

GUGGENHEIM INVESTMENTS IRA KIT

GUGGENHEIM
INVESTMENTS

INSTRUCTIONS FOR ESTABLISHING A TRADITIONAL IRA, ROLLOVER IRA, SEP IRA, ROTH IRA OR ROTH CONVERSION IRA

GUGGENHEIM
INVESTMENTS

Please read and retain the IRA/Roth Custodial Account Agreement and the IRA/Roth Disclosure Statement, as well as the prospectus(es) for the fund(s) in which you are considering investing. Be sure to complete the entire IRA Application and sign where appropriate. If you have any questions about completing the enclosed forms, please call our Client Services department at 800.820.0888 for assistance.

KIT CONTENTS

Thank you for establishing an IRA with Guggenheim Investments. This kit contains the following forms:

- IRA Application
- Appointment of Financial Professional
- IRA Transfer/Direct Rollover Request

IRA APPLICATION (REQUIRED)

This account application can only be used to open a Traditional IRA, Rollover IRA, SEP IRA, Roth IRA, or Roth Conversion IRA account. Be sure to indicate the IRA type, complete all applicable sections, and sign the application. If you wish to open more than one IRA or more than one type of IRA, you must complete a separate application for each account. If you wish to open another type of account, you may obtain the appropriate form(s) by visiting our web site or by contacting our Client Services department at 800.820.0888.

APPOINTMENT OF FINANCIAL PROFESSIONAL (IF APPLICABLE)

Complete this form to appoint a financial professional to manage your account. Both pages of this form must be completed, signed by you and all appointed financial professionals, and returned with your IRA Application.

IRA TRANSFER/DIRECT ROLLOVER REQUEST (IF APPLICABLE)

The IRA Transfer/Direct Rollover Request form must be submitted with your IRA Application unless your application is accompanied by a 60-day rollover check. Each retirement account you are transferring from another custodian requires a separate transfer form. If you need additional forms, you may make copies of the blank form, download and print forms from our web site at www.guggenheiminvestments.com/forms, or call us at 800.820.0888 to have additional forms sent to you.

MAIL COMPLETED FORMS TO:

Guggenheim Investments
Attn: Retirement Department
P.O. Box 758567
Topeka, KS 66675-8567

Overnight Delivery:
200 SW 6th Avenue
Topeka, KS 66603-3704

800.820.0888 Toll-Free
301.296.5100 Direct Dial

www.guggenheiminvestments.com

3. INVESTMENT SELECTION(S)

Share classes cannot be commingled within an account. *If no share class is selected, the investment will be made into Investor/H-Class shares.*

Please specify one (1): A-Class* C-Class* Investor/H-Class Advisor/H-Class* Institutional Class**

A-Class (Load Waived)* Reason: _____ See fund prospectus for more information.

**This share class requires a financial professional. Single direct purchases of C-Class shares of a fund in an amount of \$1 million or more will be placed into A-Class shares of that fund. **Institutional Class shares not available for all funds.*

Indicate the dollar amount or the percentage of the total investment next to the fund name. *If no fund selection is made, the investment will be purchased into the Rydex U.S. Government Money Market.* (For Institutional shares, your application may be delayed while we contact you for information.)

We accept personal checks, ACH purchases and Fed Wire purchases. All forms of payment must be in U.S. currency and drawn on a U.S. bank. **We do not accept cash or cash equivalents (such as traveler's checks or money orders), checks drawn on a line of credit, starter checks, or credit card convenience checks. We will generally not accept third-party checks.**

Fund Name	Allocation
_____	\$ _____ OR _____ %
_____	\$ _____ OR _____ %
_____	\$ _____ OR _____ %
_____	\$ _____ OR _____ %
_____	\$ _____ OR _____ %
_____	\$ _____ OR _____ %

I have enclosed a check for \$15 for my annual IRA fee.

TOTAL INVESTMENT: \$ _____

4. REDUCED SALES CHARGES (A-CLASS SHARES ONLY)

Rights of Accumulation

If you own A- or C-Class shares of other Rydex and/or Guggenheim funds, your purchase may qualify for a reduced sales charge under the provisions in the fund prospectus. Please provide any existing Guggenheim Investments (A- or C-Class) account number(s) below, and we will reduce your sales charge if you are eligible.

Letter of Intent

In order to qualify for a reduced sales charge, I plan to invest the amount indicated below over a 13-month period. If I do not invest the intended amount within the 13-month period, I understand that the sales charge will be adjusted. The aggregate amount I plan to invest in this account will be at least:

\$50,000 \$100,000 \$250,000 \$500,000 \$1,000,000 I am already investing under an existing Letter of Intent.

Aggregate investments under \$100,000 (\$50,000 for certain funds) will receive the maximum sales charge. See an A-Class shares prospectus for specific sales charge information. Only direct purchases into A-Class and C-Class shares (excluding Rydex U.S. Government Money Market) apply toward this Letter of Intent.

7. TRADING PRIVILEGES

Telephone

(Optional) Password for telephone access: _____

The password above will be required prior to disclosing any account information or placing any transactions via telephone. If you wish to provide a more detailed challenge question and answer (e.g., "Where was I born?"), you may do so on an additional sheet attached to this application. Requests to remove or change the password must be received in writing.

Telephone exchange and purchase privileges will be automatically granted unless indicated below. This privilege will be granted to any authorized trader of this account.

I do not wish to have telephone trading privileges. I understand that all trade requests (exchanges, purchases and redemptions) must be made in writing.

Online

Once you have received your account number, you can establish online trading access by visiting www.traderydex.com and clicking on "First Time User." Review the prospectus for online trading rules.

AUTHORIZED TRADERS (OPTIONAL)

You may assign trading privileges to other individuals who are not registered owners of this account. **This section may NOT be used to appoint a financial professional. To authorize a financial professional, complete the Appointment of Financial Professional form and return it with this application.**

Transaction Type(s): Exchanges
 Redemptions
 Information

Name of Authorized Individual

8. ACCOUNT DOCUMENT DELIVERY PREFERENCES

Our eDelivery service allows you to receive notification of all account documents (see definition below) via email instead of printed versions. You may also elect to receive emails for transaction confirmations but continue to receive paper copies of your other account documents. Through our eDelivery service, you will receive an email notification when your statements and/or confirmations are available for you to view online. If you select the "all account documents" option, you will also receive an email (with a hyperlink to the document) when prospectuses and other regulatory documents are available to view. If the email address you provide is invalid, you will receive printed versions of the documents.

Please **select only one (1)** of the options below and provide your email address (if applicable). *If you do not select an option (or select an invalid option), you will receive all account documents by postal mail.*

eDelivery of All Account Documents I hereby consent to electronic delivery of all of my account documents. To consent to the electronic delivery of all of your account documents, please confirm the bulleted statements below by checking the box and providing your email address.

Email Address: _____

eDelivery of Transaction Confirmations I hereby consent to electronic delivery of my transaction confirmation statements. To consent to the electronic delivery of your transaction confirmations but receive paper versions of your other account documents, please confirm the bulleted statements below by checking the box and providing your email address.

Email Address: _____

No eDelivery I wish to receive all account documents in paper form by postal mail.

Waiver of Transaction Confirmations This option is only available if you have appointed a Registered Investment Advisor (RIA) for your account and elect to have your RIA receive such confirmations. If the RIA is removed from the account, confirmations will revert to postal mail delivery unless Guggenheim Investments is notified otherwise.

