

# Roth IRA Application

## 1 ROTH IRA OWNER INFORMATION

(Custodian's name, address, and phone number above)

NAME, ADDRESS, CITY, STATE, AND ZIP		ROTH IRA ACCOUNT (PLAN) NUMBER	
		SOCIAL SECURITY NUMBER (SSN)	
DAYTIME PHONE NUMBER	E-MAIL (OPTIONAL)	DATE OF BIRTH	GENDER:
			<input type="checkbox"/> Male <input type="checkbox"/> Female

## 2 CONTRIBUTION INFORMATION

INVESTMENT NUMBER	AMOUNT	CONTRIBUTION DATE	TAX YEAR	TAX YEAR OF FIRST ROTH IRA CONTRIBUTION/CONVERSION
	\$			
<b>CONTRIBUTION TYPE:</b> <input type="checkbox"/> Regular/Spousal <input type="checkbox"/> Catch-Up <input type="checkbox"/> Rollover from a Roth IRA <input type="checkbox"/> Transfer from a Roth IRA <input type="checkbox"/> Recharacterization <input type="checkbox"/> Conversion from a Traditional IRA to a Roth IRA <input type="checkbox"/> Conversion from a SIMPLE IRA to a Roth IRA <input type="checkbox"/> Rollover/Direct Rollover from a Designated Roth Account <input type="checkbox"/> Rollover/Direct Rollover from an Eligible Retirement Plan				

## 3 DESIGNATION OF BENEFICIARY

At the time of my death, the primary beneficiaries named below will receive my Roth IRA assets. If all of my primary beneficiaries die before me, the contingent beneficiaries named below will receive my Roth IRA assets. In the event a beneficiary dies before me, such beneficiary's share will be reallocated on a pro-rata basis to the other beneficiaries that share the deceased beneficiary's classification as a primary or contingent beneficiary. If all of the beneficiaries die before me, my Roth IRA assets will be paid to my estate. If no percentages are assigned to beneficiaries, or if the percentage total for any beneficiary classification exceeds 100 percent, the beneficiaries in that beneficiary classification will share equally. If the percentage total for each beneficiary classification is less than 100 percent, any remaining percentage will be divided equally among the beneficiaries within such class. This designation revokes and supercedes all earlier beneficiary designations which may apply to this Roth IRA.

### A. Primary Beneficiary

PERCENTAGE	NAME OF BENEFICIARY	SSN OR TAXPAYER IDENTIFICATION NUMBER	RELATIONSHIP TO ROTH IRA OWNER	BENEFICIARY DATE OF BIRTH
%				
%				
%				
<b>Total 100%</b>				

### B. Contingent Beneficiary

PERCENTAGE	NAME OF BENEFICIARY	SSN OR TAXPAYER IDENTIFICATION NUMBER	RELATIONSHIP TO ROTH IRA OWNER	BENEFICIARY DATE OF BIRTH
%				
%				
%				
<b>Total 100%</b>				

## 4 SPOUSAL CONSENT

Community or marital property state laws may require spousal consent for a nonspouse beneficiary designation. The laws of the state in which the financial organization is domiciled, the Roth IRA owner resides, the trust is located, the spouse resides, or this transaction is consummated should be reviewed to determine if such a requirement exists. Spousal consent for the beneficiary designation may also be required by financial organization policy.

\_\_\_\_\_  
(Roth IRA Owner Initials) **I Am Married.** I understand that if I designate a primary beneficiary other than my spouse, my spouse must consent by signing below.

\_\_\_\_\_  
(Roth IRA Owner Initials) **I Am Not Married.** I understand that if I marry in the future, I must complete a new Designation of Beneficiary form, which includes the spousal consent documentation.

I am the spouse of the Roth IRA owner. Because of the significant consequences associated with giving up my interest in the Roth IRA, the custodian has not provided me with legal or tax advice, but has advised me to seek tax or legal advice. I acknowledge that I have received a fair and reasonable disclosure of the Roth IRA owner's assets or property and any financial obligations for a community property state. In the event I have a legal interest in the Roth IRA assets, I hereby give to the Roth IRA owner such interest in the assets held in this Roth IRA and consent to the beneficiary designation set forth in this Application.

_____ Signature of Spouse	_____ Date	_____ Signature of Witness (if required) (Witness cannot be a beneficiary of this Roth IRA)	_____ Date
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## 5 SIGNATURES

I certify that the information provided by me on this Application is accurate, and that I have received a copy of IRS Form 5305-RA, *Roth Individual Retirement Custodial Account*, a Disclosure Statement, and a Financial Disclosure. I agree to be bound by the terms and conditions found in the Agreement, Disclosure Agreement, Financial Disclosure, and amendments thereto. I assume sole responsibility for all consequences relating to my actions concerning this Roth IRA. I understand that I may revoke this Roth IRA on or before seven (7) days after the date of establishment. My designation of the tax year for my contribution, and any election to treat a contribution as a rollover or recharacterization, is irrevocable. I indemnify and agree to hold the custodian harmless against any liabilities. I understand that the custodian cannot provide, and has not provided, me with tax or legal advice. I have been advised to seek the guidance of a tax or legal professional.

_____ Signature of Roth IRA Owner	_____ Date	_____ Signature of Custodian	_____ Date
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## ADDITIONAL INFORMATION

**Purpose.** This Organizer contains the forms necessary to establish a Roth individual retirement account (IRA). This Organizer should not be used to establish an inherited Roth IRA.

**How to use this Roth IRA Organizer.** The individual establishing this Roth IRA must complete the Application page. The Roth IRA owner must sign the document. An original signed copy of the Application should be kept by the custodian for its records. The Roth IRA owner should receive a copy of the Application and keep the remaining contents of the Roth IRA Organizer. Community or marital property state laws may require spousal consent for nonspouse beneficiary designations.

**Additional Documents.** Applicable law or policies of the Roth IRA custodian may require additional documentation such as IRS Form W-9, *Request for Taxpayer Identification Number and Certification*.

**For Additional Guidance.** It is in your best interest to seek the guidance of a tax or legal professional before completing this document. For more information, refer to Internal Revenue Service (IRS) Publication 590, *Individual Retirement Arrangements (IRAs)*, instructions to your federal income tax return, your local IRS office, or the IRS's web site at [www.irs.gov](http://www.irs.gov).

# ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT

Form **5305-RA** (Under Section 408A of the Internal Revenue Code)  
(Rev. March 2002) Department of the Treasury Internal Revenue Service  
The depositor and the custodian make the following agreement:

Do Not File with  
Internal Revenue Service  Amendment

**Article I.** Except in the case of a rollover contribution described in section 408A(e), a recharacterized contribution described in section 408A(d)(6), or an IRA Conversion Contribution, the custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

## Article II.

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a single depositor, the annual contribution is phased out between adjusted gross income (AGI) of \$95,000 and \$110,000; for a married depositor filing jointly, between AGI of \$150,000 and \$160,000; and for a married depositor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the custodian will not accept IRA Conversion Contributions in a tax year if the depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the depositor is married and files a separate return. Adjusted gross income is defined in section 408A(c)(3) and does not include IRA Conversion Contributions.

2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the depositor and his or her spouse.

**Article III.** The depositor's interest in the balance in the custodial account is nonforfeitable.

## Article IV.

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).

2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

## Article V.

1. If the depositor dies before his or her entire interest is distributed to him or her and the depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated beneficiary, in accordance with (b) below:

- (a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the depositor.
- (b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.

2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the designated beneficiary using the attained age of the beneficiary in the year following the year of the depositor's death and subtracting 1 from the divisor for each subsequent year.

3. If the depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the depositor.

## Article VI.

1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), Regulations sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (IRS).

2. The custodian agrees to submit to the IRS and depositor the reports prescribed by the IRS.

**Article VII.** Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through IV and this sentence will be controlling. Any additional articles inconsistent with section 408A, the related regulations, and other published guidance will be invalid.

**Article VIII.** This Agreement will be amended as necessary to comply with the provisions of the Code, the related regulations, and other published guidance. Other amendments may be made with the consent of the persons whose signatures appear on the Application that accompanies this Agreement.

## Article IX.

**9.01 Your Roth IRA Documents.** This Internal Revenue Service (IRS) Forms 5305 series agreement for Roth IRAs, and any amendments or additional provisions to such agreement (the "Agreement") set forth the terms and conditions governing your Roth individual retirement account (IRA) and your or, after your death, your beneficiary's relationship with us. Your agreement will be accompanied by a disclosure statement, which sets forth various Roth IRA rules in simpler language, and a financial disclosure.

