



Dear IRA Beneficiary:

At GoldStar Trust Company, we understand how difficult it is to know and comprehend your options as the beneficiary of an IRA, as well as the paperwork needed to complete a desired transaction. We hope the enclosed forms and information provided will make this process as easy as possible.

An IRA that has no beneficiary named, or named a non-person (trust, estate, corporation, etc.) as the beneficiary, has limited options to choose from regarding the treatment of the IRA. The options available, as listed on the following page, depend on two things:

- 1) The type of IRA the original IRA holder owned (Traditional, SEP, or SIMPLE IRA vs. Roth IRA); and
- 2) The age of the IRA holder when he or she passed away. The age of the IRA holder is only applicable if the IRA held was a Traditional, SEP, or SIMPLE IRA

The beneficiary of an IRA holder who passed away on or after April 1st of the year following the year the IRA holder turned 70 ½ (the required beginning date) will have a different set of options than the beneficiary of an IRA holder that passed away before this date or who held a Roth IRA.

Simply complete the enclosed forms and mail to GoldStar Trust Company with any other required documents. Once all required items are received, your request will be processed.

Please call our Investor Services department at 1-800-486-6888 if you have any questions regarding this process or require any additional forms that are needed to complete your desired transaction.

Sincerely,

Investor Services Department



**ORIGINAL IRA OWNER INFORMATION**

Name of Deceased IRA Owner (first, middle, last) \_\_\_\_\_

Social Security # \_\_\_\_\_ Account Type (check only one)  
 Traditional or SEP IRA  Simple IRA

Date of Owner's Death (month, day, year) \_\_\_\_\_ Date of Owner's Birth (month, day, year) \_\_\_\_\_

**NEW IRA OWNER INFORMATION**

Name (first, middle initial, last) or Trust, Estate or Organization Name \_\_\_\_\_

Address \_\_\_\_\_ Social Security # \_\_\_\_\_

\_\_\_\_\_ Daytime Phone \_\_\_\_\_

Date of Birth \_\_\_\_\_

**NEW IRA SIGNATURE**

\_\_\_\_\_ Date \_\_\_\_\_

PLEASE SELECT FROM EITHER OPTION 1 OR OPTION 2 AS BENEFICIARY OF THE IRA

**OPTION 1**

If the IRA owner passed away **before** their required beginning date (April 1st of the year following the year the IRA holder turned 70½) **or** held a Roth IRA, please choose from these following options: **(Check only one)**

**1. FIVE-YEAR RULE** \_\_\_\_\_

This option allows you a five-year period to distribute all assets from the deceased IRA holder's IRA. The five-year period ends on December 31 of the fifth year following the date of death.

**2. FULL WITHDRAWAL AND CLOSURE OF ACCOUNT** \_\_\_\_\_

This option will distribute all cash and assets in the account in-kind (if possible) to the beneficiary. Once the assets in the account are distributed to the beneficiary, the account will be closed.



**REQUIRED DOCUMENTS TO COMPLETE THE TRANSACTION:**

- 1) Completed Inherited IRA Simplifier.
- 2) Copy of driver's license or passport.
- 3) Certified copy of the death certificate (a photocopy is not acceptable)
- 4) Completed IRA withdrawal statement (if making a withdrawal).
- 5) Liquidation paperwork (if needed).
- 6) Corporate Resolution, with corporate seal, if Trustee or Custodian is a corporation; **or**
- 7) Certified copy of Letters of Testamentary (or Letters of Administration) with court seal (dated within 60 days of transfer request)  
**or** a Small Estate Affidavit (dated no more than 30 days after death) [if allowed by the state in which the deceased owner lived];  
**or**
- 8) If the current trustee, or custodian, was court appointed, a certified copy of the court approved document naming the successor trustee, or custodian, must be provided.



**OPTION 2**

If the IRA owner passed away **on or after** their required beginning date (April 1st of the year following the year the IRA holder turned 70 ½) please choose from these following options: **(Check only one)**

**1. SINGLE LIFE EXPECTANCY PAYMENTS BEGUN BY 12/31 OF THE YEAR FOLLOWING THE YEAR OF DEATH** \_\_\_\_\_  
This option allows you to inherit the IRA and begin taking minimum distributions, at least annually, by 12/31 of the year following the year of death. GoldStar will calculate the distribution amount needed for you.