- I understand that "account documents" include, but are not limited to: mutual fund prospectuses; annual and semiannual reports; quarterly account statements; transaction confirmations; and the annual privacy notice.
- I acknowledge that I have access to (a) a personal computer capable of running Internet Explorer 6.0 (and above) or Firefox 2 (and above); (b) a printer; (c) Adobe Reader 7.0 (and above); and (d) a valid email account.
- I understand that I will receive an email informing me that my account information has been updated and that I will be able to access my updated account information via the internet by logging into my account at www.traderydex.com.
- I understand that I may request free paper copies of my account documents at any time by calling 800.820.0888. Please see the prospectus for information about fees charged for unusually large historical requests.
- I understand that I may revoke my authorization to receive documents electronically at any time by writing to Guggenheim Investments at the address noted above. If I do revoke my authorization, I understand that I will thereafter receive paper documents.

9. ELECTRONIC INVESTING (VIA ACH)

Electronic investing allows you to automatically invest funds from your bank account into your Guggenheim Investments account via Automated Clearing House (ACH). The minimum investment is \$20 per fund. **We cannot establish ACH services using starter checks or checks for cash management, brokerage, or mutual fund accounts.** Your bank must be a member of the ACH network.

ACH contributions will be coded for the year in which they are received. Contributions into SEP accounts will be coded as SEP Employer contributions unless otherwise indicated.

I authorize Guggenheim Investments to debit my bank account based on the instructions below.

Investments should take occur: On Demand (can be initiated by phone, online, or in writing) Monthly

In the following month(s): Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Process my automatic investments on the following day(s) of the month: _____

If a date selected falls on a weekend or a holiday, your request will be processed on the next business day. If a date and/or frequency is not indicated, your investment will take place monthly on the 1st.

Start this service: Immediately On this date: _____ This service **will begin immediately** unless otherwise indicated.

Fund Name	Dollar Amount	Fund Name	Dollar Amount
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If no fund selection is made, funds will be purchased into the Rydex U.S. Government Money Market.

Account Type: Checking Savings*

A voided check is **required** to establish ACH. (Deposit slips may be used for savings accounts only.)*

ATTACH VOIDED CHECK HERE

*For savings accounts: Please contact your bank to verify that the ABA number on the deposit slip is correct for ACH transactions. We may also contact you or other sources to verify the ABA number.

10. TAX WITHHOLDING (FORM W-4P: OMB NO. 1545-0074)

Complete this section **ONLY** if you selected "Roth IRA Conversion from an existing Guggenheim Investments Traditional IRA" in Section 2.

No, I do not want federal income tax withheld from my distribution.

Note: If you elect not to have federal income tax withheld, you are liable for payment of federal income tax on the taxable portion of your distribution. You may also be subject to tax penalties under the estimated tax payment rules if your payment of estimated tax and withholding, if any, are not adequate.

Yes, I want federal income tax withheld from my distribution. Please withhold _____%. The minimum withholding amount is 10%.

If no election is made, Guggenheim Investments will automatically withhold 10% for federal tax purposes. Withholding will be processed as gross unless net is specified.

BASIC INFORMATION ABOUT WITHHOLDING ON DISTRIBUTIONS

Use Form W-4P to tell payers the correct amount of federal income tax to withhold from your payment(s). You may also use Form W-4P to choose (a) not to have any income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or (b) to have an additional amount of tax withheld.

Guggenheim Investments must withhold at a flat 10% rate from nonperiodic and periodic payments unless you choose not to have federal income tax withheld. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can choose not to have federal income tax withheld from a nonperiodic payment by submitting Form W-4P, or a substitute form (Section 10 above), to Guggenheim Investments and checking the appropriate box on the form. You can choose not to have federal income tax withheld from a periodic payment by submitting Form W-4P, or a substitute form, to Guggenheim Investments and checking the appropriate box on the form.

Generally, your choice not to have income tax withheld will apply to any later payment from the same plan. If you want to revoke your previously filed exemption from withholding for future distributions, file another Form W-4P or substitute form.

Caution: There are penalties for not paying enough federal income tax during the year, either through withholding or estimated tax payments.

11. SIGNATURE AND CERTIFICATION

By signing below, I certify that:

1. I understand the eligibility requirements for the type of IRA deposit I am making, and I state that I do qualify to make the deposit. I have received a copy of the Application, Custodial Account Agreement and Disclosure Statement. I understand that the terms and conditions which apply to this account are contained in this Application, Custodial Account Agreement, Financial Disclosure (the Fund Prospectus) and Disclosure Statement. I understand and agree to be bound by those terms and conditions.
I assume complete responsibility for determining whether or not I am eligible to make an IRA contribution each year, ensuring that all contributions I make are within the limits set forth by the tax laws, and understanding the tax consequences of any contributions (including rollover contributions) and distributions.
2. I understand that Guggenheim Investments is requesting certain information regarding my identity in accordance with federal law, such as name, address, date of birth, taxpayer identification number and other information that will allow them to verify my identity, and I agree that this account application is subject to a review process that may result in the account not being opened. I understand that Guggenheim Investments may not be able to establish an account if the necessary information is not received. I understand that Guggenheim Investments may place limits on account transactions while in the process of verifying my identity. I understand that Guggenheim Investments may be required to close my account if my identity cannot be verified after my account is established.
3. I understand that my account may be escheated to the state of my most recent address of record if no activity occurs or no contact is made for the applicable state's dormancy period (typically between 3 and 5 years, 3 years in CA).
4. I understand that mutual funds carry certain risks as outlined in the prospectus for each fund in which I am investing, including the risk that shares may be worth less when they are redeemed than when they were purchased. I acknowledge that I have received and read each such prospectus and agree to be bound by its terms.
5. I authorize Guggenheim Investments, Rydex Fund Services, Guggenheim Distributors and their respective affiliates, successors and assignees (collectively Guggenheim Investments) to act on any instructions believed to be genuine for any services authorized on this application, including telephone/electronic services. I agree that Guggenheim Investments will not be liable for any loss, expense or cost arising out of such instructions, provided that it institutes and follows reasonable procedures to confirm that instructions received are genuine.
6. I appoint U.S. Bank to be custodian of my IRA. I understand that my account will be charged a \$15 annual maintenance fee in December and that there is a \$15 liquidation fee per account (subject to change). Guggenheim Investments will waive any annual fees currently due at the time of liquidation.
7. I understand that all telephone calls made to or received by Guggenheim Investments may be recorded for security, verification and quality control purposes.
8. I agree that I will review all account statements and trade confirmations upon receipt and I will notify Guggenheim Investments within thirty (30) days of any discrepancy.
9. I understand that if a purchase made for my account is cancelled for any reason, I will not be entitled to benefit from any gains the fund(s) may experience. In addition, I agree that I will be held liable for any losses that result from the cancelled purchase.
10. I have relied on my own independent judgment or the judgment of my advisor with respect to the suitability of each investment for this account, and I acknowledge that Guggenheim Investments has not provided me with investment, tax or legal advice of any kind.

11. Under penalties of perjury, I certify that:

A. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and

B. I am NOT subject to backup withholding because: (i) I am exempt from backup withholding, or (ii) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the IRS has notified me that I am no longer subject to backup withholding; and

C. I am a U.S. person (including a U.S. resident alien).

Certification Instructions. You must cross out item B above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest or dividends on your tax return. The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

12. The information provided on this application is true, accurate and complete.

Signature

Date

APPOINTMENT OF FINANCIAL PROFESSIONAL

For more information, contact us toll free at 800.820.0888,
direct dial 301.296.5100 or fax 301.296.5103.

Visit our web site at www.guggenheiminvestments.com.
Standard delivery: P.O. Box 758567, Topeka, KS 66675-8567
Overnight delivery: 200 SW 6th Avenue, Topeka, KS 66603-3704



This form is used to authorize one or more financial professionals (i.e. a broker and/or investment advisor) to give Guggenheim Investments instructions on your behalf for your account. This form must be completed and signed by the registered account owner(s) and all appointed financial professionals.