**9.02 Definitions.** The IRS Forms 5305 series agreement contains a detailed definitions section. The definitions found in such section apply to this Agreement. The IRS refers to you as the depositor, and us as the custodian. References to "you," "your," and "Roth IRA owner" will mean the depositor, and "we," "us," and "our" will mean the custodian. The terms "you" and "your" will apply to you. In the event you appoint a third party, or have a third party appointed on your behalf, to handle certain transactions affecting your Roth IRA, such third party will be your agent and will be considered "you" for purposes of this Agreement. Additionally, references to "Roth IRA" will mean the custodial account.

**9.03 Additional Provisions.** Additional provisions may be attached to, and made a part of, this Agreement by either party. The provisions must be in writing, agreed to by us, and in a format acceptable to us.

**9.04 Our Fees and Expenses.** We may charge reasonable fees and are entitled to reimbursement for any expenses we incur in establishing and maintaining your Roth IRA. We may change the fees at any time by providing you with notice of such changes. We will provide you with fee disclosures and policies. Fees may be deducted directly from your Roth IRA assets, and/or billed separately to you. Fees billed separately to you and paid by you may be claimed on your federal income tax return as miscellaneous itemized deductions. The payment of fees has no effect on your contributions. Additionally, we have the right to liquidate your Roth IRA assets to pay such fees and expenses. If you do not direct us on the liquidation, we will liquidate the assets of our choice and will not be responsible for any losses or claims that may arise out of the liquidation.

**9.05 Amendments.** We may amend your Roth IRA in any respect and at any time, including retroactively, to comply with applicable laws governing retirement plans and the corresponding regulations. Any other amendments shall require your consent, by action or no action, and will be preceded by written notice to you. Unless otherwise required, you are deemed to automatically consent to an amendment, which means that your written approval is not required for the amendment to apply to the Roth IRA. In certain instances the governing law or our policies may require us to secure your written consent before an amendment can be applied to the Roth IRA. If you want to withhold your consent to an amendment, you must provide us with a written objection within 30 days of the receipt date of the amendment.

**9.06 Notice and Delivery.** Any notice mailed to you will be deemed delivered and received by you, five days after the postmark date. This fifth day following the postmark is the receipt date. Notices will be mailed to the last address we have in our records. You are responsible for ensuring that we have your proper mailing address. Upon your consent, we may provide you with notice in a delivery format other than by mail. Such formats may include various

electronic deliveries. Any notice, including terminations, change in personal information, or contributions mailed to us will be deemed delivered when actually received by us based on our ordinary business practices. All notices must be in writing unless our policies and procedures provide for oral notices.

**9.07 Applicable Laws.** This Agreement will be construed and interpreted in accordance with the laws of, and venue in, our state of domicile.

**9.08 Disqualifying Provisions.** Any provision of this Agreement that would disqualify the Roth IRA will be disregarded to the extent necessary to maintain the account as a Roth IRA.

**9.09 Interpretation.** If any question arises as to the meaning of any provision of this Agreement, then we shall be authorized to interpret any such provision, and our interpretation will be binding upon all parties.

**9.10 Representations and Indemnity.** You represent that any information you and/or your agents provide to us is accurate and complete, and that your actions comply with this Agreement and applicable laws governing retirement plans. You understand that we will rely on the information provided by you, and that we have no duty to inquire about or investigate such information. We are not responsible for any losses or expenses that may result from your information, direction, or actions, including your failure to act. You agree to hold us harmless, to indemnify, and to defend us against any and all actions or claims arising from, and liabilities and losses incurred by reason of your information, direction, or actions. Additionally, you represent that it is your responsibility to seek the guidance of a tax or legal professional for your Roth IRA issues.

We are not responsible for determining whether your contributions or distributions comply with this Agreement and/or the federal laws governing retirement plans. We are not responsible for any taxes, judgments, penalties, or expenses incurred in connection with your Roth IRA, or any losses that are a result of events beyond our control. We have no responsibility to process transactions until after we have received appropriate direction and documentation, and we have had a reasonable opportunity to process the transactions. We are not responsible for interpreting or directing beneficiary designations or divisions, including separate accounting, court orders, penalty exception determinations, or other similar situations.

**9.11 Investment of Roth IRA Assets.**

(a) **Deposit Investments Only.** The deposit investments we offer are limited to savings, share and money market accounts, and certificates of deposit (CDs). This Roth IRA is not, and cannot be, a self-directed Roth IRA. It does not permit you to invest your contributions or Roth IRA assets in non-deposit investments such as property, annuities, stocks, bonds, and government, municipal or United States Treasury securities.

(b) **Investment of Contributions.** We will invest contributions and reinvest your Roth IRA assets as directed by you based on our then-current investment policies and procedures. If you fail to provide us with investment direction for a contribution, we will return or hold all or part of such contribution based on our policies and procedures. We will not be responsible for any loss of Roth IRA income associated with your failure to provide appropriate investment direction.

(c) **Directing Investments.** All investment directions must be in a format or manner acceptable to us. You may invest in any Roth IRA investments that you are qualified to purchase, and that we are authorized to offer and do offer at the time of the investment selection, and that are acceptable under the applicable laws governing retirement plans. Your Roth IRA investments will be registered in our name for the benefit of your Roth IRA. Specific investment information may be provided at the time of the investment.

Based on our policies, we may allow you to delegate the investment responsibility of your Roth IRA to an agent by providing us with written notice of delegation in a format acceptable to us. We will not review or guide your agent's decisions, and you are responsible for the agent's actions or

failure to act. We are not responsible for directing your investments, or providing investment advice, including guidance on the suitability or potential market value of various investments.

(d) **Investment Fees and Asset Liquidation.** We have the right to liquidate your Roth IRA assets to pay fees and expenses, federal tax levies, or other assessments on your Roth IRA investments. If you do not direct us on the liquidation, we will liquidate the assets of our choice and will not be responsible for any losses or claims that may arise out of the liquidation.

**9.12 Distributions.** Withdrawal requests must be in a format acceptable to us, and/or on forms provided by us. We may require you, or your beneficiary after your death, to elect a distribution reason, provide documentation, and provide a proper tax identification number before we process a distribution. These withdrawals may be subject to taxes, withholding, and penalties. Distributions will generally be in cash.

Required minimum distributions for your beneficiaries will be based on Treasury Regulations 1.408A-6, 1.401(a)(9) and 1.408-8 in addition to our then-current policies and procedures. The required minimum distribution regulations are described within the Disclosure Statement. In the event a beneficiary, after your death, fails to take a required minimum distribution we may do nothing, distribute the entire IRA balance, or distribute the required minimum distribution based on our own calculation.

**9.13 Spouse Beneficiary.** Notwithstanding Article V, a spouse beneficiary shall be permitted all the beneficiary options allowed under law or applicable regulations. If your surviving spouse is your sole beneficiary, your spouse may treat your Roth IRA as his/her own Roth IRA and would not be subject to the RMD rules.

**9.14 Transfer and Rollover Contributions.** We may accept transfers, rollovers, and other similar contributions in cash from other IRAs and eligible retirement plans. Prior to completing such transactions we may require that you provide certain information in a format acceptable to us.

**9.15 Reports and Records.** We will maintain the records necessary for IRS reporting on this Roth IRA. Required reports will be provided to you, or your beneficiary after your death, and the IRS. If you believe that your report is inaccurate or incomplete, you must notify us in writing within 30 days following the receipt date. Your investments may require additional state and federal reporting.

**9.16 Termination.** You may terminate this Agreement without our consent by providing us with a written notice of termination. A termination and the resulting distribution or transfer will be processed and completed as soon as administratively feasible following the receipt of proper notice. At the time of termination we may retain the sum necessary to cover any fees and expenses, taxes, or investment penalties.

**9.17 Our Resignation.** We can resign at any time by providing you with 30 days written notice prior to the resignation date, or within five days of our receipt of your written objection to an amendment. In the event you materially breach this Agreement, we can terminate this Agreement by providing you with five days prior written notice. Upon our resignation, you must appoint a qualified successor custodian or trustee. Your Roth IRA assets will be transferred to the successor custodian or trustee once we have received appropriate direction. Transfers will be completed within a reasonable time following our resignation notice and the payment of your remaining Roth IRA fees or expenses. We reserve the right to retain Roth IRA assets to pay any remaining fees or expenses. At the time of termination we may retain the sum necessary to cover any fees and expenses, taxes, or investment penalties. If you fail to provide us with acceptable transfer direction within 30 days from the date of the notice we can transfer the assets to a successor custodian or trustee of our choice or distribute them to you in cash.