**2. FULL WITHDRAWAL AND CLOSURE OF ACCOUNT** \_\_\_\_\_  
This option will distribute all cash and assets in the account in-kind (if possible) to the beneficiary. Once the assets in the account are distributed to the beneficiary, the account will be closed.



**REQUIRED DOCUMENTS TO COMPLETE THE TRANSACTION:**

- 1) Completed Inherited IRA Simplifier.
- 2) Copy of driver's license or passport.
- 3) Certified copy of the death certificate (a photocopy is not acceptable)
- 4) Completed IRA withdrawal statement (if making a withdrawal).
- 5) Liquidation paperwork (if needed).
- 6) Corporate Resolution, with corporate seal, if Trustee or Custodian is a corporation; **or**
- 7) Certified copy of Letters of Testamentary (or Letters of Administration) with court seal (dated within 60 days of transfer request)  
**or** a Small Estate Affidavit (dated no more than 30 days after death) [if allowed by the state in which the deceased owner lived];  
**or**
- 8) If the current trustee, or custodian, was court appointed, a certified copy of the court approved document naming the successor trustee, or custodian, must be provided.

◆ All Traditional, SEP and Simple IRA holders are required to take annual required minimum distributions (RMDs) from their IRAs once they attain age 70½. The first RMD must be distributed by the IRA holder's required beginning date.

◆ Beneficiaries will be required to take any minimum distributions not taken by the original owner of the IRA in the year of the death.

*Please contact our Investor Services Department at 1-800-486-6888 if you have any questions.*

# Inherited IRA Simplifier®

## Inherited Individual Retirement Account Application

INHERITED IRA OWNER'S NAME AND ADDRESS			INHERITED IRA CUSTODIAN'S NAME, ADDRESS AND PHONE	
<b>Social Security Number</b>	<b>Home Phone</b>	<b>Business Phone</b>	<b>Inherited IRA Account Identification</b>	
<b>Date of Birth</b>	<b>E-mail Address</b>		<input type="checkbox"/> Check here if this is an amendment to an existing inherited Traditional IRA.	

ROLLOVER/TRANSFER INFORMATION		Inherited IRA Contribution Type	
<b>Rollover/Transfer Date</b>	<b>Rollover/Transfer Amount</b>	<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 <i>(If Yes, please provide additional information regarding the election below.)</i>	
The previous payment election made <i>(Select one.)</i> <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)

# INHERITED IRA DESIGNATION OF BENEFICIARY

*The term Inherited IRA will be used below to mean Traditional IRA, Roth IRA and SIMPLE IRA, unless otherwise specified.*

*The term Inherited IRA Holder is used below to mean the beneficiary who is entitled to receive distribution(s) from the Inherited IRA.*

*The Inherited IRA Holder is using this form to name his or her beneficiary(ies) of the Inherited IRA.*

INHERITED IRA HOLDER'S NAME AND ADDRESS			INHERITED IRA TRUSTEE'S OR CUSTODIAN'S NAME AND ADDRESS		
Social Security Number	Date of Birth	Home Phone	Inherited IRA Account Identification	Type of Inherited IRA	Trustee's or Custodian's Phone Number
				<input type="checkbox"/> Traditional IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> SIMPLE IRA	

Deceased IRA Holder's Name	Deceased IRA Holder's Social Security Number	Deceased IRA Holder's Account Identification	Prior Trustee's Or Custodian's Phone Number

## DESIGNATION OF BENEFICIARY(ies)

**Select One:**

- NAME/REPLACE BENEFICIARY(IES)** – I designate the individual(s) or entity named below as my primary and/or contingent beneficiary(ies) of this Inherited IRA and hereby revoke all prior beneficiary(ies) designations, if any, made by me.
- ADD BENEFICIARY(IES)** – I designate the individual(s) or entity named below as my primary and/or contingent beneficiary(ies) of this Inherited IRA. This list supplements, but does not replace, the beneficiary(ies) previously designated by me on the date specified. *(When adding beneficiaries, if the share % of previously designated beneficiary(ies) changes, restate all beneficiaries and the corresponding share % if the previous percentages are no longer correct.)*

\_\_\_\_\_ (Document beneficiary(ies) are listed on)

\_\_\_\_\_ (Date)

**If neither primary nor contingent is indicated, the individual or entity will be deemed to be a primary beneficiary.** If more than one primary beneficiary is designated and no distribution percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the Inherited IRA. Multiple contingent beneficiaries with no share percentage indicated will also be deemed to share equally. If any primary or contingent beneficiary dies before me, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro rata basis. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my Inherited IRA.