Account Name

Account Number*

**If you are establishing a new Guggenheim Investments account, please send a completed application with this form and leave the account number field above blank.*

FINANCIAL PROFESSIONAL AGREEMENT

By completing and signing this form, I (the Financial Professional) accept the terms set forth below. I understand that this acceptance will remain in full force and effect until such time as Guggenheim Investments receives written notice of its revocation from me, a representative of my firm, or the registered account owner(s). I understand that if the registered account owner(s) revokes the appointment and/or authorization set forth below, Guggenheim Investments will not take any further instructions from me without written consent from the registered account owner(s).

If the registered account owner(s) have authorized the management fee deduction provision below, I agree (i) to provide Guggenheim Investments with true and accurate invoices of the management fees owed to me by the registered account owner(s) and (ii) to designate on each invoice which fund shares are to be sold in order to pay these fees. I represent that I am authorized under all applicable laws to receive such fees. I will send the registered account owner(s) notification of the amount of each invoice I provide to Guggenheim Investments. I acknowledge that any management fee deduction is a service provided by Guggenheim Investments to registered account owner(s) and understand that Guggenheim Investments makes no guarantees regarding this service.

I understand that it is the policy of Guggenheim Investments to reject third-party checks. Third-party checks less than \$25,000 may be excluded. I represent and warrant that any third-party check submitted into this account is legitimate.

I will indemnify and hold harmless Guggenheim Investments, its officers, directors, employees and agents against any and all losses, claims, damages, liabilities, penalties, actions, proceedings, judgments or costs, including attorney's fees, which these parties may incur by relying upon my representations or authorizations.

SHARE CLASS DESIGNATION

Please complete this section to designate the share class of the funds to be purchased in this account. If a share class is not indicated below, the account will automatically purchase Investor/H-Class shares. Institutional Class shares are not available for all funds.

Investor/H-Class Advisor/H-Class C-Class A-Class Institutional Class

A-Class (Load Waived) Reason: _____
See fund prospectus for more information.

BROKER/DEALER INFORMATION (TO BE COMPLETED BY THE REGISTERED REPRESENTATIVE)

Firm Name

Telephone Number

Rep Email Address

Rep Name

Rep Code

Branch Code

Branch Address

City

State

Zip

Trading Group Number
(if applicable)

An account may only have one trading group number assigned.

B/D Registered Representative's Authorized Signature

Note: Client signature(s) required on next page.

IRA TRANSFER/DIRECT ROLLOVER REQUEST

Do NOT use this form to request a transfer or rollover into a 403(b) account; use the 403(b)(7) Custodial Account Transfer/Direct Rollover Request form instead.

For more information, contact us toll-free at 800.820.0888, direct dial 301.296.5100.

Visit our web site at www.guggenheiminvestments.com.

Standard delivery: P.O. Box 758567, Topeka, KS 66675-8567

Overnight delivery: 200 SW 6th Avenue, Topeka, KS 66603-3704



1. GUGGENHEIM ACCOUNT INFORMATION

Account Name	Social Security Number	Date of Birth
Address	Primary Telephone	Secondary Telephone
City State Zip	Email Address	

- This is a **new** Guggenheim Investments IRA account. I have completed and enclosed an IRA Application with this transfer form.
- This is an **existing** Guggenheim Investments IRA account. Please apply the proceeds to:

Account Number

Fund Name(s) (If no fund is specified, proceeds will be purchased into the Rydex U.S. Government Money Market.)

2. CURRENT CUSTODIAN/TRUSTEE INFORMATION

Current Custodian/Trustee Firm Name	Account Number (Complete one form for each account you are transferring.)
Address	Telephone Number of Current Custodian
City State Zip	If you are unsure of the correct address, contact your current custodian. An incorrect address may result in delays.

PLEASE ATTACH A COPY OF THE MOST RECENT STATEMENT FOR THIS ACCOUNT.

3. TRANSFER INFORMATION

This transfer is a: (check one)

- Complete Transfer.** Please liquidate all assets in my account.
- Partial Transfer.** Please liquidate \$ _____ from my account.
Redeem from _____ (Fund Name)
- Transfer-in-Kind.** (Rydex or Guggenheim funds only)

Please transfer _____ shares of _____ (Fund Name)

This transfer should be processed: (check one)

- Immediately
- Upon maturity (if applicable). The maturity date is _____
Please return this form two weeks prior to maturity.

The type of account I am transferring from is a: (check one)

- Traditional or Rollover IRA
- SEP IRA
- SIMPLE IRA (must be two years since first contribution)
- Roth or Roth Conversion IRA
- 403(b) Plan/Tax-Sheltered Annuity (Rollover to IRA only)
- Qualified Retirement Plan (e.g. 401(k))

The type of account I am transferring to is a: (check one)

- Traditional or Rollover IRA
- SEP IRA
- SIMPLE IRA
- Roth or Roth Conversion IRA

4. TRANSFER INSTRUCTIONS

Indicate your preferred transfer method by checking a box below. *If no method is selected, the default method is By Check.*

BY CHECK

BY WIRE

BY TRANSFER-IN-KIND

- Guggenheim Investments does not charge a fee for receiving a wire; however, your current custodian may charge a fee for sending a wire.
- Purchases into funds that trade twice a day are eligible for the afternoon price only.

5. SIGNATURE

Dear Trustee/Custodian:

I have established an IRA account with Guggenheim Investments and have appointed U.S. Bank, NA as the successor custodian. I hereby authorize and direct you to transfer the specified assets in said account to Guggenheim Investments within thirty (30) days.

Owner's Signature

Date

MEDALLION SIGNATURE GUARANTEE
(Must be completed by an eligible guarantor institution if required by your current custodian.)

Some custodians require a signature guarantee to transfer assets. Please check to see if your custodian requires a Medallion signature guarantee. Failure to obtain a required signature guarantee may delay the transfer of assets.

ACCEPTANCE AND DELIVERY

To the resigning Custodian:

Please see the attached Letter of Acceptance and Delivery Instructions.

For questions or problems with this request, please contact the Account Transfer department at 800.820.0888, Monday through Friday, 8:30 a.m.–5:30 p.m. (ET).

IMPORTANT INFORMATION REGARDING THIS TRANSFER

Retirement account transfers can take from two to four weeks to complete. To check on the status of your transfer, please contact your current custodian. You may wish to keep a copy of this completed transfer form for your records.

If you need additional transfer forms, you may make copies of the blank form, download and print forms from our web site at www.guggenheiminvestments.com/forms, or call us at 800.820.0888 to have additional forms sent to you.

If you need assistance completing this form, call our Client Services department at 800.820.0888, Monday through Friday, 8:30 a.m.–5:30 p.m. (ET).

BEFORE MAILING THIS FORM, HAVE YOU...

- included your Social Security number?*
- completed Sections 1–5?*
- checked if your current custodian requires a signature guarantee?*
- signed this form?*
- included a copy of your most recent account statement?*

INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

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

FORM (Rev. March 2002)

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

The custodian named on the application has given the depositor the disclosure statement required by Regulations section 1.408-6.

The depositor has assigned the custodial account the sum indicated on the application.

The depositor and the custodian make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k) or a recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

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

ARTICLE III

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

ARTICLE IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the depositor's required beginning date, April 1 following the calendar year in which the depositor reaches age 70½. By that date, the depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the depositor or the joint lives of the depositor and his or her designated beneficiary.
3. If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
 - (a) If the depositor dies on or after the required beginning date and:
 - (i) the designated beneficiary is the depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if

longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by one 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 one 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 one for each subsequent year.

