

# ENSEMBLE FUND

## IRA Plan Booklet

### **IRA Disclosure Statement**

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Part Three: Rules for Both Traditional IRAs and Roth IRAs

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*For more information, please visit [www.ensemblefund.com](http://www.ensemblefund.com) or call toll-free 1-800-785-8165 or consult your tax adviser.*

### **Important Note**

If you do not receive this Disclosure Statement at least seven (7) calendar days prior to the establishment of your new Traditional IRA or Roth IRA, you may revoke within seven (7) calendar days after the establishment date of your Account. To revoke your Traditional or Roth IRA, mail or deliver a written notice of revocation to Ensemble Fund, c/o Mutual Shareholder Services, 8000 Town Centre Drive, Suite 400, Broadview Heights, Ohio 44147. Mailed notice will be deemed given on the date that it is postmarked (or, if sent by certified or registered mail, on the date of certification or registration). If you revoke your Traditional or Roth IRA within the seven-day period, you are entitled to a return of the entire amount you originally contributed into your Traditional or Roth IRA, without adjustment for such items as sales charges, administrative expenses or fluctuations in market value. If you do not use this right within seven (7) days of the date you receive this Disclosure Statement, you have accepted the terms and conditions of the IRA agreement and may no longer revoke the IRA account.

# IRA Disclosure Statement

## **Part One: Description of Traditional IRAs**

### **General Information**

This Part One contains information about your Traditional Individual Retirement Custodial Account with U.S. Bank, N.A. as Custodian. A Traditional IRA gives you several tax benefits. Earnings on the assets held in your Traditional IRA are not subject to federal income tax until withdrawn by you. You may be able to deduct all or part of your Traditional IRA contribution on your federal income tax return. State income tax treatment of your Traditional IRA may differ from federal treatment; ask your state tax department or your personal tax adviser for details.

Part Two of this Disclosure Statement contains information about "Roth IRAs" to distinguish them from "Traditional IRAs" described in this Part One. Contributions to a Roth IRA are not deductible (regardless of your AGI), but withdrawals that meet certain requirements are not subject to federal income tax, so that dividends and investment growth on amounts held in the Roth IRA can escape federal income tax.

Be sure to read Part Three of the Disclosure Statement for important additional information, including information on how to revoke your Traditional IRA, investments and prohibited transactions, fees and expenses, and certain tax requirements.

Traditional IRAs described in this Disclosure Statement may be used as part of a Simplified Employee Pension (SEP) plan maintained by your employer. Under a SEP your employer may make contributions to your Traditional IRA, and these contributions may exceed the normal limits on Traditional IRA contributions. This Disclosure Statement does not describe IRAs established in connection with a SIMPLE IRA program maintained by your employer. Employers provide special explanatory materials for accounts established as part of a SIMPLE IRA program. Traditional IRAs may be used in connection with a SIMPLE IRA program, but for the first two years of participation a special SIMPLE IRA (not a Traditional IRA) is required.

Please read this Disclosure Statement and the attached materials carefully. Please note that the rules regarding Traditional IRAs are subject to frequent change. Before entering into any major transaction involving your Traditional IRA, you should make sure that you have the most current information available. If you have any legal or tax questions concerning your Traditional IRA, we urge you to discuss them with your attorney or personal tax consultant.

### **Eligibility**

#### ***What are the eligibility requirements for a Traditional IRA?***

You are eligible to establish and contribute to a Traditional IRA for a year if at any time during the year you received compensation (or earned income if you are self-employed). If you received taxable alimony, this is treated like compensation for IRA purposes. (Prior to January 1, 2020, you were unable to contribute if you were age 70<sup>1/2</sup> or older.)

#### ***Can I Contribute to a Traditional IRA for my Spouse?***

You can contribute to a separate Traditional IRA for your spouse, regardless of whether your spouse had any compensation or earned income in that year. This is called a "spousal IRA." To be eligible to contribute to a

spousal IRA, you and your spouse must file a joint tax return for the year. For a spousal IRA, your spouse must establish separate Traditional IRA from yours to receive the contributions.

## Contributions

### *When Can I Make Contributions to a Traditional IRA?*

You may make a contribution to your existing Traditional IRA or establish a new Traditional IRA for a taxable year by the due date (not including any extensions) of your federal income tax return for the year. Usually this is April 15 of the following year. For example, you will have until April 15, 2024 to establish and make a contribution to a Traditional IRA for 2023.

### *How Much Can I Contribute to my Traditional IRA?*

(a) For each year when you are eligible you can contribute up to the lesser of your IRA Contribution Limit (see the following table) or 100% of your compensation or earned income, if you are self-employed. However, under the tax laws, all or a portion of your contribution may not be deductible.

#### IRA CONTRIBUTION LIMIT

Years	Limit
2019 – 2022	\$6,000
2023	\$6,500+*

\*Indexed to inflation. IRS may adjust annually for inflation. Any adjustments will be in \$500 increments.

(b) Individuals age 50 or over may make special "catch up" contributions to their Traditional IRAs. (See What are the Special Catch-Up Contribution Rules?)

(c) If you and your spouse have spousal Traditional IRAs, each spouse may contribute up to the IRA Contribution Limit to his or her IRA for a year as long as the combined compensation of both spouses for the year (as shown on your joint income tax return) is at least two times the IRA Contribution Limit. If the combined compensation or earned income shown on the joint income tax return is under two times the IRA Contribution Limit, the spouse with the higher amount of compensation may contribute up to that spouse's compensation amount, or the IRA Contribution Limit, if less. The spouse with the lower compensation amount may contribute any amount up to that spouse's compensation plus any excess of the other spouse's compensation over the other spouse's IRA contribution. However, the maximum contribution to either spouse's Traditional IRA is the individual IRA Contribution Limit for the year.

If you (or your spouse) establish a new Roth IRA and make contributions to both your Traditional IRA and a Roth IRA, the combined limit on contributions to both your (or your spouse's) Traditional IRA and Roth IRA for a single calendar year is the IRA Contribution Limit. (Note: The Traditional IRA Contribution Limit is not reduced by employer contributions made on your behalf to either a SEP IRA or a SIMPLE IRA; salary reduction contributions by you are considered employer contributions for this purpose.)

### ***What are the Special Catch-Up Contribution Rules?***

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

#### **CATCH-UP CONTRIBUTION**

<b>Year</b>	<b>Limit</b>
2022	\$1,000
2023	\$1,000+*

\*Indexed to inflation. IRS may adjust annually for inflation. Any adjustments will be in \$500 increments.

Congress intended these "catch-up" contributions specifically for older individuals who may have been absent from the workforce for a number of years and so may have lost out on the ability to contribute to an IRA. However, the "catch-up" contribution is available to anyone age 50 or over, whether or not they have consistently contributed to a Traditional IRA over the years.

Note that the rules for determining whether a contribution is tax-deductible also apply to special "catch-up" contributions.

### ***How do I Know if my Contribution is Tax Deductible?***

The deductibility of your contribution depends upon whether you are an active participant in any employer-sponsored retirement plan. You may deduct the full amount of your IRA contribution if you are not an active participant in an employer-sponsored retirement plan for any part of such year.

If you are an active participant in an employer-sponsored plan, your Traditional IRA contribution may still be completely or partly deductible on your tax return depending on your tax filing status and your adjusted gross income (AGI). Instructions to calculate your AGI are provided with your income tax Form 1040 or 1040A.

Similarly, the deductibility of a contribution to a Traditional IRA for your spouse depends upon whether your spouse is an active participant in any employer-sponsored retirement plan. If your spouse is not an active participant, the contribution to your spouse's Traditional IRA will be deductible. If your spouse is an active participant, the Traditional IRA contribution will be completely, partly or not deductible depending upon your combined income.

An exception to the preceding rules applies to high-income married taxpayers, where one spouse is an active participant in an employer-sponsored retirement plan and the other spouse is not. A contribution to the non-active participant spouse's Traditional IRA will be only partly deductible if adjusted gross income exceeds certain levels. See section “*What are the Deduction Restrictions for Active Participants?*” for those levels.

### ***How do I Determine My or My Spouse's "Active Participant" status?***

Individuals are considered to be active participants for a year if at any time during the year they are covered by an employer-sponsored retirement plan under which contributions are made to their accounts (including a required or voluntary contribution by the individual) or under which they are eligible to earn pension benefit credit. Your (or your spouse's) Form W-2 should indicate if you (or your spouse) were an active participant in an employer-sponsored retirement plan for a year. If you have a question, please consult your employer or the plan administrator.

In addition, regardless of income level, your spouse's "active participant" status will not affect the deductibility of your contributions to your Traditional IRA if you and your spouse file separate tax returns for the taxable year and you lived apart at all times during the taxable year.

### ***What are the Deduction Restrictions for Active Participants?***

If you (or your spouse) are an active participant in an employer plan during a year, the contribution to your Traditional IRA (or your spouse's Traditional IRA) may be completely, partly or not deductible depending upon your filing status and your amount of adjusted gross income ("AGI"). If AGI is any amount up to the lower limit, the contribution is deductible. If your AGI falls between the lower limit and the upper limit, the contribution is partly deductible. If your AGI falls above the upper limit, the contribution is not deductible.

The Lower Limit and the Upper Limit are adjusted each year. The Lower Limits and Upper Limits for each year are set out on the table below. Use the correct Lower Limit and Upper Limit from the table to determine deductibility in any particular year. (Note: If you are married but filing separate returns, your Lower Limit is always zero and your Upper Limit is always \$10,000.)

**Table of Lower and Upper Limits**

Year	Single		Married Filing Jointly	
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
2022	\$68,000	\$78,000	\$109,000	\$129,000
2023	\$73,000	\$83,000	\$116,000	\$136,000

In 2022, if you either live with your spouse or file a joint return, and your spouse is covered by a retirement plan at work, but you are not, your deduction is phased out if your modified AGI is more than \$204,000 but less than \$214,000. If your modified AGI is \$214,000 or more, you cannot take a deduction for contributions to a traditional IRA. Additionally, in 2023, if you either live with your spouse or file a joint return, and your spouse is covered by a retirement plan at work, but you are not, your deduction is phased out if your modified AGI is more than \$218,000 but less than \$228,000. If your modified AGI is \$228,000 or more, you cannot take a deduction for contributions to a traditional IRA.

### ***How do I Calculate my Deduction if I Fall in the "Partly Deductible" Range?***

If your AGI falls in the partly deductible range, you must calculate the portion of your contribution that is deductible. To do this, see IRS Publication 590-A. You can access a copy of IRS Publication 590-A online at <http://www.irs.gov/pub/irs-pdf/p590a.pdf>. The section "*How much can you deduct*" provides an explanation of how to determine your modified AGI, your coverage and filing status for purposes of deductibility, and a worksheet to help you figure if your IRA contribution is partly deductible or not deductible.

Even though part or all of your contribution is not deductible, you may still contribute to your Traditional IRA (and your spouse may contribute to your spouse's Traditional IRA) up to the IRA Contribution Limit for the year. When you file your tax return for the year, you must designate the amount of non-deductible contributions to your Traditional IRA for the year. See IRS Form 8606. Also see IRS Publication 590-A, *“How much can you deduct”* for more details.

### ***What Happens if I Contribute more than Allowed to my Traditional IRA?***

The maximum contribution you can make to a Traditional IRA generally is the IRA Contribution Limit (or the IRA Contribution Limit plus a "catch-up" contribution if you are 50 or over) or 100% of compensation or earned income, whichever is less. Any amount contributed to the IRA above the maximum is considered an "excess contribution." Remember that the "excess contribution" is based on the contributions above the maximum **contribution** limit, not the maximum **deduction** limit. An excess contribution is subject to an annual nondeductible excise tax of 6% for each year it remains in the IRA.

### ***How can I Correct an Excess Contribution?***

Excess contributions may be corrected without paying a 6% penalty. To do so, you must withdraw the excess contribution and all earnings attributable to it before the due date (including extensions) for filing your federal income tax return for the year in which you made the excess contribution. The IRS automatically grants to taxpayers who file their taxes by the April 15th deadline a six-month extension of time (until October 15) to remove an excess contribution for the tax year covered by that filing. A deduction should not be taken for any excess contribution. (Refer to IRS Publication 590-A to see how the amount you must withdraw to correct an excess contribution may be adjusted to reflect gain or loss.) Earnings that are a gain must be included in your income for the tax year for which the excess contribution was made and may be subject to a 10% premature distribution tax if you have not reached age 59<sup>1/2</sup>.