No.	Beneficiary's Name and Address	Date of Birth	Social Security Number	Relationship	Primary or Contingent	Share %
1.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
2.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
3.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
4.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%

### SPOUSAL CONSENT

*This section should be reviewed if either the trust or the residence of the Inherited IRA Holder is located in a community or marital property state and the Inherited IRA Holder is married. Due to the important tax consequences of giving up one's community property interest, individuals signing this section should consult with a competent tax or legal advisor.*

#### CURRENT MARITAL STATUS

- I Am Not Married** – I understand that if I become married in the future, I must complete a new Inherited IRA Designation Of Beneficiary form.
- I Am Married** – I understand that if I choose to designate a primary beneficiary other than my spouse, my spouse must sign below.

I am the spouse of the above-named Inherited IRA Holder. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Due to the important tax consequences of giving up my interest in this Inherited IRA, I have been advised to see a tax professional.

I hereby give the Inherited IRA Holder any interest I have in the funds or property deposited in this Inherited IRA and consent to the beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the Trustee or Custodian.

\_\_\_\_\_  
(Signature of Spouse)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature of Witness)

\_\_\_\_\_  
(Date)

### SIGNATURES

I understand that I am responsible for determining my eligibility to change or add beneficiaries within the limits set forth by law, related regulations and plan agreements.

I also understand that if I am eligible to change or add beneficiaries, I may change or add beneficiaries at any time by completing and delivering the proper form to the Trustee or Custodian.

The Trustee or Custodian has provided no tax or legal advice to me regarding my beneficiary designations. Due to the important rules and tax consequences of naming, changing or adding beneficiaries, I have been advised to see a tax or legal professional before signing below.

\_\_\_\_\_  
(Inherited IRA Holder)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Witness)

\_\_\_\_\_  
(Date)

# SELF-DIRECTED IRA WITHDRAWAL STATEMENT

IRA HOLDER'S NAME AND ADDRESS			IRA TRUSTEE'S OR CUSTODIAN'S NAME AND ADDRESS		
Social Security Number	Date of Birth	Home Phone	IRA Account Identification	Type of IRA	Trustee's or Custodian's Phone Number
				<input type="checkbox"/> Traditional IRA <input type="checkbox"/> SIMPLE IRA	

**BENEFICIARY (or Former Spouse) INFORMATION**  
*This section should be completed by a beneficiary taking a death distribution or a former spouse taking a distribution as a result of a property settlement. DO NOT use this section to name or change your beneficiary(ies).*

**Beneficiary's (or Former Spouse's) Name and Address**

\_\_\_\_\_

\_\_\_\_\_

Social Security Number	Date of Birth
Phone	Relationship

**DISTRIBUTION INFORMATION**

*Until I give the Trustee or Custodian written instructions to the contrary, I direct the Trustee or Custodian to distribute the amount requested as follows.*

**Distribution Reason**

*I direct the Trustee or Custodian to make a distribution from the IRA for the following reason.*

<input type="checkbox"/> Revocation	<input type="checkbox"/> Normal Distribution for Tax Year _____
<input type="checkbox"/> Early Distribution (IRS Penalty Applies)	<input type="checkbox"/> Excess Contribution Removal*
<input type="checkbox"/> Early Distribution (IRS Penalty Exception)	<input type="checkbox"/> Direct Rollover to Employer Plan
<input type="checkbox"/> Disability	<input type="checkbox"/> Same Year Recharacterization
<input type="checkbox"/> Death	<input type="checkbox"/> Prior Year Recharacterization
<input type="checkbox"/> Prohibited Transaction	<input type="checkbox"/> Early SIMPLE IRA Distribution (IRS Penalty Applies)

\*Is the excess contribution being removed before October 15 of the year following the year for which the contribution was made?\*\*\*

No.

Yes. Was the excess contribution made during the prior year?  Yes  No

Was the IRA holder under age 59½ at the time excess was withdrawn?  Yes  No

\*\*\*Assumes the IRA holder timely filed his or her federal income tax return. If the return was not timely filed, replace the October 15 date with the due date of the return (including extensions).

