

# Inherited IRA Simplifier<sup>®</sup>

## Inherited Individual Retirement Account Application

INHERITED IRA OWNER'S NAME AND PHYSICAL ADDRESS (PO Box Not Permitted – Also Include Mailing Address if Different from Physical Address)			INHERITED IRA CUSTODIAN'S NAME, ADDRESS AND PHONE	
Social Security Number	Home Phone	Business Phone	Inherited IRA Account Identification	
Date of Birth	E-mail Address		<input type="checkbox"/> Check here if this is an amendment to an existing inherited Traditional IRA.	

ROLLOVER/TRANSFER INFORMATION		Inherited IRA Contribution Type	
Rollover/Transfer Date	Rollover/Transfer Amount	<input type="checkbox"/> Rollover from an inherited employer-sponsored retirement plan account	<input type="checkbox"/> Transfer from an existing eligible Traditional IRA

PLAN PARTICIPANT'S OR ORIGINAL IRA HOLDER'S INFORMATION			
Name	Social Security Number	Date of Birth	Date of Death

PAYMENT ELECTION INFORMATION	
Has there been a payment election made for the assets you inherited from the employer-sponsored retirement plan or Traditional IRA? ..... <input type="checkbox"/> YES <input type="checkbox"/> NO (If Yes, please provide additional information regarding the election below.)	
The previous payment election made (Select one.) <input type="checkbox"/> Five-Year Rule <input type="checkbox"/> Life Expectancy Payments*	
*If life expectancy payments are being taken, what is the date of birth of the individual whose life expectancy is being used to calculate the payment? _____	
<b>NOTE:</b> If incorrect or incomplete information regarding a previous payment election is provided, the Custodian will not be held responsible for any penalties that may be incurred due to removing an insufficient amount.	

SIGNATURES	
<i>Important: Please read before signing.</i> I understand the eligibility requirements for the type of inherited IRA deposit I am making, and I state that I do qualify to make the deposit. I have received a copy of the Application, the 5305-A Plan Agreement, the Financial Disclosure and the Disclosure Statement. I understand that the terms and conditions that apply to this inherited IRA are contained in this Application and the Plan Agreement. I agree to be bound by those terms and conditions. Within seven (7) days from the date I open this inherited IRA I may revoke it without penalty by mailing or delivering a written notice to the Custodian.	
I assume complete responsibility for:	
1. Determining that I am eligible to establish an inherited IRA.	
2. Ensuring that all contributions I make are within the limits set forth by the tax laws.	
3. The tax consequences of any rollover or transfer contribution and distributions.	
_____	_____
(Inherited IRA Owner)	(Date)
_____	_____
(Witness)	(Date)
_____	_____
(Authorized Signature of Custodian)	(Date)



**Self-Directed IRA or ESA**

This account is termed a Self-Directed Individual Retirement Account (IRA) or Education Savings Account (ESA). You may direct the investment of your funds within this IRA or ESA into any investment instrument approved by, or through GoldStar Trust Company. GoldStar Trust Company will not exercise any investments discretion regarding your IRA or ESA, as this is solely your responsibility.

Because this is a Self-Directed IRA or ESA, no projection of the growth of your IRA or ESA can be reasonably shown or guaranteed. The value of your IRA or ESA will be solely dependent upon the performance of any investment instrument chosen by you.

**Investment Options:**

This is a Self-Directed IRA or ESA; you choose the investments which will fund your IRA or ESA. Your investment choices are limited to Church Bonds, Charter School Bonds, Church Loan and Extension Fund Investments, Fixed-Rate Investments, Bank Certificates of Deposit, Money Market Funds, Mutual Funds, Publicly Traded Securities in U.S. Exchanges, Privately Offered Stock, Brokerage Accounts, REITs, Limited Liability Company Stock, Promissory Notes or Corporate Debt Offerings, American Eagle gold, silver, platinum and palladium coins, and other coins as allowed under Internal Revenue Code Section 408(m)(3) and other precious metals products that meet the minimum fineness requirements, Swiss Annuities, Treasuries and Approved Bank Accounts Outside the U.S.