### ***What Happens if I Don't Correct the Excess Contribution by the Tax Return Due Date?***

Any excess contribution withdrawn after the tax return due date (including any extensions) for the year for which the contribution was made will be subject to the 6% excise tax. The IRS automatically grants to taxpayers who file their taxes by the April 15th deadline a six-month extension of time (until October 15) to recharacterize for the tax year covered by that filing. There will be an additional 6% excise tax for each year the excess remains in your account. Any such excess contributions must be reported to the IRS (see What Tax Information Must I Report to the IRS? in Part Three of this Disclosure Statement).

Under limited circumstances, you may correct an excess contribution after the deadline for the tax year by withdrawing the excess contribution (leaving the earnings in the account). This withdrawal will not be includible in income nor will it be subject to any premature withdrawal penalty if (1) your contributions to all Traditional IRAs do not exceed the IRA Contribution Limit (plus the "catch-up" contribution, if eligible) and (2) you did not take a deduction for the excess amount (or you file an amended return (Form 1040X) which removes the excess deduction).

### ***How are Excess Contributions Treated if None of the Preceding Rules Apply?***

Unless an excess contribution qualifies for the special treatment outlined above, the excess contribution and any earnings on it withdrawn after tax filing time will be includible in taxable income and may be subject to a 10% premature withdrawal penalty. No deduction will be allowed for the excess contribution for the year in which it is made.

Excess contributions may be corrected in a subsequent year to the extent that you contribute less than your maximum contribution amount. As the prior excess contribution is reduced or eliminated, the 6% excise tax

will become correspondingly reduced or eliminated for subsequent tax years. Also, you may be able to take an income tax deduction for the amount of excess that was reduced or eliminated, depending on whether you would be able to take a deduction if you had instead contributed the same amount.

## Conversion of Traditional IRA

### *Can I convert an Existing Traditional IRA into a Roth IRA?*

You are eligible to convert a Traditional IRA to a Roth IRA. Conversion may be accomplished in any of three ways: First, you can withdraw the amount you want to convert from your Traditional IRA and roll it over to a Roth IRA within 60 days. Second, you can establish a Roth IRA and then direct the custodian of your Traditional IRA to transfer the amount in your Traditional IRA you wish to convert to the new Roth IRA. Third, if you want to convert an existing Traditional IRA with U.S. Bank, N.A. as custodian to a Roth IRA, you may give us directions to convert; we will convert your existing account when the paperwork to establish your new Roth IRA is complete.

If you accomplish a conversion by withdrawing from your Traditional IRA and rolling over to a Roth IRA within 60 days, the conversion eligibility requirements in the preceding paragraph apply to the year of the withdrawal (even though the rollover contribution occurs in the following calendar year).

Note: If you have reached an age which mandates a Required Minimum Distribution (“RMD”) by the year when you convert another non-Roth IRA you own to a Roth IRA, be careful not to convert any amount that would be a RMD under the rules. Under current IRS regulations, Required Minimum Distributions may not be converted. See section “*When must I start making withdrawals?*” for ages which mandate a Required Minimum Distribution.

Note also that, beginning in 2018, based on a provision in the Tax Cuts and Jobs Act of 2017, Roth IRA conversions are permanent and can no longer be recharacterized. . **These rules are very complex; be sure to consult a competent tax professional for assistance. Always check with your tax adviser for the latest developments.**

## Transfers/Rollovers

### *Can I Transfer or Rollover a Distribution I Receive from my Employer's Retirement Plan into a Traditional IRA?*

Most distributions from employer plans or 403(b) arrangements (for employees of tax-exempt employers) or eligible 457 plans (for employees of certain governmental plans) are eligible for rollover to a Traditional IRA. The main exceptions are the following.

- A required minimum distribution (explained under *When Must You Withdrawal Assets? (Required Minimum Distributions)* in Pub. 590-B, which is available at online at <http://www.irs.gov/pub/irs-pdf/p590b.pdf>).
- A hardship distribution.
- Any of a series of substantially equal periodic distributions paid at least one a year over (a) your lifetime or life expectancy, (b) the lifetimes or life expectancies of you and your beneficiaries, or (c) a period of 10 years or more.
- Corrective distributions of excess contributions or excess deferrals, and any income allocable to the excess, or of excess annual additions and any allocable gains.

- A loan treated as a distribution because it doesn't satisfy certain requirements either when made or later (such as upon default), unless the participant's accrued benefits are reduced (offset) to repay the loan. See the discussion under *Time Limit for Making a Rollover Contribution* in Pub. 590-B.
- Dividends on employer securities.
- The cost of life insurance coverage.

If you are eligible to receive a distribution from a tax qualified retirement plan as a result of, for example, termination of employment, plan discontinuance, or retirement, all or part of the distribution may be transferred directly into your Traditional IRA. This is called a "direct rollover." Or, you may receive the distribution and make a rollover to your Traditional IRA within 60 days. By making a direct rollover or a regular rollover, you can defer income taxes on the amount rolled over until you subsequently make withdrawals from your Traditional IRA.

If you are over age an age which mandates a Required Minimum Distribution and are required to take minimum distributions under the tax laws, you may not rollover any amount required to be distributed to you under the minimum distribution rules. (See section "*When must I start making withdrawals?*" for ages that mandate a RMD. You also may not rollover a hardship distribution from a 401(k) or 403(b) plan. Also, if you are receiving periodic payments over your life expectancy or the joint life expectancy of you and your designated beneficiary, or for a period of at least 10 years, you may not rollover these payments. A rollover to a Traditional IRA must be completed within 60 days after the distribution from the employer retirement plan to be valid.

NOTE: Generally, a qualified plan administrator or 403(b) sponsor MUST WITHHOLD 20% OF YOUR DISTRIBUTION for federal income taxes UNLESS you elect a direct rollover. Your plan or 403(b) sponsor is required to provide you with information about direct and regular rollovers and withholding taxes before you receive your distribution and must comply with your directions to make a direct rollover.

**The rules governing rollovers are complicated. Be sure to consult your tax adviser or the IRS if you have a question about rollovers.**

***Once I Have Rolled Over a Plan Distribution into a Traditional IRA, Can I Subsequently Roll Over into another Employer's Plan?***

Yes. Part or all of an eligible distribution received from a qualified plan may be withdrawn from the Traditional IRA and rolled over to another qualified plan, within 60 days of the date of withdrawal.

***Are There any Limitations on the Amount that can be Rolled Over into an Employer's Retirement Plan?***

The taxable portion of an eligible distribution received from an employer's plan (a qualified plan, 403(b) plan or certain 457 plans) may be transferred from the Traditional IRA holding it to another plan. Assets held in a Traditional IRA, whether originally rolled over from an employer plan or attributable to annual contributions, may be rolled over into an employer's plan. Such a rollover must be completed within 60 days after the withdrawal from your IRA. Thus, except in some very limited cases, there is no reason to establish a "conduit IRA" to keep track of amounts distributed from an employer plan. In addition, the new employer plan must accept rollovers.

Only amounts that would, absent the rollover, otherwise be taxable may be rolled over to a qualified plan. In general, this means that after-tax contributions to a Traditional IRA may not be rolled over to an employer plan. However, to determine the amount an individual may roll over to plan, all Traditional IRAs are taken into account. If the amount being rolled over from one Traditional IRA is less than or equal to the otherwise taxable amount held in all of the individual's Traditional IRAs, then the total amount can be rolled over into



an employer plan, even if some of the funds in the Traditional IRA being rolled over are after-tax contributions.

The following example illustrates this rule: Assume Gail has two IRAs: IRA1 with a \$100,000 balance, all of which is attributable to deductible contributions and earnings and thus would be taxable if distributed directly to Gail; and IRA2, with a balance of \$150,000, \$50,000 of which consists of after-tax contributions (and thus would be non-taxable if distributed directly to Gail) and \$100,000 of which consists of deductible contributions and earnings. Between the two IRAs, \$200,000 would be taxable if distributed to Gail and \$50,000 would not be taxable because it was contributed on an after-tax basis. Gail may rollover the full \$150,000 from IRA2, even though \$50,000 is non-taxable, because the total amount of taxable funds in all of her IRAs exceeds \$150,000.

### ***Can I Make a Rollover from my Traditional IRA to another Traditional IRA?***

If you have a Traditional IRA, you can withdraw all or part of the amount in that account and rollover to another Traditional IRA you have or you establish to receive the rollover. Such a rollover must be completed within 60 days after the withdrawal from your first Traditional IRA.

After making a rollover from one Traditional IRA, you must wait a full year (365 days) before you can make another such rollover from the same Traditional IRA. In addition, after Traditional IRA assets are rolled over from one IRA to another, a second rollover of the same assets cannot be made for a full year.

### ***What is a Direct Transfer?***

As an alternative to a rollover, arrangements may be made for a direct transfer from one Traditional IRA custodian to another. The one-year waiting period does not apply to direct transfers from one Traditional IRA custodian to another. Such a direct transfer does not count as a rollover.

### ***May a Rollover or Transfer include After-Tax or Nondeductible Contributions?***

Yes. After-tax contributions may be rolled over from a qualified employer plan or a 403(b) arrangement to a Traditional IRA. These rollovers or transfers, as well as rollovers or transfers of nondeductible contributions from another Traditional IRA, may include after-tax or nondeductible contributions. (If a rollover or transfer includes after-tax or nondeductible amounts, such amounts may be held under a separate account number by the record keeping system. In this event, if you want to make an investment change, remember that you may have to deal with multiple accounts.)

### ***How Do Rollovers Affect my Contribution or Deduction Limits?***

Rollover contributions, if properly made, do not count toward the maximum contribution. Also, rollovers are not deductible and they do not affect your deduction limits as described above.

## **Withdrawals**

### ***When can I make withdrawals from my Traditional IRA?***

You can make withdrawals from your Traditional IRA at any time. However, if you withdraw any funds from your Traditional IRA before age 59½, the amount withdrawn may be subject to a 10% penalty tax in addition to regular income taxes (see below).

### ***When must I start making withdrawals?***

In order to avoid penalty taxes, you must begin making withdrawals when you reach your Required Minimum Distribution (“RMD”) age. The below outlines the age when a RMD is required:

- age 70<sup>1/2</sup>, if your date of birth is June 30, 1949, or earlier,
- age 72, if your date of birth is after June 30, 1949, but before January 1, 1951,
- age 73, if your date of birth is after December 31, 1950 but before January 1, 1960, or
- age 75, if your date of birth is January 1, 1960, or later.

You must take your first RMD from your Traditional IRA by April 1 following the year in which you reach your RMD age, and by December 31 every year after, you must make minimum withdrawals in order to avoid penalty taxes.

The amount of each year’s required minimum distribution is determined under a uniform table prescribed by the IRS. The distribution period under the uniform table is the equivalent of the joint life expectancy of you and a beneficiary 10 years younger than you. (The joint life expectancy table may be used if your spouse is the sole beneficiary and is more than 10 years younger than you.) The minimum withdrawal amount is determined by dividing the balance in your Traditional IRA (or IRAs) by your life expectancy as shown on the uniform table. You are not required to recalculate because recalculation is built right into the uniform table. Although the required minimum distribution rules have been, in some ways, simplified, they are still, in general, complex. Consult your tax adviser for assistance.

The penalty tax is 50% of the difference between the minimum withdrawal amount and your actual withdrawals during a year. The IRS may waive or reduce the penalty tax if you can show that your failure to make the required minimum withdrawals was due to reasonable cause and you are taking reasonable steps to remedy the problem.

### ***How Are Withdrawals From My Traditional IRA Taxed?***

Amounts withdrawn by you are includible in your gross income in the taxable year that you receive them, and are taxable as ordinary income. Amounts withdrawn may be subject to income tax withholding by the custodian unless you elect not to have withholding. See Part Three below for additional information on withholding. Lump sum withdrawals from a Traditional IRA are not eligible for averaging treatment currently available to certain lump sum distributions from qualified employer retirement plans.

Since the purpose of a Traditional IRA is to accumulate funds for retirement, your receipt or use of any portion of your Traditional IRA before you attain age 59<sup>1/2</sup> generally will be considered as an early withdrawal and subject to a 10% penalty tax.

The 10% penalty tax for early withdrawal will not apply if:

- The distribution was a result of your death, total and permanent disability, or terminal illness. In the case of disability or terminal illness, you can provide proof that you are disabled or terminally ill as defined by the Code. (Beginning on December 30, 2022, you are able to take a distribution from a qualified retirement plan before reaching age 59<sup>1/2</sup> and not have to pay the 10% additional tax on early distributions if you receive the distribution on or after the date you have been determined to be terminally ill by a physician.)
- The purpose of the withdrawal is to pay certain higher education expenses for yourself or your spouse, child, or grandchild. Qualifying expenses include tuition, fees, books, supplies and equipment

required for attendance at a post-secondary educational institution. Room and board expenses may qualify if the student is attending at least half-time.