**WITHHOLDING ELECTION (Form W-4P/OMB No. 1545-0074)**  
*See Page 2 of this form for the withholding notice information. Complete for any distribution, except a transfer. If you are a nonresident alien, do not complete this section.*

**Select One:**

Withhold Federal income tax at a rate of \_\_\_\_\_% (not less than 10 percent) from the amount withdrawn.

Withhold additional Federal income tax of \_\_\_\_\_ (complete only if applicable).

Effective \_\_\_\_\_, I elect not to have Federal income tax withheld. I understand that I am still liable for the payment of Federal income tax on the amount of any distributions received. I also understand that I may be subject to Federal income tax penalties under the estimated tax payment rules if my payments of the estimated tax and withholding are insufficient.

Commencement Date	Distribution Amount
	<input type="checkbox"/> Entire Account <input type="checkbox"/> Specify Amount \$ _____
Frequency	Special Payment Instructions
<input type="checkbox"/> One-time <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly <input type="checkbox"/> Annually <input type="checkbox"/> Other _____	<input type="checkbox"/> ACH – No fee – Direct Deposit form required. <input type="checkbox"/> Wire – \$25 fee – Wiring instructions required. <input type="checkbox"/> Check – \$5 fee If no option is chosen, withdrawal will be sent by check.

FINANCIAL INFORMATION					
Asset Description	Quantity Or Amount In IRA	Quantity Or Amount To Be Distributed	Liquidate Immediately	Distribute At Maturity	Distribute In Kind
1.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Federal Withholding	Fees/Charges	Earnings Attributable to Excess	NET DISTRIBUTION AMOUNT		

**SIGNATURES**

I certify that I am the proper party to receive payment(s) from this IRA and that all information provided by me is true and accurate. I have read and understand the Rules and Conditions Applicable to Withdrawals on page 2 of this form and agree to abide by those rules and conditions. No tax advice has been given to me by the Trustee or Custodian. All decisions regarding this withdrawal are my own. I expressly assume the responsibility for any adverse consequences which may arise from this withdrawal and I agree that the Trustee or Custodian shall in no way be held responsible.

_____	_____
(IRA Holder, Beneficiary or Former Spouse)	(Date)
_____	_____
(Notary Public/Signature Guarantee)	(Date)
_____	_____
(Authorized Signature of Trustee or Custodian)	(Date)

# Rules and Conditions Applicable To Withdrawals

The term IRA will be used below to mean both Traditional IRA and SIMPLE IRA, unless otherwise specified.

## GENERAL INFORMATION

You must supply all requested information so the Trustee or Custodian can do the proper tax reporting. You may not request a distribution on behalf of another beneficiary. You must include all amounts you receive from the IRA in your gross income except amounts attributable to nondeductible contributions and amounts rolled back into an IRA, qualified plan, 403(a), 403(b), or governmental 457(b) plan. You will receive distribution reports from the Trustee or Custodian to assist you with reporting this income.

## DISTRIBUTION REASON

You are required to give the reason for taking a withdrawal from your IRA. If an alpha reason applies in addition to a numeric reason, complete only this Withdrawal Statement, specifying both distribution reasons.

**Transfer.** A transfer may be made by an IRA holder, surviving spouse beneficiary, or recipient under a transfer incident due to a divorce. In addition, the IRS has indicated that a nonspouse beneficiary can transfer the IRA as long as the IRA into which amounts are being moved is set up and maintained in the name of the deceased owner for the benefit of the beneficiary. No IRS reporting is required for a transfer.

**Revocation.** If you receive a disclosure statement at the time you establish your IRA, you have the right to revoke your IRA within seven days of its establishment. If revoked, you are entitled to a full return of the contribution you made to your IRA. When reporting a revocation, the return of a regular or spousal contribution is reported on IRS Form 1099R using Code 8 with Code 1 if earnings on the contribution are distributed or Code 8 if no earnings on the contribution are distributed. A rollover, transfer or SEP contribution return is reported on IRS Form 1099R using Code 1 or 7 (depending on the age of the IRA holder).