Examples of investments not permitted in the Self-Directed IRA or ESA are Limited Partnerships, Real Estate, Collectibles, and Viaticals.

**IRA and ESA Types:**

**Church Bond IRA or ESA** - May hold only Church or Charter School Bonds. Also includes Church Loan and Extension Fund Investments where the accountholder pays the fee.

**Standard IRA or ESA** - May hold any number or combination of Fixed-Rate Investments, Bank Certificates of Deposit, Money Market Funds, Mutual Funds, Publicly Traded Securities in U.S. Exchanges, Privately Offered Stock, Brokerage Accounts, REITs, and Limited Liability Company Stock, Promissory Notes or Corporate Debt Offerings as well as Church or Charter School Bonds.

**Specialized IRA or ESA** - May hold any number or combination of American Eagle gold, silver, platinum and palladium coins, and other coins as allowed under Internal Revenue Code Section 408(m)(3) and other precious metals products that meet the minimum fineness requirements, Swiss Annuities, Treasuries, Approved Bank Accounts Outside the U.S. as well as any asset allowed in the Church Bond and/or Standard IRA or ESA.

Fees	Church Bond IRA or ESA	Standard IRA or ESA	Specialized IRA or ESA
<b>Annual Maintenance Fee:</b> The fee must be paid when the account is established and will be billed annually upon anniversary date.	\$45	\$50	Eight-hundredths of 1% (.0008) of total market value. Minimum=\$60; Maximum = \$250 Accounts with a total market value over \$75,000 will have a fee greater than \$60 The market value used to determine the fee will include any additional funds received within the first 30 days of the account being initially funded.

**Fees Specific to Type of Asset:**

<b>Church and Charter School Bonds:</b> Purchase, Sale, Maturity or Call <i>Above fees do not apply to any investments for which GoldStar is the paying agent and registrar.</i> The fee for each applicable transaction completed during the year will be accrued and added to the annual maintenance fee billing. The fee is <u>not</u> taken when the service is rendered.	\$5 Each	\$5 Each	\$5 Each
<b>All Allowable Assets other than Church Bonds, Precious Metals, Listed Securities, U.S. Treasuries, Bank Accounts Held Outside the US, and Swiss Annuities,</b> Purchase, Sale, Maturity or Call The fee for each applicable transaction completed during the year will be accrued and added to the annual maintenance fee billing. The fee is <u>not</u> taken when the service is rendered.	N/A	\$5 Each	\$5 Each
<b>Listed Securities and U.S. Treasuries:</b> Investment, Sale, Distribution, or Transfer <i>Applies only to security trades transacted by GoldStar's omnibus account at Primevest Financial Services, Inc. and all U.S. Treasury Securities.</i> Charged when the service is rendered.	N/A	Brokerage Fees (at cost) plus \$25	Brokerage Fees (at cost) plus \$25

<b>Bank Accounts Outside the U.S.:</b>			
Annual Asset Holding Fee The fee must be paid when the account is established and will be billed annually with maintenance fee.	N/A	N/A	\$200
Currency Exchange Order	N/A	N/A	\$15
Additional Purchase and/or Liquidation Order Charged when the service is rendered.	N/A	N/A	\$75

<b>Swiss Annuities:</b>			
Annual Asset Holding Fee The fee must be paid when the account is established and will be billed annually with maintenance fee.	N/A	N/A	\$25
Establishment, Distribution or Transfer	N/A	N/A	\$100
Modification or Surrender Charged when the service is rendered.	N/A	N/A	\$25

<b>Precious Metals:</b>			
Investment or Liquidation	N/A	N/A	\$40
Distribution or Transfer	N/A	N/A	\$25
Coin/Bar Shipping and Handling to a Dealer, Supplier, or a Different Depository Charged when the service is rendered.	N/A	N/A	Cost of Shipping and Insurance Plus \$10
Coin/Bar Shipping and Handling Directly to the Accountholder Charged when the service is rendered. Cash on Delivery.	N/A	N/A	Cost of Shipping and Insurance COD - Cash on Delivery