- The withdrawal is used to pay eligible first-time homebuyer expenses. These are the costs of purchasing, building or rebuilding a principal residence (including customary settlement, financing or closing costs). The purchaser may be you, your spouse, or a child, grandchild, parent or grandparent of you or your spouse. An individual is considered a "first-time homebuyer" if the individual did not have (or, if married, neither spouse had) an ownership interest in a principal residence during the two-year period immediately preceding the acquisition in question. The withdrawal must be used for eligible expenses within 120 days after the withdrawal. (If there is an unexpected delay, or cancellation of the home acquisition, a withdrawal may be redeposited as a rollover).

There is a lifetime limit on eligible first-time homebuyer expenses of \$10,000 per individual.

- The distribution is one of a scheduled series of substantially equal periodic payments for your life or life expectancy (or the joint lives or life expectancies of you and your beneficiary).

The IRS has provided three general methods of computing the annual distribution amounts for meeting the requirements for a series of substantially equal periodic payments: Notice 2022-6 explains the three methods and identifies tables to be used for 2023 and after. (See Notice 2022-6 at [www.irs.gov/irb/2022-05\\_IRB#NOT-2022-06](http://www.irs.gov/irb/2022-05_IRB#NOT-2022-06)). The three methods are generally referred to as the "required minimum distribution method (RMD method)", the "fixed amortization method" and the "fixed annuitization method." The latter two methods may require professional assistance.

- The distribution does not exceed the amount of your deductible medical expenses for the year (generally speaking, medical expenses paid during a year are deductible if they are greater than 7<sup>1</sup>/<sub>2</sub>% of your adjusted gross income for that year).
- The distribution does not exceed the amount you paid for medical insurance coverage for yourself, your spouse and dependents. This exception applies only if you have met all of the following conditions: (a) you lost your job; (b) you received federal or state unemployment compensation payments for at least 12 consecutive weeks because you lost your job; (c) you receive the distributions during either the year you received the unemployment compensation or the following year; and (d) you receive the distributions no later than this exception applies to distributions during the year in which you received the unemployment compensation and during the following year, but not to any distributions received after you have been reemployed for at least 60 days.
- A distribution is made pursuant to an IRS levy to pay overdue taxes.
- The distribution is a qualified reservist distributions as defined by the Code.
- The distribution is a qualified birth or adoption distribution as defined by the Code, Regulations and other applicable guidance.
- The distribution is a coronavirus-related distribution as defined by the Code.
- The distribution is a qualified disaster recovery distribution as defined by the Code, Regulations, and other applicable guidance.
- The distribution is withdrawn on or after January 1, 2024, and is considered an eligible distribution to a domestic abuse victim as defined by the Code, Regulations, and other applicable guidance.

### ***How are Nondeductible Contributions Taxed When They are Withdrawn?***

A withdrawal of nondeductible contributions (not including earnings) will be tax-free. However, if you made both deductible and nondeductible contributions to your Traditional IRA, then each distribution will be treated as partly a return of your nondeductible contributions (not taxable) and partly a distribution of deductible contributions and earnings (taxable). The nontaxable amount is the portion of the amount

withdrawn which bears the same ratio as your total nondeductible Traditional IRA contributions bear to the total balance of all your Traditional IRAs (including rollover IRAs and SEPs, but not including Roth IRAs).

A loss in your Traditional IRA investment may be deductible. You should consult your tax adviser for further details on the appropriate calculation for this deduction if applicable.

**The laws regarding contributions and withdrawals allowed under Traditional IRAs are complicated. Be sure to consult your tax adviser or the IRS if you have questions. In addition to the above and Part Three, please refer to IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, at <https://www.irs.gov/pub/irs-pdf/p590a.pdf> and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, at <https://www.irs.gov/pub/irs-pdf/p590b.pdf>.**

## **Part Two: Description of Roth IRAs**

### **General Information**

Part Two of the Disclosure Statement describes the rules generally applicable to Roth IRAs. A Roth IRA is a trust or custodial account established for you (and your beneficiaries) in which the amounts contributed are not deductible on your federal income tax return, but earnings accumulate tax-free. If certain conditions are met, withdrawals made from a Roth IRA may also be made tax-free. State income tax treatment of your Roth IRA may differ from federal treatment; consult your tax advisor for information regarding tax laws applicable in your state.

This Disclosure Statement also does not describe IRAs established in connection with a SIMPLE IRA or a Simplified Employee Pension (SEP) plan maintained by your employer. A Roth IRA plan is not suitable for use with a SIMPLE IRA plan or a SEP plan.

Be sure to read Part Three of this Disclosure Statement for important additional information, including information on how to revoke your Roth IRA, investments and prohibited transactions, fees and expenses and certain tax requirements.

### **Eligibility**

#### ***What are the eligibility requirements for a Roth IRA?***

You are eligible to establish and contribute to a Roth IRA for a year if you receive compensation (or earned income if you are self-employed) or alimony; and your (and your spouse's) adjusted gross income is within the limits described below.

Unlike Traditional IRAs, you may continue to make contributions to your Roth IRA regardless of age.

#### ***Can I Contribute to Roth IRA for my Spouse?***

If you meet the eligibility requirements you can not only contribute to your own Roth IRA, but also to a separate Roth IRA for your spouse out of your compensation or earned income, regardless of whether your spouse had any compensation or earned income in that year. This is called a "spousal Roth IRA." To make a contribution to a Roth IRA for your spouse, you must file a joint tax return for the year with your spouse. For a spousal Roth IRA, your spouse must set up a different Roth IRA, separate from yours, to which you contribute.

Of course, if your spouse has compensation or earned income, your spouse can establish his or her own Roth IRA and make contributions to it in accordance with the rules and limits described in this Part Two of the Disclosure Statement.

## Contributions

### *When Can I Make Contributions to a Roth IRA?*

You may make a contribution to your Roth IRA or establish a new Roth IRA for a taxable year by the due date (not including any extensions) for your federal income tax return for the year. Usually this is April 15 of the following year. For example, you will have until April 15, 2024 to establish and make a contribution to a Roth IRA for 2023.

### *How Much Can I Contribute to my Roth IRA?*

(a) For each year when you are eligible, you can contribute up to the lesser of the IRA Contribution Limit (see the following table) or 100% of your compensation (or earned income, if you are self-employed).

#### IRA CONTRIBUTION LIMIT

Years	Limit
2019 - 2022	\$6,000
2023	\$6,500+*

\*Indexed to inflation. IRS may adjust annually for inflation. Any adjustments will be in \$500 increments.

(b) Individuals age 50 and over may make “catch-up” contributions to their IRAs. (See What are the Special Catch-Up Contribution Rules? below for details.)

(c) If you establish a Roth IRA and make contributions to both your Traditional IRA and the Roth IRA, the combined limit on contributions to both the Traditional IRA and the Roth IRA for a single calendar year for you may not exceed the Contribution Limit for the year. (Note: The Roth IRA contribution limit is not reduced by contributions made to either a SEP IRA or a SIMPLE IRA; salary reduction contributions by you are considered employer contributions for this purpose.)

(d) If you and your spouse have spousal Roth IRAs, each spouse may contribute up to the IRA Contribution Limit to his or her Roth IRA for a year as long as the combined compensation of both spouses for the year (as shown on your joint income tax return) is at least two times the IRA Contribution Limit. If the combined compensation of both spouses is less than two times the IRA Contribution Limit, the spouse with the greater compensation may contribute up to his/her compensation or the Contribution Limit, whichever is less. The other spouse may contribute up to his/her compensation limit plus the difference between the other spouse’s compensation and contribution, if any.

As noted above, the Roth IRA limits are reduced by any contributions for the same calendar year to a Traditional IRA maintained by you or your spouse.

For taxpayers with high income levels, the contribution limits may be reduced (see next page).

### ***What are the Special Catch-Up Contribution Rules?***

Individuals who are age 50 and over by the end of any year may make special "catch-up" contributions to a Roth IRA for that year.

The special "catch-up" contribution will be \$1,000 per year. If you are over 50 by the end of a year, your catch-up limit is added to your normal IRA Contribution limit for that year.

Congress intended these "catch-up" contributions specifically for older individuals who may have been absent from the workforce for a number of years and so may have lost out on the ability to contribute to an IRA. However, the "catch-up" contribution is available to anyone age 50 or over, whether or not they have previously contributed to a Roth IRA.

Note that the rules on contribution limits for Roth IRAs (see next page) apply to special "catch-up" contributions.

### ***Are Contributions to a Roth IRA Tax Deductible?***

Contributions to a Roth IRA are not deductible. This is a major difference between Roth IRAs and Traditional IRAs. Contributions to a Traditional IRA may be deductible on your federal income tax return depending on whether or not you are an active participant in an employer-sponsored plan, your tax filing status and on your income level.

### ***Are the Earnings on my Roth IRA Funds Taxed?***

Contributions to Roth IRAs are made with after-tax dollars. Any dividends on or growth of investments held in your Roth IRA are generally exempt from federal income taxes and will not be taxed until withdrawn by you, unless the tax exempt status of your Roth IRA is revoked. If the withdrawal qualifies as a tax-free withdrawal (see Withdrawals), amounts reflecting earnings or growth of assets in your Roth IRA will not be subject to federal income tax.

### ***Which is Better, a Roth IRA or a Traditional IRA?***

This will depend upon your individual situation. A Roth IRA may be better if you are an active participant in an employer-sponsored plan and your adjusted gross income is too high to make a deductible IRA contribution (but not too high to make a Roth IRA contribution). Also, the benefits of a Roth IRA vs. a Traditional IRA may depend upon a number of other factors including: your current income tax bracket vs. your expected income tax bracket when you make withdrawals from your IRA, whether you expect to be able to make nontaxable withdrawals from your Roth IRA (see Withdrawals), how long you expect to leave your contributions in the IRA, how much you expect the IRA to earn in the meantime, and possible future tax law changes.

Consult a qualified tax or financial adviser for assistance on this question.

### ***Are there Any Restrictions on Contributions to my Roth IRA?***

Taxpayers with very high income levels may not be able to contribute to a Roth IRA at all, or their contribution may be limited to an amount less than the IRA Contribution Limit. This depends upon your filing status and the amount of your adjusted gross income (AGI). The following table shows how the contribution limits are restricted:

## Roth IRA Contribution Limits *Adjusted Gross Income (AGI) Level*

Year	Single		Married Filing Jointly	
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
2022	\$129,000	\$144,000	\$204,000	\$214,000
2023	\$138,000	\$153,000	\$218,000	\$228,000

Note: If you are a married taxpayer filing separately, your maximum Roth IRA Contribution Limit phases out over the first \$10,000 of adjusted gross income. If your AGI is \$10,000 or more you may not contribute to a Roth IRA for the year.

### ***How do I Calculate my Limit if I Fall in the "Reduced Contribution" Range?***

If your AGI falls in the reduced contribution range, you must calculate your contribution limit. To do this, multiply your normal IRA Contribution Limit (or your compensation if less) by a fraction. The numerator is the amount by which your AGI exceeds the lower limit of the reduced contribution range. The denominator is \$15,000 (single taxpayers) or \$10,000 (married filing jointly). Subtract this from your normal limit and then round down to the nearest \$10. If you have AGI in the reduced contribution range, your Roth IRA Contribution Limit is the greater of the amount calculated or \$200.

Remember, your Roth IRA Contribution Limit is reduced by any contributions for the same year to a Traditional IRA. If you fall in the reduced contribution range, the reduction formula applies to the Roth IRA contribution limit left after subtracting your contribution for the year to a Traditional IRA. (If you are 50 or older at the end of a year, the reduction formula described above applies to your increased annual IRA Contribution Limit.)

### ***How Do I Determine My AGI?***

AGI is your gross income minus those deductions which are available to all taxpayers even if they don't itemize. Instructions to calculate your AGI are provided with your income tax Form 1040 or 1040A.

There are two additional rules when calculating AGI for purposes of Roth IRA contribution limits. First, if you are making a deductible contribution for the year to a Traditional IRA, your AGI is not reduced by the amount of the deduction. Second, if you are converting a Traditional IRA to a Roth IRA, the amount includible in your income as a result of the conversion is not considered AGI when computing your Roth IRA contribution limit for the year (see next page).