(b) If the depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below.

- (i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the depositor's death. If, however, the designated beneficiary is the depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the depositor would have reached age 70½. But, in such case, if the depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.
- (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.

4. If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the depositor's surviving spouse, no additional contributions may be accepted in the account.
5. The minimum amount that must be distributed each year, beginning with the year containing the depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
 - (a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the depositor reaches age 70½, is the depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the depositor's (or, if applicable, the depositor and spouse's) attained age (or ages) in the year.

(b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the depositor's death (or the year the depositor would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).

(c) The required minimum distribution for the year the depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

6. The owner of two or more Traditional IRAs may satisfy the minimum distribution requirements described above by taking from one Traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

ARTICLE V

1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.

2. The custodian agrees to submit to the Internal Revenue Service (IRS) and depositor the reports prescribed by the IRS.

ARTICLE VI

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

ARTICLE VII

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

ARTICLE VIII

8.01 **Definitions** – In this part of this agreement (Article VIII), the words “you” and “your” mean the depositor. The words “we,” “us,” and “our” mean the custodian. The word “Code” means the Internal Revenue Code, and “regulations” means the Treasury regulations.

8.02 **Notices and Change of Address** – Any required notice regarding this IRA will be considered effective when we send it to the intended recipient at the last address that we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.

8.03 **Representations and Responsibilities** – You represent and warrant to us that any information you have given or will give us with respect to this agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be proper under this agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We will not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for any penalties, taxes, judgments, or expenses you incur in

connection with your IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings, or this agreement.

We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this agreement (e.g., attorney-in-fact, executor, administrator, investment manager), but we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We will not be responsible for losses of any kind that may result from directions, actions, or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act by your authorized agent.

You will have 60 days after you receive any documents, statements, or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements, or other information. If you do not notify us within 60 days, the documents, statements, or other information will be deemed correct and accurate, and we will have no further liability or obligation for such documents, statements, other information, or the transactions described therein.

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

To the extent written instructions or notices are required under this agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations including, but not limited to, electronic communication.

8.04 **Disclosure of Account Information** – We may use agents and/or subcontractors to assist in administering your IRA. We may release nonpublic personal information regarding your IRA to such providers as necessary to provide the products and services made available under this agreement, and to evaluate our business operations and analyze potential product, service, or process improvements.

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

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

8.06 **Investment of Amounts in the IRA** – You have exclusive responsibility for and control over the investment of the assets of your IRA. All transactions will be subject to any and all restrictions or limitations, direct or indirect, that are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal

and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this agreement. After your death, your beneficiaries will have the right to direct the investment of your IRA assets, subject to the same conditions that applied to you during your lifetime under this agreement (including, without limitation, Section 8.03 of this article). We will have no discretion to direct any investment in your IRA. We assume no responsibility for rendering investment advice with respect to your IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we will have the right to hold any uninvested amounts in cash, and we will have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your IRA unless you provide timely written directions acceptable to us.

You will select the investment for your IRA assets from those investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for IRAs (e.g., term share accounts, passbook accounts, certificates of deposit, money market accounts.)

8.07 Beneficiaries – If you die before you receive all of the amounts in your IRA, payments from your IRA will be made to your beneficiaries. We have no obligation to pay to your beneficiaries until such time we are notified of your death by receiving a valid death certificate.

You may designate one or more persons or entities as beneficiary of your IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Each beneficiary designation you file with us will cancel all previous designations. The consent of your beneficiaries will not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary survives you, the contingent beneficiaries will acquire the designated share of your IRA. If you do not designate a beneficiary or if all of your primary and contingent beneficiaries predecease you, your estate will be the beneficiary.

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

We may allow, if permitted by state law, an original IRA beneficiary (the beneficiary who is entitled to receive distributions from an inherited IRA at the time of your death) to name successor beneficiaries for the inherited IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original IRA beneficiary's lifetime. Each beneficiary designation form that the original IRA beneficiary files with us will cancel all previous designations. The consent of a successor beneficiary will not be required for the original IRA beneficiary to revoke a successor beneficiary designation. If the original IRA beneficiary does not designate a successor beneficiary, his or her estate will be the successor beneficiary. In no event will the successor beneficiary be able to extend the distribution period beyond that required for the original IRA beneficiary.

If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased IRA owner take total distribution of all IRA assets by December 31 of the year following the year of death.

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

If you fail to request your required minimum distribution by your required beginning date, we can, at our complete and sole discretion, do any one of the following.

- Make no distribution until you give us a proper withdrawal request
- Distribute your entire IRA to you in a single sum payment
- Determine your required minimum distribution from your IRA each year based on your life expectancy, calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise

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

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

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

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

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

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

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

- 8.11 **Amendments** – We have the right to amend this agreement at any time. Any amendment we make to comply with the Code and related regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we send the amendment, you notify us in writing that you do not consent.
- 8.12 **Withdrawals or Transfers** – All requests for withdrawal or transfer will be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing or in any other method acceptable to us. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, including but not limited to possible early distribution penalty taxes, surrender charges, and withholding requirements.
- 8.13 **Transfers From Other Plans** – We can receive amounts transferred to this IRA from the trustee or custodian of another IRA. In addition, we can accept rollovers of eligible rollover distributions from employer-sponsored retirement plans as permitted by the Code. We reserve the right not to accept any transfer or direct rollover.
- 8.14 **Liquidation of Assets** – We have the right to liquidate assets in your IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against your IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree to not hold us liable for any adverse consequences that result from our decision.
- 8.15 **Restrictions on the Fund** – Neither you nor any beneficiary may sell, transfer, or pledge any interest in your IRA in any manner whatsoever, except as provided by law or this agreement.
- The assets in your IRA will not be responsible for the debts, contracts, or torts of any person entitled to distributions under this agreement.
- 8.16 **What Law Applies** – This agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this agreement, the law of our domicile will govern.
- If any part of this agreement is held to be illegal or invalid, the remaining parts will not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this agreement will be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

GENERAL INSTRUCTIONS

Section references are to the Internal Revenue Code unless otherwise noted.

PURPOSE OF FORM

Form 5305-A is a model custodial account agreement that meets the requirements of section 408(a) and has been pre-approved by the IRS. A Traditional individual retirement account (Traditional IRA) is established after the form is fully executed by both the individual (depositor) and the custodian and must be completed no later than the due date (excluding extensions) of the individual's income tax return for the tax year. This account must be created in the United States for the exclusive benefit of the depositor and his or her beneficiaries.

Do not file Form 5305-A with the IRS. Instead, keep it with your records.

For more information on IRAs, including the required disclosures the custodian must give the depositor, see Pub. 590, *Individual Retirement Arrangements (IRAs)*.

DEFINITIONS

Custodian – The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

Depositor – The depositor is the person who establishes the custodial account.

IDENTIFYING NUMBER

The depositor's Social Security number will serve as the identifying number of his or her IRA. An employer identification number (EIN) is required only for an IRA for which a return is filed to report unrelated business taxable income. An EIN is required for a common fund created for IRAs.

TRADITIONAL IRA FOR NONWORKING SPOUSE

Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse. Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse.

SPECIFIC INSTRUCTIONS

Article IV – Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the depositor reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met.

Article VIII – Article VIII and any that follow it may incorporate additional provisions that are agreed to by the depositor and custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the custodian, custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the depositor, etc. Attach additional pages if necessary.

