

# New Account Kit

## When To Use This Kit

When you want to open a Vantage Traditional, Roth, SIMPLE, or SEP IRA.

## Fees and Processing Times

**Account Setup Fee:** \$50 (*one-time*)

**Annual Recordkeeping Fee:** Fees based on your selection on the Fee Schedule (*Option 1 or 2*)

### Processing Times

- Vantage will open your account within 3 business days once all documentation is received in good order.
- Typically, transfers take 7-21 business days from the time paperwork is received by the current Custodian. (*Transfer times may vary per Custodian*)

## Contact Information

**Physical Address:** 20860 N. Tatum Blvd. #240  
Phoenix, AZ 85050

**Website:** [VantageIRAs.com](http://VantageIRAs.com)

**Email:** [Info@VantageIRAs.com](mailto:Info@VantageIRAs.com)

## Documents Needed

### New Account

- Account Application
- Legible Copy of Driver's License or State Issued Photo I.D.
- Fee Schedule

### Special Note

The Traditional Individual Retirement Custodial Account Form is included for your reference only.

### Funding Your Account

You can make a contribution using a [Deposit Coupon](#), initiate a [Rollover](#), or [Transfer](#) funds from an existing IRA or 401(k).

**Need Help?** Call 866.459.4580 and an IRA Transaction Specialist will assist you. Or, visit [VTools](#) online.

## Submission Options

**Mail:** Vantage Self-Directed Retirement Plans  
20860 N. Tatum Blvd. #240  
Phoenix, AZ 85050

**\* ORIGINALS REQUIRED \***

PLEASE DO NOT FAX OR EMAIL THESE DOCUMENTS



## STEP

## YOU

## VANTAGE

**1**

Select a Self-Directed IRA  
Company and account  
type



Offers various types of IRAs  
including Traditional, Roth,  
SIMPLE, SEP, and HSA

**2**

Complete an  
Application Packet



Opens your Self-Directed IRA  
Account

**3**

Make a contribution or  
initiate a Rollover or  
Transfer from an existing  
IRA or 401(k)



Funds your Account

**4**

Research and select an  
investment from a wide range  
of alternative asset investment  
possibilities including notes,  
real estate, LLCs, and more



Offers financial literacy workshops if  
you desire to increase your  
knowledge

**5**

Direct Vantage to  
purchase the investment  
of your choice



Purchases the asset in the name of  
your Vantage IRA

**6**

Your IRA owns the Asset



Administers income and expenses  
flowing through your account in  
accordance with your instructions

To learn about the wide range of investments available within a Self-Directed IRA, attend a local Vantage workshop. For more information, visit [VantageIRAs.com](http://VantageIRAs.com). Please note that as a Self-Directed IRA Administrator, Vantage does not provide investment, tax, financial, or legal advice. All parties are strongly encouraged to perform their own due diligence and consult with their chosen attorneys, accountants, and financial advisors before entering into any type of investment.



**VANTAGE**  
Self-Directed Retirement Plans

# Account Application

Date Stamp  
(Office use only)

This is a fillable PDF form. To complete the form, click in an area and type.

## Personal Information (All information in this section is required)

Mr.  Ms.  Mrs.  Dr. **Legal Name:** \_\_\_\_\_  
First, Middle, Last

**Legal Address:** \_\_\_\_\_  
(P.O. Box not allowable. Must be legal residence.)

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Mailing Address:** \_\_\_\_\_  
(If different than above)

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Date of Birth:** ●● / ●● / ●●●● **Social Security Number:** ●●● - ●●● - ●●●●●●

**Phone:** \_\_\_\_\_ **Fax:** \_\_\_\_\_ **Mobile:** \_\_\_\_\_

**Occupation** (If retired, must state former occupation): \_\_\_\_\_ **Industry:** \_\_\_\_\_

**County of Residence:** \_\_\_\_\_ **Marital Status:**  Single  Married  Widowed or Divorced

**Would You Like Online Access?**  Yes  No **Would You Like Quarterly Statements?**  Yes  No

**Email Address:** \_\_\_\_\_

## Account Type (Please select one)

**Traditional IRA** (IRS Form 5305)  **ROTH IRA** (IRS Form 5305 RA)  **SEP IRA** (IRS Form 5305-SEP needed to open account)  **SIMPLE IRA** (IRS Form 5305-Simple needed to open account)

**Health Savings Account** - Please select one of the following:  Self Coverage  Family Coverage (IRS Form 5305-C)

**Beneficiary IRA** - This option applies to beneficiaries of deceased parties only - Please select one of the following:  
 Traditional IRA  ROTH IRA  SEP IRA  SIMPLE IRA

## Application Fee

**Check** (Made payable to Vantage)  **Visa**  **MC**  **Discover**  **AMEX**  **Keep Credit Card On File**

**Name On Card:** \_\_\_\_\_

**Card Number:** \_\_\_\_\_ **Exp.:** \_\_\_\_\_ **CVC:** \_\_\_\_\_

**Billing Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Workshop Code** (If Applicable): \_\_\_\_\_ **Date Of Workshop Attended:** \_\_\_\_\_

## Beneficiary Designation

If designating a Trust as the beneficiary, please include a copy of the Trust Abstract.

**Legal Name:** \_\_\_\_\_  Primary  Contingent **Phone:** \_\_\_\_\_  
First, Middle, Last

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Date of Birth:** ●● / ●● / ●●●● **Social Security Number:** ●●● - ●●● - ●●●●●●

**Relationship:** \_\_\_\_\_ **Share:** \_\_\_\_\_

**Legal Name:** \_\_\_\_\_  Primary  Contingent **Phone:** \_\_\_\_\_  
First, Middle, Last

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Date of Birth:** ●● / ●● / ●●●● **Social Security Number:** ●●● - ●●● - ●●●●●●

**Relationship:** \_\_\_\_\_ **Share:** \_\_\_\_\_

**Legal Name:** \_\_\_\_\_  Primary  Contingent **Phone:** \_\_\_\_\_  
First, Middle, Last

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Date of Birth:** ●● / ●● / ●●●● **Social Security Number:** ●●● - ●●● - ●●●●●●

**Relationship:** \_\_\_\_\_ **Share:** \_\_\_\_\_

## Spousal Consent *(Only required if your spouse is not the primary beneficiary - see note below).*

The consent of spouse must be signed only if all of the following conditions are present:

- a. Your spouse is living;
- b. Your spouse is not the sole primary beneficiary named; and
- c. You and your spouse are residents of a community property state (such as AZ, CA, ID, NV, MN, TX, WA, or WI).

I am the spouse of the account holder listed above. I hereby certify that I have reviewed the Beneficiary Designation and I understand that I have a property interest in the account. I hereby acknowledge and consent to the above Beneficiary Designation other than, or in addition to, myself as primary beneficiary. I further acknowledge that I am waiving part or all of my rights to receive benefits under this plan when my spouse dies.

I, \_\_\_\_\_ hereby consent to the above Beneficiary Designation.  
(Please type or print name)

**Spouse Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

## Interested Party Authorization

I hereby authorize Administrator to provide the individual named below access to information contained in my Account. I understand that this authorization relates only to information and that the named individual may not conduct transactions on my behalf. I understand that I may revoke this authorization by providing written notice to Administrator at any time.

**Interested Party Name:** \_\_\_\_\_ **Phone Number:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_ **Relationship:** \_\_\_\_\_

## How Did You Hear About Us?

Internet  Advertisement  TV  Radio  Other **Referred By:** \_\_\_\_\_

# Appointment of Custodian, Investment Direction and Important Disclosures. (Continued)

## Your signature is required. Please read before signing.

The account holder shown on the front of this application must read this agreement carefully and sign and date this part. By signing this application, you acknowledge the following:

### Administrator Role:

I, the undersigned Account Owner, understand that Vantage Retirement Plans, L.L.C. ("Administrator") provides certain record keeping and administrative services in connection with self-directed retirement accounts on the behalf of the appointed custodian of the account ("Custodian"). I am making this application (my "Account Application") for Custodian to become the custodian of my self-directed retirement account (my "Account") and for Administrator to provide services to Custodian and me in connection with my Account. Custodian is identified in the applicable IRS Form 5305 made available to me separately. I understand that Custodian has delegated certain responsibilities and duties in connection with my Account to Administrator pursuant to the terms of a Custodial Account Agreement. I understand that this Account Application, including the terms and conditions of the Documents (defined below), sets forth the terms of my relationship with Administrator and Custodian. I understand and agree that Administrator provides services as a record keeper and administrator, and that no communication between me and Administrator, whether by e-mail, U.S. Mail, facsimile, direction/authorization letter, or otherwise, creates a contractual relationship. For purposes of this Account Application, the terms Administrator and Custodian include their agents, assigns, joint ventures, licensees, franchisees, affiliates, and/or business partners.

### Appointment:

I hereby appoint Custodian as the custodian of my Account and Administrator as the administrator of my Account. Administrator may change custodians at any time to any institution permitted by law. I understand that the appointment set forth herein does not create a fiduciary relationship between me or my Account and Administrator or Custodian. Administrator and Custodian may communicate with me by e-mail, and I will regularly check the e-mail address(es) that I provide to Administrator. I will provide written notice to Administrator within ten (10) days of any change in the contact information provided to Administrator including, but not limited to, contact information, email addresses, or physical addresses. Administrator may cease providing services and resign as administrator if I do not respond to written correspondence from Administrator or fail to pay Administrator's fees.

### Adequate Information:

I acknowledge that I have received a copy of the Fee Schedule and have had an opportunity to review the appropriate IRS Form 5305 for my type of account, and that from time to time Administrator will provide further documents and forms for my information and use in connection with my Account (all documents provided or made available to me by Administrator relating to my Account are hereafter collectively referred to as "Documents"). I understand that the Documents contain terms and conditions which apply to my Account, and I agree to be bound by those terms and conditions, as they may be amended from time to time. The failure to immediately notify Administrator in writing of my objection to a term or condition of a Document is deemed a waiver of such an objection. If this Application relates to an individual retirement account ("IRA"), I understand that I may revoke the Application without penalty by delivering written notice to Custodian within seven (7) days from the date that I submit this Application to Administrator. I have received sufficient information from Administrator to make this Account Application. I have had the opportunity to request further information, and I am satisfied with the information that I have been provided. I understand that failure to submit a signed Fee Schedule with this Account Application may result in fees based on value of assets as set forth in the Fee Schedule.

### Responsibility for Tax Consequences:

I assume all responsibility for any tax consequences or penalties that may result from making contributions to, transactions with, or distributions from my Account. I am authorized and of legal age to establish this Account and make investment purchases permitted under the Plan Agreement offered by Custodian. I assume complete responsibility for: (i) determining that I am eligible for an Account transaction that I direct Custodian or Administrator to make on my behalf; (ii) insuring that all contributions I make are within the limits set forth by tax laws; and (iii) the tax consequences of any contribution (including rollover contributions and distributions). I acknowledge that no tax advice has been or will be provided to me by Custodian or Administrator. I certify under penalty of perjury that: (i) I have provided you with my correct Social Security or Tax I.D. Number; and (ii) I am not subject to backup withholding because: (a) I am exempt from backup withholding; or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the IRS has notified me that I am no longer subject to backup withholding. You must cross out item (ii) if you have been notified by the IRS that you are currently subject to backup withholding because of under reporting interest or dividends on your tax return. I am aware that the IRS does not require my consent to any provision of this document other than the certification required to avoid backup withholding.

### Investment Instructions:

Until such time as I change or revoke the designation, I hereby instruct Custodian to follow the investment directions which I provide to Administrator relating to my Account. Investment directions must be in the form of an executed Administrator approved direction letter. Administrator will not accept verbal investment directions. Administrator may accept and act in accordance with electronic copies of signed direction letters or other Documents. Administrator does not verify any signatures and I am responsible for any damages associated with falsified or forged information or signatures. In taking any action related to my Account, Custodian and Administrator may act solely on my instruction, designation, or representation. I understand that I am responsible for providing true, correct, and complete information in any instruction to Custodian or Administrator and that Custodian and Administrator are not responsible for any damages caused by or related to incomplete or incorrect information, misleading or impossible instructions, or falsified or forged information or signatures contained in a direction to Custodian or Administrator.

### Account Responsibility:

The Account is established for the exclusive benefit of me or my beneficiaries. I take complete responsibility for the type of investment instrument(s) with which I choose to fund my Account. I further understand that my Account is self-directed and that Administrator and Custodian will not conduct any investigation or due diligence or review the merits, legitimacy, appropriateness, security, and/or suitability of any investment. I understand that I am solely responsible for conducting all due diligence and all other investigation or research that a reasonably prudent investor would undertake prior to making any investment, including, but not limited to, title and lien searches. I understand that it is my responsibility to review any investments for all investment risks and to ensure compliance with these requirements. I also understand and agree that Administrator and Custodian are not required to take any action should there be any default with regard to any investment in connection with my Account. I understand that Administrator is not responsible for any damages associated with the use of the website [www.vantageiras.com](http://www.vantageiras.com) or its associated pages (the "Website"), including, but not limited to, inability to access the Website or inaccurate information.