### ***What Happens if I Contribute more than Allowed to my Roth IRA?***

The maximum contribution you can make to a Roth IRA generally is the IRA Contribution Limit (plus the amount of any "catch-up" contribution, if you are eligible) or 100% of compensation or earned income, whichever is less. As noted above, your maximum is reduced by the amount of any contribution to a Traditional IRA for the same year and may be further reduced as described above if you have high AGI. Any amount contributed to the Roth IRA, excluding conversion and rollover amounts, above the maximum is considered an "excess contribution."

A 6% excise tax will be imposed on any excess contributions made to your Roth IRA. This tax applies for each year in which the contribution remains in your Roth IRA.

### ***How can I Correct an Excess Contribution?***

You can correct the excess contributions without paying a 6% penalty by withdrawing the excess and any earnings on the excess before the due date (including extensions) for filing your federal income tax return for the year for which you made the excess contribution. The IRS automatically grants to taxpayers who file their taxes by the April 15th deadline a six-month extension of time (until October 15) to remove an excess contribution for the tax year covered by that filing. A deduction should not be taken for any excess contribution. Earnings on the amount withdrawn must also be withdrawn. (Refer to IRS Publication 590-A to see how the amount you must withdraw to correct an excess contribution may be adjusted to reflect earnings as a gain or loss.) Earnings that are a gain must be included in your income for the tax year for which the contribution was made and may be subject to a 10% premature withdrawal tax if you have not reached age 59½ (unless an exception to the 10% penalty tax applies). However, the excess contribution itself will not be included in your taxable income and will not be subject to the 10% premature withdrawal tax.

### ***What Happens if I Don't Correct the Excess Contribution by the Tax Return Due Date?***

Any excess contribution not withdrawn by the tax return due date (including extensions) for the year for which the contribution was made will be subject to the 6% excise tax. There will be an additional 6% excise tax for each subsequent year the excess remains in your account.

You may reduce the excess contributions by making a withdrawal equal to the excess. Earnings need not be withdrawn. To the extent that no earnings are withdrawn, the withdrawal will not be subject to income taxes or possible penalties for premature withdrawals before age 59½. Excess contributions may also be corrected in a subsequent year to the extent that you contribute less than your Roth IRA Contribution Limit for the subsequent year. As the prior excess contribution is reduced or eliminated, the 6% excise tax will become correspondingly reduced or eliminated for subsequent tax years.

## **Conversion of Existing Traditional IRA**

### ***Can I convert an Existing Traditional IRA into a Roth IRA?***

Yes, you can convert an existing Traditional IRA into a Roth IRA. Conversion may be accomplished in any of three ways: First, you can withdraw the amount you want to convert from your Traditional IRA and roll it to a Roth IRA within 60 days. Second, you can establish a Roth IRA and then direct the custodian of your Traditional IRA to transfer the amount in your Traditional IRA you wish to convert to the new Roth IRA. Third, if you want to convert an existing Traditional IRA with U.S. Bank, N.A. as custodian to a Roth IRA, you may give us directions to convert; we will convert your existing account when the paperwork to establish your new Roth IRA is complete.

If you accomplish a conversion by withdrawing from your Traditional IRA and rollover it to a Roth IRA within 60 days, the conversion eligibility requirements in the preceding sentence apply to the year of the withdrawal (even though the rollover contribution occurs in the following calendar year).

Caution: If you have reached your Required Minimum Distribution age by the year when you convert another non-Roth IRA you own to a Roth IRA, be careful not to convert any amount that would be a required minimum distribution under the applicable age rules. Under current IRS regulations, required minimum distributions may not be converted. (See “*When must I start making withdrawals?*” in Part I for additional information on your Required Minimum Distribution age.)



### ***What Happens if I change my Mind about Converting?***

The Tax Cut and Jobs Act of 2018 banned the recharacterization of Roth IRA conversions from traditional IRAs and qualified plans like a 401(k). As a result, all Roth conversions taking place on or after January 1, 2018 are irrevocable.

(Caution: As you can see, these rules are very complex; be sure to consult a competent tax professional for assistance. Always check with your tax adviser for the latest developments.)

### ***What are the Tax Results from Converting?***

The taxable amount in your Traditional IRA you convert to a Roth IRA will be considered taxable income on your federal income tax return for the year of the conversion. All amounts in a Traditional IRA are taxable except for your prior non-deductible contributions to the Traditional IRA.

If you convert a Traditional IRA (or a SEP IRA or SIMPLE IRA - see below) to a Roth IRA, under IRS rules income tax withholding will apply unless you elect not to have withholding. The Adoption Agreement has more information about withholding. However, withholding income taxes from the amount converted (instead of paying applicable income taxes from another source) may adversely affect the anticipated financial benefits of converting. Consult your financial adviser for more information.

### ***Can I Convert a SEP IRA or SIMPLE IRA Account to a Roth IRA?***

If you have a SEP IRA as part of an employer simplified employee pension (SEP) program, or a SIMPLE IRA as part of an employer SIMPLE IRA program, you can convert the IRA to a Roth IRA. However, with a SIMPLE IRA account, this can be done only after the SIMPLE IRA account has been in existence for at least two years. You must meet the eligibility rules summarized above to convert.

### ***Should I convert my Traditional IRA to a Roth IRA?***

Only you can answer this question, in consultation with your tax or financial advisers. A number of factors, including the following, may be relevant. Conversion may be advantageous if you expect to leave the converted funds on deposit in your Roth IRA for at least five years and to be able to withdraw the funds under circumstances that will not be taxable (see Withdrawals). The benefits of converting will also depend on whether you expect to be in the same tax bracket when you withdraw from your Roth IRA as you are now. Also, conversion is based upon an assumption that Congress will not change the tax rules for withdrawals from Roth IRAs in the future, but this cannot be guaranteed.

## **Transfers/Rollovers**

### ***Can I Transfer or Roll Over a Distribution I Receive from my Employer's Retirement Plan into a Roth IRA?***

Most distributions from qualified employer-sponsored retirement plans or 403(b) arrangements (for employees of tax-exempt employers) or eligible 457 plans (for employees of certain governmental employers) are eligible for rollover or direct transfer to a Roth IRA. However, there are several exceptions to this rule. The main exceptions are:

- Payments over the lifetime or life expectancy of the participant (or participant and a designated beneficiary),
- Installment payments for a period of 10 years or more,

- Required distributions (generally the rules require distributions starting at age 70 ½, 72 73 or 75, depending on date of birth) or for certain employees starting at retirement, if later), and
- Hardship withdrawals from a 401(k) plan or a 403(b) arrangement.

### ***Can I Make a Rollover from my Roth IRA to another Roth IRA?***

Yes. You may make a rollover from one Roth IRA to another Roth IRA you have or you establish to receive the rollover. Such a rollover must be completed within 60 days after the withdrawal from your first Roth IRA. After making a rollover from one Roth IRA to another, you must wait a full year (365 days) before you can make another such rollover from the same Roth IRA. In addition, after Roth IRA assets are rolled over from one IRA to another, a second rollover of the same assets cannot be made for a full year.

### ***What is a Direct Transfer?***

As an alternative to a rollover, you may make a direct transfer from one Roth IRA custodian or trustee to another. The one-year waiting period does not apply to direct transfers from one Roth IRA custodian to trustee to another.

### ***How Do Rollovers Affect my Roth IRA Contribution Limits?***

Rollover contributions, if properly made, do not count toward the IRA Contribution Limit. Also, you may make a rollover from one Roth IRA to another even during a year when you are not eligible to contribute to a Roth IRA (for example, because your AGI for that year is too high).

## **Withdrawals**

### ***When can I make withdrawals from my Roth IRA?***

You can make withdrawals from your Roth IRA at any time. If the withdrawal meets the requirements for a qualified distribution discussed below, it is tax-free. This means that you pay no federal income tax even though the withdrawal includes earnings or gains on your contributions while they were held in your Roth IRA.

### ***When must I start making withdrawals?***

There are no rules on when you must start making withdrawals from your Roth IRA or on minimum required withdrawal amounts for any particular year during your lifetime.

After your death, there are IRS rules on the timing and amount of distributions. In general, the amount in your Roth IRA must be distributed by the end of the fifth year after your death. However, distributions to a designated beneficiary that begin by the end of the year following the year of your death and that are paid over the life expectancy of the beneficiary satisfy the rules. However, if your surviving spouse is your sole designated beneficiary, they may delay the first distribution until December 31 of the year you would have attained age 70½ (if your date of birth is before July 1, 1949), age 72 (if your date of birth is after June 30, 1949 and before January 1, 1951), age 73 (if your date of birth is after December 31, 1950 and before January 1, 1960), or age 75 (if your date of birth is after December 31, 1959), if later.

### ***What are the requirements for a tax-free withdrawal?***

To be tax-free, a withdrawal or distribution from your Roth IRA must be a qualified distribution. A qualified (tax-free) distribution is a distribution which is made after the expiration of the 5-year holding period and as

the result of certain events. The events which will make a qualified distribution after the end of the 5-year period are as follows:

- You are age 59½ or older when you make the withdrawal.
- The withdrawal is made by your beneficiary after you die.
- You are disabled (as defined in IRS rules) when you make the withdrawal.
- You are using the withdrawal to cover eligible first time homebuyer expenses. These are the costs of purchasing, building or rebuilding a principal residence (including customary settlement, financing or closing costs). The purchaser may be you, your spouse or a child, grandchild, parent or grandparent of you or your spouse. An individual is considered a "first-time homebuyer" if the individual did not have (or, if married, neither spouse had) an ownership interest in a principal residence during the two-year period immediately preceding the acquisition in question. The withdrawal must be used for eligible expenses within 120 days after the withdrawal (if there is an unexpected delay, or cancellation of the home acquisition, a withdrawal may be redeposited as a rollover). Note that there is a lifetime limit on eligible first-time homebuyer expenses of \$10,000 per individual.

For purposes of the 5-year rule, all your Roth IRAs are considered. As soon as the 5-year rule is satisfied for any Roth IRA, it is considered satisfied for all your Roth IRAs. For a Roth IRA that you started with annual contribution, the 5-year period starts with the year for which you make the initial annual contribution. For a Roth IRA that you set up with amounts rolled over or converted from a non-Roth IRA, the 5-year period begins with the year in which the conversion or rollover was made.

### ***How Are Withdrawals From My Roth IRA Taxed if the Tax-Free Requirements are not Met?***

If the qualified withdrawal requirements are not met (also called a non-qualified distribution or withdrawal), the tax treatment of such a withdrawal depends on the character of the amounts withdrawn. To determine this, all your Roth IRAs (if you have more than one) are treated as one, including any Roth IRA you may have established with another Roth IRA custodian. Amounts withdrawn are considered to come out in the following order:

- First, all annual contributions.
- Second, all conversion amounts (on a first-in, first-out basis).
- Third, earnings (including dividends and gains).

A withdrawal treated as your own prior contribution to your Roth IRA will not be considered taxable income in the year you receive it, nor will the 10% penalty apply. A withdrawal consisting of previously taxed conversion amounts also is not considered taxable income in the year of the withdrawal, and is also not subject to the 10% premature withdrawal penalty. A non-qualified withdrawal, that consists of dividends or gains while your contributions were held in your Roth IRA, is includible in your gross income in the taxable year you receive it, and may be subject to the 10% withdrawal penalty.

As mentioned, for purposes of determining what portion of any withdrawal is includible in income, all of your Roth IRA accounts are considered as one single account. Therefore, withdrawals from Roth IRA accounts are not considered to be from earnings or interest until an amount equal to all prior annual contributions and, if applicable, all conversion amounts, made to *all* of an individual's Roth IRA accounts has been withdrawn.

Taxable withdrawals of dividends and gains from a Roth IRA are treated as ordinary income. Withdrawals of taxable amounts from a Roth IRA are not eligible for averaging treatment currently available to certain lump sum distributions from qualified employer-sponsored retirement plans, nor are such withdrawals eligible for capital gains tax treatment.

Your receipt of any taxable withdrawal from your Roth IRA before you attain age 59<sup>1/2</sup> generally will be considered as an early withdrawal and subject to a 10% penalty tax.

