



# Swiss Annuity Self-Directed IRAs



Traditional IRA Guide



## SWISS ANNUITY IRAs

To: IRA Investors

Re: *Investment in Swiss annuity through self-directed IRA*

GoldStar Trust Company (“GoldStar”) welcomes your investment in Swiss annuity contracts through a self-directed IRA. Information, forms, and instructions are enclosed to acquaint you with the process and provide the documents you will need.

To explain it briefly, the self-directed IRA becomes the owner and beneficiary of the annuity, and you are the insured. The annuity is administered through GoldStar as custodian for your IRA. The Swiss insurance company will communicate with GoldStar through its Swiss agent and will expect the documents it needs to come from GoldStar. You should not request or accept funds directly, as this would seriously damage the legal and tax standing of your IRA. You cannot borrow against the annuity.

Please note that GoldStar does not provide tax, legal or investment advice. You will make all investment decisions and provide instructions to GoldStar. You are responsible for thoroughly reviewing any proposed investment for soundness, advisability, permissibility under IRS regulations, and appropriateness to your tax situation. You may also direct investments of other types in the same IRA. Please contact us with any questions.

Step by step instructions for IRA investment in a Swiss annuity are enclosed. Please do not hesitate to call (800) 486-6888 at any point during the process with questions.

Thank you for considering GoldStar Trust Company to assist with your self-directed IRA. We look forward to serving you for many years.

GoldStar Trust Company



# SWISS ANNUITY IRAs

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## ESTABLISH YOUR SELF-DIRECTED IRA



### IRA Account Application

Complete the GoldStar IRA Account Application (*IRA Simplifier*) which can be obtained from our website - [www.goldstartrust.com](http://www.goldstartrust.com). GoldStar offers Self-Directed Traditional, Roth, SEP and SIMPLE IRAs. A completed Simplifier (specific to the type of IRA) with original signature is required.



### Identification

Include a notarized copy of your passport. If you don't have a passport, provide a notarized, legible photocopy of your valid driver's license or state-issued photo ID.

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## FUND YOUR IRA

An IRA is funded through contributions, transfers and rollovers from Qualified Retirement Plans (such as 401(k), 403(b), pension and /or 457 plans).



### Transfer Existing IRA or Rollover Funds to GoldStar

Required documents and forms needed:

- Completed *IRA Simplifier* with original signature
- Completed *IRA Transfer / Rollover Request* form with original signature
- Legible photocopy of your valid driver's license, state-issued photo ID, or passport
- Most recent account statement from existing IRA custodian or current retirement plan

GoldStar will send the completed *IRA Transfer/Rollover Request* form to your resigning IRA custodian and follow up periodically on your transfer until the funds (or assets for transfer in-kind) are received. The transfer process typically takes 2-4 weeks.

**– IMPORTANT – Contact your current plan's administrator first to see if their specific Transfer/Rollover paperwork is required.**

*If you are rolling over funds from a previous Qualified Retirement Plan AND you, the client, have a check in hand or the rollover check has been made payable to you, please complete the *IRA Rollover Certification*. Otherwise, completing this form is not necessary to open your GoldStar account.*



# SWISS ANNUITY IRAs



## Transfer an Existing Swiss Annuity Contract to GoldStar

- Fill out the Transfer Request form, showing the name, address, and telephone number of your current IRA trustee or custodian. ***Please attach a recent copy of a statement for your current IRA and a copy of the Swiss Annuity Certificate.***
- In the asset description section, list the Swiss annuity owned by your present IRA and identify it by the name of the insurance company, certificate number (if known), and other information. Check the box to transfer “in kind”, which means the annuity will be transferred to your new IRA. If you check the box for “liquidate”, your current trustee or custodian is directed to surrender and cash out the annuity and transfer cash.

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## FILL OUT THE ANNUITY APPLICATION

From your insurance representative, obtain and complete the Swiss insurance company's application form. Be sure that GoldStar is the owner, annuitant payee, and death beneficiary as follows:

GoldStar Trust Company, IRA Custodian for:

<your name> IRA <account number>

PO Box 719

Canyon, TX 79015

Use GoldStar's address. The insured is the IRA account holder. Contact your insurance representative with questions about the choices on the application for annuity accumulation, payout, and other aspects of the annuity investment.

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## COMPLETE THE INVESTMENT DIRECTION

Fill in the Investment Direction and Release for Investment in Swiss Annuity Contract by Self-Directed IRA. Be sure to provide all information, sign and date it.

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## PROVIDE IDENTIFICATION

Swiss insurance companies are required to verify the identity of policy holders. Enclose the identifying information required by the Swiss annuity carrier you have selected. Generally, this requires a copy of your passport certified by a notary public. If you do not have a passport, provide a certified photocopy of your driver's license or other official photo ID issued by your state. Be sure that all copies are clean, clear, readable, and certified by a notary public.



# SWISS ANNUITY IRAs

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## SET-UP FEES AND CARRYING COSTS

Use the examples in the chart below as a guide to calculate fees due when your GoldStar Swiss Annuity IRA is opened. Please see the [Financial Disclosure and Fee Schedule](#) for specific details or call Investor Services @ 1-800-486-6888 for an estimation of annual fees.

	ACCOUNT VALUE \$75,000 OR LESS	ACCOUNT VALUE \$100,000	ACCOUNT VALUE \$250,000
<b>One-Time Establishment Fee</b>	\$100	\$100	\$100
<b>Annual IRA Maintenance Fee</b> ( <small>\$60 min / \$250 max fee</small> ) ( <small>Use Value x .0008 if &gt; \$75K</small> )	\$60	\$80	\$200
<b>Annual Asset Holding Fee</b> ( <small>flat fee for one or more Swiss annuity contracts</small> )	\$25	\$25	\$25
<b>TOTALS</b>			
<b>INITIAL SET-UP FEES</b> ( <small>Due when account is established</small> )	\$185	\$205	\$325
<b>RECURRING ANNUAL FEES</b> ( <small>Maintenance (+) Holding</small> )	\$85	\$105	\$225

Swiss Annuity IRA Maintenance fees may vary in the years to come according to change in account value. These fees are based on the Market Value of your account prior to the billing period.



### Billing

- Maintenance Fees and Asset Holding fees are assessed annually on the anniversary date in which your account is opened.