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR IRA

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

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

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

REQUIREMENTS OF AN IRA

A. **Cash Contributions** – Your contribution must be in cash, unless it is a rollover contribution.

B. **Maximum Contribution** – The total amount you may contribute to an IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$5,000 for 2011 and for 2012, with possible cost-of-living adjustments each year thereafter. If you also maintain a Roth IRA (i.e., an IRA subject to the limits of Internal Revenue Code Section (IRC Sec.) 408A), the maximum contribution to your Traditional IRAs is reduced by any contributions you make to your Roth IRAs. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.

C. **Contribution Eligibility** – You are eligible to make a regular contribution to your IRA if you have compensation and have not attained age 70½ by the end of the taxable year for which the contribution is made.

D. **Catch-Up Contributions** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution is \$1,000 per year.

E. **Nonforfeiture** – Your interest in your IRA is nonforfeitable.

F. **Eligible Custodians** – The custodian of your IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.

G. **Commingling Assets** – The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.

H. **Life Insurance** – No portion of your IRA may be invested in life insurance contracts.

I. **Collectibles** – You may not invest the assets of your IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in IRC Sec. 408(m)(3)) are also permitted as IRA investments.

J. **Required Minimum Distributions** – You are required to take minimum distributions from your IRA at certain times in accordance with Treasury Regulation 1.408-8. Below is a summary of the IRA distribution rules.

1. You are required to take a minimum distribution from your IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age

70½. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.

2. The applicable divisor generally is determined using the Uniform Lifetime Table provided by the IRS. If your spouse is your sole designated beneficiary for the entire calendar year, and is more than 10 years younger than you, the required minimum distribution is determined each year using the actual joint life expectancy of you and your spouse obtained from the Joint Life Expectancy Table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.

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

- (a) Make no distribution until you give us a proper withdrawal request
- (b) Distribute your entire IRA to you in a single sum payment
- (c) Determine your required minimum distribution each year based on your life expectancy calculated using the Uniform Lifetime Table, and pay those distributions to you until you direct otherwise

If you fail to remove a required minimum distribution, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

3. Your designated beneficiary is determined based on the beneficiaries designated as of the date of your death, who remain your beneficiaries as of September 30 of the year following the year of your death.

If you die on or after your required beginning date, distributions must be made to your beneficiaries over the longer of the single life expectancy of your designated beneficiaries, or your remaining life expectancy. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

If you die before your required beginning date, the entire amount remaining in your account will, at the election of your designated beneficiaries, either

- (a) be distributed by December 31 of the year containing the fifth anniversary of your death, or
- (b) be distributed over the remaining life expectancy of your designated beneficiaries.

If your spouse is your sole designated beneficiary, he or she must elect either option (a) or (b) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year life expectancy payments would be required to begin. Your designated beneficiaries, other than a spouse who is the sole designated beneficiary, must elect either option (a) or (b) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of your death. Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later.

If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

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

If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased IRA owner take total distribution of all IRA assets by December 31 of the year following the year of death.

If your beneficiary fails to remove a required minimum distribution after your death, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your beneficiary must file IRS Form 5329 along with his or her income tax return to report and remit any additional taxes to the IRS.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

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

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

1. Qualified pension, profit sharing, 401(k), or stock bonus plan
2. Qualified annuity plan of an employer
3. Simplified employee pension (SEP) plan
4. Retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under IRC Sec. 457)
5. Tax-sheltered annuity for employees of certain tax-exempt organizations or public schools
6. Plan meeting the requirements of IRC Sec. 501(c)(18)
7. Savings incentive match plan for employees of small employers (SIMPLE) IRA plan or a SIMPLE 401(k) plan

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

If you are an active participant, are single, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows. (1) Begin with the appropriate phase-out range maximum for the applicable year (specified below) and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year,

including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$60,000 in 2012, your maximum deductible contribution is \$4,000 (the 2012 phase-out range maximum of \$68,000 minus your MAGI of \$60,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000, and multiplied by the contribution limit of \$5,000).

If you are an active participant, are married to an active participant and you file a joint income tax return, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows. (1) Begin with the appropriate phase-out maximum for the applicable year (specified below) and subtract your MAGI range; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$97,000 in 2012, your maximum deductible contribution is \$3,750 (the 2012 phase-out maximum of \$112,000 minus your MAGI of \$97,000, divided by the difference between the maximum and minimum phase-out limits of \$20,000, and multiplied by the contribution limit of \$5,000).

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

Tax Year	Joint Filers	Single Taxpayers
	Phase-Out Range*	Phase-Out Range*
	(minimum)(maximum)	(minimum)(maximum)
2010	\$89,000 – \$109,000	\$56,000 – \$66,000
2011	\$90,000 – \$110,000	\$56,000 – \$66,000
2012	\$92,000 – \$112,000	\$58,000 – \$68,000

*MAGI limits are subject to cost-of-living adjustments each year.

The MAGI phaseout range for an individual that is not an active participant, but is married to an active participant, is \$173,000–\$183,000 for 2012. This limit is also subject to cost-of-living increases for tax years after 2012. If you are not an active participant in an employer-sponsored retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phase-out range for the year, your maximum deductible contribution is determined as follows. (1) Begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

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

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

If you are a member of the Armed Forces serving in a combat zone, hazardous duty area, or contingency operation, you may have an extended contribution deadline of 180 days after the last day served in the area. In addition, your contribution deadline for a particular tax year is also extended by the number of days that remained to file

that year's tax return as of the date you entered the combat zone. This additional extension to make your IRA contribution cannot exceed the number of days between January 1 and your tax filing deadline, not including extensions.

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

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

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

2012 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1 – 34,500	\$1 – 25,875	\$1 – 17,250	50
\$34,501 – 37,500	\$25,876 – 28,125	\$17,251 – 18,750	20
\$37,501 – 57,500	\$28,126 – 43,125	\$18,751 – 28,750	10
Over \$57,500	Over \$43,125	Over \$28,750	0

*Adjusted gross income (AGI) includes foreign earned income and income from Guam, America Samoa, North Mariana Islands, and Puerto Rico. AGI limits are subject to cost-of-living adjustments each year.

D. **Excess Contributions** – An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute. If the excess is not corrected timely, an additional penalty tax of six percent will be imposed upon the excess amount. The procedure for correcting an excess is determined by the timeliness of the correction as identified below.

1. **Removal Before Your Tax Filing Deadline.** An excess contribution may be corrected by withdrawing the excess amount, along with the earnings attributable to the excess, before your tax filing deadline, including extensions, for the year for which the excess contribution was made. An excess withdrawn under this method is not taxable to you, but you must include the earnings attributable to the excess in your taxable income in the year in which the contribution was made. The six percent excess contribution penalty tax will be avoided.
2. **Removal After Your Tax Filing Deadline.** If you are correcting an excess contribution after your tax filing deadline, including extensions, remove only the amount of the excess contribution. The six percent excess contribution penalty tax will be imposed on the excess contribution for each year it remains in the IRA. An excess withdrawal under this method will only be taxable to you if the total contributions made in the year of the excess exceed the annual applicable contribution limit.
3. **Carry Forward to a Subsequent Year.** If you do not withdraw the excess contribution, you may carry forward the contribution for a subsequent tax year. To do so, you under-contribute for that tax year and carry the excess contribution amount forward to that year on your tax return. The six percent excess contribution penalty tax will be imposed on the excess amount for each year that it remains as an excess contribution at the end of the year.

You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

E. **Tax-Deferred Earnings** – The investment earnings of your IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

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

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

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

G. **Taxation of Distributions** – The taxation of IRA distributions depends on whether or not you have ever made nondeductible IRA contributions. If you have only made deductible contributions, all IRA distribution amounts will be included in income.

If you have ever made nondeductible contributions to any IRA, the following formula must be used to determine the amount of any IRA distribution excluded from income.