The 10% penalty tax for early withdrawal will not apply if any of the following exceptions applies:

- The distribution was a result of your death, total and permanent disability, or terminal illness. In the case of disability or terminal illness, you can provide proof that you are disabled or terminally ill as defined by the Code. (Beginning on December 30, 2022, you are able to take a distribution from a qualified retirement plan before reaching age 59<sup>1/2</sup> and not have to pay the 10% additional tax on early distributions if you receive the distribution on or after the date you have been determined to be terminally ill by a physician.)
- The withdrawal is one of a scheduled series of substantially equal periodic payments for your life or life expectancy (or the joint lives or life expectancies of you and your beneficiary).

If there is an adjustment to the scheduled series of payments, the 10% penalty tax will apply. For example, if you begin receiving payments at age 50 under a withdrawal program providing for substantially equal payments over your life expectancy, and at age 58 you elect to withdraw the remaining amount in your Roth IRA in a lump-sum, the 10% penalty tax will apply to the lump sum and to the amounts previously paid to you before age 59<sup>1/2</sup> to the extent they were includible in your taxable income.

The IRS has provided three general methods of computing the annual distribution amounts for meeting the requirements for a series of substantially equal periodic payments: Notice 2022-6 explains the three methods and identifies tables to be used for 2023 and after. (See Notice 2022-6 at [www.IRS.gov/irb/2022-05\\_IRB#NOT-2022-06](http://www.IRS.gov/irb/2022-05_IRB#NOT-2022-06)). The three methods are generally referred to as the “required minimum distribution method (RMD method)”, the “fixed amortization method” and the “fixed annuitization method.” The latter two methods may require professional assistance.

- The withdrawal is used to pay eligible higher education expenses. These are expenses for tuition, fees, books, and supplies required to attend an institution for post-secondary education. Room and board expenses are also eligible for a student attending at least half-time. The student may be you, your spouse, or your child or grandchild. However, expenses that are paid for with a scholarship or other educational assistance payment are not eligible expenses.
- The withdrawal is used to cover eligible first time homebuyer expenses (as described above in the discussion of tax-free withdrawals).
- The withdrawal does not exceed the amount of your deductible medical expenses for the year (generally speaking, medical expenses paid during a year are deductible if they are greater than 7<sup>1/2</sup>% of your adjusted gross income for that year).
- The distribution does not exceed the amount you paid for medical insurance coverage for yourself, your spouse and dependents. This exception applies only if you have met all of the following conditions: (a) you lost your job; (b) you received federal or state unemployment compensation payments for at least 12 consecutive weeks because you lost your job; (c) you receive the distributions during either the year you received the unemployment compensation or the following year; and (d) you receive the distributions no later than this exception applies to distributions during

the year in which you received the unemployment compensation and during the following year, but not to any distributions received after you have been reemployed for at least 60 days.

- A distribution is made pursuant to an IRS levy to pay overdue taxes.
- The distribution is a qualified reservist distributions as defined by the Code.
- The distribution is a qualified birth or adoption distribution as defined by the Code, Regulations and other applicable guidance.
- The distribution is a coronavirus-related distribution as defined by the Code.
- The distribution is a qualified disaster recovery distribution as defined by the Code, Regulations, and other applicable guidance.
- The distribution is withdrawn on or after January 1, 2024, and is considered an eligible distribution to a domestic abuse victim as defined by the Code, Regulations, and other applicable guidance.

There is one additional time when the 10% penalty tax may apply. If you convert an amount from a non-Roth IRA to a Roth IRA, and then make a withdrawal that is treated as coming from that converted amount within five years after the conversion, the 10% penalty applies (unless there is an exception). This rule is the one exception to the usual Roth IRA rule that, once the five-year requirement is satisfied for one of your Roth IRAs, it is satisfied for all your Roth IRAs.

See the Table at the end of this Part for a summary of the rules on when withdrawals from your Roth IRA will be subject to income taxes or the 10% penalty tax.

**Two Important Points:** First, the Custodian will report withdrawals from your Roth IRA to the IRS on Form 1099-R as required and will complete Form 1099-R based on your Roth IRA account with the Custodian. However, since all Roth IRAs are considered together when determining the tax treatment of withdrawals, and since you may have other Roth IRAs with other custodians (about which we have no information) you have sole responsibility for correctly reporting withdrawals on your tax return. It is essential that you keep proper records and report the income taxes properly if you have multiple Roth IRAs. Second, the discussion of the tax rules for Roth IRAs in this Disclosure Statement is based upon the best available information. However, there may be changes in IRS regulations or further legislation on the requirements for and tax treatment of Roth IRA accounts. Therefore, you should consult your tax adviser for the latest developments or for advice about how maintaining a Roth IRA will affect your personal tax or financial situation.

Note: In order to facilitate proper record keeping and tax reporting for your Roth IRA, the service company maintaining certain account records may require you to set up separate Roth IRAs to hold annual contributions and conversion amounts. In addition, the service company may require separate Roth IRAs for conversion amounts from different calendar years.

### **SUMMARY OF TAX RULES FOR WITHDRAWALS FROM YOUR ROTH IRA**

The following table summarizes when income taxes or the 10% premature withdrawal penalty tax will apply to a withdrawal from your Roth IRA. Remember, income taxes or penalties apply or not depending on the type of contribution withdrawn. This is determined under the IRS rules described above, considering all of your Roth IRAs together (including any you may maintain with another trustee or custodian). Therefore, if you have multiple Roth IRAs, the tax treatment of a withdrawal will not necessarily follow from the type of contributions held in the particular Roth IRA account you withdrew from. Also, the income and penalty tax rules for Roth IRA withdrawals are extremely complex; the following table is only a summary and may not cover every possible situation. Consult the IRS or your personal tax adviser if you have a question about your individual situation.

Type of Contribution Withdrawn	Qualified Withdrawal	Not a Qualified Withdrawal	
	The requirements for a qualified withdrawal are outlined above)	Exception to 10% tax applies (exceptions are listed above)	Exception to 10% tax does not apply
• Annual Contribution Amounts	No income or penalty tax on withdrawal		
• Amount Converted from Another Form of IRA	No income or penalty tax on withdrawal.	No income or penalty tax on withdrawal.	No income tax on withdrawal. Penalty tax applies to taxable amounts included in the conversion if the withdrawal occurs within 5 years of conversion.
• Earnings, Gains or Growth of Account	No Income or penalty tax on withdrawal.	Income tax applies. No penalty tax.	Income and penalty tax apply.

The above table summarizes the tax rules that may apply if **you** withdraw from your Roth IRA. However, what happens if you die and your beneficiary wants to make withdrawals from the account? Following is a summary of those rules.

- First, if your beneficiary is not your surviving spouse, withdrawals by the beneficiary will be subject to income taxes depending on the type of contribution withdrawn as summarized in the table. However, in determining what type of contribution the beneficiary is withdrawing, any Roth IRAs the beneficiaries owns in his or her own right are not considered (this is an exception to the normal rule that all Roth IRAs are considered together). A beneficiary will not be subject to the 10% premature withdrawal penalty because withdrawals following the original owner's death are an exception to the 10% penalty tax.
- Second, if your surviving spouse is the beneficiary, the spouse can elect either to receive withdrawals as beneficiary, or to treat your Roth IRA as the spouse's Roth IRA. If the spouse receives withdrawals as a beneficiary, the rules in the preceding paragraph generally apply to the spouse just as to any other beneficiary. If the spouse treats the Roth IRA as the spouse's own, there are a couple of special rules. First, the spouse will be treated as having had a Roth IRA for five years (one of the requirements for tax-free withdrawals) if either your Roth IRA or any of the spouse's Roth IRAs has been in effect for at least five years. Second, withdrawals will be subject to the 10% penalty tax unless an exception applies. Since the spouse has elected to treat your Roth IRA as the spouse's own Roth IRA, the exception for payments following your death will not apply.

## **Part Three: Rules for Both Traditional IRAs and Roth IRAs**

### **General Information**

#### ***IRA Requirements***

All IRAs must meet certain requirements. Contributions generally must be made in cash. The IRA trustee or custodian must be a bank or other person who has been approved by the Secretary of the Treasury. Your contributions may not be invested in life insurance or collectibles or be commingled with other property except in a common trust or investment fund. Your interest in the account must be nonforfeitable at all times. You may obtain further information on IRAs from any district office of the Internal Revenue Service.

#### ***May I Revoke My IRA?***

If you do not receive this Disclosure Statement at least seven (7) calendar days prior to the establishment of your new Traditional IRA or Roth IRA, you may revoke within seven (7) calendar days after the establishment date of your Account. To revoke your Traditional or Roth IRA, mail or deliver a written notice of revocation to the Custodian at the address which appears at the end of this Disclosure Statement. Mailed notice will be deemed given on the date that it is postmarked (or, if sent by certified or registered mail, on the date of certification or registration). If you revoke your Traditional or Roth IRA within the seven-day period, you are entitled to a return of the entire amount you originally contributed into your Traditional or Roth IRA, without adjustment for such items as sales charges, administrative expenses or fluctuations in market value.

### **Investments**

#### ***How Are My IRA Contributions Invested?***

You control the investment and reinvestment of contributions to your Traditional or Roth IRA. Investments must be in one or more of the Fund(s) available from time to time as listed in the Adoption Agreement for your Traditional or Roth IRA or in an investment selection form provided with your Adoption Agreement or from the Fund Distributor or Service Company. You direct the investment of your IRA by giving your investment instructions to the Distributor or Service Company for the Fund(s). Since you control the investment of your Traditional or Roth IRA, you are responsible for any losses; neither the Custodian, the Distributor nor the Service Company has any responsibility for any loss or diminution in value occasioned by your exercise of investment control. Transactions for your Traditional or Roth IRA will generally be at the applicable public offering price or net asset value for shares of the Fund(s) involved next established after the Distributor or the Service Company (whichever may apply) receives proper investment instructions from you; consult the current prospectus for the Fund(s) involved for additional information.

Before making any investment, read carefully the current prospectus for any Fund you are considering as an investment for your Traditional IRA or Roth IRA. The prospectus will contain information about the Fund's investment objectives and policies, as well as any minimum initial investment or minimum balance requirements and any sales, redemption or other charges.

Because you control the selection of investments for your Traditional or Roth IRA, including those made in the Ensemble Fund, and because mutual fund shares fluctuate in value, the growth in value of your Traditional or Roth IRA cannot be guaranteed or projected.

## ***Are There Any Restrictions on the Use of my IRA Assets?***

The tax-exempt status of your Traditional or Roth IRA will be revoked if you engage in any of the prohibited transactions listed in Section 4975 of the tax code. Upon such revocation, your Traditional or Roth IRA is treated as distributing its assets to you. The taxable portion of the amount in your IRA will be subject to income tax (unless, in the case of a Roth IRA, the requirements for a tax-free withdrawal are satisfied). Also, you may be subject to a 10% penalty tax on the taxable amount as a premature withdrawal if you have not yet reached the age of 59<sup>1/2</sup>. There may also be prohibited transaction penalty taxes.

Any investment in a collectible (for example, rare stamps) by your Traditional or Roth IRA is treated as a withdrawal; the only exception involves certain types of government-sponsored coins or certain types of precious metal bullion.

## ***What Is A Prohibited Transaction?***

Generally, a prohibited transaction is any improper use of the assets in your Traditional or Roth IRA. Some examples of prohibited transactions are:

- Direct or indirect sale or exchange of property between you and your Traditional or Roth IRA.
- Transfer of any property from your Traditional or Roth IRA to yourself or from yourself to your Traditional or Roth IRA.

Your Traditional or Roth IRA could lose its tax exempt status if you use all or part of your interest in your Traditional or Roth IRA as security for a loan or borrow any money from your Traditional or Roth IRA. Any portion of your Traditional or Roth IRA used as security for a loan will be treated as a distribution in the year in which the money is borrowed. This amount may be taxable and you may also be subject to the 10% premature withdrawal penalty on the taxable amount.

## **Fees and Expenses**

### ***Custodian's Fees***

The Custodian charges \$8 annual maintenance fee per account for your IRA account(s) and this fee may be collected by redeeming sufficient shares from your IRA account(s). The Custodian may change the fee schedule from time to time. The Custodian may charge you for its reasonable expenses for other services (like wire transfer fee).

Before investing, be sure to read the current prospectus of the Fund for a description of applicable charges.

## **Tax Matters**

### ***What IRA Reports does the Custodian Issue?***

The Custodian will report all withdrawals to the IRS and the recipient on the appropriate form. For reporting purposes, a direct transfer of assets to a successor custodian or trustee is not considered a withdrawal (except for such a transfer that effects a conversion of a Traditional IRA to a Roth IRA, or a recharacterization of a Roth IRA back to a Traditional IRA).