# SWISS ANNUITY IRAs



## CHECKLIST FOR NEW ACCOUNTS



1. **IRA Simplifier** (account application)
2. **Transfer/Direct Rollover Request** OR **IRA Rollover Certification** (if you already have the rollover check in hand)
3. **Annuity Application** form (from Swiss insurance company)
4. **Investment Direction** form
5. **Identification** - notarized passport. If you don't have a passport - notarized, legible copy of driver's license or state-issued photo ID
6. **Most recent account statement** (from existing IRA custodian or qualified plan)
7. **\$25 Check for overnight delivery** (optional)



## FEE PAYMENT OPTIONS

1. Mail check or money order payable to GoldStar Trust Company
2. Call or e-mail Investor Services to request fees be taken from cash in the account (must be sufficient cash available)
3. Credit card: Call Investor Services to pay with a credit or debit card



## OVERNIGHT DELIVERY AVAILABLE - \$25

GoldStar's policy is to mail all transfer and/or rollover paperwork to the current custodian by first class mail.

However, if you would like your transfer and/or rollover request to be expedited, GoldStar will prepare an overnight delivery of the paperwork to your current custodian on your behalf.

To take advantage of this service, please submit a separate check of \$25, made payable to GoldStar Trust Company, and attach to the transfer or rollover request.

**Please write "Overnight Fee" in the memo section of your check.**



# GOLDSTAR TRUST COMPANY

## ABOUT US

GoldStar Trust Company is a qualified IRA custodian serving Broker-Dealers, investment providers and their clients across the country. With more than twenty years of Trust experience and leadership in the markets we serve, our capable staff is ready to assist with your retirement goals.

### **GoldStar:**

- serves as custodian for more than 31,000 IRA accounts with total assets of over \$1.6 billion (as of March 31, 2011)
- is located in Canyon, Texas and employs more than 75 people
- is a trust-only branch of **Happy State Bank**, chartered in Happy, Texas and based out of Amarillo, Texas

### **Happy State Bank:**

- has been in business since 1908 and is one of the largest banks in the Panhandle of Texas. For more information, visit [www.happybank.com](http://www.happybank.com)
- has current total assets of \$1.6 billion
- is a three and a half star rated bank by [www.bauerfinancial.com](http://www.bauerfinancial.com). The bank's most recent financials can be viewed at [www.fdic.gov](http://www.fdic.gov) (FDIC Cert:10359)



Investor Services  
(800) 486-6888  
[www.GoldStarTrust.com](http://www.GoldStarTrust.com)



# SWISS ANNUITY IRAs

## CONTACT INFORMATION

### Hours

Mon. – Thurs. 7 am – 5 pm CST

Fri. 7 am – 4 pm CST

### Investor Services

(800) 486-6888

### Mailing Address

GoldStar Trust Company

PO Box 719

Canyon, TX 79015

### Physical / Overnight Address

1401 4th Avenue

Canyon, TX 79015

### Fax

(806) 655-2490 (Main)

### E-mail

[Info@GoldStarTrust.com](mailto:Info@GoldStarTrust.com) (Investor Services)

### Website

[www.GoldStarTrust.com](http://www.GoldStarTrust.com)







**IMPORTANT! CONTACT YOUR CURRENT PLAN ADMINISTRATOR TO SEE IF THEY REQUIRE THEIR OWN PAPERWORK**

**GOLDSTAR IRA ACCOUNT OWNER**

Name: \_\_\_\_\_ SS #: \_\_\_\_\_ Date of Birth: \_\_\_\_\_  
Address: \_\_\_\_\_ Daytime Phone #: \_\_\_\_\_  
E-mail: \_\_\_\_\_

**CURRENT IRA OR QUALIFIED PLAN INFORMATION**

*Please provide a copy of a recent statement from your IRA trustee or employer retirement plan*

Trustee's Name: \_\_\_\_\_ Account #: \_\_\_\_\_  
Trustee's Address: \_\_\_\_\_ Phone #: \_\_\_\_\_  
City, State, & Zip \_\_\_\_\_

*Type of existing IRA or Qualified Plan to be transferred or rolled over: (please choose one)*

Traditional  SEP IRA  401K  403(b)  Pension  Gov. 457 Plan  Simple  Other \_\_\_\_\_

**ASSET LIQUIDATION INSTRUCTIONS**

Close my current account after transfer  Partial transfer

Asset Description	Quantity in IRA	Quantity To Be Transferred	Liquidate Immediately	Liquidate at Maturity	Transfer in Kind
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please make check payable as follows: GoldStar Trust Company, FBO: \_\_\_\_\_ IRA.  
*(IRA Holder's Name)*

**RMD - REQUIRED MINIMUM DISTRIBUTION RESTRICTION (AGE 70 ½ OR OLDER)**

I authorize the trustee or custodian named above to:  distribute my RMD to me prior to transferring my Traditional or SEP IRA assets,  
 segregate and retain my RMD amount, or  include the amount that represents my RMD in the transfer.

*Effective 1-1-2010*

**CLIENT AUTHORIZATION**

**Transfers Only:**

I authorize the transfer of the IRA assets in the manner described above and certify that all of the information provided by me is correct and may be relied upon by GoldStar Trust Company.

**Direct Rollovers Only:**

I understand the rules and conditions applicable to direct rollovers and certify that I qualify for a direct rollover of the funds or assets listed above. Due to the important tax consequences of rolling funds over to an IRA or other qualified plan, I have been advised to see a tax advisor. I hereby request payment from the plan designated above in the form of a direct rollover. I assume full responsibility for this direct rollover transaction and will not hold GoldStar Trust Company or the Plan Administrator of either the distributing or receiving plans liable for any adverse consequences that may result. I hereby irrevocably designate this contribution of the funds and/or property indicated above as a direct rollover contribution.

\_\_\_\_\_  
*Client's Signature*

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

**GOLDSTAR TRUST COMPANY LETTER OF ACCEPTANCE**

GoldStar Trust Company agrees to serve as the new Custodian for the account of the above-named individual, and as Custodian, we agree to accept the assets being transferred.

GoldStar Account Identification # \_\_\_\_\_

GoldStar Trust Company  
Tax ID# 74-2557688

\_\_\_\_\_  
*Authorized Signature for GoldStar*

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

**SIGNATURE GUARANTEE**

*Check with your current custodian to determine if a Medallion Stamp Guarantee is required. This is NOT a requirement of GoldStar Trust Company.*

# IRA ROLLOVER CERTIFICATION

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	Trustee's or Custodian's Phone Number

Please read both pages of this form. Complete Option One or Option Two and the Signatures section.

OPTION ONE	TRADITIONAL IRA OR SIMPLE IRA ROLLOVER REQUIREMENTS
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*To be an eligible rollover, all questions must be answered NO or N/A.*

This rollover should be placed in a  Traditional IRA  SIMPLE IRA.