Under penalty of perjury, I certify that I have examined this Application, including all accompanying documents, and to the best of my knowledge and belief, the Application is true, correct, and complete. I have carefully read this document and I understand its contents. I understand that upon signing below, this document becomes a legally enforceable agreement under which I will be giving up rights and potential claims. I have been encouraged to have legal counsel review this agreement before signing it. I understand that no person associated with Administrator or Custodian has authority to agree to anything different than as set forth in this Application. I hereby agree to participate in the Individual Retirement Custodial Account offered by Custodian. I direct that all benefits upon my death be paid as indicated above. In the event that the Account is a rollover contribution, I hereby irrevocably elect, pursuant to the requirements of Section 1.402(a)(5)-1T of the IRS regulations, to treat this contribution as a rollover contribution. If I named a beneficiary which is a Trust, I understand I must provide certain information concerning such Trust to Custodian and Administrator. I authorize Custodian to deduct the annual fees and other charges from my Account. I acknowledge that I am responsible for determining my eligibility to participate in this Account, the amount and deductibility of any contributions made in connection with the Account, and the taxation of any distribution from my Account. **PLEASE PRINT, SIGN, AND MAIL THIS FORM TO ADMINISTRATOR. DO NOT EMAIL THIS FORM AS IT CONTAINS SENSITIVE FINANCIAL INFORMATION.**

### Release; Indemnification; Litigation Costs:

I understand and agree that Administrator does not offer and will not provide, through its website, workshops, or otherwise, any investment advice, structure, guidance, or strategies, or any tax advice, legal advice, due diligence, research, recording or title services, or endorsement of professional relationships ("Advisory Activities"). I understand and agree that Administrator has not made, through its website, workshops, or otherwise, and I am not relying upon, any representations, warranties, promises, or guarantees regarding any investment, including, but not limited to, the quality of an investment, investment performance, preservation of capital, return on capital, feasibility of an investment strategy, security lien positions, placement of security interests, the credibility of business practices, ethics of any kind, or an investment's compliance with the Employee Retirement Income Securities Act ("ERISA"), the Internal Revenue Code ("IRC"), or any applicable federal, state, or local law, including securities laws ("Investment Representations"). If I desire any Advisory Activities or Investment Representations, I will not look to or rely on Administrator, in the broadest sense, but will consult with an appropriate legal, accounting, or financial professional.

I am aware of the transactions prohibited by Internal Revenue Code Section 4975 ("Prohibited Transactions") and I will not participate in or request Administrator to participate in any Prohibited Transaction.

Understanding that Administrator will not provide Advisory Activities, make Investment Representations, or participate in Prohibited Transactions, I release Administrator from any claims regarding Advisory Activities, Investment Representations, and Prohibited Transactions, in the broadest sense. Specifically, I release and forever discharge Administrator, and covenant not to directly or indirectly sue for or otherwise assert against Administrator, in any forum, any and all claims of any nature whatsoever, which I had, now have, or may claim to have against Administrator, arising out of or related to Advisory Activities, Investment Representations, or Prohibited Transactions. This release extends to all claims, whether known or unknown, present or future. It is my intention to fully, finally, and forever release any claims regarding Advisory Activities, Investment Representations, or Prohibited Transactions, and in furtherance of this intention, this release remains in effect as a full and complete release notwithstanding the discovery of any additional claims or facts.

In the event I am transferring my Account from another custodian and/or administrator, I will not hold Custodian or Administrator liable or responsible for anything done or omitted in connection with my Account prior to the date Custodian is in possession of all of the assets in connection with my Account. Neither Custodian nor Administrator has any duty or responsibility to inquire into or take any action with respect to any acts performed by a prior custodian or administrator.

I hereby indemnify and hold harmless Administrator and Custodian from and against any and all damages, liabilities, obligations, penalties, fines, judgments, claims, deficiencies, losses, costs, expenses, assessments (including without limitation, interest, penalties, and reasonable attorneys' fees) arising out of or resulting from: (i) any action taken by Administrator or Custodian in reliance upon my instructions, designations, or representations; (ii) any action taken by Administrator or Custodian in the exercise of any right, power, or duty of Custodian or Administrator; (iii) any Prohibited Transaction; (iv) any claim made by a third-party related to my Account whereby Administrator or Custodian is named as a party; and (v) any act or omission by a prior custodian or administrator.

In the event of any claim or damage subject to the foregoing indemnification, Administrator and Custodian may: (i) at their sole discretion, select their own attorneys to represent them; and deduct from my Account amounts sufficient to pay for any damages, costs, and expenses associated with such claim, including, but not limited to, all in internal costs and attorneys' fees and costs incurred by Administrator or Custodian in connection with such claim (collectively, "Litigation Costs"). If there are insufficient funds in my Account to fully reimburse Administrator and Custodian for all Litigation Costs, upon demand by Administrator or Custodian, I will promptly reimburse Administrator and/or Custodian the outstanding balance of the Litigation Costs. If I fail to promptly reimburse the Litigation Costs, Administrator and Custodian may seize and/or liquidate any of my assets under their control, and/or initiate legal action in order to obtain full reimbursement of the Litigation Costs.

If any provision of this Application is found to be illegal, invalid, void, or unenforceable, such provision is severed and such illegality or invalidity does not affect the remaining provisions, which remain in full force and effect.

### Important Information for Opening a New Account:

To comply with the USA PATRIOT ACT, Administrator has adopted a Customer Identification Program which requires that all accounts include a copy of an unexpired, photo-bearing, government-issued identification (e.g., driver license or passport) of the Account holder. The copy must be readable so we can verify the client's name and driver's license number or state issued ID number.

### Electronic Communications, Signatures, and Records:

Subject to any limitations contained in Treasury Regulation section 1.401(a)-21 and any other applicable federal or state law or regulation, Depositor acknowledges and agrees that the Custodial Account is subject to the provisions of the Uniform Electronic Transactions Act, as passed in the state where the Custodian is organized (Kansas Statutes Annotated (KSA) Sections 16-601 et seq.), and the federal Electronic Signature in Global and National Commerce Act (ESIGN Act, as contained in 15 U.S.C. 7001), as those laws pertain to electronic communication, electronic signatures, and electronic storage of Custodial Account records. Pursuant to KSA section 9-1130(f), in lieu of the retention of the original records, Custodian may cause any, or all, of its records, and records at any time in its custody, to be photographed or otherwise reproduced to permanent form, and any such photograph or reproduction has the same force and effect as the original thereof and may be admitted in evidence equally with the original.

I understand that if the services of Administrator or Custodian were marketed, suggested, or otherwise recommended by any person or entity, such as a financial representative or investment promoter, such persons or entities are not in any way agents, employees, representatives, affiliates, partners, consultants, or subsidiaries of Administrator or Custodian. I acknowledge that neither Administrator nor Custodian is responsible for or bound by any statements, representations, warranties, or agreements, made by any such person or entity.

### Privacy:

I understand that Administrator will not release information about me to others unless I or a representative whom I have authorized in writing have consented or asked Administrator to do so, or Administrator is required by law or other regulatory authority. I understand that I can view Administrator's complete privacy policy on Administrator's website at [www.vantageiras.com](http://www.vantageiras.com).

## ORIGINAL DOCUMENTS ARE REQUIRED TO PROCESS NEW ACCOUNT APPLICATIONS

Account Owner's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

An incomplete application will be discarded if not completed within 30 days of submitting. A new application will be required to open an account.

Vantage, as agent for Custodian: \_\_\_\_\_

Date: \_\_\_\_\_

**Account Setup FEE: \$50** *(Non-Refundable Account Application Fee)*

**Annual Recordkeeping FEE:** *\*(Based on option selected below and due upon initial funding of account)*

- Option 1** Fee Based on Number of Investments  
**\$325** *(Per Asset/Liability)*

- Option 2** Fee Based on Total Account Value

**\*PLEASE NOTE:**  
**THIS ACCOUNT WILL BE CLOSED  
IF NOT FUNDED WITHIN 60 DAYS**

Total Account Value	Multiplier
\$0 to \$30,000	0.0120 (\$195 minimum)
\$30,001 to \$50,000	0.0100
\$50,001 to \$70,000	0.0090
\$70,001 to \$100,000	0.0085
\$100,001 to \$200,000	0.0075
\$200,001 to \$299,000	0.0065
\$300,000 and up	\$1850 maximum

## Annual Recordkeeping Fee Includes

- Online Account Access
- Required Minimum Distributions By Check
- Annual Tax Reporting
- Access To Educational Workshops

## Transaction Fees

Purchase, Sale, Exchange, Payoff, or Re-registration of Any Asset or Liability:	<b>\$125</b>
Wire Transfers, Cashier's Checks or Official Bank Checks:	<b>\$30</b>
Check Fee or ACH Transfers:	<b>\$5</b>
Overnight Mail:	<b>\$30</b>
Returned Items of Any Kind or Stop Payment Requests:	<b>\$30</b>
Custom Research Fee:	<b>\$50 per hour</b>
Partial or Full Account Termination Including Transfer of Assets From Your Account and Lump-sum Distributions. <i>(Annual Recordkeeping Fees are not pro-rated when an account is closed.)</i>	<b>.005</b> of the termination value plus applicable transaction fees; <b>Minimum of \$150</b> <b>Maximum of \$500</b>

A late fee of the lesser of 1.5% per month (18% per annum) or the maximum allowable under applicable state law may be applied on all outstanding invoices.

## Pay Fees From

- Vantage Account     CHECK *(Made payable to Vantage)*     Visa     MC     Discover     AMEX

**Name On Card:** \_\_\_\_\_

**Card Number:** \_\_\_\_\_ **Exp.:** \_\_\_\_\_ **CVC:** \_\_\_\_\_

**Billing Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

- Keep This Credit Card Information On File

**If an invoice on your account is unpaid for 30 days and funds are unavailable in the account, the credit/debit card on file for the account will be charged.**

Vantage Retirement Plans, L.L.C. (“Administrator”) performs recordkeeping and administration duties in connection with Account Owner’s self-directed retirement account (the “Account”) on behalf of the custodian (“Custodian”) as set forth in Account Owner’s account application (the “Account Application”). The terms and conditions of this document are incorporated into the Account Application, and the terms and conditions of the Account Application are incorporated herein.

The Custodian is entitled to receive, from the assets held in your Account, a fee equal in amount to all income that is generated from any Undirected Cash (defined as any cash in your Account not invested pursuant to a specific investment direction by you, the Account holder) which has been deposited by Custodian into an FDIC or other United States government insured financial institution, United States government security, or security that is insured or guaranteed by the United States government (“Custodial Fee”). The Custodial Fee is associated with cash management activities, including, but not limited to, account maintenance, depository bank selection, transaction processing, sub-accounting, recordkeeping, and other services performed under the terms of this Agreement and your Account Application. Custodian retains the right, but does not have the obligation, to reduce this fee by rebating a portion of the Custodial Fee into your Account. You agree that the Custodial Fee may be retained by Custodian as compensation for the services provided by Custodian under this Agreement and your Account Application. Custodian may pay all or an agreed portion of Custodial Fee to Administrator as agreed between Custodian and Administrator. Custodian reserves the right to change all or part of the Custodial Fee at its discretion with 30 days advance written notice to you.

**FEES WILL BE DEDUCTED FROM YOUR ACCOUNT UNLESS OTHER ARRANGEMENTS HAVE BEEN MADE.** Minimum account balances may apply. Annual recordkeeping fees may be prepaid from your Account and not prorated. For your convenience, your annual fee will be reflected on your statements showing your recordkeeping charges. You may pay the amount shown on the statement. If there are insufficient funds in your Account, we may liquidate other assets to pay for such fees. All Undirected Cash is maintained by Custodian at FDIC insured banks. Fees are subject to change with 30 days written notice. Vantage reserves the right to charge clients selecting the Value Based option quarterly. ***In accordance with your Account Application, this Fee Disclosure is part of your Agreement with Administrator and must accompany your Account Application.***

**PLEASE PRINT, SIGN, AND MAIL THIS FORM TO YOUR VANTAGE OFFICE**

**Account Owner’s Signature:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_



## Safekeeping Your Confidentiality

### Privacy Policy

Vantage Retirement Plans, LLC (“we” or “us”) respects your desire for privacy and is committed to maintaining the confidentiality of your personal financial information. We believe the protection of customer information is a priority. As such, it is one of our fundamental business responsibilities as we strive to offer you the best IRA administration and recordkeeping services. This document outlines our Privacy Policy for maintaining your information.

**Information We May Collect.** To better understand your needs, administer our business, process transactions, and provide you with services, we collect non-public personal information about you from applications, questionnaires, or other forms submitted to us (through our website or otherwise) and your transactions with us or others. Non-public personal information may include information such as your name, postal address, e-mail address, social security number, assets, income, account balances, and account history.

**Our Disclosure of That Information.** We may disclose some of the information described above, such as your name and address, to affiliated companies that perform recordkeeping, marketing, mailings and other services on our behalf. We do not provide account or personal information to non-affiliated companies for the purpose of telemarketing or direct mail marketing.

We may disclose information about you, your accounts, and your transactions: (a) where it is necessary or helpful to effect, process, or confirm your transactions; (b) to verify the existence, history, and condition of your account for credit reporting agencies; (c) to comply with legal process, such as subpoenas and court orders; (d) to law enforcement authorities if we believe a crime has been committed; (e) if you give us your consent; and (f) as otherwise permitted by law.