**9.18 Successor Organization.** If we merge with, purchase, or are acquired by, another organization, such organization, if qualified, may automatically become the successor custodian or trustee of your Roth IRA.

# IRS FORM 5305-RA INSTRUCTIONS (Rev. 3-2002)

## General Instructions

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

### Purpose of Form

Form 5305-RA is a model custodial account agreement that meets the requirements of section 408A and has been pre-approved by the IRS. A Roth individual retirement account (Roth IRA) is established after the form is fully executed by both the individual (depositor) and the custodian. This account must be created in the United States for the exclusive benefit of the depositor and his or her beneficiaries.

**Do not** file Form 5305-RA with the IRS. Instead, keep it with your records.

Unlike contributions to traditional individual retirement arrangements, contributions to a Roth IRA are not deductible from the depositor's gross income; and distributions after 5 years that are made when the depositor is 59 1/2 years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the custodian must give the depositor, see **Pub. 590, Individual Retirement Arrangements (IRAs)**.

## Definitions

**IRA Conversion Contributions.** IRA Conversion Contributions are amounts rolled over, transferred, or considered transferred from a nonRoth IRA to a Roth IRA. A nonRoth IRA is an individual retirement account or annuity described in section 408(a) or 408(b), other than a Roth IRA.

**Custodian.** The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

**Depositor.** The depositor is the person who establishes the custodial account.

### Specific Instructions

**Article I.** The depositor may be subject to a 6% tax on excess contributions if **(1)** contributions to other individual retirement arrangements of the depositor have been made for the same tax year, **(2)** the depositor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or **(3)** the depositor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year. The depositor should see the disclosure statement or Pub. 590 for more information.

**Article V.** This article describes how distributions will be made from the Roth IRA after the depositor's death. Elections made pursuant to this article should be reviewed periodically to ensure they correspond to the depositor's intent. Under paragraph 3 of Article V, the depositor's spouse is treated as the owner of the Roth IRA upon the death of the depositor, rather than as the beneficiary. If the spouse is to be treated as the beneficiary, and not the owner, an overriding provision should be added to Article IX.

**Article IX.** Article IX and any that follow it may incorporate additional provisions that are agreed to by the depositor and custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the custodian, custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the depositor, etc. Attach additional pages if necessary.

# ROTH IRA DISCLOSURE STATEMENT

**Right to Revoke Your Roth IRA.** With some exceptions, you have the right to revoke this Roth individual retirement account (IRA) within seven days of receiving this Disclosure Statement. If you revoke your Roth IRA, we will return your entire Roth IRA contribution without any adjustment for items such as sales commissions, administrative expenses, or fluctuation in market value. Exceptions to your right of revocation include that you may not revoke a Roth IRA established with a recharacterized contribution, nor do you have the right to revoke upon amendment of this Agreement.

You may revoke your Roth IRA by providing us with written notice. The revocation notice may be mailed by first-class mail, or hand delivered to us. If your notice is mailed by first-class, postage pre-paid mail, the revocation will be deemed mailed on the date of the postmark.

If you have any questions or concerns regarding the revocation of your Roth IRA, please call or write to us. Our telephone number, address, and a contact name to be used for communications can be found on the application that accompanies this Disclosure Statement and Internal Revenue Service (IRS) Forms 5305 series agreement.

**This Disclosure Statement.** This Disclosure Statement provides you, or your beneficiaries after your death, with a summary of the rules and regulations governing this Roth IRA.

**Definitions.** The IRS Forms 5305 series agreement for Roth IRAs contains a detailed definitions section. The definitions found in such section apply to this Agreement. The IRS refers to you as the depositor, and us as the custodian. References to "you," "your," and "Roth IRA owner" will mean the depositor, and "we," "us," and "our" will mean the custodian. The terms "you" and "your" will apply to you. In the event you appoint a third party, or have a third party appointed on your behalf to handle certain transactions affecting your Roth IRA, such third party will be considered your agent and, therefore, "you" for purposes of this Agreement. Additionally, references to "Roth IRA" will mean the custodial account.

**For Additional Guidance.** It is in your best interest to seek the guidance of a tax or legal professional before completing any Roth IRA establishment documents. Your first reference for questions concerning your Roth IRA should be the IRS Forms 5305 series agreement, any additional provisions or amendments to such document, and this Disclosure Statement. For more information, you can also refer to IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, instructions to your federal income tax return, your local IRS office, or the IRS's web site at [www.irs.gov](http://www.irs.gov).

## Roth IRA Restrictions and Approval.

- 1. IRS Form 5305-R or 5305-RA Agreement.** This Disclosure Statement and the IRS Forms 5305 series agreement, amendments, and additional provisions, set forth the terms and conditions governing your Roth IRA. Such documents are the "Agreement."
- 2. Individual Benefit.** This Roth IRA must be for the exclusive benefit of you and, upon your death, your beneficiaries. The Roth IRA must be established in your name and not in the name of your beneficiary, living trust, or another party or entity.
- 3. Beneficiary Designation.** By completing the appropriate section on the corresponding Roth IRA application you may designate any person(s) as your beneficiary to receive your Roth IRA assets upon your death. You may also change or revoke an existing designation in such manner and in accordance with such rules as your Roth IRA custodian prescribes for this purpose. If there is no beneficiary designation on file at the time of your death, or if none of the beneficiaries on file are alive at the time of your death, your Roth IRA assets will be paid to your estate. Your Roth IRA custodian may rely on the latest beneficiary designation on file at the time of your death, will be fully protected in doing so, and will have no liability whatsoever to any person making a claim to the Roth IRA assets under a subsequently filed designation or for any other reason.
- 4. Cash Contributions.** Roth IRA contributions will generally be in cash, which may include a check, money order, or wire transfer unless the contributions are rollover, transfer, or other similar transactions.
- 5. Roth IRA Custodian.** A Roth IRA custodian must be a bank, federally insured credit union, savings and loan association, trust

company, or other entity, which is approved by the Secretary of the Treasury to act as an IRA custodian.

- 6. Prohibition Against Life Insurance and Commingling.** None of your Roth IRA assets may be invested in life insurance contracts, or commingled with other property, except in a common trust fund or common investment fund.
- 7. Nonforfeitable.** The assets in your Roth IRA are not forfeitable.
- 8. Collectibles.** Generally, none of your Roth IRA assets may be invested in collectibles, including any work of art, rug, or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property. If we allow, you may invest your Roth IRA assets in the following coins and bullion: certain gold, silver, and platinum coins minted by the United States; a coin issued under the laws of any state; and any gold, silver, platinum, and palladium bullion of a certain fineness, and only if such bullion is held by us. For additional guidance on collectibles, see Section 408(m) of the Internal Revenue Code (IRC).
- 9. Tax-Free Rollovers.** You may be eligible to make a rollover contribution of your Roth IRA distribution to a Roth IRA. Rollovers to and from Roth IRAs are described in greater detail elsewhere in this Disclosure Statement.
- 10. Required Minimum Distribution Rules For Beneficiaries.** This Roth IRA is subject to the required minimum distribution rules summarized in this Agreement.
- 11. No Prohibited Transactions.** If you engage in a prohibited transaction, the Roth IRA loses its tax exempt status as of the first day of the year. Subject to the Roth IRA ordering rules, you must include the fair market value of your Roth IRA as of that first day in your gross income for the year during which the prohibited transaction occurred, and pay all applicable taxes and penalties.
- 12. No Pledging.** If you pledge all or a portion of your Roth IRA as security for a loan, the portion pledged will be treated as a distribution to you, subject to the Roth IRA ordering rules, potentially included in gross income, and may be subject to the 10 percent premature-distribution penalty tax.
- 13. IRS Approval of Form.** This Agreement includes an IRS Forms 5305 series agreement. This IRS document has been approved by the IRS. This approval is not a determination of its merits, and not an endorsement of the investments provided by us, or the operation of the Roth IRA.
- 14. State Laws.** State laws may affect your Roth IRA in certain situations, including beneficiary designations, agency relationships, consent, taxes, and reporting.