- 1. TIMELINESS**  
Have more than 60 days elapsed since you received the distribution from the distributing IRA? .....  YES  NO
- 2. RMD ROLLOVER RESTRICTION**  
Does the rollover contribution contain any amounts which constitute a required minimum distribution? .....  YES  NO
- 3. TWELVE MONTH RESTRICTION**  
Did you receive any other distributions from the distributing IRA during the preceding 12 months which you also rolled over? .....  YES  NO  
Have the assets involved in this transaction been previously rolled over from one IRA to another IRA within the past 12 months? .....  YES  NO
- 4. SIMPLE IRA ROLLOVER RESTRICTIONS**  
If a SIMPLE IRA is being rolled over to a Traditional IRA, did you first begin participating in a SIMPLE IRA plan sponsored by your employer less than two years ago? .....  YES  NO  N/A

OPTION TWO	EMPLOYER-SPONSORED RETIREMENT PLAN TO TRADITIONAL IRA ROLLOVER REQUIREMENTS
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- 1. ELIGIBLE PERSON** *(Select one.)*  
Your status in the plan from which you received the funds or property intended for rollover is as follows.  
 Plan Participant                       Surviving Spouse Beneficiary                       Nonspouse Beneficiary of Plan Participant  
 Alternate Payee of Qualified Domestic Relations Order                      *(If this is a rollover to an inherited IRA, it must be a direct rollover.)*
- 2. ELIGIBLE PLAN** *(Select one.)*  
You received the distribution you are rolling over from the following type of plan.  
 Qualified Retirement Plan (IRC Sec. 401(a))       Tax-Sheltered Annuity Plan (IRC Sec. 403(b))       Annuity Plan (IRC Sec. 403(a))  
 Deferred Compensation Plan (IRC Sec. 457(b)) maintained by a governmental employer
- 3. ELIGIBLE ROLLOVER DEPOSIT** *(To be an eligible rollover, all questions must be answered NO.)*  
 Does the rollover contribution contain any amounts which constitute a required minimum distribution? .....  YES  NO  
 Is the distribution which is being rolled over part of a series of substantially equal periodic payments? .....  YES  NO  
 Does the rollover contribution contain any amounts which are eligible for the death benefit exclusion (i.e., death before August 21, 1996)? .....  YES  NO  
 Does the rollover contribution include any nontaxable amounts attributable to the purchase of life insurance under the distributing plan (i.e., P.S. 58 costs)? .....  YES  NO  
 Does the rollover contribution include any funds or property other than the funds or property you received from the distributing plan (and/or proceeds from the sale of distributed property)? .....  YES  NO  
 Does the rollover contribution include any amounts which constitute a distribution due to hardship? .....  YES  NO  
 Does the rollover contribution include any Roth 401(k) or Roth 403(b) plan elective deferrals? .....  YES  NO
- 4. TIMELINESS**  
Have more than 60 days elapsed since you received the distribution from the distributing plan? .....  YES  NO

SIGNATURES
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I have read and understand the rollover rules and conditions on both pages of this form and I have met the requirements for making an IRA rollover. Due to the important tax consequences of rolling over funds or property to an IRA, I have been advised to see a tax professional. All information provided by me is true and correct and may be relied on by the Trustee or Custodian. I assume full responsibility for this rollover transaction and will not hold the Trustee or Custodian liable for any adverse consequences that may result. I hereby irrevocably designate this contribution of \$\_\_\_\_\_ in cash and/or property as a rollover contribution.

_____	_____
(IRA Holder or Inherited IRA Holder)	(Date)
_____	_____
(Witness)	(Date)



**IMPORTANT INFORMATION! READ BOTH PAGES BEFORE COMPLETION OF THIS FORM**

GoldStar Trust Company ("GoldStar") does not offer investment advice and does not buy or sell investments. You determine the investment provider to be used for your IRA. GoldStar is disqualified by the Internal Revenue Code from trading with an IRA for which it is the custodian. GoldStar is compensated through administrative fees and cash management fees.

**GOLDSTAR IRA ACCOUNT OWNER**

Name \_\_\_\_\_ Account Number \_\_\_\_\_  New Account  
(if known) \_\_\_\_\_ Pending  
Address \_\_\_\_\_ Daytime Phone \_\_\_\_\_  
E-mail \_\_\_\_\_

**INVESTMENT DIRECTION AND RELEASE FOR INVESTMENT IN SWISS ANNUITY CONTRACT THROUGH SELF-DIRECTED IRA**

To GoldStar Trust Company for the Self-Directed IRA above

To Enter Into an Annuity Contract With \_\_\_\_\_ (Insurance Company)

Through Its Agent in Switzerland \_\_\_\_\_ (Insurance Agency)

In the Amount of \$  (U.S. Dollars)

Using Foreign Exchange Services of \_\_\_\_\_

I acknowledge:

- I have identified, obtained, verified and reviewed all necessary information and documents regarding this investment to my satisfaction. I have obtained the professional legal and accounting assistance I require, and I am **not** relying on GoldStar Trust Company for any legal or accounting review, opinion, or advice.
- I have received the document titled "Information and Investment Policies for Swiss Annuity IRAs" and acknowledge and agree to its conditions and policies.
- I agree to all terms and conditions of the annuity contract. I certify that all information I have provided on application and information forms is true and correct.
- I direct GoldStar Trust Company to remit funds to the agent shown above, or for foreign exchange at the instruction of the Foreign Exchange Service identified above. I authorize unsecured advance payment of funds, with instructions for conversion and forwarding to the Swiss insurance company. I acknowledge that the IRA bears all risk of loss due to non-performance or non-payment by any party.
- I release GoldStar Trust Company from liability regarding my decision to make this investment.

By \_\_\_\_\_ Date \_\_\_\_\_  
IRA Account Holder ("Depositor")

*This form expires 90 days after the signature date and is valid only once.*



Use the IRA Investment Direction form to provide investment directions to GoldStar Trust Company (GoldStar) for the purchase of a Swiss annuity contract by your self-directed IRA. The IRA may be a Traditional IRA (including SEP or Conduit), Roth IRA, or SIMPLE IRA. By directing investment in a Swiss annuity contract, the IRA account holder acknowledges and agrees to the following:

## **REQUIREMENTS**

To invest in Swiss Annuity contracts through a self-directed IRA, you must first establish a valid IRA and have cash available in the IRA. The minimum investment varies depending on the provider or Swiss representative (usually starting at \$50,000).