We do not disclose nonpublic personal information about our current or former customers to others, except as set forth in this policy. If you decide to close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

**Maintaining Accurate Information.** We have procedures in place that help us to maintain the accuracy of the personally identifiable information that we collect. Please contact us at (866)-459-4580 if you believe that our information about you is incomplete, out-of-date, or incorrect.

**Information Security.** We restrict access to your nonpublic personal information to those employees who have a need to know such information (e.g., to process your transactions or provide services to you). We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

**Changes to this Policy.** We may add to, delete, or change the terms of this Privacy Policy from time to time. We will notify you by mail within 30 days of any changes.

**Questions.** We value our customer relationships. If you have any questions regarding this Policy, please call us at (866) 459-4580. You can also write to us at Vantage Retirement Plans, LLC, 20860 N. Tatum Blvd., Suite 240, Phoenix, AZ 85050.



# Traditional Individual Retirement Custodial Account

(Under Section 408(a) of the Internal Revenue Code)

## Article I

- 1.01 Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k) or a recharacterized contribution described in section 408A(d)(6), 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

- 2.01 The Depositor's interest in the balance in the custodial account is nonforfeitable.

## Article III

- 3.01 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)).
- 3.02 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 IV

- 4.01 Notwithstanding any provision of this agreement to the contrary, the distribution of the Depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
- 4.02 The Depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in:
- (a) A single sum; or
  - (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiary.
- 4.03 If the Depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
- (a) If the Depositor dies on or after the required beginning date and:
    - (i) the designated beneficiary is the Depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy, as determined each year until such spouse's death, or over the period in paragraph 4.03(a)(iii) below, if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph 4.03(a)(iii) below, over such period.
    - (ii) the designated beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by 1 for each subsequent year, or over the period in paragraph 4.03(a)(iii) below if longer.
    - (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by 1 for each subsequent year.
  - (b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:
    - (i) The remaining interest will be distributed in accordance with paragraphs 4.03 (a)(i) and 4.03 (a)(ii) above (but not over the period in paragraph 4.03(a)(iii), even if longer), starting by the end of the calendar year following the year of the Depositor's death. If, however, the designated beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph 4.03(a)(ii) above (but not over the period in paragraph 4.03(a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with 4.03(b)(ii) below if there is no such designated beneficiary.
    - (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
- 4.04 If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is other than the Depositor's surviving spouse, no additional contributions may be accepted in the account.
- 4.05 The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
- (a) The required minimum distribution under paragraph 4.02(b) for any year, beginning with the year the Depositor reaches age 70½, is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the Depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph 4.05 (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.
  - (b) The required minimum distribution under paragraphs 4.03(a) and 4.03(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached age 70½, if applicable under paragraph 4.03(b)(i)) 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 individual specified in such paragraphs 4.03(a) and 4.03(b)(i).
  - (c) The required minimum distribution for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
- 4.06 The owner of two or more traditional IRAs may satisfy the minimum distribution requirements described above by taking from one traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

## Article V

- 5.01 The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulation sections 1.408-5 and 1.408-6.
- 5.02 The Custodian agrees to submit to the Internal Revenue Service (IRS) and Depositor the reports prescribed by the IRS.

#### Article VI

- 6.01 Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles inconsistent with section 408(a) and the related regulations will be invalid.

#### Article VII

- 7.01 This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the Adoption Agreement.

#### Article VIII

- 8.01 **Applicable Law:** This Custodial Agreement is subject to all applicable federal laws and regulations and shall be governed by and construed under the applicable laws of the state of Kansas, where the Custodian is organized. The term Depositor also includes the Depositor's Beneficiary(ies), where appropriate throughout this Agreement. Any lawsuit filed against or by Custodian or Administrator shall only be instituted in the district or county courts of Johnson County, Kansas, where Custodian maintains its principal office, and Depositor agrees to submit to such jurisdiction both in connection with any such lawsuit which Depositor may file and in connection with any lawsuit which Custodian or Administrator may file against Depositor.

8.02 **Custodian and Administrator:**

(a) The Custodian for the Custodial Account is **First Trust Company of Onaga**.

(b) The Administrator for the Custodial Account is **Vantage Retirement Plans, LLC**, a **Arizona** corporation.

- 8.03 **Agent for the Custodian:** The Custodian has appointed the Administrator to act as agent for the Custodian for the purpose of performing administrative or other custodial-related services with respect to the Custodial Account for which the Custodian otherwise has responsibility under this Agreement. All limitations of duties to the Depositor, and releases or indemnifications of the Custodian by the Depositor in this Agreement shall apply equally to the Administrator. The Administrator shall perform duties on behalf of the Custodian which include, but are not limited to, executing applications or adoption agreements, transfers, stock powers, escrow accounts, purchase agreements, notes, deeds, conveyances, liens, placing assets or liabilities in the Administrator's name for the benefit of the Depositor to provide administrative feasibility for such transactions, depositing contributions, and income, paying liabilities and distributions and government reporting for Depositors who have established a Custodial Account with the Custodian.

- 8.04 **Annual Accounting:** The Custodian shall, at least annually, provide the Depositor or Beneficiary (in the case of death) with an accounting of such Depositor's account. Such accounting shall be deemed to be accepted by the Depositor or the Beneficiary, if the Depositor or Beneficiary does not object in writing within 60 days after the mailing of such accounting statement.

- 8.05 **Amendment:** The Depositor irrevocably delegates to the Custodian the right and power to amend this Custodial Agreement. Except as hereafter provided, the Custodian will give the Depositor 30 days prior written notice of any amendment. In case of a retroactive amendment required by law, the Custodian will provide written notice to the Depositor of the amendment within 30 days after the amendment is made, or if later, by the time that notice of the amendment is required to be given under regulations or other guidance provided by the IRS. The Depositor shall be deemed to have consented to any such amendment unless the Depositor notifies the Custodian to the contrary within 30 days after notice to the Depositor and requests a distribution or transfer of the balance in the account.

8.06 **Resignation and Removal of Custodian:**

(a) The Custodian may resign and appoint a successor trustee or custodian to serve under this agreement or under another governing agreement selected by the successor trustee or custodian by giving the Depositor written notice at least 30 days prior to the effective date of such resignation and appointment, which notice shall also include or be provided under separate cover a copy of such other governing instrument, if applicable, and the related disclosure statement. The Depositor shall then have 30 days from the date of such notice to either request a distribution of the entire account balance or designate a different successor trustee or custodian and notify the Custodian of such designation. If the Depositor does not request distribution of the account balance or notify the Custodian of the designation of a different successor trustee or custodian within such 30 day period, the Depositor shall be deemed to have consented to the appointment of the successor trustee or custodian and the terms of any new governing instrument, and neither the Depositor nor the successor shall be required to execute any written document to complete the transfer of the account to the successor trustee or custodian. The successor trustee or custodian may rely on any information, including beneficiary designations, previously provided by the Depositor to the Custodian.

(b) The Depositor may at any time remove the Custodian and replace the Custodian with a successor trustee or custodian of the Depositor's choice by giving 30 days notice of such removal and replacement. The Custodian shall then deliver the assets of the account as directed by the Depositor. However, the Custodian may retain a portion of the assets of the Custodial Account as a reserve for payment of any anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor trustee or custodian upon satisfaction of such fees and expenses.

(c) The Custodian may resign and demand that the Depositor appoint a successor trustee or custodian of this Custodial Account by giving the Depositor written notice at least 30 days prior to the effective date of such resignation. The Depositor shall then have 30 days from the date of such notice to designate a successor trustee or custodian, notify the Custodian of the name and address of the successor trustee or custodian, and provide the Custodian with appropriate evidence that such successor has accepted the appointment and is qualified to serve as trustee or custodian of an individual retirement account.

(1) If the Depositor designates a successor trustee or custodian and provides the Custodian evidence of the successor's acceptance of appointment and qualification within such 30-day period, the Custodian shall then deliver all of the assets held by the Custodian in the account (whether in cash or personal or real property, wherever located, and regardless of value) to the successor trustee or custodian.

(2) If the Depositor does not notify the Custodian of the appointment of a successor trustee or custodian within such 30 day period, then the Custodian may distribute all of the assets held by the Custodian in the account (whether in cash or personal or real property, wherever located, and regardless of value) to the Depositor, outright and free of trust, and the Depositor shall be wholly responsible for the tax consequences of such distribution.

In either case, the Custodian may expend any assets in the account to pay expenses of transfer (including re-registering the assets and preparation of deeds, assignments, and other instruments of transfer or conveyance) to the successor trustee or custodian or the Depositor, as the case may be. In addition, the Custodian may retain a portion of the assets as a reserve for payment of any anticipated remaining fees and expenses. Upon satisfaction of such fees and expenses, the Custodian shall pay over any remainder of the reserve to the successor trustee or custodian or to the Depositor, as the case may be.

(d) Administrator may at any time select a qualified successor custodian by giving the Depositor and Custodian written notice at least 30 days prior to the effective date of such appointment, which notice shall also include or be provided under separate cover a copy of such other governing instrument, if applicable, and the related disclosure statement. The Depositor shall then have 30 days from the date of such notice to either request a distribution of the entire Custodial Account balance or designate a different successor trustee or custodian and notify the Custodian and Administrator of such designation. If the Depositor does not request distribution of the Custodial Account balance or notify the Administrator of the designation of a different successor trustee or custodian within such 30 day period, the Depositor shall be deemed to have consented to the appointment of the successor custodian and the terms of any new governing instrument, and neither the Depositor nor the successor shall be required to execute any written document to complete the transfer of the Custodial Account to the successor custodian. The successor custodian may rely on any information, including beneficiary designations, previously provided by the Depositor to the Custodian.