<b>Precious Metals Storage Fee:</b>			
The fee must be paid when the account is established and will be billed annually in the month that the depository first received notification of the metals to be purchased.	N/A	N/A	\$1.00 per \$1,000 of value (10 basis points) with a \$100 minimum storage fee. No maximum fee.
The market value used to determine the fee will include the value of all metals reported to the depository to be purchased within the first 30 days of the initial purchase.			Accounts holding metals with values in excess of \$100,000 will have a storage fee greater than \$100.

**General Account Administration Fees:** Charged when the service is rendered.

Distribution Via Check Fee	\$5	\$5	\$5
Distribution Via Wire Fee	\$25	\$25	\$25
Distribution Via ACH Fee	Free	Free	Free
Periodic Distributions Via ACH Fee	Free	Free	Free
Wire Transfer Fee	\$25	\$25	\$25
Overnight Fee	\$25	\$25	\$25
Partial Transfer Fee	\$25	\$25	\$25
Roth Conversion Fee	\$25	\$25	\$25
Research Assistance/Special Service Fee	\$25/hour - 1 hour minimum	\$25/hour - 1 hour minimum	\$25/hour - 1 hour minimum
Insufficient Funds / Returned Check Fee	\$50	\$50	\$50
Late Fees Any fees not paid within 30 days of the due date will have late fees accrue at the rate of .0083% per month or 10% per annum.	.0083% per month or 10% per annum	.0083% per month or 10% per annum	.0083% per month or 10% per annum

<b>Cash Management Fee:</b>	GoldStar Trust Company receives a monthly record keeping fee on the uninvested cash equal to .000833 or 1.00% per annum. If and when the interest rate earned on the uninvested cash in a given month is below 1.15%, .15% will be paid on the uninvested cash and the difference will be retained as the record keeping fee. Interest earnings will be posted monthly to each account. Accounts that close during a month will not earn interest for that month.		
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<b>Termination Fees:</b>			
Full Termination Fee	\$50	\$50	\$50

**Right to Make Adjustments to this Fee Schedule:**

GoldStar Trust Company reserves the right to make any adjustments in its fees for custodial or agency services when such adjustments are warranted by changes in governing laws, regulations operating technology or economic conditions. This schedule may be modified only upon revision by GoldStar of its published schedule of IRA fees. Such fees shall become effective on the 30th day after mailing the notice of such revision to the participant at the address shown on the records of GoldStar.

**Earnings:**

The method for computing and allocating annual earnings (interest, dividends, etc.) on your investments will vary with the nature and issuer of the investment chosen. Please refer to the prospectus or contract of the investment(s) of your choice for the method(s) used for computing and allocating annual earnings. The valuations of nonstandard assets such as Privately Offered Stock and other Private Placement Investments are reported at either the most recent price provided to the custodian by the investment issuer or at investment cost. Nonstandard assets are generally illiquid, and the custodian does not seek to verify the valuations provided to it by the investment issuer. The custodian does not guarantee that the reported valuation could be received in the event the position was sold or liquidated. As such, the reported valuation may be different from the actual value and should be used as guidance and for reporting purposes only since the valuation was not obtained or verified by a third party.

Custodian shall be under no obligation to forward any proxies, financial statements or other literature received by it in connection with or relating to Custodial Property held under this agreement. Custodian shall be under no obligation to take any action with regard to proxies, stock dividends, warrants, rights to subscribe, plans of reorganization or recapitalization, or plans for exchange of securities.

# **GOLDSTAR TRUST COMPANY**

## **IRA Customer Identification Requirements**

Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) authorizes and requires the Department of the Treasury to add to its rules for banks to establish Customer Identification Programs. Previously, trust companies were not treated as banks and trust relationships were not treated as "accounts." However, GoldStar and the GoldStar IRA account establishment process are now subject to these requirements.

