within 30 days after a beneficiary reaches age 30. Also, distribution of the account balance of a deceased beneficiary must be made within 30 days after death of a beneficiary under age 30.

HOPE Scholarship Credit /American Opportunity Credit

While not part of the Education Savings Account, the HOPE Scholarship Credit (renamed American Opportunity Credit in 2009) does interrelate with the ESA. Taxpayers may be able to claim a nonrefundable HOPE Scholarship/American Opportunity Education Credit against their federal income taxes. The credit is claimed for the qualified tuition and related expenses of each student in the taxpayer's family who is enrolled at least half-time in one of the first four years of post secondary education and who is enrolled in a program leading to a recognized educational credential. The maximum credit a taxpayer may claim for a taxable year is \$2,500 multiplied by the number of students in the family who meet the enrollment criteria. The amount a taxpayer may claim is gradually reduced for taxpayers with modified adjusted gross incomes above \$80,000 (\$160,000 for joint filers), and phased out at \$90,000 (\$180,000 for joint filers). See IRS Publication 970 for more information.

Lifetime Learning Credit

The Lifetime Learning Credit also interrelates with the ESA. Taxpayers may be able to claim a nonrefundable Lifetime Learning Credit against their federal income taxes. The credit is claimed for the qualified tuition and related expenses of each student in the taxpayer's family who is enrolled in eligible education institutions. Unlike the HOPE Scholarship/American Opportunity Credit, students are not required to be enrolled at least half-time in one of the first four years of post secondary education. The amount that may be claimed as a credit is equal to 20% of the taxpayer's first \$10,000 of out-of-pocket qualified tuition and other expenses for all the students in the family. The amount a taxpayer may claim is gradually reduced for taxpayers with modified adjusted gross incomes above \$57,000 (\$114,000 for joint filers), and phased out at \$67,000 (\$134,000 for joint filers).

Step 3: Review and Select Your Investment Options

Your Saturna Coverdell ESA is designed with investing in mind. You can begin investing in your Saturna ESA by choosing a Saturna-affiliated no-load fund. To make investing even easier, set up an automatic investing plan in increments as low as \$25.

Saturna No-Load Mutual Funds

When you invest in any of Saturna Capital's affiliated no-load mutual funds, you never pay any account opening, closing, maintenance, or custodial fees on your ESA account. Investments in mutual funds are subject to ongoing expenses that shareowners pay indirectly. Please consult a fund's prospectus or summary prospectus for more details.

Saturna offers a variety of mutual funds to help you customize your ESA investment plan. Fund prices and performance information are available upon request or at www.saturna.com.

Saturna Self-Directed Brokerage ESA

SBS offers the Dreyfus Insured Deposit Program as an option for your uninvested cash. This program provides Federal Deposit Insurance Corporation (FDIC) coverage for amounts held in your Saturna Brokerage ESA sweep account. You may also elect to hold cash.

- Non-Saturna mutual funds
- Money market funds
- Stocks
- Bonds
- ETFs
- Covered call options
- US Treasuries

Please note that self-directed brokerage ESAs require an additional application, and trades are subject to the Saturna Brokerage Services commission schedule. For more information, please see the Saturna Brokerage Services brochure and account application, which are available upon request or at www.saturna.com/sbs.

Saturna Coverdell ESA Automatic Investment Plan

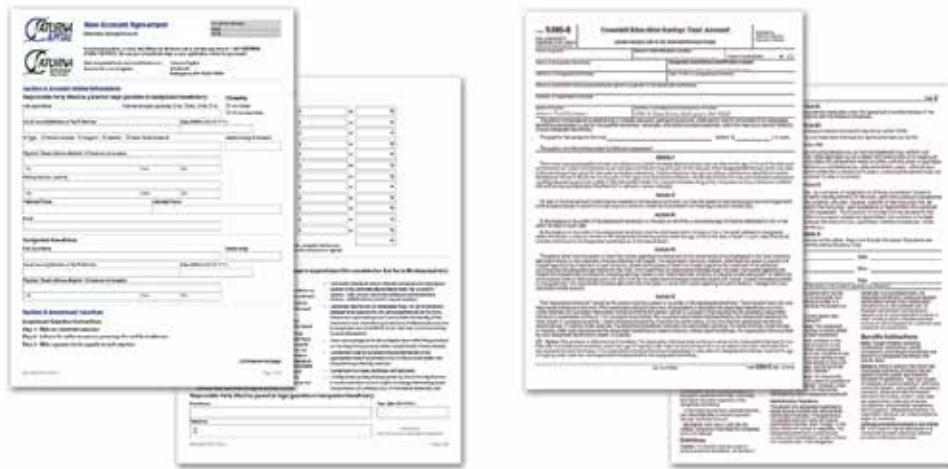
Once your account is established, you can use Electronic Funds Transfer (EFT) to automatically transfer money from your bank account to your Saturna ESA. Automatic investing is a complimentary service with your Saturna ESA when you invest in any of Saturna's affiliated mutual funds, and with your Saturna Brokerage ESA when you invest in any of the funds included on the SBS No Transaction Fee Mutual Fund Platform (minimum investments may apply).