## **OWNER & INSURED**

The owner will be GoldStar Trust Company, IRA Custodian For (account holder's name) IRA (account number). Applications and agreements should show GoldStar as owner, annuity payee, and death beneficiary. GoldStar's address is the owner's address. (If the individual were shown as the owner, the transaction would be considered to be a distribution from the IRA.) The insured is the individual account holder of the IRA making the investment.

## **PREMIUMS, ANNUITY PAYMENTS AND DISTRIBUTIONS**

No annuity premiums or payments should be made directly between the Swiss insurance company and the individual IRA account holder. GoldStar will pay premiums to the insurance company from the IRA assets. The insurance company will pay annuity payments and benefits into the IRA through GoldStar as IRA Custodian. The account holder may request distributions from the assets of the IRA as desired.

## **LIMITED ROLE OF CUSTODIAN**

As Custodian, GoldStar **will** perform the following:

- Accept written investment directions accompanied by applications and agreements to be used.
- Execute and forward necessary documents according to your written instructions.
- Remit premiums to the agent, foreign exchange provider, or insurance company.
- Receive and post annuity returns of investment as they arrive.
- Provide periodic statements of your IRA and its holdings to you.
- Receive, record, and report fair market value information to you and the Internal Revenue Service.

GoldStar Trust Company **will not** perform the following functions:

- Review compliance of the investment with requirements for a self-directed IRA, including any matters related to Prohibited Transactions or Disqualified Parties.
- Review the investment or any document for accuracy, sufficiency, compliance with applicable law, enforceability, or any other legal aspect.
- Review or verify any information about the insured.
- Monitor amounts due or past due, or initiate any collection action.
- Monitor financial strength, continuity, or soundness of the insurance company or any other party.
- Any other function not specifically required of an IRA custodian by law or regulation.

## **FAIR MARKET VALUE REQUIREMENT**

GoldStar requires a Fair Market Value for each investment as of December 31 of each year to comply with reporting requirements of the U. S. Internal Revenue Code. The insurance company or agent designated for the investment must be willing to provide the information for this valuation.

## **ADMINISTRATIVE FEES**

In addition to standard administrative fees listed in the IRA Fee Schedule, there is an administrative charge of \$25 for each investment transaction involving a Swiss Annuity Contract. Transactions include supplemental purchase, partial or full surrender, lump sum redemption, modification of terms, death benefit administration, and similar matters. There is also an annual asset holding fee of \$25 whether you own one or multiple Swiss Annuity contracts.

## **STATEMENTS**

Access to your account information is available 24/7 via GoldStar's web site at [www.goldstartrust.com](http://www.goldstartrust.com). Please call our Investor Services Department at (800) 486-6888 to establish a password. Additionally, paper statements are mailed semi-annually.



**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 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, 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 <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>			
<b>Church and Charter School Bonds:</b> 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
<b>All Allowable Assets other than Church Bonds, Precious Metals, 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 not 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 Applies only to security trades transacted by GoldStar's omnibus account at Primevest Financial Services, Inc. and all U.S. Treasury	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	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

# Rules And Conditions Applicable To Rollovers

## GENERAL INFORMATION

A rollover is a way to move money or property from one eligible retirement plan (e.g., IRA or Qualified Retirement Plan (QRP)) to another eligible retirement plan. The Internal Revenue Code (IRC) limits how many distributions may be rolled over, how quickly rollovers must be completed and how the Trustee or Custodian must report the transaction. By properly completing this form you are certifying to the Trustee or Custodian that you have satisfied the rules and conditions applicable to a rollover and that you are making an irrevocable election to treat the transaction as a rollover.

## TRADITIONAL IRA OR SIMPLE IRA ROLLOVER REQUIREMENTS (Option One)

### 1. TIMELINESS

The funds you receive from the distributing IRA must generally be deposited into another IRA within 60 days after you receive them. However, this period is 120 days for certain rollovers relating to first-time home purchases. When counting the 60 (or 120) days include weekends and holidays. Receipt generally means the day you actually have the funds in hand. For example, the 60 days would begin on the day following the day you pick up the check from the Trustee or Custodian or when you receive the check in the mail.

The IRS has the authority to grant extensions to the 60 (or 120) day rule in cases where a hardship occurs (e.g. casualty, disaster, etc.). Generally, in order to receive this relief you must apply for a Private Letter Ruling accompanied by the applicable user fee. An automatic waiver (no application to the IRS) is available if all the following are true: (1) the financial institution receives the funds prior to the expiration of the 60-day rollover period, (2) you follow all procedures required for depositing the funds into an eligible IRA within the 60-day period, (3) the funds are not deposited due to financial institution error, (4) the funds are deposited into an IRA within one year from the beginning of the 60-day rollover period, and (5) if the financial institution had deposited the funds as instructed, it would have been a valid rollover.

### 2. RMD ROLLOVER RESTRICTION

If this rollover is being made during or after the year for which you are required to begin receiving distributions, you cannot roll over any distribution to the extent that it is a required minimum distribution from the distributing plan. If the deceased IRA holder died after his or her required beginning date and you are the spouse beneficiary of a deceased IRA holder and you are rolling this IRA into your own IRA, you must make sure that the deceased's required minimum distribution for the year of death is removed from his or her IRA assets prior to the completion of the rollover.

### 3. TWELVE MONTH RESTRICTION

You are entitled to one distribution per year per IRA which may be rolled over. Twelve (12) months must pass after receipt of one distribution which you roll over before you may take another distribution from the same IRA to roll over. An IRA is created by executing a plan agreement, not by depositing a contribution into a separate investment within an existing IRA.

You are entitled to roll over the same assets only once in a twelve (12) month period. Twelve (12) months must elapse between the time you receive a distribution of the assets to be rolled over until you receive another distribution of those same assets for rollover purposes.

### 4. SIMPLE IRA ROLLOVER RESTRICTIONS

You may roll funds from one SIMPLE IRA to another SIMPLE IRA if the timeliness and 12 month restriction discussed above have been met. In addition, a SIMPLE IRA may be rolled over to a Traditional IRA provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer.