#### 8.07 Custodian's and Administrator's Fees and Expenses:

- (a) The Depositor agrees to pay the Custodian any and all fees specified in the Custodian's current published fee schedule for establishing and maintaining this Custodial Account, including any fees for distributions from, transfers from, and terminations of this Custodial Account. The Custodian may change its fee schedule at any time by giving the Depositor 30 days prior written notice.
  - (b) The Depositor agrees to pay any expenses incurred by the Custodian or the Administrator in the performance of its duties in connection with the account. Such expenses include, but are not limited to, administrative expenses, legal fees, accounting fees, regulatory fees and any taxes or assessments of any kind whatsoever that may be levied with respect to such account.
  - (c) All such fees, taxes, and other administrative expenses charged to the account shall be collected either from the assets in the account or from any contributions to or distributions from such account if not paid by the Depositor, but the Depositor shall be responsible for any deficiency.
  - (d) In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the assets in the Custodial Account, the Custodian reserves the right to withhold any payment from the Custodial Account, to request a court ruling to determine the disposition of the Custodial assets, and to charge the Custodial Account for any expenses incurred in obtaining such legal determination.
  - (e) The Custodian shall be entitled to receive, from the assets held in the Custodial Account, a fee equal in amount to all income that is generated from any Undirected Cash (defined as any cash in the Custodial Account not invested pursuant to a specific investment direction by Depositor) which has been deposited by Custodian into FDIC or other United States government insured financial institutions, United States government securities, or securities that are insured or guaranteed by the United States government, as provided in Section 9.01(b) below. Custodian's fees from the Undirected Cash in the Custodial Account are associated with cash management activities, including, but not limited to, account maintenance, depository bank selection, transaction processing, sub-accounting, record keeping, and other services performed under the terms of this Agreement. Custodian retains the right, but does not have the obligation, to reduce this fee by rebating a portion of the fee into the Custodial Account. The Depositor agrees that this fee may be retained by the Custodian as compensation for the services provided by Custodian under this Agreement. The Custodian may pay all or an agreed portion of this fee to the Administrator as agreed between the Custodian and the Administrator. The Custodian reserves the right to change all or part of the Custodial Fee Schedule at its discretion with 30 days advance written notice to Depositor.
  - (f) In addition to any portion of the Custodian's fee that the Administrator receives from the Custodian as provided in Section 8.07(e), the Administrator shall be entitled to fees for account opening, asset purchases and sales, distributions, transfers, terminations, and annual administration of the Custodial Account, along with other miscellaneous fees, as disclosed in a fee schedule provided by the Administrator to the Depositor. The Administrator may change its fee schedule at any time by giving the Depositor 30 days prior written notice. If payment is not received within thirty (30) days from the due date reflected on an invoice, a past due notice will be mailed to Depositor and a late fee equal to the lower of (a) 1.5% of the outstanding invoice for every month or partial month that the invoice is outstanding or (b) the maximum late penalty permitted under the state law where the Administrator is organized, shall be assessed to the Custodial Account. Additionally, assets may be liquidated from the account, without notice, for any outstanding fee which has not been paid. If fees are not paid within thirty (30) days after Administrator has mailed the past due notice, Administrator will begin the process of closing the Custodial Account. Any asset distributed directly to Depositor as part of closing the Custodial Account will be reported to the IRS on Form 1099-R and may subject the Depositor to possible taxes and penalties. Accounts with past due fees, unfunded accounts, and accounts with zero value will continue to incur administration fees until such time as Depositor notifies Administrator (on a form prescribed by Custodian) of Depositor's intent to close the account or until Custodian resigns.
- 8.08 **Withdrawal Requests:** All requests for withdrawal shall be in writing on a form provided by the Custodian. Such written notice must also contain the reason for the withdrawal and the method of distribution being requested. The Custodian or Administrator reserves the right to reject any withdrawal request it may deem appropriate and to apply to a court of competent jurisdiction to make a determination with respect to the proper party eligible to receive a distribution from the account.
- 8.09 **Age 70½ Default Provisions:** If the Depositor does not choose any of the distribution methods under Article IV of this Custodial Agreement by the April 1st following the calendar year in which the Depositor reaches age 70½, distribution shall be determined based upon the distribution period in the uniform lifetime distribution period table in Regulation section 1.401(a)(9)-9. However, no payment will be made until the Depositor provides the Custodian with a proper distribution request acceptable to the Custodian. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account. Upon receipt of such distribution request, the Depositor may switch to a joint life expectancy in determining the required minimum distribution if the Depositor's spouse was the sole beneficiary as of the January 1<sup>st</sup> of the distribution calendar year and such spouse is more than 10 years younger than the Depositor.
- 8.10 **Death Benefit Default Provisions:**
- (a) If the Depositor dies before Depositor's required beginning date and the beneficiary does not select a method of distribution described in Article IV, Section 4.03(b)(i) or (ii) by the December 31st following the year of the Depositor's death, then distributions will be made pursuant to the single life expectancy of the Designated Beneficiary determined in accordance with IRS regulations. However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of Depositor's remaining interest in the Custodial Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account.
  - (b) If the Depositor dies on or after Depositor's required beginning date, distribution shall be made in accordance with Article IV, Section 4.03(a). However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of Depositor's remaining interest in the Custodial Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account.
- 8.11 **Transitional Rule for Determining Required Minimum Distributions for Calendar Year 2002:** Unless the Custodian provides otherwise, if a Depositor (or beneficiary) is subject to required minimum distributions for calendar year 2002, such individual may elect to apply the 1987 proposed regulations, the 2001 proposed regulations, or the 2002 final regulations in determining the amount of the 2002 required minimum. However, the Custodian, in its sole discretion, reserves the right to perform any required minimum distribution calculations through its data systems or otherwise based upon any of the three sets of regulations delineated in the previous sentence.
- 8.12 **Responsibilities:** Depositor represents and warrants that all information and instructions given to the Custodian by the Depositor will be complete and accurate and agrees that the Custodian shall not be responsible for any incomplete or inaccurate information provided by the Depositor or Depositor's beneficiary(ies). Depositor and Depositor's beneficiary(ies) agree to be responsible for all tax consequences arising from contributions to and distributions from this Custodial Account and acknowledge that no tax advice has been or will be provided by the Custodian or the Administrator.
- 8.13 **Designation of Beneficiary:**
- (a) Except as may be otherwise required by State law, in the event of the Depositor's death, the balance in the account shall be paid to the beneficiary or beneficiaries designated by the Depositor on a beneficiary designation form acceptable to and filed with the Custodian. The Depositor may change the Depositor's beneficiary or beneficiaries at any time by filing a new beneficiary designation with the Custodian. If no beneficiary designation is in effect, if none of the named beneficiaries survive the Depositor, or if the Custodian cannot locate any of the named beneficiaries after reasonable search, any balance in the account will be payable to the Depositor's estate.
  - (b) If the Custodian permits, in the event of the Depositor's death, any beneficiary may name a subsequent beneficiary(ies) to receive the balance of the account to which such beneficiary is entitled upon the death of the original beneficiary by filing a Subsequent Beneficiary Designation Form acceptable to and filed with the Custodian. Payments to such subsequent beneficiary(ies) shall be distributed in accordance with the payment schedule applicable to the original beneficiary or more rapidly if the subsequent beneficiary requests. In no event can any subsequent beneficiary be treated as a designated beneficiary of the Depositor. The preceding sentence shall not apply with respect to the subsequent beneficiary(ies), if any, designated by the original spouse beneficiary where the Depositor dies before Depositor's required beginning date. In this case, the original spouse beneficiary is treated as the

Depositor. If the balance of the account has not been completely distributed to the original beneficiary and such beneficiary has not named a subsequent beneficiary or no named subsequent beneficiary is living on the date of the original beneficiary's death, such balance shall be payable to the estate of the original beneficiary.

## ARTICLE IX SELF-DIRECTED IRA PROVISIONS

### 9.01 **Investment of Contributions:**

- (a) At the direction of the Depositor (or the direction of the beneficiary upon the Depositor's death), the Custodian shall invest all contributions to the Custodial Account and earnings thereon in investments that are acceptable to the Custodian, and that are considered administratively feasible by the Custodian, which may include but are not limited to marketable securities traded on a recognized exchange or "over the counter" (excluding any securities issued by the Custodian), certificates of deposit, real estate, deeds of trust, mortgages, unsecured notes, limited partnerships, limited liability companies, private stock, other private placement offerings, and other investments to which the Custodian consents, in such amounts as are specifically selected and specified by the Depositor in orders to the Custodian in such form as may be acceptable to the Custodian, without any duty to diversify and without regard to whether such property is authorized by the laws of any jurisdiction as a trust investment. The Custodian shall be responsible for the execution of such orders and for maintaining adequate records thereof. However, if any such orders are not received as required, or, if received, are unclear in the opinion of the Custodian, or if there is insufficient Undirected Cash in the Custodial Account to comply with such orders, all or a portion of the contribution may be held uninvested without liability for loss of income or appreciation, and without liability for interest pending receipt of such orders or clarification, or the contribution may be returned. The Custodian and the Administrator shall have no duty other than to follow the written investment directions of the Depositor, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Depositor under any circumstances.
- (b) Depositor hereby acknowledges and agrees that Custodian will deposit all Undirected Cash in the Custodial Account into pooled deposit accounts at one or more FDIC or other United States government insured institutions or in United States government securities or in securities that are insured or guaranteed by the United States government pending further investment direction by Depositor. All income generated by Undirected Cash in Custodian's pooled deposit accounts shall be retained by Custodian as fees, as described in paragraph 8.07(e) above. Depositor authorizes Custodian to transfer any Undirected Cash in the Custodial Account into any FDIC insured financial institution or in United States government securities or in securities that are insured or guaranteed by the United States government without any further approval or direction by the Depositor.

9.02 **Indemnification:** The Custodian and Administrator shall have no duty other than to follow the written instructions of the Depositor, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Depositor under any circumstances. By performing services under this Agreement, the Custodian and the Administrator are acting as the agent of Depositor, and nothing in this Agreement shall be construed as conferring fiduciary status on the Custodian or the Administrator. Depositor agrees to indemnify and hold harmless the Custodian and the Administrator from any and all claims, damages, liability, actions, costs, expenses (including reasonable attorneys' fees) and any loss to the Custodial Account, to the Depositor or to Depositor's beneficiary(ies) as a result of any action taken (or omitted to be taken) pursuant to and/or in connection with any investment transaction directed by Depositor or Depositor's investment advisor or resulting from serving as the Custodian or the Administrator, including, without limitation, claims, damages, liability, actions and losses asserted by the Depositor or the Depositor's beneficiary(ies).

9.03 **Registration:** All assets of the Custodial Account shall be registered in the name of the Custodian, or in the name of the Administrator, who shall be the nominee of the Custodian for purposes of holding assets of the Custodial Account. The same Administrator may be the nominee of the Custodian with respect to the holding of assets of other investors whether or not held under agreements similar to this one or in any capacity whatsoever; and the Custodian may commingle the assets so held to the extent permitted by law. However, the Custodial Account and each other account or asset so held shall each be separate and distinct; a separate account therefore shall be maintained by the Custodian (or by the Administrator on behalf of the Custodian). The assets of the Custodial Account may be held by the Custodian in individual or bulk segregation either in the Custodian's vaults or vaults of the Custodian's agent or through brokerage accounts of entities permitted to hold assets of the applicable type under the Securities Exchange Act of 1934 or the Commodities Exchange Act.

9.04 **Investment Advisor:** The Depositor may appoint an Investment Advisor, qualified under Section 3(38) of the Employee Retirement Income Security Act of 1974, to direct the investment of the Custodial Account or any specified portion of the Custodial Account. The Depositor shall notify the Custodian in writing of any such appointment by providing the Custodian a copy of the instruments appointing the Investment Advisor and evidencing the Investment Advisor's acceptance of such appointment, an acknowledgment by the Investment Advisor that it is a fiduciary of the account, and a certificate evidencing the Investment Advisor's current registration under the Investment Advisor's Act of 1940. The Custodian shall comply with any investment directions furnished to it by the Investment Advisor, unless and until it receives written notification from the Depositor that the Investment Advisor's appointment has been terminated. The Custodian and the Administrator shall have no duty other than to follow the written investment directions of such Investment Advisor and shall be under no duty to question said instructions, and the Custodian and Administrator shall not be liable for any investment losses sustained by the Depositor as a result of following the written investment directions of the Depositor's Investment Advisor.

9.05 **No Investment Advice:** The Depositor acknowledges and agrees that the Custodian and the Administrator do not provide or assume responsibility for any tax, legal or investment advice with respect to the investments and assets in the Custodial Account and shall not be liable for any loss which results from the Depositor's exercise of control over the Custodial Account. The Depositor and the Depositor's beneficiary(ies) release, indemnify and agree to hold the Custodian and the Administrator harmless in the event that any investment or sale of the assets in the Custodial Account pursuant to a direction by the Depositor or the Depositor's Investment Advisor violates any federal or state law or regulation or otherwise results in a disqualification, penalty, tax or fine imposed upon the Custodian, the Administrator, the Depositor or the Custodial Account.

9.06 **Prohibited Transactions:** The Depositor acknowledges and agrees that the Custodial Account is subject to the provisions of section 4975, which defines certain prohibited transactions. Depositor acknowledges and agrees that the Custodian and the Administrator shall make no determination as to whether any transaction or investment in the Custodial Account is prohibited under sections 4975, 408(e) or 408A, or under any other state or federal law. The Depositor understands that should the Custodial Account engage in a prohibited transaction, and depending on the type of prohibited transaction, certain assets of the Custodial Account will be deemed to have been distributed and will be subject to taxes as well as possible penalties. The Depositor agrees that he or she will consult with a tax or legal professional of the Depositor's choice to ensure that none of the investments in the Custodial Account will constitute a prohibited transaction and that the investments in the Custodial Account comply with all applicable federal and state laws, regulations and requirements.

9.07 **Unrelated Business Income Tax:** The Depositor acknowledges and agrees that the Custodial Account is subject to the provisions of Internal Revenue Code Sections 511-514 relating to Unrelated Business Taxable Income (UBTI) of tax-exempt organizations. If the Depositor directs the Custodian to make an investment in the Custodial Account which generates UBTI, the Depositor agrees to prepare or have prepared the required IRS Form 990-T tax return, an application for an Employer Identification Number (EIN) for the Custodial Account (if not previously obtained), and any other documents that may be required, and to submit them to the Custodian for filing with the Internal Revenue Service at least ten (10) days prior to the date on which the return is due, along with an appropriate directive authorizing the Custodian to execute the forms on behalf of the Custodial Account and to pay the applicable tax from the assets in the Custodial Account. Depositor understands and acknowledges that the Custodian and the Administrator do not make any determination of whether or not investments in the Custodial Account generate UBTI; have no duty to and do not monitor whether or not the Custodial Account has incurred UBTI; and do not prepare Form 990-T on behalf of the Custodial Account.

9.08 **Disclosures and Voting:** The Custodian shall deliver, or cause to be executed and delivered, to Depositor all notices, prospectuses, financial statements, proxies and proxy soliciting materials relating to assets credited to the account. The Custodian shall not vote any shares of stock or take any other action, pursuant to such documents, with respect to such assets except upon receipt by the Custodian of adequate written instructions from Depositor.