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

NOTE: Aggregate nondeductible contributions include all nondeductible contributions made by you through the end of the year of the distribution that have not previously been withdrawn and excluded from income. Also note that the aggregate IRA balance includes the total balance of all of your IRAs as of the end of the year of distribution and any distributions occurring during the year.

H. **Income Tax Withholding** – Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.

I. **Early Distribution Penalty Tax** – If you receive an IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent will apply to the taxable amount of the distribution unless one of the following exceptions apply. **1) Death.** After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax. **2) Disability.** If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration. **3) Substantially equal periodic payments.** You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½. **4) Unreimbursed medical expenses.** If you take payments to pay for unreimbursed medical expenses exceeding 7.5 percent of your adjusted gross income (increasing to 10 percent of adjusted gross income beginning in 2013), you will not be subject to the 10 percent early distribution penalty tax.

The medical expenses may be for you, your spouse, or any dependent listed on your tax return. **5) Health insurance premiums.** If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax. **6) Higher education expenses.** Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax. **7) First-time homebuyer.** You may take payments from your IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of \$10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution. **8) IRS levy.** Payments from your IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax. **9) Qualified reservist distributions.** If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your IRA during the active duty period are not subject to the 10 percent early distribution penalty tax.

You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes or to claim a penalty tax exception.

J. Rollovers and Conversions – Your IRA may be rolled over to another IRA of yours, may receive rollover contributions, or may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a movement of cash or other property to your IRA from another IRA, or from your employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan. The amount rolled over is not subject to taxation or the additional 10 percent early distribution penalty tax. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion generally is a taxable event. The general rollover and conversion rules are summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

- 1. Traditional IRA to Traditional IRA Rollovers.** Assets distributed from your IRA may be rolled over to an IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another IRA to IRA rollover from the distributing IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.
- 2. SIMPLE IRA to Traditional IRA Rollovers.** Assets distributed from your SIMPLE IRA may be rolled over to your Traditional IRA without IRS penalty tax provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of IRC Sec. 408(d)(3) must be met. A proper SIMPLE IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to IRA (or SIMPLE IRA to SIMPLE IRA) rollover from the distributing SIMPLE IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.

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

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

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

- 4. Beneficiary Rollovers From Employer-Sponsored Retirement Plans.** If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased employer-sponsored retirement plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.
- 5. Traditional IRA to Employer-Sponsored Retirement Plan Rollovers.** You may roll over, directly or indirectly, any taxable eligible rollover distribution from an IRA to your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan as long as the employer-sponsored retirement plan accepts such rollover contributions.
- 6. Traditional IRA to Roth IRA Conversions.** If you convert to a Roth IRA, the amount of the conversion from your Traditional IRA to your Roth IRA will be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty tax. If you are age 70½ or older you must remove your required minimum distribution before converting your Traditional IRA.
- 7. Qualified HSA Funding Distribution.** If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free qualified HSA funding distribution from your IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high

deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*.

8. **Rollovers of Settlement Payments From Bankrupt Airlines.** If you are a qualified airline employee who has received an airline settlement payment from a commercial airline carrier under the approval of an order of a federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007, you are allowed to roll over any portion of the proceeds into your IRA by the later of 180 days after receipt of such amount, or 180 days after February 14, 2012. If you make such a rollover contribution, you may exclude the amount rolled over from your gross income in the taxable year in which the airline settlement payment was paid to you.

If you previously rolled over such a contribution to a Roth IRA, you may move all or a portion of it to a Traditional IRA as a qualified rollover contribution by directly moving the assets, plus the earnings attributable to them, to a Traditional IRA within 180 days after February 14, 2012.

To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.

9. **Rollovers of Exxon Valdez Settlement Payments.** If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to \$100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.

10. **Written Election.** At the time you make a rollover to an IRA, you must designate in writing to the custodian your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

- K. **Transfer Due to Divorce** – If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another.
- L. **Recharacterizations** – If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. If you have converted from a Traditional IRA to a Roth IRA you may recharacterize the conversion along with net income attributable back to a Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year for which the original contribution was made or conversion completed.

LIMITATIONS AND RESTRICTIONS

- A. **SEP Plans** – Under a simplified employee pension (SEP) plan that meets the requirements of IRC Sec. 408(k), your employer may make contributions to your IRA. Your employer is required to provide you with information that describes the terms of your employer's SEP plan.
- B. **Spousal IRA** – If you are married and have compensation, you may contribute to an IRA established for the benefit of your spouse for any year prior to the year your spouse turns age 70½, regardless of whether or not your spouse has compensation. You may make these spousal contributions even if you are age 70½ or older. You must file a joint income tax return for the year for which the contribution is made.

The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100 percent of your combined eligible compensation or \$10,000 for 2012. This amount may be increased with cost-of-living adjustments each year. However, you may not contribute more than the individual contribution limit to each IRA.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's IRA. The maximum additional contribution is \$1,000 per year.

- C. **Deduction of Rollovers and Transfers** – A deduction is not allowed for rollover or transfer contributions.
- D. **Gift Tax** – Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.
- E. **Special Tax Treatment** – Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to IRA distributions.
- F. **Prohibited Transactions** – If you or your beneficiary engage in a prohibited transaction with your IRA, as described in IRC Sec. 4975, your IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your IRA. (1) Taking a loan from your IRA (2) Buying property for personal use (present or future) with IRA assets (3) Receiving certain bonuses or premiums because of your IRA.
- G. **Pledging** – If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

OTHER

- A. **IRS Plan Approval** – The agreement used to establish this IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. **Additional Information** – You may obtain further information on IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting www.irs.gov on the Internet.
- C. **Important Information About Procedures for Opening a New Account** – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. Therefore, when you open an IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

- D. **Qualified Reservist Distributions** – If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your IRA or retirement plan, you may recontribute those amounts to an IRA generally within a two-year period from your date of return.
- E. **Heartland Disaster-Related Tax Relief** – If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes, and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified disaster recovery assistance distributions include IRA distributions made on or after specified dates for each disaster, and before January 1, 2010, to a qualified individual. You may be eligible to recontribute these distributions if done within three years of the distribution. For more information on this tax relief, refer to IRS Publication 4492-B, *Information for Affected Taxpayers in the Midwestern Disaster Area*.
1. **Taxation May be Spread Over Three Years.** If you received qualified disaster recovery assistance distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
 2. **Repayment of Qualified Disaster Recovery Assistance Distributions.** You may roll over qualified disaster recovery assistance distributions to an eligible retirement plan within three years of the date of receipt of the distribution, and avoid federal income taxation. The 60-day rollover rule does not apply to these distributions.

ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-RA under section 408A of the Internal Revenue Code.

FORM (Rev. March 2002)

The depositor named on the application is establishing a Roth individual retirement account under section 408A to provide for his or her retirement and for the support of his or her beneficiaries after death.

The custodian named on the application has given the depositor the disclosure statement required by Regulations section 1.408-6.

The depositor has assigned the custodial account the sum indicated on the application.

The depositor and the custodian make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 408A(e), a recharacterized contribution described in section 408A(d)(6), or an IRA conversion contribution, the custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a single depositor, the annual contribution is phased out between adjusted gross income (AGI) of \$95,000 and \$110,000; for a married depositor filing jointly, between AGI of \$150,000 and \$160,000; and for a married depositor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the custodian will not accept IRA conversion contributions in a tax year if the depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the depositor is married and files a separate return. Adjusted gross income is defined in section 408A(c)(3) and does not include IRA conversion contributions.
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 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 surviving 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), Regulations sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (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 inconsistent 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 on the application.