## Roth IRA Eligibility and Contributions.

- 1. Regular or Annual Roth IRA Contribution.** An annual contribution, commonly referred to as a regular contribution, is your contribution for the tax year, and is based on your and/or your spouse's compensation. Your designation of the tax year for your contribution is irrevocable. You may direct all or a portion of any tax refund directly to an IRA.
- 2. Compensation for Eligibility.** You are eligible to contribute to your Roth IRA if you have compensation (also referred to as earned income). The amount you may contribute may be limited based on your modified adjusted gross income (MAGI). The instructions to your federal income tax return will provide helpful information in determining your compensation and MAGI amounts.  
Common examples of compensation include wages, salary, tips, bonuses, and other amounts received for providing personal services, and earned income from self-employment. Compensation does not include earnings and profits from property such as dividends, interest, or capital gains, or pension, annuity, or deferred compensation plan amounts. Your compensation includes any taxable alimony or separate maintenance payments you may receive under a divorce decree or separate maintenance agreement.
- 3. Limitations on Contributions.** The amount you can contribute depends on your MAGI for the tax year for which the contribution applies, your marital status, and your tax-filing status. The following chart shows how your MAGI and status affect your contribution limit. The greater your MAGI, the lesser the amount you may contribute. The 2008 limits are set forth on the following chart.

## CONTRIBUTION CHART

Modified AGI (MAGI)*	Single	Married, Filing Jointly	Married, Filing Separately**
Less than \$10,000	Full Contribution	Full Contribution	Phaseout
\$ 10,000 - \$ 101,000	Full Contribution	Full Contribution	No Contribution
\$101,001 - \$115,999	Phaseout	Full Contribution	No Contribution
\$116,000 - \$159,000	No Contribution	Full Contribution	No Contribution
\$159,001 - \$168,999	No Contribution	Phaseout	No Contribution
\$169,000 or over	No Contribution	No Contribution	No Contribution

\*Subject to annual cost-of-living adjustments (COLAs).

\*\*An individual who is married, filing separately, and who lived apart from his/her spouse the entire year, can use the MAGI limit for a single filer to determine his/her contribution limit.

IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, and the instructions to your federal income tax return also contain helpful calculation information.

**4. Contribution By Your Spouse.** If you are married and file a joint federal income tax return, you and/or your spouse may make a contribution on your behalf for that tax year if you and/or your spouse have compensation. This contribution must be made into your Roth IRA, and it cannot exceed the contribution limits applicable to regular Roth IRA contributions.

**5. Catch-up Contributions.** Catch-up contributions are Roth IRA contributions made in addition to any regular Roth IRA contributions. You are eligible to make catch-up contributions if you meet the eligibility requirements for regular contributions and you attain age 50 by the end of the taxable year for which a catch-up contribution is being made.

Regardless of age, if you participated in a 401(k) plan with a bankrupt employer whose officers were indicted or convicted where the employer matched at least 50 percent of employee contributions under the 401(k) plan in the form of employer stock, you may make additional IRA contributions up to \$3,000 per year for tax years 2007 through 2009.

**6. Maximum Contribution Limits.** Your regular and catch-up Roth IRA contributions are limited to the lesser of 100 percent of your and/or your spouse's compensation or the dollar amounts set forth on the following chart.

Contribution Tax Year	Regular Contribution Limit	Catch-up Contribution Limit
2008	\$5,000	\$1,000
2009 and later	\$5,000+COLA*	\$1,000

\*Beginning in 2009, the regular IRA contribution limits are subject to annual cost-of-living adjustments (COLAs).

**7. Contribution Deadline.** You may make regular and catch-up Roth IRA contributions any time for a taxable year up to and including your federal income tax return due date, excluding extensions, for that taxable year. The due date for most taxpayers is April 15. The deadline may be extended in some situations. Examples include a presidentially declared disaster, a terroristic or military action, or service in a combat zone.

**8. Roth IRA and Traditional IRA Contribution Limit.** Your combined regular and catch-up traditional IRA and Roth IRA contributions may not exceed the maximum contribution limits set forth in the previous chart.

**9. SEP or SIMPLE IRA Contributions.** Your employer may not make simplified employee pension (SEP) plan or Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA contributions to this Roth IRA.

**Nonrefundable Tax Credit.** You may be eligible to take a tax credit for your regular Roth IRA contributions. The credit is equal to a percentage of your qualified contributions up to \$2,000. The credit cannot exceed \$1,000 for any tax year, and is in addition to any deduction that may apply. To be eligible for the tax credit, you must be age 18 or older by the end of the applicable tax year, not a dependent of another taxpayer, not a full-time student, and satisfy certain restrictions on distributions.

**Moving Assets To and From Roth IRAs.** There are a variety of transactions that allow you to move your retirement assets to and from Roth IRAs. We have sole discretion on whether we will accept, and how we will process, movements of assets to and from Roth IRAs. We or any other financial organizations involved in the transaction may require documentation for such activities.

**1. Roth IRA-to-Roth IRA Transfers.** You may transfer all or a portion of your Roth IRA assets from one Roth IRA to another Roth IRA. A Roth IRA transfer means that the Roth IRA assets move from one Roth IRA to another Roth IRA in a manner that prevents you from cashing the Roth IRA assets, or even depositing the assets anywhere except in the receiving Roth IRA. Transfers are not taxable or reportable, and the IRS does not impose timing or frequency restrictions on transfers. You may be required to complete a transfer authorization form prior to transferring your Roth IRA assets.

**2. Roth IRA-to-Roth IRA Rollovers.** A Roth IRA rollover is another way to move assets tax-free between Roth IRAs. You may roll over all or a portion of your Roth IRA assets by taking a distribution from a Roth IRA and recontributing it as a rollover contribution into the same or another Roth IRA. A rollover contribution is irrevocable. You must report your Roth IRA rollover to the IRS on your federal income tax return. Your contribution may only be designated as a rollover if the Roth IRA distribution is deposited within 60 calendar days following the date you receive the distributed assets. Any portion not rolled over will be subject to the Roth IRA ordering rules to determine income taxes and penalty taxes. The 60-day period may be extended to 120 days for a first-time homebuyer distribution where there is a delay or cancellation in the purchase or construction of the home. You are limited to one rollover per Roth IRA per 12 months. The distributing and receiving Roth IRA, including the Roth IRA assets rolled over, are subject to this 12-month rule. The 12-month period begins on the day after you receive a distribution that will be properly rolled over into a Roth IRA. The 12-month rule does not apply to rollovers related to first-time homebuyer distributions.

**3. Waiver of the 60-Day Period.** The Secretary of the Treasury may waive the 60-day period for completing rollovers in certain situations such as casualty, disaster, or other events beyond the reasonable control of the individual who is subject to the 60-day period.

**4. Transfers Due to Divorce.** Your former spouse, pursuant to a divorce decree or legal separation order, may transfer assets from your Roth IRA to his/her Roth IRA.

**5. Qualified Reservist Contributions.** If you are a qualified reservist ordered or called to active duty after September 11, 2001 for more than 179 days (or for an indefinite period), and take an IRA distribution or take certain elective deferrals from an eligible retirement plan after September 11, 2001, and before the end of your active duty, you may make one or more contributions of these assets to your Roth IRA within two years of the end of your active duty.

### Movement of Assets Between Traditional and Roth IRAs.

**1. Traditional IRA to Roth IRA Conversions.** You are eligible to convert all or a portion of your traditional IRA assets to Roth IRA assets if your MAGI, as defined in the instructions to your federal income tax return, is not more than \$100,000 for the year of the traditional IRA distribution. The \$100,000 MAGI limit does not apply after December 31, 2009. Your conversion assets (excluding prorated nondeductible contributions) are subject to federal income tax. Your conversion must be reported to the IRS. The 10 percent premature-distribution penalty tax does not apply to conversions. If you elect to convert your assets using a rollover transaction, the 60-day rule applies. The 12-month rule does not apply to conversions. If you are married, and you and your spouse are filing separate federal income tax returns, you are not eligible to convert your traditional IRA assets to a Roth IRA prior to January 1, 2010.

**2. Traditional IRA and Roth IRA Recharacterizations.** You may recharacterize, or choose to treat all or a portion of your regular and catch-up traditional IRA contribution as a regular Roth IRA contribution. Similarly, you may recharacterize all or a portion of your regular and catch-up Roth IRA contribution as a regular traditional IRA contribution. You may cancel a conversion through a recharacterization of all or a portion of the amount converted from a traditional IRA to a Roth IRA. You may also recharacterize the amount rolled or directly rolled over to a Roth IRA from an eligible

retirement plan if it is determined you were ineligible to complete such rollover. A recharacterization election is irrevocable. You must complete a recharacterization no later than your federal income tax-filing due date, including extensions, for the year you make the initial contribution. If you timely file your federal income tax return, you may still recharacterize as late as October 15 for calendar year filers. Recharacterizations must occur by transfer, which means that the assets, adjusted for gains and losses on the recharacterized amount, must be transferred into another IRA. The recharacterized contribution is treated as though you deposited it into the second IRA on the same day you actually deposited it in the first IRA. Recharacterization transactions are reported to the IRS. The election to recharacterize may be completed on your behalf after your death. A written notice of recharacterization, as defined in Treasury Regulation 1.408A-5, Q&A 6(a), is required for recharacterization transactions.