## EMPLOYER-SPONSORED RETIREMENT PLAN TO TRADITIONAL IRA ROLLOVER REQUIREMENTS (Option Two)

### 1. ELIGIBLE PERSON

Only an eligible person may roll funds from a QRP, 403(a) Plan, 403(b) Plan, or eligible 457(b) Deferred Compensation Plan into an IRA. You will only be an eligible person if you were or are a participant in the distributing plan, the surviving spouse beneficiary of a deceased participant, or the alternate payee identified in a Qualified Domestic Relations Order (QDRO). A QDRO is a domestic relations order issued in a divorce proceeding which meets certain conditions and grants to an alternate payee (e.g., exspouse) the right to receive all or a portion of a participant's benefits under a QRP. If the alternate payee is a spouse or former spouse, the alternate payee can roll over all or a portion of the amount received to an IRA. A nonspouse beneficiary may only roll over to an inherited IRA. A rollover to an inherited IRA must be done as a direct rollover from an eligible retirement plan.

### 2. ELIGIBLE PLAN

A distribution will not be eligible to be rolled over unless that distribution is made from an eligible retirement plan. An eligible retirement plan is a plan that is qualified under IRC Section 401(a), 403(a), 403(b), or 457(b). Eligible retirement plans include defined benefit plans, profit sharing plans, money purchase pension plans, 401(k) plans, tax-sheltered annuities, eligible 457(b) deferred compensation plans, and employee stock ownership plans.

### 3. ELIGIBLE ROLLOVER DEPOSIT

Only certain types of eligible retirement plan distributions, called "eligible rollover distributions," may be deposited into an IRA. Eligible rollover distributions include most distributions from eligible plans except the following:

**Required Minimum Distributions** – Distributions which represent required minimum distributions paid during a participant's first distribution calendar year or later may not be rolled over.

**Substantially Equal Periodic Payments** – For purposes of determining an eligible rollover distribution, substantially equal periodic payments are defined as a series of substantially equal distributions made not less frequently than annually and calculated 1) over the life (or life expectancy) of the individual or the joint lives (or life expectancies) of the individual and the individual's beneficiary or, 2) for a specified period of 10 years or more.

**Death Benefit Exclusion Amounts** – If you are a surviving spouse beneficiary and your spouse died before August 21, 1996, a portion of your distribution may qualify for the Death Benefit Exclusion Allowance. You may not roll over any portion of your distribution which qualifies for the Death Benefit Exclusion Allowance.

**P.S. 58 Costs** – If you received distribution of a life insurance policy from a plan, the amounts attributable to the cost of life insurance purchased by the plan which have been previously taxed to the participant may not be rolled over.

**Property Distributions** – If property other than cash is distributed, only the same property or the proceeds from its sale may be rolled over. If you receive property but wish to roll over cash, you must actually sell the property and roll over the proceeds.

**Hardship Distributions** – Distributions taken on account of financial hardship are not eligible to be rolled over.

**Roth 401(k) or 403(b) Amounts** – Distributions of elective deferrals from a Roth 401(k) or 403(b) plan are not eligible to be rolled over to a Traditional IRA.

### 4. TIMELINESS

If the check is payable to you, the funds you receive from the distributing plan must be deposited in an IRA within 60 days after you receive them. When counting the 60 days include weekends and holidays. Receipt generally means the day you actually have the funds in hand.

The IRS has the authority to grant extensions to the 60 day rule in cases where a hardship occurs (e.g. casualty, disaster, etc.). Generally, in order to receive this relief you must apply for a Private Letter Ruling accompanied by the applicable user fee. An automatic waiver (no application to the IRS) is available if all the following are true: (1) the financial institution receives the funds prior to the expiration of the 60-day rollover period, (2) you follow all procedures required for depositing the funds into an eligible IRA within the 60-day period, (3) the funds are not deposited due to financial institution error, (4) the funds are deposited into an IRA within one year from the beginning of the 60-day rollover period, and (5) if the financial institution had deposited the funds as instructed, it would have been a valid rollover.

### 5. CAUTION ABOUT COMMINGLING FUNDS

If you are rolling over funds from certain eligible retirement plans, you may be eligible to take advantage of favorable tax treatment if the IRA is maintained as a conduit IRA and the funds are subsequently rolled back over to another eligible retirement plan. See your tax professional for additional information.

# 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 Depositor, the words "we," "us" and "our" mean the Custodian, "Code" means the Internal Revenue Code, and "Regulations" means the Treasury Regulations.
- 8.02 *Notices and Change of Address:* Any required notice regarding this 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 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 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 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 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 IRA.

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

8.05 *Investment of Amounts in the IRA:* You have exclusive responsibility for and control over the investment of the assets of your IRA. All investment transactions, including the reinvestment of dividends, interest, and proceeds from securities sales, shall be directed by you. Absent or pending such direction, 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.

8.06 *Beneficiary(ies):* If you die before you receive all of the amounts in your IRA, payments from your IRA will be made to your beneficiary(ies).

You may designate one or more persons or entities as beneficiary of your 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 beneficiary designation you file with us will cancel all previous ones. The consent of a beneficiary(ies) shall not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survives you, the contingent beneficiary(ies) shall acquire the designated share of your IRA. If you do not designate a beneficiary, or if all of your primary and contingent beneficiary(ies) predecease you, your estate will be the beneficiary.

A spouse beneficiary shall have all rights as granted under the Code or applicable Regulations to treat your IRA as his or her own.

We may allow, if permitted by state law, an original IRA beneficiary(ies) (the beneficiary(ies) who is entitled to receive distribution(s) from an inherited IRA at the time of your death) 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 the original IRA beneficiary's(ies') lifetime. Unless otherwise specified, each beneficiary designation form that the original IRA beneficiary(ies) files with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for the original IRA beneficiary(ies) to revoke a successor beneficiary(ies) designation. If the original IRA beneficiary(ies) does not designate a successor beneficiary(ies), his or her 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 the original IRA beneficiary.

8.07 *Required Minimum Distributions:* Your required minimum distribution is calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if your spouse is your sole designated beneficiary and is more than 10 years younger than you, your required minimum distribution is calculated each year using the joint and last survivor table in Regulations section 1.401(a)(9)-9.

If you fail to request your required minimum distribution by your required beginning date, 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 IRA to you in a single sum payment; or
- determine your required minimum distribution from your IRA each year based on your life expectancy, calculated using the uniform lifetime 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.

8.08 *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 IRA to another financial organization. If you do not complete a transfer of your IRA within 30 days from the date we mail the notice to you, we have the right to transfer your IRA assets to a successor IRA custodian or trustee that we choose in our sole discretion, or we may pay your 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 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 IRA;
- any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your 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 IRA to you in cash or property if the balance of your IRA drops below the minimum balance required under the applicable investment or policy established.

8.09 *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 IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.