ARTICLE IX

- 9.01 **Definitions** – In this part of this agreement (Article IX), the words "you" and "your" mean the depositor. The words "we," "us," and "our" mean the custodian. The word "Code" means the Internal Revenue Code, and "regulations" means the Treasury regulations.
- 9.02 **Notices and Change of Address** – Any required notice regarding this Roth IRA will be considered effective when we send it to the intended recipient at the last address that we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.
- 9.03 **Representations and Responsibilities** – You represent and warrant to us that any information you have given or will give us with respect to this agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be proper under this agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, if we receive ambiguous directions regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We

will not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for any penalties, taxes, judgments, or expenses you incur in connection with your Roth IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings, or this agreement.

We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this agreement (e.g., attorney-in-fact, executor, administrator, investment manager), but we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We will not be responsible for losses of any kind that may result from directions, actions, or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act by your authorized agent.

You will have 60 days after you receive any documents, statements, or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements, or other information. If you do not notify us within 60 days, the documents, statements, or other information will be deemed correct and accurate, and we will have no further liability or obligation for such documents, statements, other information, or the transactions described therein.

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

To the extent written instructions or notices are required under this agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations including, but not limited to, electronic communication.

9.04 **Disclosure of Account Information** – We may use agents and/or subcontractors to assist in administering your Roth IRA. We may release nonpublic personal information regarding your Roth IRA to such providers as necessary to provide the products and services made available under this agreement, and to evaluate our business operations and analyze potential product, service, or process improvements.

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

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

9.06 **Investment of Amounts in the Roth IRA** – You have exclusive responsibility for and control over the investment of the assets of your Roth IRA. All transactions will be subject to any and all restrictions or limitations, direct or indirect, that are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this agreement. After your death, your beneficiaries will have the right to direct the investment of your Roth IRA assets, subject to the same conditions that applied to you during your lifetime under this agreement (including, without limitation, Section 9.03 of this article). We will have no discretion to direct any investment in your Roth IRA. We assume no responsibility for rendering investment advice with respect to your Roth IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your Roth IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we will have the right to hold any uninvested amounts in cash, and we will have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your Roth IRA unless you provide timely written directions acceptable to us.

You will select the investment for your Roth IRA assets from those investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for Roth IRAs (e.g., term share accounts, passbook accounts, certificates of deposit, money market accounts.)

9.07 **Beneficiaries** – If you die before you receive all of the amounts in your Roth IRA, payments from your Roth IRA will be made to your beneficiaries. We have no obligation to pay to your beneficiaries until such time we are notified of your death by receiving a valid death certificate.

You may designate one or more persons or entities as beneficiary of your Roth IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Each beneficiary designation you file with us will cancel all previous designations. The consent of your beneficiaries will not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary survives you, the contingent beneficiaries will acquire the designated share of your Roth IRA. If you do not designate a beneficiary or if all of your primary and contingent beneficiaries predecease you, your estate will be the beneficiary.

If your surviving spouse is the designated beneficiary, your spouse may elect to treat your Roth IRA as his or her own Roth IRA, and would not be subject to the required minimum distribution rules. Your surviving spouse will also be entitled to such additional beneficiary payment options as are granted under the Code or applicable regulations.

We may allow, if permitted by state law, an original Roth IRA beneficiary (the beneficiary who is entitled to receive distributions from an inherited Roth IRA at the time of your death) to name successor beneficiaries for the inherited Roth IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original Roth IRA beneficiary's lifetime. Each beneficiary designation form that the original Roth IRA beneficiary files with us will cancel all previous

designations. The consent of a successor beneficiary will not be required for the original Roth IRA beneficiary to revoke a successor beneficiary designation. If the original Roth IRA beneficiary does not designate a successor beneficiary, his or her estate will be the successor beneficiary. In no event will the successor beneficiary be able to extend the distribution period beyond that required for the original Roth IRA beneficiary.

If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased Roth IRA owner take total distribution of all Roth IRA assets by December 31 of the year following the year of death.

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

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

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

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

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

- 9.09 **Successor Custodian** – If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion that includes your Roth IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your Roth IRA, but only if it is the type of organization authorized to serve as a Roth IRA trustee or custodian.
- 9.10 **Amendments** – We have the right to amend this agreement at any time. Any amendment we make to comply with the Code and related regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we send the amendment, you notify us in writing that you do not consent.
- 9.11 **Withdrawals or Transfers** – All requests for withdrawal or transfer will be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing or in any other method acceptable to us. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals will be subject to all applicable tax and

other laws and regulations, including but not limited to possible early distribution penalty taxes, surrender charges, and withholding requirements.

You are not required to take a distribution from your Roth IRA at age 70½. At your death, however, your beneficiaries must begin taking distributions in accordance with Article V and section 9.07 of this article. We will make no distributions to you from your Roth IRA until you provide us with a written request for a distribution on a form provided by or acceptable to us.

- 9.12 **Transfers From Other Plans** – We can receive amounts transferred to this Roth IRA from the trustee or custodian of another Roth IRA as permitted by the Code. In addition, we can accept rollovers of eligible rollover distributions from employer-sponsored retirement plans as permitted by the Code. We reserve the right not to accept any transfer.
- 9.13 **Liquidation of Assets** – We have the right to liquidate assets in your Roth IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against your Roth IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree to not hold us liable for any adverse consequences that result from our decision.
- 9.14 **Restrictions on the Fund** – Neither you nor any beneficiary may sell, transfer, or pledge any interest in your Roth IRA in any manner whatsoever, except as provided by law or this agreement.
- 9.15 **What Law Applies** – This agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this agreement, the law of our domicile will govern.

If any part of this agreement is held to be illegal or invalid, the remaining parts will not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this agreement will be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

GENERAL INSTRUCTIONS

Section references are to the Internal Revenue Code unless otherwise noted.

PURPOSE OF FORM

Form 5305-RA is a model custodial account agreement that meets the requirements of section 408A and has been pre-approved by the IRS. A Roth individual retirement account (Roth IRA) is established after the form is fully executed by both the individual (depositor) and the custodian. This account must be created in the United States for the exclusive benefit of the depositor and his or her beneficiaries.

Do not file Form 5305-RA with the IRS. Instead, keep it with your records.

Unlike contributions to Traditional individual retirement arrangements, contributions to a Roth IRA are not deductible from the depositor's gross income; and distributions after 5 years that are made when the depositor is 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the custodian must give the depositor, see Pub. 590, *Individual Retirement Arrangements (IRAs)*.

DEFINITIONS

IRA Conversion Contributions – IRA conversion contributions are amounts rolled over, transferred, or considered transferred from a nonRoth IRA to a Roth IRA. A nonRoth IRA is an individual retirement account or annuity described in section 408(a) or 408(b), other than a Roth IRA.

Custodian – The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

Depositor – The depositor is the person who establishes the custodial account.

SPECIFIC INSTRUCTIONS

Article I – The depositor may be subject to a 6% tax on excess contributions if (1) contributions to other individual retirement arrangements of the depositor have been made for the same tax year, (2) the depositor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or (3) the depositor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year. The depositor should see the disclosure statement or Pub. 590 for more information.

Article V – This article describes how distributions will be made from the Roth IRA after the depositor's death. Elections made pursuant to this article should be reviewed periodically to ensure they correspond to the depositor's intent. Under paragraph 3 of Article V, the depositor's spouse is treated as the owner of the Roth IRA upon the death of the depositor, rather than as the beneficiary. If the spouse is to be treated as the beneficiary and not the owner, an overriding provision should be added to Article IX.

Article IX – Article IX and any that follow it may incorporate additional provisions that are agreed to by the depositor and custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the custodian, custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the depositor, etc. Attach additional pages if necessary.