The Custodian will report to the IRS the year-end value of your account and the amount of any rollover (including conversions of a Traditional IRA to a Roth IRA) or a regular annual contribution made during a



calendar year, as well as the tax year for which a contribution is made. Unless the Custodian receives an indication from you to the contrary, it will treat any amount as a contribution for the tax year in which it is received. It is *most important* that a contribution between January and April 15th for the prior year be clearly designated as such.

### ***What Tax Information Must I Report to the IRS?***

You must file Form 5329 with the IRS for each taxable year for which you made an excess contribution or you take a premature withdrawal that is subject to the 10% penalty tax, or you withdraw less than the minimum amount required from your Traditional IRA. If your beneficiary fails to make required minimum withdrawals from your Traditional or Roth IRA after your death, your beneficiary may be subject to an excise tax and be required to file Form 5329.

For Traditional IRAs, you must also report each nondeductible contribution to the IRS by designating it a nondeductible contribution on your tax return. Use Form 8606. In addition, for any year in which you make a nondeductible contribution or take a withdrawal, you must include additional information on your tax return. The information required includes: (1) the amount of your nondeductible contributions for that year; (2) the amount of withdrawals from Traditional IRAs in that year; (3) the amount by which your total nondeductible contributions for all the years exceed the total amount of your distributions previously excluded from gross income; and (4) the total value of all your Traditional IRAs as of the end of the year. If you fail to report any of this information, the IRS will assume that all your contributions were deductible. This will result in the taxation of the portion of your withdrawals that should be treated as a nontaxable return of your nondeductible contributions.

### ***Which Withdrawals Are Subject to Withholding?***

#### **Roth IRA**

Withdrawals from a Roth IRA are not subject to the 10% flat rate of withholding that applies to Traditional IRAs or to the mandatory 20% income tax withholding that applies to most distributions from qualified plans or 403(b) accounts that are not directly rolled over to another plan or IRA.

#### **Traditional IRA**

Federal income tax will be withheld at a flat rate of 10% from any withdrawal from your Traditional IRA, unless you elect not to have tax withheld. Withdrawals from a Traditional IRA are not subject to the mandatory 20% income tax withholding that applies to most distributions from employer plans that are not directly rolled over to another plan or IRA.

#### **Account Termination**

You may terminate your Traditional IRA or Roth IRA at any time after its establishment by sending withdrawal instructions to:

Ensemble Fund  
c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, Ohio 44147

Your Traditional IRA or Roth IRA with U.S. Bank, N.A. will terminate upon the first to occur of the following:

- The date your properly executed withdrawal instructions withdrawing your total Traditional IRA or Roth IRA balance is received and accepted by the Custodian or, if later, the termination date specified in the withdrawal instructions.
- The date the Traditional IRA or Roth IRA ceases to qualify under the tax code. This will be deemed a termination.
- The transfer of the Traditional IRA or Roth IRA to another custodian/trustee.

Any outstanding fees must be received prior to such a termination of your account.

The amount you receive from your IRA upon termination of the account will be treated as a withdrawal, and thus the rules relating to Traditional IRA or Roth IRA withdrawals will apply. For example, if the IRA is terminated before you reach age 59<sup>1/2</sup>, the 10% early withdrawal penalty may apply to the taxable amount you receive.

## **IRA Documents**

### **Traditional IRA**

The terms contained in Articles I to VII of Part One of the IRA Custodial Agreement have been promulgated by the IRS in Form 5305-A for use in establishing a Traditional IRA Custodial Account that meets the requirements of Code Section 408(a) for a valid Traditional IRA. This IRS approval relates only to the form of Articles I to VII and is not an approval of the merits of the Traditional IRA or of any investment permitted by the Traditional IRA.

### **Roth IRA**

The terms contained in Articles I to VII of Part Two of the IRA Custodial Agreement have been promulgated by the IRS in Form 5305-RA for use in establishing a Roth IRA Custodial Account that meets the requirements of Code Section 408A for a valid Roth IRA. This IRS approval relates only to the form of Articles I to VII and is not an approval of the merits of the Roth IRA or of any investment permitted by the Roth IRA.

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# IRA Custodial Agreement

## **Part One: Provisions Applicable to Traditional IRAs**

The following provisions of Articles I to VII are in the form promulgated by the Internal Revenue Service in Form 5305-A (Rev. April 2017) for use in establishing a Traditional Individual Retirement Custodial Account. References are to sections of the Internal Revenue Code of 1986, as amended ("Code").

### **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 \$5,500 per year for tax years 2013 through 2017. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$6,500 per year for tax years 2013 through 2017. For tax years after 2017, these 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 provisions 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 by the Depositor's required beginning date, April 1 following the calendar year end in which the Depositor reaches the applicable age, as defined in section 1.401(a)(9)(c). 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 payment 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 70<sup>1/2</sup>. 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 the applicable age, as defined in section 1.401(a)(9)(C), 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 the applicable age, as defined in section 1.401(a)(9)(C), 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 the applicable age, as defined in section 1.401(a)(9)(C) 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 individual retirement accounts 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 IRS and the 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 that are not consistent 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 Adoption Agreement.

## **Part Two: Provisions Applicable to Roth IRAs**

The following provisions of Articles I to VII are in the form promulgated by the Internal Revenue Service in Form 5305-RA (revised April 2017) for use in establishing a Roth Individual Retirement Custodial Account. References are to sections of the Internal Revenue Code of 1986, as amended ("Code").

## **Article I.**

Except in the case of a qualified rollover contribution described in section 408A(e), a recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions up to \$5,500 per year for tax years 2013 through 2017. For individuals who have reached the age of 50 before the end of

the year, the contribution limit is increased to \$6,500 per year for tax years 2013 through 2017. For tax years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

## **Article II.**

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a grantor who is single or treated as single, the annual contribution is phased out between adjusted gross income (AGI) of \$118,000 and \$133,000; for a married grantor filing jointly, between AGI of \$186,000 and \$196,000; and for a married grantor filing separately, between AGI of \$0 and \$10,000. These phase-out ranges are for 2017. For years after 2017, the phase-out ranges, except for the \$0 to \$10,000 range, will be increased to reflect a cost-of-living adjustment, if any. Adjusted gross income is defined in section 408A(c)(3).
2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.

## **Article III.**

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

## **Article IV.**

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

## **Article V.**

1. If the Depositor dies before his or her entire interest is distributed to him or her and the Depositor's surviving spouse is not the designated Beneficiary, the entire remaining interest will, be distributed in accordance with (a) below or, if elected or there is no designated Beneficiary, in accordance with (b) below:
  - (a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the Depositor's death, over the designated Beneficiary's remaining life expectancy as determined in the year following the death of the Depositor.
  - (b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the designated Beneficiary using the attained age of the beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.

3. If the Depositor's spouse is the designated Beneficiary, such spouse will then be treated as the Depositor.

## **Article VI.**

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), and Regulations section 1.408-5 and 1.408-6, or other guidance published by the IRS.
2. The Custodian agrees to submit to the IRS and Depositor the reports prescribed by the IRS.

## **Article VII.**

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through IV and this sentence will be controlling. Any additional articles that are not consistent with section 408A, the related regulations, and other published guidance will be invalid.

## **Article VIII.**

This agreement will be amended as necessary to comply with the provisions of the Code, the related regulations, and other published guidance. Other amendments may be made with the consent of the persons whose signatures appear in the Adoption Agreement.

## **Part Three: Provisions Applicable to Both Traditional IRAs and Roth IRAs**

## **Article IX.**

1. As used in this Article IX the following terms have the following meanings:

"Adoption Agreement" means the Agreement or Application signed by each individual adopting the Plan and establishing an Account on behalf of that individual.

"Depositor" means the person signing the Adoption Agreement.

"Account" or "Custodial Account" means the individual retirement account established using the terms of either Part One or Part Two and, in either event, Part Three of this IRA Custodial Agreement signed by the Depositor. The Account may be a Traditional Individual Retirement Account or a Roth Individual Retirement Account, as specified by the Depositor. See Section 24 below.

"Custodian" means U.S. Bank, N.A.

"Fund" means any registered investment company which is advised, sponsored or distributed by Sponsor; provided, however, that such a mutual fund or registered investment company must be legally offered for sale in the state of the Depositor's residence.

"Distributor" means the entity which has a contract with the Fund(s) to serve as distributor of the shares of such Fund(s).

In any case where there is no Distributor, the duties assigned hereunder to the Distributor may be performed by the Fund(s) or by an entity that has a contract to perform management or investment advisory services for the Fund(s).

"Service Company" means any entity employed by the Custodian or the Distributor, including the transfer agent for the Fund(s), to perform various administrative duties of either the Custodian or the Distributor.

In any case where there is no Service Company, the duties assigned hereunder to the Service Company will be performed by the Distributor (if any) or by an entity specified in the second preceding paragraph.

"Sponsor" means the fund management company or other fund entity that is making Fund(s) available under this Agreement and has the power to appoint a successor Custodian.

2. The Depositor may revoke the Custodial Account established hereunder by mailing or delivering a written notice of revocation to the Custodian within seven (7) calendar days after the Depositor receives the Disclosure Statement related to the Custodial Account and within seven (7) calendar days after the establishment date of the Account. Mailed notice is treated as given to the Custodian on date of the postmark (or on the date of Post Office certification or registration in the case of notice sent by certified or registered mail). Upon timely revocation, the Depositor's initial contribution will be returned, without adjustment for administrative expenses, commissions or sales charges, fluctuations in market value or other changes.

The Depositor may certify in the Adoption Agreement that the Depositor has read the Disclosure Statement related to the Custodial Account before the Depositor signed the Adoption Agreement to establish the Custodial Account, and the Custodian may rely upon such certification.

3. All contributions to the Custodial Account shall be invested and reinvested in full and fractional shares of one or more Funds. All such shares shall be issued and accounted for as book entry shares, and no physical shares or share certificate will be issued. Such investments shall be made in such proportions and/or in such amounts as Depositor from time to time in the Adoption Agreement or by other written notice to the Service Company (in such form as may be acceptable to the Service Company) may direct.

The Service Company shall be responsible for promptly transmitting all investment directions by the Depositor for the purchase or sale of shares of one or more Funds hereunder to the Funds' transfer agent for execution. However, if investment directions with respect to the investment of any contribution hereunder are not received from the Depositor as required or, if received, are unclear or incomplete in the opinion of the Service Company, the contribution will be returned to the Depositor, or will be held uninvested (or invested in a money market fund if available) pending clarification or completion by the Depositor, in either case without liability for interest or for loss of income or appreciation. If any other directions or other orders by the Depositor with respect to the sale or purchase of shares of one or more Funds for the Custodial Account are unclear or incomplete in the opinion of the Service Company, the Service Company will refrain from carrying out such investment directions or from executing any such sale or purchase, without liability for loss of income or for appreciation or depreciation of any asset, pending receipt of clarification or completion from the Depositor.

All investment directions by Depositor will be subject to any minimum initial or additional investment or minimum balance rules applicable to a Fund as described in its prospectus.

All dividends and capital gains or other distributions received on the shares of any Fund held in the Depositor's Account shall be (unless received in additional shares) reinvested in full and fractional shares of such Fund (or of any other Fund offered by the Sponsor, if so directed).

In the event that any Fund held in the Custodial Account is liquidated or is otherwise made unavailable by the Sponsor as a permissible investment for a Custodial Account hereunder, the liquidation or other proceeds of such Fund shall be invested in accordance with the instructions of the Depositor; if the Depositor does not



give such instructions, or if such instructions are unclear or incomplete in the opinion of the Service Company, the Service Company may invest such liquidation or other proceeds in such other Fund (including a money market fund if available) as the Sponsor designates, and neither the Service Company nor the Custodian will have any responsibility for such investment.

4. Subject to the minimum initial or additional investment, minimum balance and other exchange rules applicable to a Fund, the Depositor may at any time direct the Service Company to exchange all or a specified portion of the shares of a Fund in the Depositor's Account for shares and fractional shares of one or more other Funds. The Depositor shall give such directions by written or telephonic notice acceptable to the Service Company, and the Service Company will process such directions as soon as practicable after receipt thereof (subject to the second paragraph of Section 3 of this Article VIII).
5. Any purchase or redemption of shares of a Fund for or from the Depositor's Account will be effected at the public offering price or net asset value of such Fund (as described in the then effective prospectus for such Fund) next established after the Service Company has transmitted the Depositor's investment directions to the transfer agent for the Fund(s).

Any purchase, exchange, transfer or redemption of shares of a Fund for or from the Depositor's Account will be subject to any applicable sales, redemption or other charge as described in the then effective prospectus for such Fund.