- 9.09 **Miscellaneous Expenses:** In addition to those expenses set out in Article VIII, section 8.07 of this Plan, the Depositor agrees to pay any and all expenses incurred by the Custodian in connection with the investment of the account, including expenses of preparation and filing any returns and reports with regard to unrelated business income, including taxes and estimated taxes, as well as any transfer taxes incurred in connection with the investment or reinvestment of the assets of the account.
- 9.10 **Valuations:** The assets in the Custodial Account shall be valued annually at the end of each calendar year in accordance with section 408(i) and other guidance provided by the IRS, but Custodian retains the right to value the assets in the Custodial Account more frequently. In valuing the assets of the Custodial Account for record keeping and government reporting purposes, Custodian will ascertain the fair market value of each investment through utilizing various third-party pricing sources and designated valuation agents. However, Custodian does not guarantee the accuracy of prices obtained from these sources. Where assets are illiquid or their value is not readily ascertainable on either an established exchange or generally recognized market, the valuation is by necessity not a true market value and is merely an estimate of value, and Depositor agrees not to rely on any such valuation for any other purposes. Depositor agrees to provide the year end value of any illiquid and/or non-publicly traded investments, which may include without limitation limited partnerships, limited liability companies, privately held stock, real estate investment trusts, hedge funds, real estate, secured and unsecured promissory notes, and any other investments as Custodian shall designate, by no later than the following January 10th. If Custodian does not receive a current year end fair market value by the following January 10th for any such investment, the Custodian shall take appropriate actions to receive the fair market value from an independent third party that specializes in valuations, paying the cost of such valuation from the liquid assets held in the Custodial Account, or in the alternative after having first received the cost of the valuation from Depositor or Depositor's beneficiary(ies) if liquid investments in the Custodial Account are otherwise insufficient. Unless Custodian has received a written fair market valuation to the contrary, promissory notes and privately offered corporate debt will have valuations reflected at the face value shown on the original note or debt instrument, or if the note is subject to an amortization schedule and the amortization schedule has been provided to Custodian by Depositor, valuation may be shown at the principal amount shown on the amortization schedule as of the end of the previous year. Depositor, and upon Depositor's death Depositor's beneficiary(ies), agree to indemnify and hold harmless Custodian from any and all losses, expenses, settlements, or claims with regard to investment decisions, distribution values, tax reporting or any other financial impact or consequence relating to or arising from the valuation of assets in the Custodial Account.
- 9.11 **Insurance, Tax and Other Payments:** Custodian and Administrator shall not bear or assume any responsibility to notify Depositor or to secure or maintain any fire, casualty, liability or other insurance coverage, including but not limited to title insurance coverage, on any real or personal property owned in the Custodial Account or on any property which serves as collateral under any mortgage, deed of trust, or other security instrument with respect to any promissory note or other evidence of indebtedness in the Custodial Account. Depositor acknowledges and agrees that it is the responsibility of Depositor to decide what insurance is necessary or appropriate for any investment in the Custodial Account, and to direct Custodian in writing (on a form prescribed by Custodian) to pay the premiums for any such insurance. Custodian and Administrator shall not be responsible for notification or payments of any real estate taxes, homeowners association dues, utilities or other charges with respect to any investment held in the Custodial Account unless Depositor specifically directs the Custodian to pay the same in writing (on a form prescribed by Custodian), and sufficient funds are available to pay the same from the Custodial Account. Depositor acknowledges and agrees that it shall be Depositor's responsibility to provide to Custodian or to ensure that Custodian has received any and all bills for insurance, taxes, homeowners dues, utilities or other amounts due for assets held in the Custodial Account. Furthermore, Depositor agrees that it shall be Depositor's responsibility to determine that payments have been made by verifying the payments via Depositor's Custodial Account statements.

#### **Article X Miscellaneous Provisions**

- 10.01 **Electronic Communications, Signatures, and Records:** Subject to any limitations contained in Treasury Regulation section 1.401(a)-21 and any other applicable federal or state law or regulation, Depositor acknowledges and agrees that the Custodial Account shall be subject to the provisions of the Uniform Electronic Transactions Act, as passed in the state where the Custodian is organized (Kansas Statutes Annotated (KSA) Sections 16-601 et seq.), and the federal Electronic Signature in Global and National Commerce Act (ESIGN Act, as contained in 15 U.S.C. 7001), as those laws pertain to electronic communication, electronic signatures, and electronic storage of Custodial Account records. Pursuant to KSA section 9-1130(f), in lieu of the retention of the original records, Custodian may cause any, or all, of its records, and records at any time in its custody, to be photographed or otherwise reproduced to permanent form, and any such photograph or reproduction shall have the same force and effect as the original thereof and may be admitted in evidence equally with the original.
- 10.02 **Severability:** If any provision of this Custodial Account Agreement is found to be illegal, invalid, void or unenforceable, such provision shall be severed and such illegality or invalidity shall not affect the remaining provisions which shall remain in full force and effect. Neither Depositor's or Custodian's failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or Depositor's right or Custodian's right to enforce each and every such provision.

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**General Instructions** - Section references are to the Internal Revenue Code unless otherwise noted. **Purpose of Form** - Form 5305-A is a model custodial account agreement that meets the requirements of section 408(a) and has been pre-approved by the IRS. A traditional individual retirement account (traditional IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian and must be completed no later than the due date (excluding extensions) of the individual's income tax return for the tax year. This account must be created in the United States for the exclusive benefit of the Depositor or his or her beneficiaries. Do not file Form 5305-A with the IRS. Instead, keep it with your records. For more information on IRAs, including the required disclosures the Custodian must give the Depositor, see Pub. 590, Individual Retirement Arrangements (IRAs). **Definitions - 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. **Identifying Number** - The Depositor's social security number will serve as the identifying number of his or her IRA. An employer identification number (EIN) is required only for an IRA for which a return is filed to report unrelated business taxable income. An EIN is required for a common fund created for IRAs. **Traditional IRA for Nonworking Spouse** - Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse. Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse. **Specific Instructions - Article IV:** Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the Depositor reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met. **Article VIII:** Article VIII 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.

# TRADITIONAL IRA DISCLOSURE STATEMENT

## RIGHT TO REVOKE YOUR IRA ACCOUNT

You may revoke your IRA within 7 days after you sign the IRA Adoption Agreement by hand-delivering or mailing a written notice to the name and address indicated below:

IRA Administrator  
**Vantage Retirement Plans, LLC**  
20860 N. Tatum Blvd. Suite 240  
Phoenix, AZ 85050

If you revoke your account by mailing a written notice, such notice must be postmarked by the 7th day after you sign the Adoption Agreement. If you revoke your IRA within the 7 day period you will receive a refund of the entire amount of your contributions to the IRA without any adjustment for earnings or any administrative expenses. If you exercise this revocation, we are still required to report the contribution on Form 5498 (except transfers) and the revoked distribution on Form 1099-R.

## GENERAL REQUIREMENTS OF A TRADITIONAL IRA

- Your contributions must be made in cash, unless you are making a rollover or transfer contribution and the Custodian accepts non-cash rollover or transfer contributions.
- The annual contributions you make on your behalf may not exceed the lesser of 100% of your compensation or the "applicable annual dollar limitation" (defined below), unless you are making a rollover, transfer, or SEP contribution. If contributions are being made under an employer's SIMPLE Retirement Plan, you must establish a separate SIMPLE-IRA document to which only SIMPLE contributions may be made. This type of IRA is called a "SIMPLE-IRA". "SIMPLE-IRA" contributions may not be made into this account. Roth IRA contributions may not be made into this account.
- Regular, annual contributions cannot be made for any year beginning the year you attain the age of 70½.
- Your regular annual contributions for any taxable year may be deposited at any time during that taxable year and up to the due date for the filing of your Federal income tax return for that taxable year, no extensions. This generally means April 15th of the following year.
- The Custodian of your IRA must be a bank, savings and loan association, credit union or a person who is approved to act in such a capacity by the Secretary of the Treasury.
- No portion of your IRA funds may be invested in life insurance contracts.
- Your interest in your IRA is nonforfeitable at all times.
- The assets in your IRA may not be commingled with other property except in a common trust fund or common investment fund.
- You may not invest the assets of your IRA in collectibles (as described in Section 408(m) of the Internal Revenue Code.) A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property specified by the IRS. However, if the Custodian permits, specially minted US gold, silver and platinum coins and certain state-issued coins are permissible IRA investments. You may also invest in certain gold, silver, platinum or palladium bullion. Such bullion must be permitted by the Custodian and held in the physical possession of the IRA Custodian.
- Your interest in your IRA must begin to be distributed to you by the April 1st following the calendar year you attain the age of 70½. The methods of distribution, election deadlines, and other limitations are described in detail below.

## WHO IS ELIGIBLE TO MAKE A REGULAR TRADITIONAL IRA CONTRIBUTION?

You are permitted to make a regular contribution to your IRA for any taxable year prior to the taxable year you attain age 70½, and if you receive compensation for such taxable year. Compensation includes salaries, wages, tips, commissions, bonuses, alimony, royalties from creative efforts and "earned income" in the case of self-employed. Members of the Armed Forces who serve in combat zones who receive compensation that is otherwise non-taxable, are considered to have taxable compensation for purposes of making regular IRA contributions. The amount of your regular, annual contribution that is deductible depends upon whether or not you are an active participant in a retirement plan maintained by your employer; your modified adjusted gross income (Modified AGI); your marital status; and your tax filing status.

## ACTIVE PARTICIPANT

You are considered an active participant if you participate in your employer's qualified pension, profit-sharing, or stock bonus plan qualified under Section 401(a) of the Internal Revenue Code ("the Code"); qualified annuity under Section 403(a) of the Code; a simplified employee pension plan (SEP) under Section 408(k) of the Code; a retirement plan established by a government for its employees (this does not include a Section 457 plan); Tax-sheltered annuities (TSA) or custodial accounts under Section 403(b) of the Code; pre-1959 pension trusts under Section 501(c)(18) of the Code; and SIMPLE retirement plans under Section 408(p) of the Code.

If you are not sure whether you are covered by an employer-sponsored retirement plan, check with your employer or check your Form W-2 for the year in question. The W-2 form will have a check in the "retirement plan" box if you are covered by a retirement plan. You can also obtain IRS Notice 87-16 for more information on active participation in retirement plans for IRA deduction purposes.

## CONTRIBUTIONS

**Regular Contributions** - The maximum amount you may contribute for any one year is the lesser of 100% of your compensation or the "applicable annual dollar limitation" described below. This is your contribution limit. The deductibility of regular IRA contributions depends upon your marital status, tax filing status, whether or not you are an "active participant" and your Modified AGI.

<u>Tax Year</u>	<u>Applicable Annual Dollar Limitation</u>	<u>Contribution Limit</u>
2001		\$2,000
2002 through 2004		\$3,000
2005 through 2007		\$4,000
2008 through 2012		\$5,000
2013		\$5,500

After 2008, the \$5,000 annual limit will be subject to cost-of living increases in increments of \$500, rounded to the lower increment. This means that it may take several years beyond 2008 for the \$5,000 annual limit to increase to \$5,500.

**Catch-up Contributions** - Beginning for 2002, if an individual has attained the age of 50 before the close of the taxable year for which an annual contribution is being made and meets the other eligibility requirements for making regular traditional IRA contributions, the annual IRA contribution limit for that individual would be increased as follows:

<u>Tax Year</u>	<u>Normal Limit</u>	<u>Additional Catch-up</u>	<u>Total Contribution</u>
2002	\$3,000	\$ 500	\$3,500
2003	\$3,000	\$ 500	\$3,500
2004	\$3,000	\$ 500	\$3,500
2005	\$4,000	\$ 500	\$4,500
2006	\$4,000	\$1,000	\$5,000
2007	\$4,000	\$1,000	\$5,000
2008-2012	\$5,000	\$1,000	\$6,000
2013	\$5,500	\$ 500	\$6,500

**Special IRA Catch-up Contributions for Certain Section 401(k) Participants** - Special IRA catch-up contributions are permitted for each of years 2007, 2008 and 2009 equal to the applicable year's age-50 catch-up limit multiplied by 3. To be eligible for this special catch-up IRA contribution, the individual must have been a participant in an employer's §401(k) plan where employer-matching contributions were being made at the rate of at least 50% of the participant's deferrals with employer stock and such employer is in bankruptcy and is subject to an indictment or conviction. The individual is not required to be age 50 in order to take advantage of this rule. However, if the individual is age 50 or over, he or she may not contribute the age-50 catch-up amount in addition to this special catch-up.

The deadline for making such special catch-up contributions is the normal deadline for the applicable year. For example, an eligible individual takes advantage of this rule for calendar year 2008. The normal regular IRA contribution limit for 2008 is \$5,000 and the normal age-50 catch-up contribution limit for 2008 is \$1,000. The eligible individual could contribute the \$5,000 normal limit plus a special catch-up contribution of \$3,000 for a total of \$8,000. The deadline for making this contribution is the 2008 tax filing deadline, no extensions.

**Deductibility for Nonactive Participants** - If you (and your spouse) are not an active participant, then the applicable annual dollar limitation is also your deduction limit for Federal income tax purposes.

#### **Deductibility for Active Participants –**

**Unmarried Active Participant (or a Married Person filing a separate tax return who did not live with their spouse at any time during the year)** - The amount of your IRA deduction depends upon your Modified Adjusted Gross Income (MAGI) for the taxable year. If your MAGI is below a certain amount, you can deduct the entire contribution. If your MAGI is above a certain amount, you cannot deduct any of the contribution. If your MAGI is between certain amounts, you are entitled to a partial deduction. Any contributions that you cannot deduct because of the active participation rules are called nondeductible contributions and you must report these contributions to the IRS on Form 8606. Refer to the chart below for the MAGI ranges. Also refer to IRS Publication 590 for additional information.

**Married Active Participant Filing a Joint Tax Return** - The amount of your IRA deduction depends upon your Modified Adjusted Gross Income (MAGI) for the taxable year. If your MAGI is below a certain amount, you can deduct the entire contribution. If your MAGI is above a certain amount, you cannot deduct any of the contribution. If your MAGI is between certain amounts, you are entitled to a partial deduction. Any contributions that you cannot deduct because of the active participation rules are called nondeductible contributions and you must report these contributions to the IRS on Form 8606. Refer to the chart below for the MAGI ranges. Also refer to IRS Publication 590 for additional information.

**Married Active Participant Filing a Separate Return (who lived together at any time during the year)** - If you have a separate Modified AGI of more than \$10,000 no deduction is permitted if either you or your spouse was an active participant for the year. If your or your Spouse's separate Modified AGI is more than \$0 but less than \$10,000, then each spouse's deductible limit is reduced for every \$1 of Modified AGI between \$0 and \$10,000.