Automatic transactions can be scheduled on any business day, employing a monthly, quarterly, or annual schedule. You can also make automatic withdrawals from your ESA to be deposited in your bank account. Whichever automatic plan you choose, there is never an additional fee.

Step 4: Complete Application and IRS Forms

Complete and sign the Saturna Education Savings Account (ESA) New Account Agreement Form, which is available on the Documents and Forms page at www.saturna.com.

If you have an existing ESA through another financial institution, you can transfer it to Saturna by completing an ESA Transfer Form, which you will also find on the Documents and Forms page of our website.



Step 5: Send Your Completed Forms to Saturna

Check(s) should be made payable to the Fund(s) of your choice.

Please mail your application form and IRS Form 5305-E with your check(s) and a copy of your government-issued photo ID to:

Saturna Capital
Attn: ESA Department
P.O. Box N
Bellingham, WA 98227

For brokerage ESAs, please see the Saturna Brokerage Services brochure and application for more information.

Frequently Asked Questions

Who can contribute to a Coverdell Education Savings Account?

Contributions can be made by parents, grandparents, other relatives, friends, and the child for whom the account is established. Organizations, such as corporations, are also permitted to contribute to an ESA. Individuals making contributions to an ESA must have a modified adjusted gross income of less than \$110,000 (\$220,000 for joint filers).

Are Coverdell ESA contributions tax deductible?

All contributions are made with after-tax dollars and are not tax deductible. However, ESA distributions, including earnings, are tax free if they are not more than the beneficiary's adjusted qualified education expenses for the year.

What are the Coverdell ESA contribution limits for 2018?

Please see page 6 of this brochure for current contribution limits.

What is the deadline for making contributions to my Coverdell ESA?

For a given tax year, contributions must be made on or before the federal tax filing due date (excluding extensions), which is usually April 15 of the following year. If you are making a contribution between January 1 and April 15, please be sure to specify the tax year to which it should be applied.

Is there an age limit for Coverdell ESA contributions?

Yes. Contributions must cease at age 18 unless the beneficiary is a special needs beneficiary.

Are businesses allowed to make contributions to an ESA?

Yes. Organizations such as corporations, non-profits, and trusts can make contributions to an ESA.

Can a child have more than one Coverdell ESA account?

Yes. The total annual contributions from all accounts must not exceed \$2,000.

What counts as qualified education expenses?

ESA account withdrawals can be used to pay for qualified education expenses. These include expenses such as tuition, fees, supplies and equipment, room and board, and books. Qualified elementary and secondary school expenses include tuition, fees, academic tutoring, books, uniforms, room and board, computer technology, equipment, and internet access.

What is considered an eligible education institution?

Eligible education institutions include kindergarten, elementary, secondary, and postsecondary schools. Eligible postsecondary schools include virtually all accredited colleges, universities, and vocational schools, whether public, nonprofit, private, or for-profit. Eligible elementary and secondary schools range from kindergarten through grade 12 and include public, private, and religious schools.

When can the funds in my Coverdell ESA be withdrawn?

Distributions from your ESA may be made at any time. Distributions used for payment of the beneficiary's qualified education expenses are generally tax-free as long as they do not exceed the beneficiary's adjusted qualified education expenses for the year.

What happens if my ESA distribution is not used for a qualified education expense?

The earnings portion of an ESA distribution that is not considered to be for a qualified education expense will be included in the gross income of the beneficiary and may incur an additional 10% IRS tax penalty.

What happens to the remaining funds in an ESA when the beneficiary has completed his/her education?