### **Notice**

Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

When you open an account, we will ask for your name, residence address, social security number, date of birth, and other information that will allow us to identify you. We may also ask for copies of your passport, driver's license or other identifying documents.

We are required to compare your identity to lists of persons and organizations maintained by any federal agency designated by the Department of the Treasury. If your name appears on any of these lists, we must refuse to open your account, close your account if it is already open, notify federal authorities, and follow all federal directives. If you attempt to falsify or conceal your identity, we may be required to file a Suspicious Activity Report.

We may also use independent sources to verify identifying information. Federal law requires us to retain the identification information for a certain period of time (currently five years after closing your account), and may require that we provide this information to federal authorities without notice to you.

This notice is in addition to our Privacy Disclosure and may describe potential disclosures of non-public personal information that were not known to us at the time that the Privacy Disclosure was prepared.

### **Identifying Documents Requested**

The easiest means for GoldStar to comply is to receive documents with your application, such as:

- Any document with your notarized signature.
- A notarized copy of your passport or driver's license or other state-issued photo ID that is not expired.
- An ordinary copy of your unexpired photo ID, if GoldStar is able to complete other procedures.

### **Identifying Documents Required**

If you intend to direct investment outside the U.S., GoldStar will require a notarized copy of your passport (or driver's license if you do not have a passport). This may be the same document that is to be forwarded to a non-U.S. bank.

### **Questions or Concerns?**

GoldStar Trust Company  
Investor Services Department  
P.O. Box 719  
Canyon, TX 79015  
800-486-6888

# INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-A under Section 408(a) of the Internal Revenue Code

FORM (REV. MARCH 2002)

The Depositor named on the Application is establishing a Traditional individual retirement account under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian named on the Application has given the Depositor the disclosure statement required by Regulations section 1.408-6.

The Depositor has assigned the custodial account the sum indicated on the Application.

The Depositor and the Custodian make the following agreement:

## ARTICLE I

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

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

## ARTICLE III

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

## ARTICLE IV

1. 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.
2. 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.
3. 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 (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 (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 (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 (a)(i) and (a)(ii) above (but not over the period in paragraph (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 (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (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. If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the account.
  5. 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 2(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 (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 3(a) and 3(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 3(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 3(a) and 3(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.
  6. 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

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

## ARTICLE VI

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

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 Application.

## ARTICLE VIII

- 8.01 *Definitions:* In this part of this Agreement (Article VIII), the words "you" and "your" mean the Inherited IRA Owner, the words "we," "us" and "our" mean the Custodian, "Inherited IRA Owner" means the individual establishing this inherited IRA with either a direct rollover contribution from an eligible inherited employer-sponsored retirement plan or a transfer from an inherited IRA, "Code" means the Internal Revenue Code, and "Regulations" means the Treasury Regulations.
- 8.02 *Notices and Change of Address:* Any required notice regarding this inherited IRA will be considered effective when we send it to the intended recipient at the last address which we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.
- 8.03 *Representations and Responsibilities:* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us, or action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions

from you regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your inherited IRA. We have no duty to determine whether your contributions or distributions comply with the Code, Regulations, rulings or this Agreement. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We shall not be responsible for losses of any kind that may result from directions, actions or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act by your authorized agent. You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

By performing services under this Agreement we are acting as your agent. You acknowledge and agree that nothing in this Agreement shall be construed as conferring fiduciary status upon us. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorney's fees, arising from, or in connection with this Agreement.

To the extent written instructions or notices are required under this Agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

8.04 *Service Fees:* We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover or termination fee) for maintaining your inherited IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your inherited IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your inherited IRA at our discretion. We reserve the right to charge any additional fee upon 30 days notice to you that the fee will be effective. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this inherited IRA.

Any brokerage commissions attributable to the assets in your inherited IRA will be charged to your inherited IRA. You cannot reimburse your inherited IRA for those commissions.