**Deductibility of Regular Contributions** - The AGI dollar ranges for certain active participants in employer-sponsored plans are as follows:

	<u>Married Participants Filing Jointly</u>	<u>Unmarried Participants</u>	<u>Married Participants Filing Separately*</u>
1998	\$50,000 - \$ 60,000	\$30,000 - \$40,000	\$0 - \$10,000
1999	\$51,000 - \$ 61,000	\$31,000 - \$41,000	\$0 - \$10,000
2000	\$52,000 - \$ 62,000	\$32,000 - \$42,000	\$0 - \$10,000
2001	\$53,000 - \$ 63,000	\$33,000 - \$43,000	\$0 - \$10,000
2002	\$54,000 - \$ 64,000	\$34,000 - \$44,000	\$0 - \$10,000
2003	\$60,000 - \$ 70,000	\$40,000 - \$50,000	\$0 - \$10,000
2004	\$65,000 - \$ 75,000	\$45,000 - \$55,000	\$0 - \$10,000
2005	\$70,000 - \$ 80,000	\$50,000 - \$60,000	\$0 - \$10,000
2006	\$75,000 - \$ 85,000	\$50,000 - \$60,000	\$0 - \$10,000
2007	\$83,000 - \$103,000	\$52,000 - \$62,000	\$0 - \$10,000
2008	\$85,000 - \$105,000	\$53,000 - \$63,000	\$0 - \$10,000
2009	\$89,000 - \$109,000	\$55,000 - \$65,000	\$0 - \$10,000
2010	\$89,000 - \$109,000	\$56,000 - \$66,000	\$0 - \$10,000
2011	\$90,000 - \$110,000	\$56,000 - \$66,000	\$0 - \$10,000
2012	\$92,000 - \$112,000	\$58,000 - \$68,000	\$0 - \$10,000
2013	\$95,000 - \$115,000	\$59,000 - \$69,000	\$0 - \$10,000

\* This AGI dollar range also applies to a nonactive participant spouse who files separately, where his or her spouse is an active participant.

**Special Deduction Rule for Spouse Who is not an Active Participant** - In the case where an IRA participant is not an active participant in an employer plan at any time during a taxable year but whose spouse is an active participant, a special AGI range applies in calculating the nonactive participant's IRA deduction. In order to use this special deduction rule, such spouse must file a joint income tax return with their spouse who is the active participant. In this case, the AGI range for deductible IRA contributions is \$150,000 - \$160,000 for years prior to 2007. For years beginning in 2007, the AGI dollar ranges for the spouse who is not an Active Participant are as follows:

2007	\$156,000 - \$166,000
2008	\$159,000 - \$169,000
2009	\$166,000 - \$176,000
2010	\$167,000 - \$177,000
2011	\$169,000 - \$179,000
2012	\$173,000 - \$183,000
2013	\$178,000 - \$188,000

**Spousal IRAs** - If during any year you receive compensation and your spouse receives no compensation (or chooses to be treated as receiving no compensation), you may make contributions to both your IRA and your spouse's IRA. If you are eligible then you may contribute 100% of your combined compensation not to exceed the applicable annual dollar limitation divided any way you wish so long as no more than the applicable annual dollar limitation is contributed into either account. You and your spouse must file a joint tax return and have unequal compensations to take advantage of this spousal contribution limit.

If you are over the age of 70½ and your spouse is under age 70½, then a regular contribution may still be made for the year into the IRA established by your spouse. Such contribution, however, is limited to the lesser of 100% of your combined compensation or the applicable annual dollar limitation.

If you or your spouse are an active participant in an employer-sponsored plan, then the IRA deduction for your IRA and your spouse's IRA contribution is based upon the AGI "phase-out" ranges in exactly the same manner as the phase-out under the "Married Active Participant Filing Joint Tax Returns" or under the "Special Deduction Rule for Spouse Who is not an Active Participant", whichever applies, as explained above.

**\$200 Minimum Deduction** - If you fall into any of the categories listed above, your minimum allowable deduction will be \$200 until phased out under the appropriate marital status. In other words, if your deductible amount calculated under the appropriate dollar amounts above results in a deduction between \$0 and \$200, your permitted deduction is \$200 instead of the calculated deduction.

**Nondeductible IRA Contributions** - You may make a nondeductible IRA contribution in one of two ways. First, you are permitted to treat any regular IRA contributions that are not deductible due to your active participation status as explained above as nondeductible contributions. Secondly, you are permitted to treat an otherwise deductible IRA contribution as a nondeductible contribution. Your total contribution for the year however, is still limited to the lesser of 100% of your compensation or the applicable annual dollar limitation.

Nondeductible IRA contributions represent money in your IRA which has already been taxed. Therefore, when you receive a distribution from any of your traditional IRAs (including SEP IRAs and SIMPLE IRAs), a portion of each distribution will be treated as a tax-free return of your nondeductible contributions. You are responsible for indicating the amount of nondeductible IRA contributions you make for a year on IRS Form 8606 which is attached to your Federal income tax return. You should also be aware that there is a penalty of \$100 if you should overstate the nondeductible amount unless you can show it was due to a reasonable cause. There is also a \$50 penalty if you do not file the IRS Form 8606 for years that you are required to do so.

If you make a nondeductible IRA contribution for a year and you decide not to treat it as a nondeductible contribution, you must withdraw the contribution plus earnings attributable to the nondeductible contribution on or before the tax filing deadline, including extensions, for the year during which the contribution was made. You may not take a deduction for such amounts. Such earnings will be taxable to you in the year in which the contribution was made and may be subject to the 10% additional tax if you are under the age of 59½.

**Special Rules for Qualified Reservist Distributions** – Qualified Reservist Distributions are eligible to be repaid to an IRA within a 2-year period after the end of active duty. A Qualified Reservist Distribution is a distribution received from an IRA by members of the National Guard or reservists who are called to active duty for a period of at least 180 days and such distribution is taken during the period of such active duty. This provision is retroactively effective with respect to distributions after September 11, 2001, for individuals called to active duty after September 11, 2001. The repayments are not treated as tax-free rollovers. Instead, these repayments become basis in the IRA.

**Simplified Employee Pension Plan (SEP) Contributions** - Your employer may make a SEP contribution on your behalf into this IRA up to 25% of your compensation not to exceed a specified dollar limit. This limit is a per employer limit. Therefore if you work for more than one employer who maintains a SEP plan, you may receive up to 25% of your compensation from each employer not to exceed a specified dollar limit. Your employer may contribute to this IRA or any other IRA on your behalf under a SEP plan even if you are age 70½ or over, and even if you are covered under a qualified plan for the year.

In calculating a SEP contribution, there is a maximum compensation limit that can be considered and this compensation limit is subject to cost-of-living adjustments. For 2008, the compensation limit is \$230,000 and for 2009 through 2011 it is \$245,000; for 2012 it is \$250,000 and for 2013 it is \$255,000. Also, there is a maximum SEP contribution limit for each year that is subject to cost-of-living adjustments. For 2008, the maximum SEP contribution limit is \$46,000; for 2009 through 2011 it is \$49,000; for 2012 it is \$50,000 and for 2013 it is \$51,000.



## EXCESS CONTRIBUTIONS

Generally an excess IRA contribution is any contribution which exceeds the applicable contribution limits, and such excess contribution is subject to a 6% excise tax penalty on the principal amount of the excess each year until the excess is corrected. You must file IRS Form 5329 to report this excise tax.

**Method #1: Withdrawing Excess in a Timely Manner** - This 6% penalty may be avoided if the excess amount plus the earnings attributable to the excess are distributed by your tax filing deadline including extensions for the year during which the excess contribution was made, and you do not take a deduction for such excess amount. If you decide to correct your excess in this manner, the principal amount of the excess returned is not taxable, however, the earnings attributable to the excess are taxable to you in the year in which the contribution was made. In addition, if you are under age 59½, the earnings attributable are subject to a 10% premature distribution penalty. This is the only method of correcting an excess contribution that will avoid the 6% penalty.

**Method #2: Withdrawing Excess After Tax Filing Due Date** - If you do not correct your excess contribution under Method #1 prescribed above, then you may withdraw the principal amount of the excess (no earnings need be distributed). The 6% penalty will, however, apply first to the year in which the excess was made and each subsequent year until it is withdrawn.

**Excess Amount May be Taxable** - If the principal amount of your excess contribution is withdrawn after your tax filing deadline for the year during which the contribution was made in accordance with Method #2, it is not taxable unless the total amount of contributions you made during the year the excess was made exceeded the applicable annual dollar limitation. If the aggregate contribution is greater than the applicable annual dollar limitation, the principal amount of the excess withdrawn under Method #2 is taxable and is subject to the 10% additional tax if you are not yet age 59½. There are exceptions to this rule if the excess was due to a rollover where the taxpayer received erroneous information or if the contribution was a SEP contribution.

**Method #3: Undercontributing in a Subsequent Year** - Another method of correcting an excess contribution is to treat a prior year excess as a regular contribution in a subsequent year where you have an unused contribution limit for such subsequent year. Basically, all you do is undercontribute in the first subsequent year where you have an unused contribution limit until your excess amount is used up. However, once again, you will be subject to the 6% penalty in the first year and each subsequent year on any excess contribution that remains as of the end of each year.

## ROLLOVERS AND RECHARACTERIZATIONS

**Rollover Contribution from Another Traditional IRA** - A rollover from another traditional IRA is any amount you receive from one traditional IRA and redeposit (roll over) some or all of it over into another traditional IRA. You are not required to roll over the entire amount received from the first traditional IRA. However, any amount you do not roll over will be taxed at ordinary income tax rates for Federal income tax purposes.

The following special rules also apply to rollovers between IRAs:

- The rollover must be completed no later than the 60th day after the day the distribution was received by you. However, if the reason for distribution was for qualified first time home buyer expenses and there has been a delay or cancellation in the acquisition of such first home, the 60 day rollover period is increased to 120 days. This 60 day rollover period may also be extended in cases of disaster or casualty beyond the reasonable control of the taxpayer.
- You may have only one IRA to IRA rollover during a 12 consecutive month period measured from the date you received a distribution from an IRA which was rolled over to another IRA. (See IRS Publication 590 for more information).
- The same property you receive in a distribution must be the same property you roll over into the second IRA. For example, if you receive a distribution from an IRA of property, such as stocks, that same stock must be the property that is rolled over into the second IRA.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to receive a complete distribution from your IRA in order to make a rollover contribution into another IRA, nor are you required to roll over the entire amount you received from the first IRA.
- If you inherit an IRA due to the death of the participant, you may not roll this IRA into your own IRA unless you are the spouse of the decedent.
- If you are age 70½ or older and wish to roll over to another IRA, you must first satisfy the required minimum distribution for that year and then the rollover of the remaining amount may be made.
- Rollovers from a SEP IRA or an Employer IRA follow the IRA to IRA rollover rules since your contributions under these types of plans are funded directly into your own traditional IRA.

**Special Rollover Rules for Qualified Hurricane Distributions and the Kansas Disaster Area** – Qualified Hurricane and Kansas Disaster Area Distributions are eligible to be rolled over to an IRA within a 3-year period after the eligible individual received such distribution. More information on Qualified Hurricane Distributions and other tax relief provisions applicable to affected individuals of Hurricanes Katrina, Rita or Wilma is in IRS Publication 4492. Taxpayers using these tax relief provisions must file Form 8915 with his or her Federal income tax return. More information on the Kansas Disaster Area is in IRS Publication 4492-A, including instructions for modifying Form 8915.

**Special Rollover Rules for Midwestern Disaster Area Distributions referred to as “Qualified Disaster Recovery Assistance Distributions”** – Qualified Disaster Recovery Assistance Distributions are eligible to be rolled over to an IRA within a 3-year period after the eligible individual received such distribution. More information on the Midwestern Disaster Area is in IRS Publication 4492-B and Form 8930.

**Special Rules for Qualified Settlement Income Received from Exxon Valdez Litigation** - Any qualified taxpayer who receives qualified settlement income during the taxable year, at any time before the end of the taxable year in which such income was received, make one or more contributions to an eligible retirement plan of which such qualified taxpayer is a beneficiary in an aggregate amount not to exceed the lesser of: (a) \$100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior taxable years); or (b) the amount of qualified settlement income received by the individual during the taxable year.

The contribution will be deemed made on the last day of the taxable year in which such income is received if the contribution is made on account of such taxable year and is made not later than the deadline for filing the income tax return for such year, not including extensions thereof.

If the settlement income is contributed to a traditional IRA such income is not currently includible in the taxpayer's gross income

A qualified taxpayer means:

1. Any individual who is a plaintiff in the civil action In re Exxon Valdez, No. 89-095-CV (HRH) (Consolidated) (D. Alaska); or
2. Any individual who is a beneficiary of the estate of such a plaintiff who acquired the right to receive qualified settlement income from that plaintiff and was the spouse or an immediate relative of that plaintiff.