3. **Traditional IRA to Roth IRA Reconversions.** A reversion occurs when all or a portion of traditional IRA assets previously converted to a Roth IRA are recharacterized back to a traditional IRA and then converted again. After recharacterizing a conversion, you cannot reconvert until the later of: (1) the beginning of the year following the year the amount was converted, or (2) the end of the 30-day period following the day of the recharacterization. In other words, you cannot reconvert in the same year as the first conversion. Reconversion transactions are reported to the IRS.

#### **Movement of Other Assets to Roth IRAs.**

1. **Conversions from SIMPLE IRAs.** You may not convert assets from a SIMPLE IRA to a Roth IRA until two years have passed since the date on which you first participated in an employer's SIMPLE plan, which is the initial contribution date. If you participated in SIMPLE plans of different employers, the initial contribution date and two-year period are determined separately for SIMPLE IRA assets from each employer.
2. **Rollovers or Direct Rollovers from Eligible Retirement Plans.** If certain requirements are met, you may directly or indirectly roll over assets from an eligible retirement plan sponsored by your employer into your Roth IRA. You are responsible for determining if you are eligible to roll over assets, other than designated Roth account assets, to a Roth IRA. Your plan administrator or employer is responsible for determining the amount of your assets in its eligible retirement plan that is eligible for rollover to a Roth IRA. Assets in a Roth IRA are not eligible to be rolled over to an eligible retirement plan.
  - a. **Eligible Retirement Plan (ERP).** IRC Section 402(c)(8)(B) defines eligible retirement plans. Such plans include qualified trusts under IRC Section 401(a), annuity plans under IRC Section 403(a), annuity contracts under IRC Section 403(b), and certain governmental IRC Section 457(b) plans.
  - b. **Designated Roth Account.** This is an account within an ERP under either IRC Sections 401(a) or 403(b) that holds Roth contributions and earnings. Roth contributions are made by elective deferral with after-tax dollars.
  - c. **Eligible Distributions.** Not all distributions from an ERP are eligible for rollover to a Roth IRA. The most common amounts which are not eligible for rollover include required minimum distributions, defaulted loans, substantially equal periodic payments defined in IRC Section 402(c)(4)(A), and hardship distributions. Your employer determines which assets may not be rolled over and must provide you with an IRC Section 402(f) notice of taxation which explains the tax issues concerning the distribution.
  - d. **Direct Rollover.** A direct rollover moves eligible distribution assets from your eligible retirement plan to your Roth IRA in a manner that prevents you from cashing or liquidating the plan assets, or even depositing the assets anywhere except in the receiving Roth IRA. A direct rollover is reported to the IRS. There are no IRS limitations, such as the 60-day period or 12-month rule, on direct rollovers.
  - e. **Indirect Rollover and Withholding.** An indirect rollover begins with a plan distribution made payable to you. In general, your employer is required to withhold 20 percent on the taxable portion of your eligible distribution as a prepayment of federal income

taxes on distributions. You may make up the 20 percent withholding from your own funds at the time you deposit the distribution into a Roth IRA. If you are younger than age 59½, you are subject to a 10 percent premature-distribution penalty tax on the taxable amount of the distribution that is not rolled over, unless a penalty tax exception applies. Your eligible distribution may be contributed to a Roth IRA during the 60 days following your receipt of a plan distribution. Your decision to contribute the assets to a Roth IRA as a rollover contribution is irrevocable. The 12-month rule does not apply to rollovers from eligible retirement plans. State withholding may apply to eligible distributions. The Secretary of the Treasury may waive the 60-day period for completing rollovers in certain situations such as casualty, disaster, or other events beyond the reasonable control of the individual who is subject to the 60-day period.

- f. **Rollover or Direct Rollover Eligibility.** You must meet eligibility requirements in order to roll or directly roll over eligible distribution amounts, other than designated Roth account balances, to a Roth IRA. These eligible rollover amounts are referred to as "qualified rollover contributions." For tax years beginning before January 1, 2010, you cannot make a qualified rollover contribution from an ERP if, for the year the distribution is made, you have modified adjusted gross income exceeding \$100,000 or are married and file a separate tax return. You may recharacterize the rollover and earnings attributable to a traditional IRA by the deadline if you are ineligible.
  - g. **Taxes and Treatment of Qualified Rollover Contributions.** The taxable portion that is rolled or directly rolled over to a Roth IRA is subject to federal income tax. The 10 percent premature-distribution penalty tax does not apply to these taxable amounts. However, if the taxable portion of the qualified rollover contribution is distributed from the Roth IRA within five years and an exception does not apply, the 10 percent penalty tax would apply in this later year. With respect to subsequent distributions from this Roth IRA that are nonqualified distributions, the qualified rollover contribution amount is considered as part of the nontaxable conversion category for purposes of the ordering rules.
  - h. **Rollover or Direct Rollover of Designated Roth Account Assets.** You do not need to meet eligibility requirements to make qualified rollover contributions to a Roth IRA. Rollovers of designated Roth account assets to a Roth IRA are not taxable. The plan administrator will inform you if the distribution amount from the designated Roth account is qualified or nonqualified. Qualified distributions rolled over from designated Roth accounts are considered regular contributions for the Roth IRA "nonqualified distribution" ordering rules. The earnings portion of nonqualified distributions rolled over from designated Roth accounts is considered earnings for the Roth IRA ordering rules while the remainder is considered a regular contribution.
  3. **Rollover of Military Death Gratuity.** If a person serving in the military dies from injuries received in such service and you are the beneficiary of either a military death gratuity or an amount under a Servicemembers Group Life Insurance (SGLI) program for such person, you may roll over part or all of these amounts to a Roth IRA. If the death occurred on or after June 17, 2008, the rollover contribution must be completed within one year of when each amount was received. If the death occurred on or after October 7, 2001 but before June 17, 2008, you have until June 17, 2009 to roll over any eligible amounts. If you take nonqualified distributions of these amounts, they will be treated as regular contributions for purposes of the ordering rules.
- Roth IRA Distributions.** You or, after your death, your beneficiary may take a Roth IRA distribution at any time. Income and penalty taxes may be avoided by taking qualified distributions.
1. **Five-Year Holding Period.** The five-year holding period begins with the earlier of the first year for which you made any regular Roth IRA contribution, the first year in which you made a conversion from a traditional IRA to any Roth IRA, the first year of a rollover or direct rollover of designated Roth account assets to any Roth IRA, or the first year of a rollover or direct rollover of ERP assets to any Roth IRA.

2. **Qualified Distributions.** A qualified distribution is a distribution which is made after the expiration of the five-year holding period and as the result of certain events. The events which will create a qualified distribution after the expiration of the five-year holding period are as follows:
  - a. Distributions made on or after the date on which you attain age 59 1/2;
  - b. Distributions made to you beneficiary upon your death;
  - c. Distributions attributable to you being disabled; and
  - d. Qualified first-time homebuyer distributions.
3. **Nonqualified Distributions and the Ordering Rules.** If your distribution is not a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income for federal income tax purposes. Additionally, for each conversion or qualified rollover completed while you are younger than age 59 1/2, a separate five-year holding period will be applied solely for determining if you owe a 10 percent premature-distribution penalty. The ordering rules for Roth IRAs determine what portion of your distribution will be subject to income and penalty taxes. The ordering rules, which take into account all of your Roth IRAs, state that your assets will be deemed distributed in the following order by type: 1) regular or annual contributions (or amounts treated as such); 2) taxable conversion contributions made to any Roth IRA beginning with your first conversion; 3) nontaxable conversion contributions made to any Roth IRA beginning with your first conversion; and 4) your earnings. All of your assets within a certain type must be removed before you may move on to the next asset type.
4. **Removal of Excess Contributions.** You may withdraw all or a portion of your excess contribution and attributable earnings before your federal income tax return due date, including extensions, for the taxable year for which you made the contribution. The excess contribution amount distributed will not be taxable but the attributable earnings on the contribution will be taxable in the year in which you made the contribution and may be subject to the 10 percent premature-distribution penalty tax. In certain situations, you may treat your excess as a regular and catch-up contribution for the next year. If you timely file your federal income tax return, you may still remove your excess contribution, plus attributable earnings, as late as October 15 for calendar year filers.
5. **Distributions of Unwanted Roth IRA Contributions by Tax-Filing Date.** You may withdraw all or a portion of your regular and catch-up Roth IRA contribution and attributable earnings in the same manner as an excess contribution. However, you cannot apply your unwanted contribution as a regular Roth IRA contribution for a future year. The unwanted contribution amount distributed will not be taxable, but the applicable earnings on the contribution will be taxable in the year in which you made the contribution, and may be subject to the 10 percent premature-distribution penalty tax. If you timely file your federal income tax return, you may still remove your unwanted contribution, plus attributable earnings, as late as October 15 for calendar year filers.
6. **Qualified Health Savings Account (HSA) Funding Distribution.** If you are an HSA eligible individual, you may elect to take a qualified HSA funding distribution from your Roth IRA to the extent such distribution is contributed to your HSA in a trustee-to-trustee transfer. This amount is aggregated with all other annual contributions and is subject to your annual contribution limit. A qualified HSA funding distribution election is irrevocable and is generally available once in your lifetime. A testing period applies. The testing period for this provision begins with the month of the contribution to your HSA and ends on the last day of the 12th month following such month. If you are not an eligible individual for the entire testing period, unless you die or become disabled, the amount of the distribution made under this provision will be includable in gross income for the tax year of the month you are not an eligible individual, and is subject to a 10 percent penalty tax.