**Early Distribution (IRS Penalty Applies).** If you are under age 59½ and take a distribution from your IRA, it will generally constitute an early distribution. Unless an exception to the penalty applies, you must pay the appropriate penalty tax to the IRS. In addition, the Trustee or Custodian may impose substantial penalties for early withdrawal of time deposits. IRA holders who roll an early distribution over into another IRA (or in some cases a Roth IRA) will not be subject to the early distribution penalty. An early distribution is reported on IRS Form 1099R using Code 1. Payments made to pay medical expenses which exceed 7.5 percent of your adjusted gross income and distributions to pay for health insurance if you have separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks are exempt from the 10 percent penalty; payments to cover certain qualifying education expenses; and qualified first-time home purchases (up to \$10,000); and qualified reservist distributions are all exempt from the 10 percent penalty. However, these distributions are reported to the IRS using Code 1 and you must file IRS Form 5329 to claim an exemption.

**Early Distribution (IRS Penalty Exception).** If you are under age 59½ and take a distribution to which an exception under Internal Revenue Code (IRC) 72(t) applies (i.e., substantially equal periodic payment as defined in IRC Section 72(t)(2)(A)(iv), distributions made to pay an IRS levy, direct conversions to a Roth IRA from a Traditional IRA, etc.), you may be exempt from the early distribution penalty. The Trustee or Custodian, however, may impose substantial penalties for early withdrawal of time deposits. An early distribution with exception is reported on IRS Form 1099R using Code 2.

**Disability.** You may take a distribution due to disability only if the disability renders you unable to engage in any substantial gainful activity and it is medically determined that the condition will last continuously for at least 12 months or lead to your death. You may be required to furnish proof of disability, in a form acceptable to the Trustee or Custodian, verifying your ability to use this distribution penalty exception. Disability distributions are reported on IRS Form 1099R using Code 3.

**Death.** If you are requesting a distribution as a beneficiary, the Trustee or Custodian may require you to furnish proof of death, in a form acceptable to the Trustee or Custodian, to verify your entitlement to receive the distribution. This verification should be used by surviving spouse beneficiaries electing to treat the IRA as their own. Death distributions are reported on IRS Form 1099R using Code 4. Use Code G (with Code 4) for a surviving spouse who elects a direct rollover to a qualified plan.

**Prohibited Transaction.** If you have performed a prohibited transaction as defined in IRC Section 4975(c), you may be subject to an IRS penalty. If the prohibited transaction is not timely corrected, an additional penalty may be imposed. Prohibited transactions are reported on IRS Form 1099R using Code 5.

**Normal Distribution.** If you are over age 59½, you may take IRA distributions any time you wish without incurring an IRS early distribution penalty. Normal distributions are reported on IRS Form 1099R using Code 7.

You are required to take a minimum distribution from your IRA by April 1 of the year following the year you attain age 70½ (required beginning date) and the end of that year and of each year thereafter. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the preceding year by the appropriate life expectancy factor. Waiting until April 1 of the following year will require you to take a second payment that year so you may want to indicate for which tax year the required minimum distribution is for, so you do not miss a payment.

**Excess Contribution Removal.** If you have made an excess contribution to your IRA, you must take the appropriate steps to remove or redesignate the distribution. Depending upon when you take the necessary corrective action and the amount of the excess contribution, you may have to pay the IRS either an excess contribution or early distribution penalty tax, or both. Code 1, 8 or P (or a combination of these codes) will be applicable on IRS Form 1099R depending on the timing of the removal.

**Direct Rollover to Employer Plan.** If you qualify, you may roll over taxable IRA assets to your employer's qualified plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or governmental 457(b) plan. The rules governing rollovers are very complex. You are advised to seek a competent tax advisor if you have any questions regarding your eligibility to complete a rollover. A direct rollover to an employer's qualified plan, 403(a), 403(b), or governmental 457(b) plan is reported on IRS Form 1099R using Code G.

**Same Year Recharacterization.** If you make a contribution to your Traditional IRA, you may recharacterize the amount as a Roth IRA contribution and the earnings attributable to a Roth IRA before your tax return due date (including extensions) for such tax year. Recharacterizations that occur in the same year for which the contributions being recharacterized were made are reported on IRS Form 1099R using Code N.

**Prior Year Recharacterization.** If a recharacterization of a contribution, as described in the paragraph above, occurs after the year for which the contribution being recharacterized was made, Code R is used on IRS Form 1099R.

**Early SIMPLE IRA Distribution.** You may take a distribution from a SIMPLE IRA at any time. However, if you are under age 59½, distributions taken from your SIMPLE IRA during the first two years following the date you first participated in your employer's SIMPLE plan are generally subject to a 25 percent early distribution penalty. An early SIMPLE IRA distribution is reported on IRS Form 1099R using Code S.