6. The Service Company shall maintain adequate records of all purchases or sales of shares of one or more Funds for the Depositor's Custodial Account. Any account maintained in connection herewith shall be in the name of the Custodian for the benefit of the Depositor. All assets of the Custodial Account shall be registered in the name of the Custodian or of a suitable nominee. The books and records of the Custodian shall show that all such investments are part of the Custodial Account.

The Custodian shall maintain or cause to be maintained adequate records reflecting transactions of the Custodial Account. In the discretion of the Custodian, records maintained by the Service Company with respect to the Account hereunder will be deemed to satisfy the Custodian's recordkeeping responsibilities therefor. The Service Company agrees to furnish the Custodian with any information the Custodian requires to carry out the Custodian's recordkeeping responsibilities.

7. Neither the Custodian nor any other party providing services to the Custodial Account will have any responsibility for rendering advice with respect to the investment and reinvestment of Depositor's Custodial Account, nor shall such parties be liable for any loss or diminution in value which results from Depositor's exercise of investment control over his Custodial Account. Depositor shall have and exercise exclusive responsibility for and control over the investment of the assets of his Custodial Account, and neither Custodian nor any other such party shall have any duty to question his directions in that regard or to advise him regarding the purchase, retention or sale of shares of one or more Funds for the Custodial Account.
8. The Depositor may in writing appoint an investment adviser with respect to the Custodial Account on a form acceptable to the Custodian and the Service Company. The investment adviser's appointment will be in effect until written notice to the contrary is received by the Custodian and the Service Company. While an investment adviser's appointment is in effect, the investment adviser may issue investment directions or may issue orders for the sale or purchase of shares of one or more Funds to the Service Company, and the Service Company will be fully protected in carrying out such investment directions or orders to the same extent as if they had been given by the Depositor.

The Depositor's appointment of any investment adviser will also be deemed to be instructions to the Custodian and the Service Company to pay such investment adviser's fees to the investment adviser from the Custodial Account hereunder without additional authorization by the Depositor or the Custodian.

9. (a) Distribution of the assets of the Custodial Account shall be made at such time and in such form as Depositor (or the Beneficiary if Depositor is deceased) shall elect by written order to the Custodian. Depositor acknowledges that any distribution of a taxable amount from the Custodial Account (except for distribution on account of Depositor's disability or death, return of an "excess contribution" referred to in Code Section 4973, or a "rollover" from this Custodial Account) made earlier than age 59<sup>1/2</sup> may subject Depositor to an "additional tax on early distributions" under Code Section 72(t) unless an exception to such additional tax is applicable. For that purpose, Depositor will be considered disabled if Depositor can prove, as provided in Code Section 72(m)(7), that Depositor is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or be of long-continued and indefinite duration. It is the responsibility of the Depositor (or the Beneficiary) by appropriate distribution instructions to the Custodian to insure that any applicable distribution requirements of Code Section 401(a)(9) and Article IV above are met. If the Depositor (or Beneficiary) does not direct the Custodian to make distributions from the Custodial Account by the time that such distributions are required to commence in accordance with such distribution requirements, the Custodian (and Service Company) shall assume that the Depositor (or Beneficiary) is meeting any applicable minimum distribution requirements from another individual retirement arrangement maintained by the Depositor (or Beneficiary) and the Custodian and Service Company shall be fully protected in so doing.

(b) The Depositor acknowledges (i) that any withdrawal from the Custodial Account will be reported by the Custodian in accordance with applicable IRS requirements (currently, on Form 1099-R), (ii) that the information reported by the Custodian will be based on the amounts in the Custodial Account and will not reflect any other individual retirement accounts the Depositor may own and that, consequently, the tax treatment of the withdrawal may be different than if the Depositor had no other individual retirement accounts, and (iii) that, accordingly, it is the responsibility of the Depositor to maintain appropriate records so that the Depositor (or other person ordering the distribution) can correctly compute all taxes due. Neither the Custodian nor any other party providing services to the Custodial Account assumes any responsibility for the tax treatment of any distribution from the Custodial Account; such responsibility rests solely with the person ordering the distribution.

10. The Custodian assumes (and shall have) no responsibility to make any distribution except upon the written order of Depositor (or Beneficiary if Depositor is deceased) containing such information as the Custodian may reasonably request. Also, before making any distribution from or honoring any assignment of the Custodial Account, Custodian shall be furnished with any and all applications, certificates, tax waivers, signature guarantees, releases, indemnification agreements, and other documents (including proof of any legal representative's authority) deemed necessary or advisable by Custodian, but Custodian shall not be responsible for complying with any order or instruction which appears on its face to be genuine, or for refusing to comply if not satisfied it is genuine, and Custodian has no duty of further inquiry. Any distributions from the Account may be mailed, first-class postage prepaid, to the last known address of the person who is to receive such distribution, as shown on the Custodian's records, and such distribution shall to the extent thereof completely discharge the Custodian's liability for such payment.

11. (a) The term "Beneficiary" means the person or persons designated as such by the "designating person" (as defined below) on a form acceptable to the Custodian for use in connection with the Custodial Account, signed by the designating person, and filed with the Custodian. If, in the opinion of the Custodian or Service Company, any designation of beneficiary is unclear or incomplete, in

addition to any documents or assurances the Custodian may request under Section 10, the Custodian or Service Company shall be entitled to request and receive such clarification or additional instructions as the Custodian in its discretion deems necessary to determine the correct Beneficiary(ies) following the Depositor's death. The form designating the Beneficiary(ies) may name individuals, trusts, estates, or other entities as either primary or contingent beneficiaries. However, if the designation does not effectively dispose of the entire Custodial Account as of the time distribution is to commence, the term "Beneficiary" shall then mean the designating person's estate with respect to the assets of the Custodial Account not disposed of by the designation form. The form last accepted by the Custodian before such distribution is to commence, provided it was received by the Custodian (or deposited in the U.S. Mail or with a reputable delivery service) during the designating person's lifetime, shall be controlling and, whether or not fully dispositive of the Custodial Account, thereupon shall revoke all such forms previously filed by that person. The term "designating person" means Depositor during his/her lifetime; after Depositor's death, it also means Depositor's spouse if the spouse is a Beneficiary and elects to transfer assets from the Custodial Account to the spouse's own Custodial Account in accordance with applicable provisions of the Code. (Note: Married Depositors who reside in a community property or marital property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington or Wisconsin), may need to obtain spousal consent if they have not designated their spouse as the primary Beneficiary for at least half of their Account. Consult a lawyer or other tax professional for additional information and advice.)

(b) Notwithstanding any provisions in this Agreement to the contrary, when and after the distribution from the Custodial Account to Depositor's Beneficiary commence, all rights and obligations assigned to Depositor hereunder shall inure to, and be enjoyed and exercised by, Beneficiary instead of Depositor.

(c) Notwithstanding Section 3 of Article IV of Part Two above, if the Depositor's spouse is the sole Beneficiary on the Depositor's date of death, the spouse will not be treated as the Depositor if the spouse elects not to be so treated. In such event, the Custodial Account will be distributed in accordance with the other provisions of such Article IV, except that distributions to the Depositor's spouse are not required to commence until December 31 of the year in which the Depositor would have turned age 70<sup>1/2</sup>.

12. (a) The Depositor agrees to provide information to the Custodian at such time and in such manner as may be necessary for the Custodian to prepare any reports required under Section 408(i) or Section 408A(d)(3)(e) of the Code and the regulations thereunder or otherwise.

(b) The Custodian or the Service Company will submit reports to the Internal Revenue Service and the Depositor at such time and manner and containing such information as is prescribed by the Internal Revenue Service.

(c) The Depositor, Custodian and Service Company shall furnish to each other such information relevant to the Custodial Account as may be required under the Code and any regulations issued or forms adopted by the Treasury Department thereunder or as may otherwise be necessary for the administration of the Custodial Account.

(d) The Depositor shall file any reports to the Internal Revenue Service which are required of him by law (including Form 5329), and neither the Custodian nor Service Company shall have any duty to advise Depositor concerning or monitor Depositor's compliance with such requirement.

13. (a) Depositor retains the right to amend this Custodial Account document in any respect at any time, effective on a stated date which shall be at least 60 days after giving written notice of the amendment

(including its exact terms) to Custodian by registered or certified mail, unless Custodian waives notice as to such amendment. If the Custodian does not wish to continue serving as such under this Custodial Account document as so amended, it may resign in accordance with Section 17 below.

(b) Depositor delegates to the Custodian the Depositor's right so to amend, provided (i) the Custodian does not change the investments available under this Custodial Agreement and (ii) the Custodian amends in the same manner all agreements comparable to this one, having the same Custodian, permitting comparable investments, and under which such power has been delegated to it; this includes the power to amend retroactively if necessary or appropriate in the opinion of the Custodian in order to conform this Custodial Account to pertinent provisions of the Code and other laws or successor provisions of law, or to obtain a governmental ruling that such requirements are met, to adopt a prototype or master form of agreement in substitution for this Agreement, or as otherwise may be advisable in the opinion of the Custodian. Such an amendment by the Custodian shall be communicated in writing to Depositor, and Depositor shall be deemed to have consented thereto unless, within 30 days after such communication to Depositor is mailed, Depositor either (i) gives Custodian a written order for a complete distribution or transfer of the Custodial Account, or (ii) removes the Custodian and appoints a successor under Section 17 below.

Pending the adoption of any amendment necessary or desirable to conform this Custodial Account document to the requirements of any amendment to any applicable provision of the Internal Revenue Code or regulations or rulings thereunder (including any amendment to Form 5305-A or Form 5305-RA), the Custodian and the Service Company may operate the Depositor's Custodial Account in accordance with such requirements to the extent that the Custodian and/or the Service Company deem necessary to preserve the tax benefits of the Account.

(c) Notwithstanding the provisions of subsections (a) and (b) above, no amendment shall increase the responsibilities or duties of Custodian without its prior written consent.

(d) This Section 13 shall not be construed to restrict the Custodian's right to substitute fee schedules in the manner provided by Section 16 below, and no such substitution shall be deemed to be an amendment of this Agreement.

14. (a) Custodian shall terminate the Custodial Account if this Agreement is terminated or if, within 30 days (or such longer time as Custodian may agree) after resignation or removal of Custodian under Section 17, Depositor or Sponsor, as the case may be, has not appointed a successor which has accepted such appointment. Termination of the Custodial Account shall be effected by distributing all assets thereof in a single payment in cash or in kind to Depositor, subject to Custodian's right to reserve funds as provided in Section 17.

(b) Upon termination of the Custodial Account, this custodial account document shall have no further force and effect (except for Sections 15(f), 17(b) and (c) hereof which shall survive the termination of the Custodial Account and this document), and Custodian shall be relieved from all further liability hereunder or with respect to the Custodial Account and all assets thereof so distributed.

15. (a) In its discretion, the Custodian may appoint one or more contractors or service providers to carry out any of its functions and may compensate them from the Custodial Account for expenses attendant to those functions. In the event of such appointment, all rights and privileges of the Custodian under this Agreement shall pass through to such contractors or service providers who shall be entitled to enforce them as if a named party.

(b) The Service Company shall be responsible for receiving all instructions, notices, forms and remittances from Depositor and for dealing with or forwarding the same to the transfer agent for the Fund(s).

(c) The parties do not intend to confer any fiduciary duties on Custodian or Service Company (or any other party providing services to the Custodial Account), and none shall be implied. Neither shall be liable (or assumes any responsibility) for the collection of contributions, the proper amount, time or tax treatment of any contribution to the Custodial Account or the propriety of any contributions under this Agreement, or the purpose, time, amount (including any minimum distribution amounts), tax treatment or propriety of any distribution hereunder, which matters are the sole responsibility of Depositor and Depositor's Beneficiary.

(d) Not later than 60 days after the close of each calendar year (or after the Custodian's resignation or removal), the Custodian or Service Company shall file with Depositor a written report or reports reflecting the transactions effected by it during such period and the assets of the Custodial Account at its close. Upon the expiration of 60 days after such a report is sent to Depositor (or Beneficiary), the Custodian or Service Company shall be forever released and discharged from all liability and accountability to anyone with respect to transactions shown in or reflected by such report except with respect to any such acts or transactions as to which Depositor shall have filed written objections with the Custodian or Service Company within such 60 day period.