#### **Required Minimum Distributions.**

1. **After Age 70 1/2.** There are no required minimum distributions (RMDs) from your Roth IRA when you reach age 70 1/2.

Furthermore, you cannot satisfy any RMDs for your traditional IRAs or SIMPLE IRAs by taking a distribution from any of your Roth IRAs.

2. **Failure to Withdraw an RMD.** If your beneficiary does not withdraw an RMD by his/her required distribution date, he/she will owe a 50 percent excess accumulation penalty tax on the amount not withdrawn. Your beneficiary can always take more than his/her RMD in any year but no additional amounts can be credited to a subsequent year's RMDs.

**RMDs for Your Beneficiaries.** Your beneficiaries of this Roth IRA will generally have until December 31 of the year following your death year to begin RMDs. Exceptions exist for your surviving spouse and for any beneficiary who must distribute or chooses to distribute his/her share of your Roth IRA within a five year period.

1. **Distribution Calculations In General.** Most beneficiaries will use a single life expectancy method to satisfy these RMDs unless they elect the five-year rule. The five-year rule requires your beneficiary to completely withdraw your Roth IRA assets by the end of the fifth year following your death year. The single life expectancy factor, using the IRS's single life table, will be determined by using the age on December 31 of the oldest designated beneficiary, unless multiple beneficiaries exist and separate accounting applies. This initially determined factor is reduced by one for each subsequent year's calculation. This general rule of using the single life expectancy method applies if your Roth IRA has at least one designated beneficiary.
2. **Designated Beneficiary.** A designated beneficiary is any named beneficiary who has an interest in your Roth IRA on the determination date, which is September 30 of the year following your death year. Named beneficiaries who completely distribute their interests in your Roth IRA, or completely disclaim their interests in your Roth IRA under IRC Section 2518, will not be considered when designated beneficiaries are determined. Named beneficiaries who die after your death but before the determination date will be considered for the sake of determining the distribution period. If any named beneficiary that is not an individual, such as an estate or charity, has an interest in your Roth IRA on the determination date, and separate accounting does not apply, your Roth IRA will be treated as having no designated beneficiary.

If you name a qualified trust, which is defined in Treasury Regulation 1.401(a)(9)-4, Q&A 5, as your Roth IRA beneficiary, the beneficiaries of the qualified trust are treated as the beneficiaries of your Roth IRA for purposes of determining designated beneficiaries and the appropriate life expectancy period after your death.

3. **Death With No Designated Beneficiary.** If you die and your Roth IRA is treated as having no designated beneficiary, your named beneficiaries will be required to completely withdraw your Roth IRA assets by the end of the fifth year following your death year.
4. **Spouse Beneficiary.** If your spouse is your only designated beneficiary on the determination date, or if there are multiple designated beneficiaries and separate accounting applies, he/she will use his/her age each year to determine the life expectancy factor for calculating that year's RMD.

If your spouse is the only designated beneficiary, or if there are multiple designated beneficiaries and separate accounting applies, he/she can postpone commencement of his/her RMDs until the end of the year in which you would have attained age 70 1/2. If your spouse is the only designated beneficiary, he/she can treat your Roth IRA as his/her own Roth IRA after your death. This is not available to your surviving spouse if he/she is the sole beneficiary of a qualified trust that is named as beneficiary of your Roth IRA.

Your spouse beneficiary could take a distribution of his/her share of your Roth IRA and roll it over to a Roth IRA of his/her own.

5. **Separate Accounting.** Our policies may permit separate accounting to be applied to your Roth IRA for the benefit of your beneficiaries. If permitted, separate accounting must be applied in accordance with Treasury Regulation 1.401(a)(9)-8, Q&A 2 and 3. A beneficiary is considered the only designated beneficiary of his/her share of the Roth IRA assets if separate accounting applies.

### **Federal Income Tax Status of Your Roth IRA.**

- 1. No Deduction for Contributions.** Roth IRA contributions are not deductible on your federal income tax return at any time.
- 2. Tax-free Earnings.** The earnings, including gains and losses, on your Roth IRA contributions accumulate tax-deferred. At the time of your distribution, the earnings will be free from federal income tax if your distribution is a qualified distribution.
- 3. Taxation of Distributions.** The taxation of your Roth IRA distribution, which is not rolled over, is dependent upon whether your distribution is a qualified distribution and is subject to the ordering rules. Roth IRA distributions are not subject to federal income tax withholding. You may also be subject to state or local taxes on your Roth IRA distributions.
- 4. No Special Tax Treatment.** Roth IRA distributions are not eligible for special tax treatments, such as ten year averaging, that may apply to other employer-sponsored retirement plan distributions.

**Estate and Gift Tax.** The designation of a beneficiary to receive Roth IRA distributions upon your death will not be considered a transfer of property for federal gift tax purposes. Upon your death, the value of all assets remaining in your Roth IRA will usually be included in your gross estate for estate tax purposes, regardless of the named beneficiary or manner of distribution. There is no specific estate tax exclusion for assets held within a Roth IRA. After your death, beneficiaries should pay careful attention to the rules for the disclaiming any portion of your Roth IRA under IRC Section 2518.

**Annual Statements.** Each year we will furnish you and the IRS with statements reflecting the activity in your Roth IRA. You and the IRS will receive IRS Forms 5498 and 1099-R. IRS Form 5498 or an appropriate substitute indicates the fair market value of the account, including Roth IRA contributions, for the year. IRS Form 1099-R reflects your Roth IRA distributions for the year.

**Federal Tax Penalties and IRS Form 5329.** Several tax penalties may apply to your various Roth IRA transactions, and are in addition to any federal, state, or local taxes. Federal penalties and excise taxes are generally reported and remitted to the IRS by completing IRS Form 5329, and attaching the form to your federal income tax return. The penalties may include any of the following taxes:

- 1. Premature-Distribution Penalty Tax.** If you take a distribution from your Roth IRA before reaching age 59 1/2, you are subject to a 10 percent premature-distribution penalty tax on the taxable portion of the distribution and certain converted or qualified rollover contribution assets distributed during the five-year holding period. However, certain exceptions apply. Exceptions to the 10 percent penalty tax include: the qualified distributions reasons previously listed, distributions due to eligible higher education expenses, medical expenses exceeding a certain percentage of adjusted gross income, health insurance premiums due to your extended unemployment, a series of substantially equal periodic payments, IRS levy, traditional IRA conversions, qualified reservist distributions, and qualified HSA

funding distributions. Additional exceptions include distributions taken during the five year holding period as a result of your attaining age 59½, death, disability, or a first-time home purchase. Properly completed rollovers, transfers, recharacterizations, qualified rollover contributions, and conversions are not subject to the 10 percent penalty tax.