- 8.10 *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.
- 8.11 *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.
- 8.12 *Transfers from Other Plans:* We can receive amounts transferred to this IRA from the custodian or trustee of another IRA. In addition, we can accept direct rollovers of eligible rollover distributions from employer-sponsored retirement plans as permitted by the Code. We reserve the right not to accept any transfer or direct rollover.
- 8.13 *Liquidation of Assets:* We have the right to liquidate assets in your IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties or surrender charges properly chargeable against your 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 beneficiary may sell, transfer or pledge any interest in your IRA in any manner whatsoever, except as provided by law or this Agreement.
- The assets in your 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 IRA

You have the right to revoke your 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 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 IRA, please call the Custodian at the telephone number listed on the Application.

## REQUIREMENTS OF AN IRA

- A. **CASH CONTRIBUTIONS** – Your contribution must be in cash, unless it is a rollover contribution.
- B. **MAXIMUM CONTRIBUTION** – The total amount you may contribute to an IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$3,000 for years 2002-2004, \$4,000 for years 2005-2007, and \$5,000 for 2008, with possible cost-of-living adjustments in years 2009 and thereafter. If you also maintain a Roth IRA, the maximum contribution to your Traditional IRAs (i.e., IRAs subject to Internal Revenue Code (Code) sections 408(a) or 408(b)) is reduced by any contributions you make to your Roth IRA. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.
- C. **CONTRIBUTION ELIGIBILITY** – You are eligible to make a regular contribution to your IRA if you have compensation and have not attained age 70½ by the end of the taxable year for which the contribution is made.
- D. **CATCH-UP CONTRIBUTIONS** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution is \$500 for years 2002-2005 and \$1,000 for years 2006 and beyond.
- E. **CATCH-UP CONTRIBUTIONS ALLOWED IN CERTAIN EMPLOYER BANKRUPTCIES** – You may be eligible to contribute an additional catch-up contribution of up to \$3,000 each year in 2006 through 2009. To be eligible, the following conditions must be met: 1) you were a participant in a 401(k) plan in which the employer matched at least 50% of your contributions to the plan with employer stock, 2) the employer must have been a debtor in a bankruptcy case in an earlier year and must have been indicted or convicted as a result of the events leading up to the bankruptcy, and 3) you must have been a participant in the 401(k) plan at least six months before the bankruptcy case was filed. If you choose to make these special catch-up contributions, you will not be eligible for the normal catch-up contribution for individuals age 50 and older.
- F. **NONFORFEITABILITY** – Your interest in your IRA is nonforfeitable.
- G. **ELIGIBLE CUSTODIANS** – The Custodian of your IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- H. **COMMINGLING ASSETS** – The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- I. **LIFE INSURANCE** – No portion of your IRA may be invested in life insurance contracts.
- J. **COLLECTIBLES** – You may not invest the assets of your 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 IRA investments.
- K. **REQUIRED MINIMUM DISTRIBUTIONS** – You are required to take minimum distributions from your IRA at certain times in accordance with Regulations section 1.408-8. Below is a summary of the IRA distribution rules.

1. You are required to take a minimum distribution from your IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.
2. The applicable divisor is generally determined using the uniform lifetime table provided by the IRS. The table assumes a designated beneficiary exactly 10 years younger than you, regardless of who is named as your beneficiary(ies), if any. If your spouse is your sole designated beneficiary, and is more than 10 years younger than you, the required minimum distribution is determined annually using the actual joint life expectancy of you and your spouse obtained from the joint and last survivor table provided by the IRS, rather than the life expectancy divisor from the uniform lifetime table.

We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70½:

- (a) make no distribution until you give us a proper withdrawal request,

- (b) distribute your entire IRA to you in a single sum payment, or
  - (c) determine your required minimum distribution each year based on your life expectancy calculated using the uniform lifetime table, and pay those distributions to you until you direct otherwise.
3. Your designated beneficiary is determined based on the beneficiary(ies) designated as of the date of your death, who remains your beneficiary(ies) as of September 30 of the year following the year of your death. If you die,
- (a) on or after your required beginning date, distributions must be made to your beneficiary(ies) over the longer of the single life expectancy of your designated beneficiary(ies), or your remaining life expectancy. If a beneficiary other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.
  - (b) before your required beginning date, the entire amount remaining in your account will, at the election of your designated beneficiary(ies), either
    - (i) be distributed by December 31 of the year containing the fifth anniversary of your death, or
    - (ii) be distributed over the remaining life expectancy of your designated beneficiary(ies).

If your spouse is your sole designated beneficiary, he or she must elect either option (i) or (ii) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year you would have attained age 70½. Your designated beneficiary(ies), other than a spouse who is the sole designated beneficiary, must elect either option (i) or (ii) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (ii). In the case of distributions under option (ii), distributions must commence by December 31 of the year following the year of your death. Generally if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary(ies) of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse who is the sole designated beneficiary of your entire IRA will be deemed to elect to treat your IRA as his or her own by either (1) making contributions to your IRA or (2) failing to timely remove a required minimum distribution from your IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own IRA.

- L. **WAIVER OF 2009 RMD** – If you are an IRA holder age 70½ or older, you are not required to remove an RMD for calendar year 2009. In addition, no beneficiary life expectancy payments are required for calendar year 2009. If the five year rule applies to an IRA with respect to any decedent, the five year period is determined without regard to calendar year 2009. For example, if an IRA owner died in 2007, the beneficiary's five year period ends in 2013 instead of 2012.

## INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

- A. **IRA DEDUCTIBILITY** – If you are eligible to contribute to your IRA, the amount of the contribution for which you may take a tax deduction will depend upon whether you (or, in some cases, your spouse) are an active participant in an employer-maintained retirement plan. If you (and your spouse, if married) are not an active participant, your entire IRA contribution will be deductible. If you are an active participant (or are married to an active participant), the deductibility of your contribution will depend on your modified adjusted gross income (MAGI) and your tax filing status for the tax year for which the contribution was made. MAGI is determined on your income tax return using your adjusted gross income but disregarding any deductible IRA contribution.

**Definition of Active Participant** – Generally, you will be an active participant if you are covered by one or more of the following employer-maintained retirement plans:

1. a qualified pension, profit sharing, 401(k), or stock bonus plan;
2. a qualified annuity plan of an employer;
3. a simplified employee pension (SEP) plan;
4. a retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under Code section 457);
5. a tax-sheltered annuity for employees of certain tax-exempt organizations or public schools;
6. a plan meeting the requirements of Code section 501(c)(18);
7. a qualified plan for self-employed individuals (H.R. 10 or Keogh Plan); and
8. a savings incentive match plan for employees of small employers (SIMPLE) IRA plan or a SIMPLE 401(k) plan.