**Rollovers From SIMPLE IRA Plans** - A SIMPLE IRA is a separate IRA that may only receive contributions under an Employer-sponsored SIMPLE IRA Retirement Plan. These contributions must remain segregated in a SIMPLE IRA account for a two-year period measured from the initial contribution made into your SIMPLE IRA under the Employer's SIMPLE IRA plan. A rollover or transfer from a SIMPLE IRA to any other IRA may not occur until this initial two-year period has been satisfied. Rollovers or transfers between SIMPLE IRA plans are permitted without waiting the two-year period. All of the IRA to IRA rollover rules generally apply to rollovers between SIMPLE IRAs.

**Recharacterizations** - You may be able to recharacterize certain contributions under the following two different circumstances:

1. By recharacterizing a current year regular contribution plus earnings explained in this section; or
2. By recharacterizing a conversion made to a Roth IRA by transferring the amount plus earnings back to a traditional IRA discussed in the next section under the heading "Conversion from a Traditional IRA to a Roth IRA".

If you decide by your tax filing deadline (including extensions) of the year for which the contribution was made to transfer a current year contribution plus earnings from your traditional IRA to a Roth IRA, no amount will be included in your gross income as long as you did not take a deduction for the amount of the contribution. You may also recharacterize a current year contribution plus earnings from your Roth IRA to a traditional IRA by your tax filing deadline including extensions of the year for which the contribution was made. A regular contribution that is appropriately recharacterized from your Roth IRA to a traditional IRA may be deductible depending upon the deductibility rules previously discussed. In order to recharacterize a regular contribution from one type of IRA to another type of IRA, you must be eligible to make a regular contribution to the IRA to which the contribution plus earnings is recharacterized. All recharacterizations must be accomplished as a direct transfer, rather than a distribution and subsequent rollover. You are also required to report recharacterizations to the IRS in accordance with the instructions to IRS Form 8606. Any recharacterized contribution (whether a regular contribution or a conversion) cannot be revoked after the transfer. You are required to notify both trustees (and custodians) and to provide them with certain information in order to properly effectuate such a recharacterization.

**Conversion from a Traditional IRA to a Roth IRA** - You are permitted to make a qualified rollover contribution from a traditional IRA to a Roth IRA if your Modified AGI for the year during which the distribution is made does not exceed \$100,000 and you are not a married person filing a separate tax return. This is called a "conversion" and may be done at any time without waiting the usual 12 months. Modified AGI for purposes of a conversion does not include any distributions from a traditional IRA that are converted to a Roth IRA and included in income. Modified AGI is determined before deductible traditional IRA contributions. Effective for distributions after December 31, 2004, modified AGI also does not include any amounts that are required minimum distributions pursuant to section 408(a)(6), but only for purposes of determining eligibility for conversion contributions. Effective in 2010, the restrictions for modified AGI limits and to a married person filing a separate tax returns are repealed.

You are also permitted to recharacterize a conversion made to a Roth IRA if the amount plus earnings is transferred back to a traditional IRA before the tax filing deadline including extensions for the year that the original conversion came from a traditional IRA.

**Taxation in Completing a Conversion from a Traditional IRA to a Roth IRA** - If you complete a conversion from a traditional IRA to a Roth IRA, the conversion amount (to the extent taxable) is generally included in your gross income for the year during which the distribution is made from your traditional IRA that is converted to a Roth IRA. However, the 10% additional income tax for premature distributions does not apply.

For taxable conversions made during 1998, you may include the taxable amount of the traditional IRA distribution in income "ratably" over a four-tax-year period beginning in 1998, or include the entire taxable amount of the traditional IRA distribution in income the year of the conversion. Any taxable conversions from a traditional IRA to a Roth IRA after 1998 will be fully includible in your gross income the year in which you receive the distribution from your traditional IRA that is converted to a Roth IRA. If a taxpayer converts an eligible plan to a Roth IRA in 2010, the entire taxable amount of the conversion can be either: (a) included in gross income for the year of the conversion or (b) included in gross income by including only ½ of the taxable amount the year following the conversion and the remaining ½ of the taxable amount the next year.

**Reconversions** - Once an amount has been properly converted, and is then recharacterized back to a traditional IRA, any subsequent conversion of that amount is called a "reconversion". In general, for reconversions beginning in 2000 and thereafter, you may reconvert an amount at any time after the later of (1) the tax year following the tax year during which the original conversion of that amount occurred; or (2) 30 days following the date that the original conversion of that amount was recharacterized back to a traditional IRA. Since adverse tax consequences could arise, it is recommended that you seek the advice of your own tax advisor.

With respect to 1998 conversions to which the 4-year income spread applied, if the taxpayer dies before including the taxable amounts in income over a 4-year period, all remaining amounts will be included in gross income on the return filed on behalf of the decedent for the taxable year of death. However, if the surviving spouse of such deceased Roth IRA participant is the sole beneficiary of all of the individual's Roth IRAs, the surviving spouse may elect to continue including the remaining amount in income over the 4-year period as if the surviving spouse were the Roth IRA owner. If a distribution is deemed from a 1998 conversion amount and the taxpayer is spreading the distribution over four years, a special rule applies. If such distribution occurs before all taxable conversion amounts have been included in gross income, such distribution is accelerated in gross income for that year in addition to that year's one-fourth amount until the original taxable conversion amount has been includible in gross income. These same rules apply to 2010 conversions subject to the 2-year income spread.

**Qualified Rollover Contribution** - This term includes: (a) Rollovers between Roth IRA accounts; (b) Traditional IRA converted to a Roth IRA; (c) Direct Rollover from an Employer's plan of funds other than a Designated Roth Contribution Account; and (d) a rollover from a Designated Roth Contribution Account to a Roth IRA. Qualified Rollover Contributions must meet the general IRA rollover rules, except that the 12 month rollover restriction does not apply to rollovers (conversions) between a traditional IRA and a Roth IRA. However, the 12-month rule does apply to rollovers between Roth IRAs. Beginning in 2008, rollovers from employer-sponsored plans, such as qualified plans and 403(b)s, to a Roth IRA are permitted. You could also roll over from the employer's plan to a traditional IRA, and then roll over (convert) to a Roth IRA if you meet the conversion eligibility requirements discussed earlier.

**Rollovers From Employer-Sponsored Plans to a Traditional IRA** - The rules discussed in this section apply only to amounts under an employer's plan, other than Designated Roth Contribution Accounts. An eligible rollover distribution from a Designated Roth Contribution Account can be rolled over only to a Roth IRA or another accepting employer's plan. Rollovers to traditional IRAs are permitted if you have received an eligible rollover distribution from one of the following:

- A qualified plan under Section 401(a);
- A qualified annuity under Section 403(a);
- A Tax-Sheltered Annuity (TSA) or Custodial Account under Section 403(b);
- A governmental section 457(b) plan; or
- The Federal Employees' Thrift Savings Plan.

**Eligible Rollover Distributions** - An eligible rollover distribution from one of the employer-sponsored plans listed above generally include any distribution that is not:

1. part of a series of substantially equal payments that are made at least once a year and that will last for:
  - your lifetime (or your life expectancy), or
  - your lifetime and your beneficiary's lifetime (or joint life expectancies), or
  - a period of ten years or more.
2. attributable to your required minimum distribution for the year
3. amounts attributable to any hardship distribution
4. deemed distributions of any defaulted participant loan
5. certain corrective distributions and ESOP dividends

**Rollovers of After-Tax Employee Contributions** - Beginning for eligible rollover distributions you receive after December 31, 2001, you can roll over your after-tax employee contributions to a traditional IRA either as a 60-day rollover or as a direct rollover. If you roll over your after-tax employee contributions to a traditional IRA, you are required to keep track of these amounts as required by the IRS according to their instructions. This will enable you to calculate the nontaxable amount of any future distributions from your traditional IRAs. Once you roll over your after-tax employee contributions to a traditional IRA, it becomes "basis" in the IRA and these amounts cannot later be rolled over to an employer plan.

**Direct Rollover to Another Plan** - You can elect a direct rollover of all or any portion of your payment that is an "eligible rollover distribution", as described above. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to a traditional IRA or another employer plan that accepts rollovers. If you elect a direct rollover, you are not taxed on the payment until you later take it out of the IRA or the employer plan, and you will not be subject to the 20% mandatory Federal income tax withholding otherwise applicable to Eligible Rollover Distributions that are paid directly to you. Your employer is required to provide you with a Notice regarding the effects of electing or not electing a direct rollover to an IRA or another employer plan. Although a direct rollover is accomplished similar to a transfer, the IRA Custodian must report the direct rollover on Form 5498 as a rollover contribution.

**Eligible Rollover Distribution Paid to You** - If you choose to have your eligible rollover distribution paid to you (instead of electing a direct rollover), you will receive only 80% of the payment, because the plan administrator is required to withhold 20% of the payment and send it to the IRS as Federal income tax withholding to be credited against your taxes. However, you may still roll over the payment to an IRA within 60 days after receiving the distribution. The amount rolled over will not be taxed until you take it out of the IRA. If you want to roll over 100% of the payment to an IRA, you must replace the 20% that was withheld from other sources. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over. In either event, the 20% that was withheld can be claimed on your Federal income tax return as a credit toward that year's tax liability.

**Conduit (Rollover) IRAs** - A direct rollover (or rollover within 60 days) of any eligible rollover distribution may generally be treated as a "Conduit IRA", provided that a separate IRA is established for purposes of retaining the ability to later roll these funds back into an employer's plan that accepts the rollover. The conduit IRA need not be completely distributed in order for a rollover back to an employer's plan that accepts rollovers. In addition, a surviving spouse may also treat such conduit IRA for purposes of rolling over into the surviving spouse's employer plan that accepts rollovers.

**Rollovers from Traditional IRAs into Employer-Sponsored Plans** - Beginning for distributions made after December 31, 2001, traditional IRAs are permitted to be rolled over into an employer's plan. The employer's plan must accept these types of rollovers. The maximum amount that can be rolled over from a traditional IRA to an employer's plan that accepts these rollovers cannot exceed the amount that would be taxable. Any amount in a traditional IRA that represents the principal amount of a nondeductible IRA contribution or a rollover of after-tax employee contributions to a traditional IRA or any other basis amount may not be rolled over to an employer's plan. The types of IRAs that can be rolled over to an employer's plan that accepts these rollovers include regular traditional IRAs, rollover "conduit" IRAs, SEP IRAs and SIMPLE IRAs (after the two-year waiting period has been satisfied applicable to SIMPLE IRAs). In determining the maximum amount eligible to be rolled over from an IRA to an employer's plan, you must treat all of these types of IRAs as one IRA. Only the taxable amount is eligible to be rolled over. If you are interested in rolling over your traditional IRAs into your employer's plan, you should contact the plan administrator of your employer's plan for additional information.

**Special Rules for Surviving Spouses, Alternate Payees, and Other Beneficiaries** - If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to your own traditional IRA, an inherited traditional IRA, your own employer's plan that accepts rollovers, or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to your employer's plan that accepts rollovers. If you are the spouse or former spouse alternate payee with respect to a Qualified Domestic Relations Order (QDRO), you may have the payment paid as a direct rollover or paid to you which you may roll over to your own traditional IRA or your own employer's plan that accepts rollovers.

**Special Rules for Nonspouse Beneficiaries** - For distributions prior to 2007, any distribution to a beneficiary other than a surviving spouse was not eligible to be rolled over to an IRA. Beginning in 2007, eligible rollover distributions payable from an employer's plan to a nonspouse beneficiary is eligible for direct rollover into an Inherited IRA. Such amounts must be paid in the form of a direct rollover, rather than a distribution and subsequent rollover. Thus, if the distribution is paid directly by the employer's plan to the nonspouse beneficiary, no rollover is permitted. Also, the IRA receiving the direct rollover must be an Inherited IRA, rather an IRA owned by the nonspouse beneficiary. The Inherited IRA is subject to the same required minimum distributions that apply to beneficiaries under the employer's plan and carries over to the Inherited IRA. The IRA must be established and titled in a manner that identifies it as an IRA with respect to a deceased individual and also identifies the deceased individual and the beneficiary, for example, "Tom Smith as beneficiary of John Smith".

For these purposes, a nonspouse beneficiary includes an individual beneficiary and a trust beneficiary that meets the special "look through" rules under the IRS regulations. A nonindividual beneficiary (such as an estate or charity) or a non-look through trust is not eligible for direct rollover. Any required minimum distributions applicable to the employer's plan for the year in which the direct rollover occurs and any prior year is not eligible for direct rollover.

**The following additional rules apply to a rollover from an employer-sponsored plan to a traditional IRA:**

- The rollover must be completed no later than the 60th day after the day the distribution was received by you.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to roll over the entire amount you received from the employer's plan.
- If you are age 70½ or older and wish to roll over your employer's plan to a traditional IRA, you must first satisfy the minimum distribution requirement for that year and then the rollover of the remaining amount may be made.
- If your distribution consists of property (i.e., stocks) you may either roll over the same property (the same stock) or you may sell the distributed property and roll over the proceeds from the sale. This is true whether the proceeds from the sale are more or less than the fair market value of the property on the date of distribution. You may not keep the property received in the distribution and roll over cash which represents the fair market value of the property.