- 2. Excess Contribution Penalty Tax.** If you contribute more to your Roth IRA than you are eligible to contribute, you have created an excess contribution, which is subject to a 6 percent excise tax. The excise tax applies each year that the excess contribution remains in your Roth IRA. If you timely file your federal income tax return, you may still remove your excess contribution, plus attributable earnings, as late as October 15 for calendar year filers.
- 3. Excess Accumulation Penalty Tax.** Any portion of an RMD that is not distributed to your beneficiary by its deadline is subject to a 50 percent excess accumulation penalty tax. The IRS may waive this penalty upon proof of reasonable error and that reasonable steps were taken to correct the error, including remedying the shortfall. A beneficiary should review IRS Form 5329 instructions when requesting a waiver.

### **Hurricane Tax Relief.**

- 1. Qualified Hurricane Distributions.** A qualified hurricane distribution was: 1) a distribution taken from an employer-sponsored retirement plan or IRA from August 25, 2005 through December 31, 2006 by an individual who has sustained an economic loss from Hurricane Katrina and whose principal place of abode on August 28, 2005 was in the Hurricane Katrina disaster area; 2) a distribution taken from an employer-sponsored retirement plan or IRA from September 23, 2005 through December 31, 2006 by an individual who has sustained an economic loss from Hurricane Rita and whose principal place of abode on September 23, 2005 was in the Hurricane Rita disaster area; or 3) a distribution taken from an employer-sponsored retirement plan or IRA from October 23, 2005 through December 31, 2006 by an individual who has sustained an economic loss from Hurricane Wilma and whose principal place of abode on October 23, 2005 was in the Hurricane Wilma disaster area. An individual's aggregate qualified hurricane distributions during this period were limited to \$100,000.
- 2. Rollovers of Qualified Hurricane Distributions.** You can avoid federal income tax on any portion of a qualified hurricane distribution you roll over within a 3-year period beginning on the day after the date of the distribution. This effectively waives the standard 60-day rollover requirement if the distribution was a qualified hurricane distribution.
- 3. Additional Hurricane Tax Relief Guidance.** For disaster area information, or for additional IRS information on hurricane tax relief, refer to IRS Notices 2005-92 and 2005-73, IR-2005-109, IRS Publication 4492, *Information for Taxpayers Affected by Hurricanes Katrina, Rita, and Wilma*, IRS Form 8915, *Qualified Hurricane Retirement Plan Distributions and Repayments*, or visit the IRS's web site at [www.irs.gov](http://www.irs.gov) to view additional IRS guidance.

# FINANCIAL DISCLOSURE

The purpose of this Financial Disclosure is to provide you with an IRS required growth projection of the value of your Roth IRA available for withdrawal at the end of each of the first five years of its existence and at the end of the years in which you attain the ages of 60, 65, and 70. Certain assumptions are applied that may vary from your actual investment provisions.

Three projection methods are provided for the situations where the nature of your initial investment allows for a reasonable projection.

The growth projection must be made assuming either a \$1,000 contribution made on January 1 of each year or a \$1,000 one-time contribution made on January 1 of your first year. The annual contribution represents an initial contribution that is a regular Roth or recharacterized traditional IRA contribution. One-time contributions include a rollover, transfer, or conversion contribution. These projected amounts are not guaranteed.

## ROTH IRA FEES AND LOSS OF EARNINGS PENALTIES

### This Section Applies To The Projection Method Selected.

The fees and penalties listed below may affect the projected value of your Roth IRA. The disclosed fees and penalties will be included in that projection method applicable to your Financial Disclosure. Projection Method One cannot be used if a Roth IRA Establishment Fee, Annual Service/Administration Fee, and/or certain Other boxes are checked below, including the Other box under Loss of Earnings Penalty.

#### Fees:

- None
- Roth IRA Establishment Fee \$ \_\_\_\_\_
- Annual Service/Administration Fee of \$ \_\_\_\_\_ or \_\_\_\_\_ % of assets will be charged at  end  beginning of each year for purposes of this projection.
- Transfer/Direct Rollover Fee \$ \_\_\_\_\_
- Roth IRA Termination Fee \$ \_\_\_\_\_
- Other: \_\_\_\_\_ \$ \_\_\_\_\_ or \_\_\_\_\_ % of Assets
- Other: \_\_\_\_\_ \$ \_\_\_\_\_ or \_\_\_\_\_ % of Assets

#### Loss of Earnings Penalty (Check one):

- None       1-Month       3-Month
- 6-Month       Other: \_\_\_\_\_

### PROJECTION METHODS (Check one):

#### Projection Method One—Use Preprinted Tables.

The preprinted financial disclosure tables on the following page provide you with the Roth IRA's projected values. The assumptions used to calculate each table's projected Roth IRA values are:

- ◆ **Earnings rate** - One-half (.5) percent compounded annually on a 365-day year.
- ◆ **Projected values** - Calculated using numbers rounded to the nearest one cent (\$.01).
- ◆ **Loss of earnings penalties** - The 1-, 3-, and 6-month penalties are calculated on a 30-day month and a 360-day year.
- ◆ **Calculated loss of earnings penalty** - The 1-, 3-, and 6-month penalties are not rounded prior to subtraction from the No Penalty column's projected value.

If a fee was disclosed and it is only charged on a distribution transaction or a Roth IRA termination, the After Fees column will be completed on the appropriate table taking the fee(s) into account for each applicable projected value.

If no fees are disclosed, follow the instructions located above the preprinted tables to determine the appropriate projected values for your Roth IRA.

#### Projection Method Two—Custom Projection.

Your Roth IRA's values projected below are based on the following assumptions:

(Check one):

- Annual Contributions.
- Rollover/Transfer (one-time) Contribution.

Your age on January 1 of this initial contribution year: \_\_\_\_\_

Earnings Rate: \_\_\_\_\_ %

Compounding Method: \_\_\_\_\_

Loss of Earnings Calculation Method: \_\_\_\_\_

End of Year	Projected Value	Age	Projected Value
1	\$ _____	60	\$ _____
2	\$ _____	65	\$ _____
3	\$ _____	70	\$ _____
4	\$ _____		
5	\$ _____		

#### Projection Method Three—See Separate Financial Disclosure and Assumptions Provided by Your Roth IRA's Custodian.

# FINANCIAL DISCLOSURE - PROJECTION METHOD ONE

**How to Use the Preprinted Tables.** Your value projection will come from the Annual Contributions table if your initial Roth IRA contribution is a regular Roth or recharacterized traditional IRA contribution. The Rollover/Transfer Contribution table is used if your initial contribution is a rollover, transfer, or conversion contribution.

1. If we disclosed a distribution transaction or termination fee in the ROTH IRA FEES AND LOSS OF EARNINGS PENALTIES of this disclosure, the After Fees column has been completed to reflect your Roth IRA's projected values. We have reduced the value in the No Penalty column or loss of earnings penalty column applicable to your initial investment. The same factors affect each of your projected values.
2. Find your age as of January 1 of this year of establishment on the appropriate table. If your birthday is January 1 of this year, find your age as of December 31 of the previous year on the appropriate table. The amounts to the right of your age are the projected values of your Roth IRA at the end of the year you attain age 70. Your values may be subject to a 1-, 3-, or 6-month penalty. See ROTH IRA FEES AND LOSS OF EARNINGS PENALTIES to determine the applicable loss of earnings penalty. The loss of earnings penalty determines the column appropriate to your projection.
3. Your Roth IRA's projected value at the end of the year you attain age 65 is found in the fifth row below your age 70 values.
4. Your Roth IRA's projected value at the end of the year you attain age 60 is found in the fifth row below your age 65 values.
5. Your Roth IRA's projected value at the end of each of the first five years is identified at the bottom of each table.