If you do not know whether your employer maintains one of these plans, or whether you are an active participant in it, check with your employer or your tax advisor. Also, the IRS Form W-2, Wage and Tax Statement, that you receive at the end of the year from your employer will indicate whether you are an active participant.

If you are an active participant, are single, and have MAGI within the applicable phaseout range listed below, the deductible amount of your contribution is determined as follows: (1) begin with the appropriate phase-out range maximum for the applicable year (specified below), and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$36,000 in 2002, your maximum deductible contribution is \$2,400 (the 2002 phase-out range maximum of \$44,000 minus your MAGI of \$36,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000 and multiplied by the contribution limit of \$3,000.)

If you are an active participant, are married and you file a joint income tax return, and have MAGI within the applicable phaseout range listed below, the deductible amount of your contribution is determined as follows: (1) begin with the appropriate phase-out range maximum for the applicable year (specified below), and subtract your MAGI range; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$56,000 in 2002, your maximum deductible contribution is \$2,400 (the 2002 phase-out maximum of \$64,000 minus your MAGI of \$56,000, divided by the difference between the maximum and minimum phase-out limits of \$10,000 and multiplied by the contribution limit of \$3,000.)

If you are an active participant, are married and you file a separate income tax return, your MAGI phase-out range is generally \$0–\$10,000. However, if you lived apart for the entire tax year, you are treated as a single filer.

Tax Year	Joint Filers	Single Taxpayers
	Phase-out Range*	Phase-out Range*
	(minimum)(maximum)	(minimum)(maximum)
2002	\$54,000 – \$64,000	\$34,000 – \$44,000
2003	\$60,000 – \$70,000	\$40,000 – \$50,000
2004	\$65,000 – \$75,000	\$45,000 – \$55,000
2005	\$70,000 – \$80,000	\$50,000 – \$60,000
2006	\$75,000 – \$85,000	\$50,000 – \$60,000
2007**	\$80,000 – \$100,000	\$50,000 – \$60,000

\*MAGI limits are subject to cost-of-living increases for tax years beginning after 2006.

\*\*The MAGI limits for 2007 listed above may be subject to additional increases.

The MAGI phaseout range for an individual that is not an active participant, but is married to an active participant, is \$150,000–\$160,000. This limit is also subject to cost-of-living increases for tax years beginning after 2006. If you are not an active participant in an employer-maintained retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phaseout range for the year, your maximum deductible contribution is determined as follows: (1) begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI from it; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

You must round the resulting deduction to the next highest \$10 if the number is not a multiple of 10. If your resulting deduction is between \$0 and \$200 you may round up to \$200.

**B. CONTRIBUTION DEADLINE** – The deadline for making an IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar year taxpayer, and you make your IRA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designate it as such.

**C. TAX CREDIT FOR CONTRIBUTIONS** – You may be eligible to receive a tax credit for your Traditional IRA contributions. This credit will be allowed in addition to any tax deduction that may apply, and may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are

- age 18 or older as of the close of the taxable year,
- not a dependent of another taxpayer, and
- not a full-time student.

The credit is based upon your income (see chart below), and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your Traditional IRA and reduce these contributions by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2,000.

	Adjusted Gross Income*			Applicable Percentage
	Joint Return	Head of a Household	All Other Cases	
	\$1 – 30,000	\$1 – 22,500	\$1 – 15,000	50
	30,001 – 32,500	22,501 – 24,375	15,001 – 16,250	20
	32,501 – 50,000	24,376 – 37,500	16,251 – 25,000	10
	Over 50,000	Over 37,500	Over 25,000	0

\*Adjusted gross income includes foreign earned income and income from Guam, America Samoa, North Mariana Islands and Puerto Rico. AGI limits are subject to cost-of-living adjustments for tax years beginning after 2006.

**D. TAX-DEFERRED EARNINGS** – The investment earnings of your IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

**E. NONDEDUCTIBLE CONTRIBUTIONS** – You may make nondeductible contributions to your IRA to the extent that deductible contributions are not allowed. The sum of your deductible and nondeductible IRA contributions cannot exceed your contribution limit (the lesser of the allowable contribution limit described previously, or 100 percent of compensation). You may elect to treat deductible IRA contributions as nondeductible contributions.

If you make nondeductible contributions for a particular tax year, you must report the amount of the nondeductible contribution along with your income tax return using IRS Form 8606. Failure to file IRS Form 8606 will result in a \$50 per failure penalty.

If you overstate the amount of designated nondeductible contributions for any taxable year, you are subject to a \$100 penalty unless reasonable cause for the overstatement can be shown.

**F. TAXATION OF DISTRIBUTIONS** – The taxation of IRA distributions depends on whether or not you have ever made nondeductible IRA contributions. If you have only made deductible contributions, any IRA distribution will be fully included in income.

If you have ever made nondeductible contributions to any IRA, the following formula must be used to determine the amount of any 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 you 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 your IRAs as of the end of the year of distribution and any distributions occurring during the year.

**G. ROLLOVERS AND CONVERSIONS** – Your IRA may be rolled over to an IRA of yours, may receive rollover contributions, and may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your IRA from another IRA, or from your employer's qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

**1. Traditional IRA to Traditional IRA Rollovers** – Funds distributed from your IRA may be rolled over to an IRA of yours if the requirements of Code section 408(d)(3) are met. A proper IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another IRA to IRA rollover from the distributing IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.

**2. SIMPLE IRA to Traditional IRA Rollovers** – Funds may be distributed from your SIMPLE IRA and rolled over to your IRA without IRS penalty provided, two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of Code section 408(d)(3) must be met. A proper SIMPLE IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to IRA or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.

**3. Employer-Sponsored Retirement Plan to Traditional IRA Rollovers** – You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan (other than distributions to nonspouse beneficiaries), unless it is part of a certain series of substantially equal periodic payments, a required minimum distribution, a hardship distribution, or a distribution of Roth 401(k) or Roth 403(b) elective deferrals.

If you elect to receive your rollover distribution prior to placing it in an IRA, thereby conducting an indirect rollover, your plan administrator will generally be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up the amount withheld, out of pocket, and roll over the full amount distributed from your employer-sponsored retirement plan. To qualify as a rollover, your eligible rollover distribution must be rolled over to your IRA not later than 60 days after you receive it. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax and, if you are under age 59½, the 10 percent early distribution penalty (unless an exception to the penalty applies).