8.05 *Restrictions on Contributions to the Inherited IRA:* Your inherited IRA may receive direct rollover contributions from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity or 457(b) governmental deferred compensation plan after December 31, 2006, that you inherited as an eligible beneficiary, or a transfer from an IRA that you inherited as a beneficiary. You may not make any regular annual contributions to this inherited IRA.

8.06 *Investment of Amounts in the Inherited IRA:* You have exclusive responsibility for and control over the investment of the assets of your inherited IRA. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this Agreement. After your death, your successor beneficiary(ies) shall have the right to direct the investment of your inherited IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement (including, without limitation, Section 8.03 of this article). We shall have no discretion to direct any investment in your inherited IRA. We assume no responsibility for rendering investment advice with respect to your inherited IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your inherited IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we shall have the right to hold any uninvested amounts in cash, and we shall have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your inherited IRA unless you provide timely written directions acceptable to us.

You will select the type of investment for your inherited IRA assets, provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for investment in IRAs. We may, in our sole discretion, make available to you, additional investment offerings, which shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

8.07 *Successor Beneficiary(ies):* If permitted by state law, we may allow you to name a successor beneficiary(ies) for the inherited IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Unless otherwise specified, each inherited IRA beneficiary designation form that you file with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for you to revoke a successor beneficiary(ies) designation. If you do not designate a successor beneficiary(ies), your estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for you.

8.08 *Required Minimum Distributions:* You are required to take minimum distributions from your inherited IRA. The options available to you as a beneficiary of a deceased plan participant or deceased IRA holder are described in Article IV, Section 3. If you elect to take life expectancy payments, the payment must be removed each year by December 31. If you have previously made a distribution election with the prior plan or IRA, you may not extend the distribution period for that election by moving it to an inherited IRA. An exception applies if you have inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan, and previously elected or defaulted to the five-year rule. The five-year rule election may be changed to a life expectancy payment election if a life expectancy-based payment is taken by December 31 of the year following the year of the original owner's death.

If you have elected to take life expectancy payments and fail to request your required minimum distribution by December 31, we can, at our complete and sole discretion, do any one of the following:

- make no distribution until you give us a proper withdrawal request;
- distribute your entire inherited IRA to you in a single sum payment; or
- determine your required minimum distribution from your inherited IRA each year based on your life expectancy, calculated using the single life table in Regulations section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise.

We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution.

8.09 *Termination of Agreement, Resignation, or Removal of Custodian:* Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your inherited IRA to another financial organization. If you do not complete a transfer of your inherited IRA within 30 days from the date we mail the notice to you, we have the right to transfer your inherited IRA assets to a successor IRA custodian or trustee that we choose in our sole discretion, or we may pay your inherited IRA to you in a single sum. We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this Agreement is terminated, we may charge to your inherited IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to, one or more of the following:

- any fees, expenses or taxes chargeable against your inherited IRA;
- any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your inherited IRA.

If we are required to comply with Regulations section 1.408-2(e), and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or Regulations, the IRS may, after notifying you, require you to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your inherited IRA to you in cash or property if the balance of your inherited IRA drops below the minimum balance required under the applicable investment or policy established.

8.10 *Successor Custodian:* If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion which includes your inherited IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your inherited IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.

- 8.11 *Amendments:* We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.
- 8.12 *Withdrawals or Transfers:* All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.
- At your death your successor beneficiary(ies), if any, must continue taking distributions in accordance with the distribution method you had chosen. We will make no distributions to you from your inherited IRA until you provide us with a written request for a distribution on a form provided by or acceptable to us.
- 8.13 *Liquidation of Assets:* We have the right to liquidate assets in your inherited IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties or surrender charges properly chargeable against your inherited IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree not to hold us liable for any adverse consequences that result from our decision.
- 8.14 *Restrictions on the Fund:* Neither you nor any successor beneficiary may sell, transfer or pledge any interest in your inherited IRA in any manner whatsoever, except as provided by law or this Agreement.
- The assets in your inherited IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.
- 8.15 *What Law Applies:* This Agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this Agreement, the law of our domicile shall govern.