ANNUAL CONTRIBUTIONS					ROLLOVER/TRANSFER CONTRIBUTION						
Your Age	No Penalty	1-Month Penalty	3-Month Penalty	6-Month Penalty	After Fees	Your Age	No Penalty	1-Month Penalty	3-Month Penalty	6-Month Penalty	After Fees
1	82,566.11	82,531.88	82,463.42	82,360.72		1	1,410.78	1,410.20	1,409.03	1,407.27	
2	81,155.33	81,121.68	81,054.39	80,953.45		2	1,403.76	1,403.18	1,402.02	1,400.27	
3	79,751.57	79,718.51	79,652.38	79,553.19		3	1,396.78	1,396.20	1,395.04	1,393.31	
4	78,354.80	78,322.32	78,257.35	78,159.89		4	1,389.83	1,389.25	1,388.10	1,386.38	
5	76,964.98	76,933.07	76,869.25	76,773.53		5	1,382.92	1,382.35	1,381.20	1,379.48	
6	75,582.07	75,550.73	75,488.06	75,394.06		6	1,376.04	1,375.47	1,374.33	1,372.62	
7	74,206.04	74,175.28	74,113.75	74,021.45		7	1,369.19	1,368.62	1,367.49	1,365.79	
8	72,836.86	72,806.66	72,746.27	72,655.68		8	1,362.38	1,361.82	1,360.69	1,358.99	
9	71,474.49	71,444.86	71,385.59	71,296.70		9	1,355.60	1,355.04	1,353.92	1,352.23	
10	70,118.90	70,089.83	70,031.69	69,944.48		10	1,348.86	1,348.30	1,347.18	1,345.51	
11	68,770.05	68,741.54	68,684.52	68,598.98		11	1,342.15	1,341.59	1,340.48	1,338.81	
12	67,427.91	67,399.96	67,344.05	67,260.18		12	1,335.47	1,334.92	1,333.81	1,332.15	
13	66,092.45	66,065.05	66,010.25	65,928.04		13	1,328.83	1,328.28	1,327.18	1,325.53	
14	64,763.63	64,736.78	64,683.08	64,602.53		14	1,322.22	1,321.67	1,320.58	1,318.93	
15	63,441.42	63,415.12	63,362.51	63,283.61		15	1,315.64	1,315.09	1,314.00	1,312.37	
16	62,125.79	62,100.03	62,048.52	61,971.25		16	1,309.09	1,308.55	1,307.46	1,305.84	
17	60,816.71	60,791.50	60,741.07	60,665.43		17	1,302.58	1,302.04	1,300.96	1,299.34	
18	59,514.14	59,489.47	59,440.12	59,366.10		18	1,296.10	1,295.56	1,294.49	1,292.88	
19	58,218.05	58,193.91	58,145.64	58,073.23		19	1,289.65	1,289.12	1,288.05	1,286.44	
20	56,928.41	56,904.81	56,857.60	56,786.80		20	1,283.23	1,282.70	1,281.64	1,280.04	
21	55,645.18	55,622.11	55,575.97	55,506.76		21	1,276.85	1,276.32	1,275.26	1,273.68	
22	54,368.34	54,345.80	54,300.72	54,233.10		22	1,270.50	1,269.97	1,268.92	1,267.34	
23	53,097.85	53,075.84	53,031.81	52,965.77		23	1,264.18	1,263.66	1,262.61	1,261.04	
24	51,833.68	51,812.19	51,769.21	51,704.74		24	1,257.89	1,257.37	1,256.33	1,254.76	
25	50,575.80	50,554.83	50,512.90	50,449.99		25	1,251.63	1,251.11	1,250.07	1,248.52	
26	49,324.18	49,303.73	49,262.83	49,201.49		26	1,245.40	1,244.88	1,243.85	1,242.30	
27	48,078.79	48,058.86	48,018.99	47,959.19		27	1,239.20	1,238.69	1,237.66	1,236.12	
28	46,839.59	46,820.17	46,781.33	46,723.08		28	1,233.03	1,232.52	1,231.50	1,229.97	
29	45,606.56	45,587.65	45,549.84	45,493.11		29	1,226.90	1,226.39	1,225.38	1,223.85	
30	44,379.66	44,361.26	44,324.46	44,269.27		30	1,220.80	1,220.29	1,219.28	1,217.77	
31	43,158.87	43,140.98	43,105.19	43,051.51		31	1,214.73	1,214.23	1,213.22	1,211.71	
32	41,944.15	41,926.76	41,891.98	41,839.81		32	1,208.69	1,208.19	1,207.19	1,205.69	
33	40,735.47	40,718.58	40,684.81	40,634.14		33	1,202.68	1,202.18	1,201.19	1,199.69	
34	39,532.81	39,516.42	39,483.64	39,434.47		34	1,196.70	1,196.20	1,195.21	1,193.73	
35	38,336.13	38,320.24	38,288.45	38,240.77		35	1,190.75	1,190.26	1,189.27	1,187.79	
36	37,145.40	37,130.00	37,099.20	37,053.00		36	1,184.83	1,184.34	1,183.36	1,181.89	
37	35,960.60	35,945.69	35,915.87	35,871.15		37	1,178.94	1,178.45	1,177.47	1,176.01	
38	34,781.69	34,767.27	34,738.43	34,695.17		38	1,173.07	1,172.58	1,171.61	1,170.15	
39	33,608.65	33,594.72	33,566.85	33,525.05		39	1,167.23	1,166.75	1,165.78	1,164.33	
40	32,441.44	32,427.99	32,401.09	32,360.74		40	1,161.42	1,160.94	1,159.98	1,158.53	
41	31,280.04	31,267.07	31,241.14	31,202.23		41	1,155.64	1,155.16	1,154.20	1,152.77	
42	30,124.42	30,111.93	30,086.95	30,049.49		42	1,149.89	1,149.41	1,148.46	1,147.03	
43	28,974.55	28,962.54	28,938.51	28,902.48		43	1,144.17	1,143.70	1,142.75	1,141.33	
44	27,830.40	27,818.86	27,795.79	27,761.17		44	1,138.48	1,138.01	1,137.07	1,135.65	
45	26,691.94	26,680.87	26,658.74	26,625.54		45	1,132.82	1,132.35	1,131.41	1,130.00	
46	25,559.14	25,548.54	25,527.35	25,495.56		46	1,127.18	1,126.71	1,125.78	1,124.38	
47	24,431.98	24,421.85	24,401.59	24,371.21		47	1,121.57	1,121.11	1,120.18	1,118.78	
48	23,310.43	23,300.77	23,281.44	23,252.45		48	1,115.99	1,115.53	1,114.60	1,113.22	
49	22,194.46	22,185.26	22,166.86	22,139.25		49	1,110.44	1,109.98	1,109.06	1,107.68	
50	21,084.04	21,075.30	21,057.82	21,031.59		50	1,104.92	1,104.46	1,103.55	1,102.17	
51	19,979.14	19,970.86	19,954.29	19,929.44		51	1,099.42	1,098.96	1,098.05	1,096.69	
52	18,879.74	18,871.91	18,856.26	18,832.78		52	1,093.95	1,093.50	1,092.59	1,091.23	
53	17,785.81	17,778.44	17,763.69	17,741.57		53	1,088.51	1,088.06	1,087.16	1,085.80	
54	16,697.32	16,690.40	16,676.55	16,655.79		54	1,083.09	1,082.64	1,081.74	1,080.40	
55	15,614.25	15,607.78	15,594.83	15,575.41		55	1,077.70	1,077.25	1,076.36	1,075.02	
56	14,536.57	14,530.54	14,518.49	14,500.41		56	1,072.34	1,071.90	1,071.01	1,069.67	
57	13,464.25	13,458.67	13,447.50	13,430.76		57	1,067.00	1,066.56	1,065.67	1,064.35	
58	12,397.26	12,392.12	12,381.84	12,366.42		58	1,061.69	1,061.25	1,060.37	1,059.05	
59	11,335.58	11,330.88	11,321.48	11,307.38		59	1,056.41	1,055.97	1,055.10	1,053.78	
60	10,279.18	10,274.92	10,266.40	10,253.61		60	1,051.15	1,050.71	1,049.84	1,048.54	
61	9,228.04	9,224.21	9,216.56	9,205.09		61	1,045.92	1,045.49	1,044.62	1,043.32	
62	8,182.13	8,178.74	8,171.95	8,161.78		62	1,040.72	1,040.29	1,039.43	1,038.13	
63	7,141.42	7,138.46	7,132.54	7,123.66		63	1,035.54	1,035.11	1,034.25	1,032.97	
64	6,105.89	6,103.36	6,098.30	6,090.70		64	1,030.39	1,029.96	1,029.11	1,027.83	
65	<b>Year 5</b> 5,075.51	5,073.41	5,069.20	5,062.89		65	<b>Year 5</b> 1,025.26	1,024.84	1,023.99	1,022.71	
66	<b>Year 4</b> 4,050.26	4,048.58	4,045.22	4,040.19		66	<b>Year 4</b> 1,020.16	1,019.74	1,018.89	1,017.62	
67	<b>Year 3</b> 3,030.11	3,028.85	3,026.34	3,022.57		67	<b>Year 3</b> 1,015.08	1,014.66	1,013.82	1,012.56	
68	<b>Year 2</b> 2,015.03	2,014.19	2,012.52	2,010.02		68	<b>Year 2</b> 1,010.03	1,009.61	1,008.77	1,007.52	
69	<b>Year 1</b> 1,005.00	1,004.58	1,003.75	1,002.50		69	<b>Year 1</b> 1,005.00	1,004.58	1,003.75	1,002.50	