As an alternative to the indirect rollover, your employer generally must give you the option to directly roll over your employer-sponsored retirement plan balance to an IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the IRA (or other eligible employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.

4. **Beneficiary Rollovers from Employer-Sponsored Retirement Plans** – If you are 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.
5. **Traditional IRA to Employer-Sponsored Retirement Plans** – You may roll over, directly or indirectly, any eligible rollover distribution from an IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan so long as the employer-sponsored retirement plan accepts such rollover contributions. An eligible rollover distribution is defined as any taxable distribution from an IRA that is not a part of a required minimum distribution.
6. **Traditional IRA to Roth IRA Conversions** – If your modified adjusted gross income is not more than \$100,000 and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing Traditional IRA(s) into your Roth IRA(s). Beginning in 2010, the \$100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated for conversion eligibility. If you are age 70½ or older you must remove your required minimum distribution prior to converting your Traditional IRA. The amount of the conversion from your Traditional IRA to your Roth IRA shall be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.
7. **Qualified HSA Funding Distribution** – If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free HSA funding distribution from your IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*.
8. **Rollover of Exxon Valdez Settlement Payments** – If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to \$100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including tax extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at [www.irs.gov](http://www.irs.gov).
9. **Written Election** – At the time you make a proper rollover to an IRA, you must designate in writing to us, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.
- H. **TRANSFER DUE TO DIVORCE** – If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another.
- I. **RECHARACTERIZATIONS** – If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. If you have converted from a Traditional IRA to a Roth IRA you may recharacterize the conversion along with net income attributable back to the Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions), for the year for which the original contribution was made or conversion completed.

## LIMITATIONS AND RESTRICTIONS

- A. **SEP PLANS** – Under a simplified employee pension (SEP) plan that meets the requirements of Code section 408(k), your employer may make contributions to your IRA. Your employer is required to provide you with information which describes the terms of your employer's SEP plan.
- B. **SPOUSAL IRA** – If you are married and have compensation, you may contribute to an IRA established for the benefit of your spouse for any year prior to the year your spouse turns age 70½, regardless of whether or not your spouse has compensation. You may make these spousal contributions even if you are age 70½ or older. You must file a joint income tax return for the year for which the contribution is made.  
  
The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100 percent of your combined compensation or \$6,000 for 2002-2004, \$8,000 for 2005-2007, and \$10,000 for 2008. This amount may be increased with cost-of-living adjustments in 2009 and beyond. However, you may not contribute more than the individual contribution limit to each IRA.  
  
If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's IRA. The maximum additional contribution is \$500 for years 2002-2005, and \$1,000 for years 2006 and beyond.
- C. **DEDUCTION OF ROLLOVERS AND TRANSFERS** – A deduction is not allowed for rollover contributions or transfers.
- D. **GIFT TAX** – Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.
- E. **SPECIAL TAX TREATMENT** – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to IRA distributions.
- F. **INCOME TAX TREATMENT** – Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- G. **PROHIBITED TRANSACTIONS** – If you or your beneficiary engage in a prohibited transaction with your IRA, as described in Code section 4975, your 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 IRA: (1) taking a loan from your IRA; (2) buying property for personal use (present or future) with IRA funds; or (3) receiving certain bonuses or premiums because of your IRA.
- H. **PLEDGING** – If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and will be included in your gross income for the taxable year in which you pledge the assets.

## FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY** – If you are under age 59½ and receive an IRA distribution, an additional tax of 10 percent will apply, unless made on account of 1) death, 2) disability, 3) a qualifying rollover, 4) the timely withdrawal of an excess contribution, 5) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your beneficiary, 6) medical expenses which exceed 7.5 percent of your adjusted gross income, 7) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 8) certain qualified education expenses, 9) first-home purchases (up to a life-time maximum of \$10,000), 10) a levy issued by the IRS, or 11) active military duty (see *Qualified Reservist Distributions*, below). This additional tax will apply only to the portion of a distribution which is includible in your taxable income.
- B. **EXCESS CONTRIBUTION PENALTY** – An additional tax of six percent is imposed upon any excess contribution you make to your IRA. This additional tax will apply each year in which an excess remains in your IRA. An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute.
- C. **EXCESS ACCUMULATION PENALTY** – As previously described, you must take a required minimum distribution by your required beginning date for the year you attain age 70½ and by the end of each year thereafter. Your 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.
- D. **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 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.

D. **HURRICANE-RELATED RELIEF** – If you are an individual who sustained an economic loss due to, or are otherwise considered affected by, hurricane Katrina, Rita or Wilma, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified distributions include IRA distributions made on or after specified dates for each hurricane and before January 1, 2007 to a qualified individual. For a complete definition of what constitutes a qualified individual and a qualified hurricane distribution for purposes of hurricane relief, refer to IRS Publication 4492, *Information for Taxpayers Affected by Hurricanes Katrina, Rita and Wilma*.

1. **10 Percent Penalty Exception on Qualified Distributions** – Qualified hurricane distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
2. **Taxation May be Spread Over Three Years** – If you receive qualified hurricane distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
3. **Repayment of Qualified Hurricane Distributions** – You may roll over qualified hurricane distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.

For further detailed information on tax relief granted for hurricanes Katrina, Rita and Wilma, and other exceptions which may be granted in the future by the IRS, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAXFORM, or by visiting [www.irs.gov](http://www.irs.gov) on the Internet.

E. **QUALIFIED RESERVIST DISTRIBUTIONS** – If you are a qualified reservist called to active duty, you may be eligible to take penalty-free distributions from your IRA and recontribute those amounts to an IRA generally within a two-year period from your date of return. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.

F. **CHARITABLE DISTRIBUTIONS** – If you are age 70½ or older, you may make tax-free distributions of up to \$100,000 per year directly from your IRA to certain charitable organizations. Special tax rules may apply. This provision applies to distributions during tax years 2008 and 2009, or until such later time as extended by Congress. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.

G. **HEARTLAND DISASTER RELATED TAX RELIEF** – If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified disaster recovery assistance distributions include IRA distributions made on or after specified dates for each disaster, and before January 1, 2010 to a qualified individual. For more information on this tax relief, refer to IRS Publication 4492-B, *Information for Affected Taxpayers in the Midwestern Disaster Area*.

1. **10 Percent Penalty Exception on Qualified Distributions** – Qualified disaster recovery assistance distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
2. **Taxation May be Spread Over Three Years** – If you received qualified disaster recovery assistance distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
3. **Repayment of Qualified Disaster Recovery Assistance Distributions** – You may roll over qualified disaster recovery assistance distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.