(e) The Service Company shall deliver, or cause to be delivered, to Depositor all notices, prospectuses, financial statements and other reports to shareholders, proxies and proxy soliciting materials relating to the shares of the Funds(s) credited to the Custodial Account. No shares shall be voted, and no other action shall be taken pursuant to such documents, except upon receipt of adequate written instructions from Depositor.

(f) Depositor shall always fully indemnify Service Company, Distributor, the Fund(s), Sponsor and Custodian and save them harmless from any and all liability whatsoever which may arise either (i) in connection with this Agreement and the matters which it contemplates, except that which arises directly out of the Service Company's, Distributor's, Fund's, Sponsor's or Custodian's bad faith, gross negligence or willful misconduct, (ii) with respect to making or failing to make any distribution, other than for failure to make distribution in accordance with an order therefor which is in full compliance with Section 10, or (iii) actions taken or omitted in good faith by such parties. Neither Service Company nor Custodian shall be obligated or expected to commence or defend any legal action or proceeding in connection with this Agreement or such matters unless agreed upon by that party and Depositor, and unless fully indemnified for so doing to that party's satisfaction.

(g) The Custodian and Service Company shall each be responsible solely for performance of those duties expressly assigned to it in this Agreement, and neither assumes any responsibility as to duties assigned to anyone else hereunder or by operation of law.

(h) The Custodian and Service Company may each conclusively rely upon and shall be protected in acting upon any written order from Depositor or Beneficiary, or any investment adviser appointed under Section 8, or any other notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed, and so long as it acts in good faith, in taking or omitting to take any other action in reliance thereon. In addition, Custodian will carry out the requirements of any apparently valid court order relating to the Custodial Account and will incur no liability or responsibility for so doing.

16. (a) The Custodian, in consideration of its services under this Agreement, shall receive the fees specified on the applicable fee schedule. The fee schedule originally applicable shall be the one

specified in the Adoption Agreement or Disclosure Statement, as applicable. The Custodian may substitute a different fee schedule at any time upon 30 days' written notice to Depositor. The Custodian shall also receive reasonable fees for any services not contemplated by any applicable fee schedule and either deemed by it to be necessary or desirable or requested by Depositor.

(b) Any income, gift, estate and inheritance taxes and other taxes of any kind whatsoever, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the Custodial Account, that may be levied or assessed in respect to such assets, and all other administrative expenses incurred by the Custodian in the performance of its duties (including fees for legal services rendered to it in connection with the Custodial Account) shall be charged to the Custodial Account. If the Custodian is required to pay any such amount, the Depositor (or Beneficiary) shall promptly upon notice thereof reimburse the Custodian.

(c) All such fees and taxes and other administrative expenses charged to the Custodial Account shall be collected either from the amount of any contribution or distribution to or from the Account, or (at the option of the person entitled to collect such amounts) to the extent possible under the circumstances by the conversion into cash of sufficient shares of one or more Funds held in the Custodial Account (without liability for any loss incurred thereby). Notwithstanding the foregoing, the Custodian or Service Company may make demand upon the Depositor for payment of the amount of such fees, taxes and other administrative expenses. Fees which remain outstanding after 60 days may be subject to a collection charge.

17. (a) Upon 30 days' prior written notice to the Custodian, Depositor or Sponsor, as the case may be, may remove it from its office hereunder. Such notice, to be effective, shall designate a successor custodian and shall be accompanied by the successor's written acceptance. The Custodian also may at any time resign upon 30 days' prior written notice to Sponsor, whereupon the Sponsor shall notify the Depositor (or Beneficiary) and shall appoint a successor to the Custodian. In connection with its resignation hereunder, the Custodian may, but is not required to, designate a successor custodian by written notice to the Sponsor or Depositor (or Beneficiary), and the Sponsor or Depositor (or Beneficiary) will be deemed to have consented to such successor unless the Sponsor or Depositor (or Beneficiary) designates a different successor custodian and provides written notice thereof together with such a different successor's written acceptance by such date as the Custodian specifies in its original notice to the Sponsor or Depositor (or Beneficiary) (provided that the Sponsor or Depositor (or Beneficiary) will have a minimum of 30 days to designate a different successor).

(b) The successor custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury under Code Section 408(a)(2). Upon receipt by Custodian of written acceptance by its successor of such successor's appointment, Custodian shall transfer and pay over to such successor the assets of the Custodial Account and all records (or copies thereof) of Custodian pertaining thereto, provided that the successor custodian agrees not to dispose of any such records without the Custodian's consent. Custodian is authorized, however, to reserve such sum of money or property as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the successor custodian.

(c) Any Custodian shall not be liable for the acts or omissions of its predecessor or its successor.

18. References herein to the "Internal Revenue Code" or "Code" and sections thereof shall mean the same as amended from time to time, including successors to such sections.

19. Except where otherwise specifically required in this Agreement, any notice from Custodian to any person provided for in this Agreement shall be effective if sent by first-class mail to such person at that person's last address on the Custodian's records.
20. Depositor or Depositor's Beneficiary shall not have the right or power to anticipate any part of the Custodial Account or to sell, assign, transfer, pledge or hypothecate any part thereof. The Custodial Account shall not be liable for the debts of Depositor or Depositor's Beneficiary or subject to any seizure, attachment, execution or other legal process in respect thereof except to the extent required by law. At no time shall it be possible for any part of the assets of the Custodial Account to be used for or diverted to purposes other than for the exclusive benefit of the Depositor or his/her Beneficiary except to the extent required by law.
21. When accepted by the Custodian, this Agreement is accepted in and shall be construed and administered in accordance with the laws of the state where the principal offices of the Custodian are located. Any action involving the Custodian brought by any other party must be brought in a state or federal court in such state.

If in the Adoption Agreement, Depositor designates that the Custodial Account is a Traditional IRA, this Agreement is intended to qualify under Code Section 408(a) as an individual retirement custodial account and to entitle Depositor to the retirement savings deduction under Code Section 219 if available. If in the Adoption Agreement Depositor designates that the Custodial Account is a Roth IRA, this Agreement is intended to qualify under Code Section 408A as a Roth individual retirement Custodial Account and to entitle Depositor to the tax-free withdrawal of amounts from the Custodial Account to the extent permitted in such Code section.

If any provision hereof is subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with the intent expressed in whichever of the two preceding sentences is applicable.

However, the Custodian shall not be responsible for whether or not such intentions are achieved through use of this Agreement, and Depositor is referred to Depositor's attorney for any such assurances.

22. Depositor should seek advice from Depositor's attorney regarding the legal consequences (including but not limited to federal and state tax matters) of entering into this Agreement, contributing to the Custodial Account, and ordering Custodian to make distributions from the Account. Depositor acknowledges that Custodian and Service Company (and any company associated therewith) are prohibited by law from rendering such advice.
23. If any provision of any document governing the Custodial Account provides for notice, instructions or other communications from one party to another in writing, to the extent provided for in the procedures of the Custodian, Service Company or another party, any such notice, instructions or other communications may be given by telephonic, computer, other electronic or other means, and the requirement for written notice will be deemed satisfied.
24. The legal documents governing the Custodial Account are as follows:
  - (a) If in the Adoption Agreement the Depositor designated the Custodial Account as a Traditional IRA under Code Section 408(a), the provisions of Part One and Part Three of this Agreement and the provisions of the Adoption Agreement are the legal documents governing the Depositor's Custodial Account.

(b) If in the Adoption Agreement the Depositor designated the Custodial Account as a Roth IRA under Code Section 408A, the provisions of Part Two and Part Three of this Agreement and the provisions of the Adoption Agreement are the legal documents governing the Depositor's Custodial Account.

(c) In the Adoption Agreement the Depositor must designate the Custodian Account as either a Roth IRA or a Traditional IRA, and a separate account will be established for such IRA. One Custodial Account may not serve as a Roth IRA and a Traditional IRA (through the use of subaccounts or otherwise).

(d) The Depositor acknowledges that the Service Company may require the establishment of different Roth IRA accounts to hold annual contributions under Code Section 408A(c)(2) and to hold conversion amounts under Code Section 408A(c)(3)(b). The Service Company may also require the establishment of different Roth IRA accounts to hold amounts converted in different calendar years. If the Service Company does not require such separate account treatment, the Depositor may make annual contributions and conversion contributions to the same account.

(e) The Depositor acknowledges that the Service Company may require the establishment of different Traditional IRA accounts to hold pre-tax amounts and any after-tax amounts.

25. This Agreement and the Adoption Agreement signed by the Depositor (as either may be amended) are the documents governing the Depositor's Custodial Account. Articles I through VII of Part One of this Agreement are in the form promulgated by the Internal Revenue Service as Form 5305-A. It is anticipated that, if and when the Internal Revenue Service promulgates changes to Form 5305-A, the Custodian will amend this Agreement correspondingly.

Articles I through VII of Part Two of this Agreement are in the form promulgated by the Internal Revenue Service as Form 5305-RA. It is anticipated that, if and when the Internal Revenue Service promulgates changes to Form 5305-RA, the Custodian will amend this Agreement correspondingly.

The Internal Revenue Service has endorsed the use of documentation permitting a Depositor to establish either a Traditional IRA or Roth IRA (but not both using a single Adoption Agreement), and this Kit complies with the requirements of the IRS guidance for such use. If the Internal Revenue Service subsequently determines that such an approach is not permissible, or that the use of a "combined" Adoption Agreement does not establish a valid Traditional IRA or a Roth IRA (as the case may be), the Custodian will furnish the Depositor with replacement documents and the Depositor will if necessary sign such replacement documents. Depositor acknowledge and agrees to such procedures and to cooperate with Custodian to preserve the intended tax treatment of the Account.

26. If the Depositor maintains an Individual Retirement Account under Code Section 408(a), Depositor may convert or transfer such other IRA to a Roth IRA under Code Section 408A using the terms of this Agreement and the Adoption Agreement by completing and executing the Adoption Agreement and giving suitable directions to the Custodian and the custodian or trustee of such other IRA. Alternatively, the Depositor may convert or transfer such other IRA to a Roth IRA by use of a reply card or by telephonic, computer or electronic means in accordance with procedures adopted by the Custodian or Service Company intended to meet the requirements of Code Section 408A, and the Depositor will be deemed to have executed the Adoption Agreement and adopted the provisions of this Agreement and the Adoption Agreement in accordance with such procedures.

In accordance with the requirements of Code Section 408A(d)(6) and regulations thereunder, the Depositor may recharacterize a contribution to a Traditional IRA as a contribution to a Roth IRA, or may recharacterize a contribution to a Roth IRA as a contribution to a Traditional IRA. The Depositor agrees to observe any



limitations imposed by the Service Company on the number of such transactions in any year (or any such limitations or other restrictions that may be imposed by the Service Company or the IRS).

27. The Depositor acknowledges that he or she has received and read the current prospectus for each Fund in which his or her Account is invested and the Individual Retirement Account Disclosure Statement related to the Account. The Depositor represents under penalties of perjury that his or her Social Security number (or other Taxpayer Identification Number) as stated in the Adoption Agreement is correct.
28. If all required forms and information are properly submitted, U.S. Bank, N.A. will accept appointment as Custodian of the Depositor's Account. However, this Agreement is not binding upon the Custodian until the Depositor has received a statement confirming the initial transaction for the Account.

Receipt by the Depositor of a confirmation of the purchase of the Fund shares indicated in the Depositor's Adoption Agreement will serve as notification of U.S. Bank, N.A.'s acceptance of appointment as Custodian of the Depositor's Account.

29. If the Depositor is a minor under the laws of his or her state of residence, then a parent or guardian shall exercise all powers and duties of the Depositor, as indicated herein, and shall sign the Adoption Agreement on behalf of the minor. The Custodian's acceptance of the Account on behalf of any Depositor who is a minor is expressly conditioned upon the agreement of the parent or guardian to accept the responsibility to exercise all such powers and duties, and all parties hereto so acknowledge. Upon attainment of the age of majority under the laws of the Depositor's state of residence at such time, the Depositor may advise the Custodian in writing (accompanied by such documentation as the Custodian may require) that he or she is assuming sole responsibility to exercise all rights, powers, obligations, responsibilities, authorities or requirements associated with the Account. Upon such notice to the Custodian, the Depositor shall have and shall be responsible for all of the foregoing, the Custodian will deal solely with the Depositor as the person controlling the administration of the Account, and the Depositor's parent or guardian thereafter shall not have or exercise any of the foregoing. (Absent such written notice from the Depositor, Custodian shall be under no obligation to acknowledge the Depositor's right to exercise such powers and authority and may continue to rely on the parent or guardian to exercise such powers and authority until notified to the contrary by the Depositor.)