If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our 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 your right or our right thereafter to enforce each and every such provision.

## 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 and 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 identification 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.

# DISCLOSURE STATEMENT

## RIGHT TO REVOKE YOUR INHERITED IRA

You have the right to revoke your inherited IRA within seven (7) days of the receipt of the Disclosure Statement. If revoked, you are entitled to a full return of the contribution you made to your inherited IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your inherited IRA, please call the Custodian at the telephone number listed on the Application.

## REQUIREMENTS OF AN INHERITED IRA

- A. **CONTRIBUTIONS** – Your contribution must be either a rollover contribution from an inherited employer-sponsored retirement plan or a transfer contribution from an inherited IRA. Your rollover or transfer contribution may be in cash and/or property.
- B. **ANNUAL CONTRIBUTIONS** – You may not make regular annual contributions to your inherited IRA.
- C. **NONFORFEITABILITY** – Your interest in your inherited IRA is nonforfeitable.
- D. **ELIGIBLE CUSTODIANS** – The Custodian of your inherited IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- E. **COMMINGLING ASSETS** – The assets of your inherited IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- F. **LIFE INSURANCE** – No portion of your inherited IRA may be invested in life insurance contracts.
- G. **COLLECTIBLES** – You may not invest the assets of your inherited IRA in collectibles (within the meaning of Code section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in Code section 408(m)(3)) are also permitted as inherited IRA investments.
- H. **REQUIRED MINIMUM DISTRIBUTIONS** – You are required to take minimum distributions from your inherited IRA at certain times in accordance with Regulations section 1.408-8. The calculation of the required minimum distribution is based, in part, on determining the original owner's designated beneficiary. A designated beneficiary is determined based on the beneficiary(ies) designated as of the date of the original owner's death, who remain beneficiary(ies) as of September 30 of the year following the year of the original owner's death. Below is a summary of the inherited IRA distribution rules.

If the original IRA owner or employer-sponsored retirement plan participant died

1. on or after the original owner's required beginning date, distributions must be made to you over the longer of your single life expectancy, or the original owner's remaining life expectancy. If the original owner's designated beneficiary was not an individual or qualified trust as defined in the Regulations, the original IRA or employer-sponsored retirement plan will be treated as having no designated beneficiary for purposes of determining the distribution period. If there is no designated beneficiary of the original IRA or employer-sponsored retirement plan, distributions will commence using the original owner's single life expectancy, reduced by one in each subsequent year.
2. before the original owner's required beginning date, the entire amount remaining in the account will, at your election, either
  - (a) be distributed by December 31 of the year containing the fifth anniversary of the original owner's death, or
  - (b) be distributed over your remaining life expectancy.

As a designated beneficiary of the original owner, you must elect either option (a) or (b) by December 31 of the year following the year of the original owner's death. If no election is made, the distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of the original owner's death. If the original owner's designated beneficiary is not an individual or qualified trust as defined in the Regulations, the original IRA or employer-sponsored retirement plan will be treated as having no designated beneficiary(ies) for purposes of determining the distribution period. If there is no designated beneficiary of the original IRA or employer-sponsored retirement plan, the entire inherited IRA must be distributed by December 31 of the year containing the fifth anniversary of the original owner's death.

If you have inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity of 457(b) governmental deferred compensation plan and have either elected or defaulted to payments under the five-year rule, you may change to a life expectancy payment election if a life-expectancy based payment is taken by December 31 of the year following the year of the original owner's death.

- I. **WAIVER OF 2009 BENEFICIARY PAYMENT** – You are not required to take a beneficiary life expectancy payment from your inherited IRA for calendar year 2009. In addition, if the five year rule applies to your inherited IRA, the five year period is determined without regard to calendar year 2009. For example, if the original IRA owner died in 2007, your five year period will end in 2013 instead of 2012.