## DISTRIBUTIONS

**Taxation of Distributions** - When you start withdrawing from your IRA, you may take the distributions in periodic payments, random withdrawals or in a single sum payment. Generally all amounts distributed to you from your IRA are included in your gross income in the taxable year in which they are received. However, if you have made nondeductible contributions to your IRA, rolled over after-tax employee contributions from your employer's plan or repaid a Qualified Reservist Distribution (collectively referred to as "basis"), the nontaxable portion of any distribution from any of your IRAs (except Roth IRAs), if any, will be a percentage based upon the ratio of your unrecovered "basis" to the aggregate of all IRA balances, including SEP, SIMPLE and rollover contributions, as of the end of the year in which you take the distribution, plus distributions from the account during the year. All taxable distributions from your IRA are taxed at ordinary income tax rates for Federal income tax purposes and are not eligible for any favorable tax treatment. You must file Form 8606 to calculate the portion of any IRA distribution that is not taxable. Eligible individuals who receive a Qualified Hurricane Distribution prior to January 1, 2007, may include the taxable portion of the distribution in gross income ratably over a 3-year period. See IRS Form 8915 for more information.

**Premature Distributions** - If you are under age 59½ and receive a distribution from your IRA account, a 10% additional income tax will apply to the taxable portion of the distribution unless the distribution is received due to death; disability; a series of substantially equal periodic payments at least annually over your life expectancy or the joint life expectancy of you and your designated beneficiary; medical expenses in excess of 7½ % of your adjusted gross income; health insurance premiums paid by certain unemployed individuals; qualified acquisition costs of a first time homebuyer; qualified higher education expenses; a qualifying rollover distribution; the timely withdrawal of the principal amount of an excess or nondeductible contribution; due to an IRS levy; qualified hurricane distributions received prior to January 1, 2007; qualified disaster recovery assistance distributions prior to January 1, 2010 or qualified reservist distributions.

If you request a distribution in the form of a series of substantially equal payments, and you modify the payments before 5 years have elapsed and before attaining age 59½, the 10% additional income tax will apply retroactively to the year payments began through the year of such modification.

**Age 70½ Required Minimum Distributions** - You are required to begin receiving minimum distributions from your IRA by your required beginning date (the April 1 of the year following the year you attain age 70½). The year you attain age 70½ is referred to as your "first distribution calendar year". The required minimum for your first distribution calendar year must be withdrawn no later than your required beginning date. The required minimum distribution for your second distribution calendar year and for each subsequent distribution calendar year must be made by December 31 of each such year. Your minimum distribution for each year beginning with the calendar year you attain the age of 70 ½ is generally based upon the value of your account at the end of the prior year divided by the factor for your age derived from the Uniform Lifetime Distribution Period Table regardless of who or what entity is your named beneficiary. This uniform table assumes you have a designated beneficiary exactly 10 years younger than you. However, if your spouse is your sole beneficiary and is more than 10 years younger than you, your required minimum distribution for each year is based upon the joint life expectancies of you and your spouse. The account balance that is used to determine each year's required minimum amount is the fair market value of each IRA you own as of the prior December 31<sup>st</sup>, adjusted for outstanding rollovers (or transfers) as of such prior December 31<sup>st</sup> and recharacterizations that relate to a conversion or failed conversion made in the prior year.

However, no payment will be made from this IRA until you provide the Custodian with a proper distribution request acceptable by the Custodian. Upon receipt of such distribution request, you may switch to a joint life expectancy in determining the required minimum distribution if your spouse was your sole beneficiary as of the January 1<sup>st</sup> of the relevant distribution calendar year and such spouse is more than 10 years younger than you.

In any distribution calendar year you may take more than the required minimum. However, if you take less than the required minimum with respect to any distribution calendar year, you are subject to a Federal excise tax penalty of 50% of the difference between the amount required to be distributed and the amount actually distributed. If you are subject to that tax, you are required to file IRS Form 5329.

**Reporting the Required Minimum Distribution** - Beginning for minimum distributions that are required for calendar 2003, the Custodian must provide a statement to each IRA owner who is subject to required minimum distributions that contains either the amount of the minimum or an offer by the Custodian to perform the calculation if requested by the IRA owner. The statement must inform the IRA owner that required minimum distributions apply and the date by which such amount must be distributed. The statement must further inform the IRA owner that beginning in 2004, the Custodian must report to the IRS that the IRA owner is required to receive a minimum for the calendar year.

**Death Distributions** - If you die before your required beginning date and you have a designated beneficiary, the balance in your IRA will be distributed to your beneficiary over the longer of the beneficiary's single life expectancy or your remaining life expectancy. These distributions must commence no later than December 31<sup>st</sup> of the calendar year following the calendar year of your death. However, if your spouse is your sole beneficiary, these distributions are not required to commence until the December 31<sup>st</sup> of the calendar year you would have attained the age of 70½, if that date is later than the required commencement date in the previous sentence. If you die before your required beginning date and you do not have a designated beneficiary, the balance in your IRA must be distributed no later than the December 31<sup>st</sup> of the calendar year that contains the fifth anniversary of your death.

If you die on or after your required beginning date and you have a designated beneficiary, the balance in your IRA will be distributed to your beneficiary over the beneficiary's single life expectancy. These distributions must commence no later than December 31<sup>st</sup> of the calendar year following the calendar year of your death. If you die on or after your required beginning date and you do not have a designated beneficiary, the balance in your IRA must be distributed over a period that does not exceed your remaining single life expectancy determined in the year of your death reduced by one each year thereafter. However, the required minimum distribution for the calendar year that contains the date of your death is still required to be distributed. Such amount is determined as if you were still alive throughout that year. If your spouse is your sole beneficiary, your spouse may elect to treat your IRA as his or her own IRA, whether you die before or after your required beginning date. If you die after your required beginning date and your spouse elects to treat your IRA as his or her own IRA, any required minimum that has not been distributed for the year of your death must still be distributed to your surviving spouse and then the remaining balance can be treated as your spouse's own IRA.

## PROHIBITED TRANSACTIONS

If you or your beneficiaries engage in a prohibited transaction (as defined under Section 4975 of the Internal Revenue Code) with your IRA, it will lose its tax exemption and you must include the value of your account in your gross income for that taxable year. If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

## PENALTIES

If you are under age 59 ½ and receive a premature distribution from your IRA, an additional 10% income tax will apply on the taxable amount of the distribution unless an exception applies. If you make an excess contribution to your IRA and it is not corrected on a timely basis, an excise tax of 6% is imposed on the excess amount. This tax will apply each year to any part or all of the excess which remains in your account. If you are age 70½ or over or if you should die, and the appropriate required minimum distributions are not made from your IRA, an additional tax of 50% is imposed upon the difference between what should have been distributed and what was actually distributed.

You must file IRS Form 5329 with the Internal Revenue Service for any year an additional tax is due. You must file IRS Form 8606 for any year you make a nondeductible IRA contribution, rollover after-tax employee contributions from your employer's plan, repay a Qualified Reservist Distribution, convert from your traditional IRA to a Roth IRA or recharacterize a contribution to your traditional IRA. The penalty for not filing Form 8606, when required, is \$50.

## INCOME TAX WITHHOLDING

All withdrawals from your IRA (except certain transfers and any recharacterizations) are subject to Federal income tax withholding. You may, however, elect not to have withholding apply to your IRA distribution in most cases. If withholding does apply to your distribution, the applicable rate of withholding is 10% of the amount of the distribution. In addition to Federal income tax withholding, distributions from IRAs may also be subject to state income tax withholding.

## TRANSFERS

**Transfers Between "Like" IRAs** - A direct transfer of all or a portion of your funds is permitted from this IRA to another traditional IRA or visa versa. Transfers do not constitute a distribution since you are never in receipt of the funds. The monies are transferred directly to the new trustee or custodian. If you should transfer all or a portion of your IRA to your former spouse's IRA under a divorce decree (or under a written instrument incident to divorce) or separation instrument, you will not be deemed to have made a taxable distribution, but merely a transfer. The portion so transferred will be treated at the time of the transfer as the IRA of your spouse or former spouse. If your spouse is the beneficiary of your IRA, in the event of your death, your spouse may "assume" your IRA. The assumed IRA is then treated as your surviving spouse's IRA.

**Qualified Charitable Distributions** - If an IRA owner is exactly age 70½ or over, the IRA owner may direct the IRA trustee or custodian to transfer up to \$100,000 per year from the IRA to a qualified charity. Such transfer will not be subject to Federal income taxes. Qualified Charitable Distributions may also be made by a beneficiary who is exactly age 70½ or over. Qualified Charitable Distributions are not subject to Federal income tax withholding. SEP IRAs or SIMPLE IRAs are not permitted to be transferred under this rule.

The amount transferred will be treated as coming from the taxable portion of the IRA and will be an exception to the pro-rata basis recovery rules applicable to traditional IRAs. The tax-free transfer to a qualified charity applies only if the IRA owner could otherwise receive a charitable deduction with respect to the transferred amount. In other words, it must be made to a qualified charitable organization that the taxpayer would have otherwise been able to take a tax deduction for making the charitable contribution. However, since such transfer will be tax-free, the taxpayer may not also take a charitable deduction on his or her tax return.

Since the eligible individual must be at least exactly age 70½ or over, the taxpayer is also subject to required minimum distributions with respect to his or her traditional IRA. However, any amount transferred to the qualified charity under this rule from a traditional IRA will be treated toward satisfying the individual's required minimum distribution for the year, even though the transferred amount is tax-free.

This provision is effective with respect to distributions transferred directly to a qualified charity beginning in 2006 through the end of 2009. The Tax Relief, Unemployment Compensation Reauthorization, and Job Creation Act of 2010 extended Qualified Charitable Distributions for 2010 and 2011 under the same rules that originally applied. Eligible taxpayers who make a Qualified Charitable Distribution during January 2011 may elect to treat such Qualified Charitable Distribution as made on December 31, 2010. Although the IRA trustee or custodian must pay the Qualified Charitable Distribution directly to the qualified charity, the taxpayer is responsible for substantiating and reporting the Qualified Charitable Distribution on his or her Federal income tax return. The Trustee or Custodian of the IRA will report the amount transferred on IRS Form 1099-R as if the IRA owner withdrew the money. After the IRA trustee or custodian issues the payment in the name of the charity, the trustee or custodian may deliver the payment to the IRA owner, who then would deliver the payment to the charity.

**Qualified HSA Funding Distribution** - Beginning for contributions made for 2007 and thereafter, a special one-time, tax-free transfer from an IRA to an HSA is permitted. This one-time transfer counts toward the eligible individual's HSA contribution limit for the year of the transfer.

Prior to 2007, if an IRA owner wanted to use the money in an IRA to make an annual HSA contribution, the distribution from the IRA was taxable and subject to the 10% additional tax if the individual was under the age of 59½. Prior law did not provide for a tax-free transfer from an IRA to an HSA.

Beginning for annual HSA contributions made for 2007 or thereafter, an HSA-eligible individual may make an irrevocable once-in-a-lifetime, tax-free "qualified HSA Funding distribution" from an IRA to an HSA, subject however to strict requirements. The amount of the HSA funding distribution must be made in the form of a trustee-to-trustee transfer from the IRA to the HSA. The amount of the transfer cannot exceed the maximum HSA contribution limit for the year that the amount is transferred. Consequently, this one-time transfer from an IRA to an HSA counts toward the individual's total HSA contribution limit for the year depending upon the type of coverage under the HDHP (self-only or family).

## FEDERAL ESTATE AND GIFT TAXES

Generally there is no specific exclusion for IRAs under the estate tax rules. Therefore, in the event of your death, your IRA balance will be includible in your gross estate for Federal estate tax purposes. However, if your surviving spouse is the beneficiary of your IRA, the amount in your IRA may qualify for the marital deduction available under Section 2056 of the Internal Revenue Code. A transfer of property for Federal gift tax purposes does not include an amount which a beneficiary receives from a IRA plan.

## IRS APPROVAL AS TO FORM

This IRA Custodial Agreement has been approved by the Internal Revenue Service as to form. This is not an endorsement of the plan in operation or of the investments offered.

## ADDITIONAL INFORMATION

You may obtain further information on IRAs from your District Office of the Internal Revenue Service. In particular you may wish to obtain IRS Publication 590 (Individual Retirement Arrangements).

**In General:** IRS regulations require the Custodian to provide you with a financial projected growth of your IRA account based upon certain assumptions.

**Growth in the Value of Your IRA:** Growth in the value of your IRA is neither guaranteed nor projected. The value of your IRA will be computed by totaling the fair market value of the assets credited to your account. At least once a year the Custodian will send you a written report stating the current value of your IRA assets. The Custodian shall disclose separately a description of:

- (a) The type and amount of each charge;
- (b) the method of computing and allocating earnings, and
- (c) any portion of the contribution, if any, which may be used for the purchase of life insurance.

**Custodian/Administrator Fees:** The Custodian or Administrator may charge reasonable fees or compensation for its services and it may deduct all reasonable expenses incurred by it in the administration of your IRA, including any legal, accounting, distribution, transfer, termination or other designated fees. Any charges made by the Custodian or the Administrator will be separately disclosed in the Administrator's Fee Disclosure attached hereto. Such fees may be charged to you or directly to your custodial account. In addition, depending on your choice of investment vehicles, you may incur brokerage commissions attributable to the purchase or sale of assets.