## WITHHOLDING NOTICE INFORMATION (Form W-4P/OMB No. 1545-0074)

**Basic Information About Withholding From Pensions And Annuities.** Generally, Federal income tax withholding applies to payments made from pension, profit sharing, stock bonus, annuity and certain deferred compensation plans, IRAs, and commercial annuities.

**Purpose Of Form W-4P.** Unless you elect otherwise, Federal income tax will be withheld from payments from Individual Retirement Accounts (IRAs). You can use Form W-4P, or a substitute form, such as that contained on this form, furnished by the Trustee or Custodian, to instruct your Trustee or Custodian to withhold no tax from your IRA payments (or to revoke this election). This substitute form should be used only for distributions from IRAs which are payable upon demand.

**Nonperiodic Payments.** Payments from IRAs that are payable upon demand are treated as *nonperiodic payments* for Federal income tax purposes. Generally, nonperiodic payments must have income tax withheld at a rate not less than 10 percent.

You can elect to have no income tax withheld from a nonperiodic payment (IRA payment) by filing Form W-4P or a substitute form with the Trustee or Custodian and checking the appropriate box on that form. Your election will remain in effect for any subsequent distribution unless you change or revoke it.

A U.S. citizen or resident alien may not waive withholding on any distribution delivered outside of the U.S. or its possessions. Distributions to a nonresident alien are generally subject to a tax-withholding rate of 30 percent. A reduced withholding rate, including exemption, may apply if there is a tax treaty between the nonresident alien's country of residence and the United States, and the nonresident alien submits Form W8-BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, or satisfies the documentation requirements as provided under the regulations.

For more information, please see Publication 505, *Tax Withholding and Estimated Tax*, and Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, available from most IRS offices.

**Caution:** Remember that there are penalties for not paying enough tax during the year, through either withholding or estimated tax payments. New retirees should see Publication 505. It explains the estimated tax requirements and penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your IRA using Form W-4P.

**Revoking The Exemption From Withholding.** If you want to revoke your previously filed exemption from withholding, file another Form W-4P with the Trustee or Custodian and check the appropriate box on that form.

**Statement Of Income Tax Withheld From Your IRA.** By January 31 of next year, you will receive a statement from your Trustee or Custodian showing the total amount of your IRA payments and the total Federal income tax withheld during the year. Copies of Form W-4P will not be sent to the IRS by the Trustee or Custodian.

## SIGNATURES

Your signature is required to certify that the information you have provided is true and correct and that you are aware of all the circumstances affecting this IRA withdrawal.



### 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, 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, Viaticals, and Promissory Notes.

#### 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 account holder 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 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 <b>Minimum = \$60; Maximum = \$250</b>  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.
<b>FEES SPECIFIC TO TYPE OF ASSET:</b>  <i>Church and Charter School Bonds:</i> Purchase, Sale, Maturity or Call Above fees do not apply to any investments for which GoldStar is the paying agent and registrar. The fee for each applicable transaction completed during the year will be accrued and added to the annual maintenance fee billing. The fee is <b>not</b> taken when the service is rendered.	\$5 Each	\$5 Each	\$5 Each
<i>All Allowable Assets other than Church Bonds, Precious Metals, Bank Accounts held outside the US, and Swiss Annuities</i> 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 not taken when the service is rendered.	N/A	\$5 Each	\$5 Each
<i>Listed Securities and U.S. Treasuries:</i> Investment, Sale, Distribution, or Transfer Applies only to security trades transacted by GoldStar's omnibus account at Primevest Financial Services, Inc. and all U.S. Treasury Securities. Charged when the service is rendered.	N/A	Brokerage Fees (at cost) plus \$25	Brokerage Fees (at cost) plus \$25