## INCOME TAX CONSEQUENCES OF ESTABLISHING AN INHERITED IRA

- A. **TAX-DEFERRED EARNINGS** – The investment earnings of your inherited IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).
- B. **TAXATION OF DISTRIBUTIONS** – The taxation of inherited IRA distributions depends on whether or not the original owner had ever made nondeductible IRA contributions or after-tax contributions to the employer-sponsored retirement plan. If the original owner had only made deductible IRA contributions or pre-tax contributions to an employer-sponsored retirement plan, any inherited IRA distribution will be fully included in income.

If the original owner had ever made nondeductible contributions to an IRA or after-tax contributions to an employer-sponsored retirement plan, the following formula must be used to determine the amount of any inherited IRA distribution excluded from income.

$$\frac{\text{(Aggregate Nondeductible Contributions)} \times \text{(Amount Withdrawn)}}{\text{Aggregate IRA Balance}} = \text{Amount Excluded from Income}$$

**NOTE:** Aggregate nondeductible contributions include all nondeductible contributions made by the original owner through the end of the year of the distribution (which have not previously been withdrawn and excluded from income). Also note that the aggregate IRA balance includes the total balance of all of the original owner's IRAs as of the end of the year of distribution and any distributions occurring during the year.

- C. **ROLLOVERS AND TRANSFERS** – Your inherited IRA may receive a rollover contribution from an inherited employer-sponsored retirement plan or a transfer from another inherited IRA. Rollover is a term used to describe a tax-free movement of cash or other property to your inherited IRA from a qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan that you have inherited as a nonspouse beneficiary. The rollover and transfer rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or transfer, please see a competent tax advisor.
  1. **Traditional IRA to Inherited Traditional IRA Transfer** – Funds you have inherited from a deceased Traditional IRA owner may be directly transferred to an inherited IRA.
  2. **Employer-Sponsored Retirement Plan to Inherited IRA Rollover** – As a spouse, nonspouse, or qualified trust beneficiary of a deceased employer plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.
  3. **Written Election** – At the time you make a proper rollover to an inherited IRA, you must designate in writing to us, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

## LIMITATIONS AND RESTRICTIONS

- A. **DEDUCTION OF ROLLOVERS AND TRANSFERS** – A deduction is not allowed for rollover contributions or transfers to the inherited IRA.
- B. **GIFT TAX** – Transfers of your inherited IRA assets to a successor beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.
- C. **SPECIAL TAX TREATMENT** – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to inherited IRA distributions.
- D. **INCOME TAX TREATMENT** – Any withdrawal from your inherited IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your inherited IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.

- E. *PROHIBITED TRANSACTIONS* – If you or any successor beneficiary engage in a prohibited transaction with your inherited IRA, as described in Code section 4975, your inherited IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your inherited IRA: (1) taking a loan from your inherited IRA; (2) buying property for personal use (present or future) with inherited IRA funds; or (3) receiving certain bonuses or premiums because of your inherited IRA.
- F. *PLEDGING* – If you pledge any portion of your inherited 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 the taxable year in which you pledge the assets.

#### **FEDERAL TAX PENALTIES**

- A. *EARLY DISTRIBUTION PENALTY* – The additional 10 percent early distribution penalty tax will not apply to any distributions taken from the inherited IRA since each distribution is considered a death distribution, which is an early distribution penalty exception.
- B. *EXCESS ACCUMULATION PENALTY* – As previously described, you must take required minimum distributions from the inherited IRA. Your successor beneficiary(ies) is required to take certain minimum distributions after your death. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.
- C. *PENALTY REPORTING* – You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

#### **OTHER**

- A. *IRS PLAN APPROVAL* – The Agreement used to establish this inherited IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. *ADDITIONAL INFORMATION* – You may obtain further information on IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting [www.irs.gov](http://www.irs.gov) on the Internet.
- C. *IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT* – To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.