Any funds remaining in the account may be withdrawn or rolled into another ESA. Earnings on an unqualified withdrawal would be subject to income tax and an additional 10% penalty. If the funds are rolled into a new ESA for the benefit of another family member, then the funds are not taxed. You may also change the designated beneficiary on the ESA to a member of the same family. In all cases the beneficiary must be under age 30.

Is there a certain age when the funds in an ESA must be distributed or transferred?

Generally the funds must be withdrawn or transferred by the age of 30 or the designated beneficiary's date of death. Special needs beneficiaries are not subject to the age restriction.

Will an ESA have an effect on my child's eligibility for financial aid in college?

Despite the tax advantages, lower- and middle-income parents who expect their child will be eligible for financial aid in college should think twice about taking advantage of Education Savings Accounts. This is because an ESA must be set-up in the child's name. In determining how much a family can afford to contribute to the cost of college, financial aid formulas count assets held in the child's name much more heavily than assets in the parent's name.

Need More Information

Please refer to IRS Publication 970, Tax Benefits for Education.



A Few Words About Risk

The value of a Fund's shares rise and fall as the market value of the securities in which the Fund invests goes up and down. The market value of securities will fluctuate, sometimes significantly and unpredictably, with stocks generally being more volatile than bonds. When you redeem your shares, they may be worth more or less than what you paid for them. Only consider investing in a Fund if you are willing to accept the risk that you may lose money.

The Funds (except Sextant Growth and Idaho Tax-Exempt Funds) may invest in non-US companies and in foreign markets. Investing in foreign securities involves risks not typically associated directly with investing in US securities. These risks include fluctuations in exchange rates of foreign currencies; less public information with respect to issuers of securities; less governmental supervision of exchanges, issuers, and brokers; and lack of uniform accounting, auditing, and financial reporting standards. There is also a risk of adverse political, social, or diplomatic developments that affect investment in foreign countries.

The Amana Growth and Sextant Growth Funds typically invest in smaller and less seasoned companies than the Income Fund, which may lead to greater variability in the Growth Funds' returns. Growth stocks, which can be priced on future expectations rather than current results, may decline substantially when expectations are not met or general market conditions weaken.

The Sextant Core Fund involves the risks of both equity and debt investing, although it seeks to mitigate these risks by maintaining a widely diversified portfolio that includes domestic stocks, foreign stocks, short and long-term bonds, and money market instruments.

Investment in the Sextant Global High Income Fund entails the risks of both equity and debt securities, although it seeks to mitigate these risks through a widely diversified portfolio that includes foreign and domestic stocks and bonds. Issuers of high-yield securities are generally not as strong financially as those issuing higher quality securities. Investments in high-yield securities can be speculative in nature. High-yield bonds may have low or no ratings, and may be considered "junk bonds."

The risks inherent in the Sextant Short-Term Bond, Sextant Bond Income, Saturna Sustainable Bond, and Idaho Tax-Exempt Funds depend primarily on the terms and quality of the obligations in their portfolios, as well as on bond market conditions. When interest rates rise, bond prices fall. When interest rates fall, bond prices go up. Bonds with longer maturities (such as those held by the Bond Income Fund) usually are more sensitive to interest rate changes than bonds with shorter maturities (such as those held by the Short-Term Bond Fund). The Funds entail credit risk, which is the possibility that a bond will not be able to pay interest or principal when due. If the credit quality of a bond is perceived to decline, investors will demand a higher yield, which means a lower price on that bond to compensate for the higher level of risk.

In addition to the fixed-income market risks above, the Amana Participation Fund entails risks specific to investing in sukuk. Sukuk structures may be significantly more complicated than conventional bonds and often include a series of entities created specifically to support the sukuk structure. In addition, sukuk are largely created in or otherwise subject to the risks of developing economies, many of which have weak or inconsistent accounting, legal, and financial infrastructure. The structural complexity of sukuk, along with the weak infrastructure of the sukuk market, increases risks of investing in sukuk, including operational, legal, and investment risks.

Islamic principles restrict the Amana Funds' ability to invest in certain stocks and market sectors, such as financial companies and fixed-income securities. This limits opportunities and may affect performance.

The Saturna Sustainable Funds limit the securities they purchase to those consistent with sustainable principles. This limits opportunities and may affect performance.



1300 N. State Street
Bellingham, WA 98225-4730
www.saturna.com
info@saturna.com

1-800-728-8762

For automated assistance, including mutual fund prices:

1-888-732-6262