FEES	CHURCH BOND IRA OR ESA	STANDARD IRA OR ESA	SPECIALIZED IRA OR ESA
<b>BANK ACCOUNTS OUTSIDE THE U.S.:</b>			
Annual Asset Holding Fee <i>The fee must be paid when the account is established and will be billed annually with maintenance fee.</i>	N/A	N/A	\$200
Currency Exchange Order	N/A	N/A	\$15
Additional Purchase and/or Liquidation Order <i>Charged when the service is rendered.</i>	N/A	N/A	\$75
<b>SWISS ANNUITIES:</b>			
Annual Asset Holding Fee <i>The fee must be paid when the account is established and will be billed annually with maintenance fee.</i>	N/A	N/A	\$25
Establishment, Distribution or Transfer	N/A	N/A	\$100
Modification or Surrender <i>Charged when the service is rendered.</i>	N/A	N/A	\$25
<b>PRECIOUS METALS:</b>			
One-Time Establishment Fee – Due with Application	N/A	N/A	Nonrefundable \$25
Investment or Liquidation – Processing Fee	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 <i>Charged when the service is rendered.</i>	N/A	N/A	Cost of Shipping and Insurance Plus \$10
Coin/Bar Shipping and Handling Directly to the Account Holder <i>Charged when the service is rendered.</i>	N/A	N/A	Cost of Shipping and Insurance Cash on Delivery. 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.
<b>GENERAL ACCOUNT ADMINISTRATION FEES: Charged when the service is rendered.</b>			
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 Fee	\$25	\$25	\$25
Insufficient Funds / Returned Check Fee	\$50	\$50	\$50
Late Fees <i>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</i>	.0083 per month or 10% per annum	.0083 per month or 10% per annum	.0083 per month or 10% per annum



FEES	CHURCH BOND IRA OR ESA	STANDARD IRA OR ESA	SPECIALIZED IRA OR ESA
<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.		
<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.



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.

For Precious Metals IRAs: a non-refundable Establishment Fee of \$25 is due with application.

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. We shall be entitled on a daily basis to sweep all IRA account balances. Such balances shall be invested in short-term investments, which shall include insured savings accounts, insured savings certificates, federal funds, insured money market accounts, government securities, federal agency securities, and treasury notes, bonds and bills in which book value and interest is guaranteed (including any of

the foregoing offered by Happy State Bank) ("Temporary Investments"). We shall have all power and authority necessary to hold, administer, vote and negotiate such Temporary Investment so as to enforce every right and benefit thereunder on your behalf. In making all Temporary Investments, we shall not be limited to investments now or hereinafter designated by statute or decision of a court as "legal investments" for funds held by fiduciaries. You hereby agree that we may, but shall not be required (unless required under applicable law) to inform you by forwarding materials or otherwise communicating with you under the provisions of Article VIII as to any questions, decisions or other matters for which a vote may be requested, necessary or helpful as to any Temporary Investment, and we shall thereafter have no responsibility whatsoever with respect thereto. You agree and acknowledge that unless required by applicable law, we are not responsible for communicating, forwarding, or notifying any party, including you, with respect to any communication or matter which comes to the attention of or is received by us with respect to Trust investments, including Temporary Investments, and that you are responsible for making separate arrangements for receiving such communications. 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.

8.16 *Broker:* The Broker will be responsible for the execution of securities orders. The Broker may require that you sign an agreement which sets forth, among other things, its responsibilities and your responsibilities regarding securities transactions for your IRA.

8.17 *Prohibited Transaction:* If during any taxable year you engage in a so-called "prohibited transaction" with respect to your regular IRA, Spousal IRA, SEP-IRA, or Rollover IRA, the account will lose its tax-exempt status. In this event, the fair market value of all account assets, valued as of the first day of such taxable year, will be deemed distributed to you and includible in your gross income. These prohibited transactions would include borrowing money from your account or pledging your account or any portion thereof as security for a loan. If you pledge your account or any portion thereof as security for a loan, such pledge position will be deemed distributed to you and includible in your gross income. If you have not yet attained age fifty-nine and one-half (59½) years of age, an additional excise tax equal to ten percent (10%) of the amount pledged will be imposed on such funds includible in gross income. Similarly, if your spouse engages in a prohibited transaction with respect to his or her account, it will result in the same consequences because he or she is the individual for whose benefit the account was established.

The assets in your IRA shall not be responsible for the debt, contracts or torts of any person entitled to distributions under this Agreement.

8.18 *Mediation/Arbitration:* If a dispute arises out of or relates to this agreement, or the performance or breach thereof, the parties agree first to try in good faith to settle the dispute by mediation under the commercial mediation rules of the American Arbitration Association, before resorting to the arbitration. Thereafter, any remaining unresolved controversy or claim arising out of or relating to this agreement, or the performance or breach thereof, shall be settled by arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. Any mediation or arbitration shall be conducted in Canyon, TX. The sole arbitrator shall be a retired or former judge of the Randall County Superior Court. Judgement upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

## 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.