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR ROTH IRA

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

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

If you have any questions about the procedure for revoking your Roth IRA, please call the custodian at the telephone number listed on the application.

REQUIREMENTS OF A ROTH IRA

A. **Cash Contributions** – Your contribution must be in cash, unless it is a rollover or conversion contribution.

B. **Maximum Contribution** – The total amount you may contribute to a Roth IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$5,000 for 2011 and for 2012, with possible cost-of-living adjustments each year thereafter. If you also maintain a Traditional IRA (i.e., an IRA subject to the limits of Internal Revenue Code Sections (IRC Secs.) 408(a) or 408(b)), the maximum contribution to your Roth IRAs is reduced by any contributions you make to your Traditional IRAs. Your total annual contribution to all Roth IRAs and Traditional IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.

Your Roth IRA contribution is further limited if your modified adjusted gross income (MAGI) equals or exceeds \$173,000 (for 2012) if you are a married individual filing a joint income tax return, or equals or exceeds \$110,000 (for 2012) if you are a single individual. Married individuals filing a joint income tax return with MAGI equaling or exceeding \$183,000 (for 2012) may not fund a Roth IRA. Single individuals with MAGI equaling or exceeding \$125,000 (for 2012) may not fund a Roth IRA. Married individuals filing a separate income tax return with MAGI equaling or exceeding \$10,000 may not fund a Roth IRA. The MAGI limits described above are subject to cost-of-living increases for tax years beginning after 2012.

If you are married filing a joint income tax return and your MAGI is between the applicable MAGI phase-out range for the year, your maximum Roth IRA contribution is determined as follows. (1) Begin with the appropriate MAGI phase-out maximum for the applicable year and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. For example, if you are age 30 with MAGI of \$178,000, your maximum Roth IRA contribution for 2012 is \$2,500 $(\$183,000 \text{ minus } \$178,000) \text{ divided by } \$10,000 \text{ and multiplied by } \$5,000$.

If you are single and your MAGI is between the applicable MAGI phase-out for the year, your maximum Roth IRA contribution is determined as follows. (1) Begin with the appropriate MAGI phase-out maximum for the applicable year and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. For example, if you are age 30 with MAGI of \$113,000, your maximum Roth IRA contribution for 2012 is \$4,000 $(\$125,000 \text{ minus } \$113,000) \text{ divided by } \$15,000 \text{ and multiplied by } \$5,000$.

- C. **Contribution Eligibility** – You are eligible to make a regular contribution to your Roth IRA, regardless of your age, if you have compensation and your MAGI is below the maximum threshold. Your Roth IRA contribution is not limited by your participation in an employer-sponsored retirement plan, other than a Traditional IRA.
- D. **Catch-Up Contributions** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your Roth IRA. The maximum additional contribution is \$1,000 per year.
- E. **Nonforfeitable** – Your interest in your Roth IRA is nonforfeitable.
- F. **Eligible Custodians** – The custodian of your Roth IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- G. **Commingling Assets** – The assets of your Roth IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- H. **Life Insurance** – No portion of your Roth IRA may be invested in life insurance contracts.
- I. **Collectibles** – You may not invest the assets of your Roth IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in IRC Sec. 408(m)(3)) are also permitted as Roth IRA investments.
- J. **Beneficiary Payouts** – Your designated beneficiary is determined based on the beneficiaries designated as of the date of your death, who remain your beneficiaries as of September 30 of the year following the year of your death. The entire amount remaining in your account will, at the election of your designated beneficiaries, either
 1. be distributed by December 31 of the year containing the fifth anniversary of your death, or
 2. be distributed over the remaining life expectancy of your designated beneficiaries.

If your spouse is your sole designated beneficiary, he or she must elect either option (1) or (2) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year life expectancy payments would be required to begin. Your designated beneficiaries, other than a spouse who is the sole designated beneficiary, must elect either option (1) or (2) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (2). In the case of distributions under option (2), distributions must commence by December 31 of the year following the year of your death. Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your Roth IRA for purposes of determining the distribution period. If there is no designated beneficiary of your Roth IRA, the entire Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

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

If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased Roth IRA owner take total distribution of all Roth IRA assets by December 31 of the year following the year of death.

If your beneficiary fails to remove a required minimum distribution after your death, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your beneficiary must file IRS Form 5329 along with his or her income tax return to report and remit any additional taxes to the IRS.

INCOME TAX CONSEQUENCES OF ESTABLISHING A ROTH IRA

A. Contributions Not Deducted – No deduction is allowed for Roth IRA contributions, including transfers, rollovers, and conversion contributions.

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

If you are a member of the Armed Forces serving in a combat zone, hazardous duty area, or contingency operation, you may have an extended contribution deadline of 180 days after the last day served in the area. In addition, your contribution deadline for a particular tax year is also extended by the number of days that remained to file that year's tax return as of the date you entered the combat zone. This additional extension to make your Roth IRA contribution cannot exceed the number of days between January 1 and your tax filing deadline, not including extensions.

C. Tax Credit for Contributions – You may be eligible to receive a tax credit for your Roth IRA contributions. This credit may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are

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

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

2012 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1 – 34,500	\$1 – 25,875	\$1 – 17,250	50
\$34,501 – 37,500	\$25,876 – 28,125	\$17,251 – 18,750	20
\$37,501 – 57,500	\$28,126 – 43,125	\$18,751 – 28,750	10
Over \$57,500	Over \$43,125	Over \$28,750	0

*Adjusted gross income (AGI) includes foreign earned income and income from Guam, America Samoa, North Mariana Islands, and Puerto Rico. AGI limits are subject to cost-of-living adjustments each year.

D. Excess Contributions – An excess contribution is any amount that is contributed to your Roth IRA that exceeds the amount that you are eligible to contribute. If the excess is not corrected timely, an additional penalty tax of six percent will be imposed upon the excess amount. The procedure for correcting an excess is determined by the timeliness of the correction as identified below.

1. Removal Before Your Tax Filing Deadline. An excess contribution may be corrected by withdrawing the excess amount, along with the earnings attributable to the excess, before your tax filing deadline, including extensions, for the year for which the excess contribution was made. An excess withdrawn under this method is not taxable to you, but you must include the earnings attributable to the excess in your taxable income in the year in which the contribution was made. The six percent excess contribution penalty tax will be avoided.

2. Removal After Your Tax Filing Deadline. If you are correcting an excess contribution after your tax filing deadline, including extensions, remove only the amount of the excess contribution. The six percent excess contribution penalty tax will be imposed on the excess contribution for each year it remains in the Roth IRA. An excess withdrawal under this method is not taxable to you.

3. Carry Forward to a Subsequent Year. If you do not withdraw the excess contribution, you may carry forward the contribution for a subsequent tax year. To do so, you under-contribute for that tax year and carry the excess contribution amount forward to that year on your tax return. The six percent excess contribution penalty tax will be imposed on the excess amount for each year that it remains as an excess contribution at the end of the year.

You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

E. Tax-Deferred Earnings – The investment earnings of your Roth IRA are not subject to federal income tax as they accumulate in your Roth IRA. In addition, distributions of your Roth IRA earnings will be free from federal income tax if you take a qualified distribution, as described below.

F. Taxation of Distributions – The taxation of Roth IRA distributions depends on whether the distribution is a qualified distribution or a nonqualified distribution.

1. Qualified Distributions. Qualified distributions from your Roth IRA (both the contributions and earnings) are not included in your income. A qualified distribution is a distribution that is made after the expiration of the five-year period beginning January 1 of the first year for which you made a contribution to any Roth IRA (including a conversion from a Traditional IRA), and is made on account of one of the following events.

- Attainment of age 59½
- Disability
- First-time homebuyer purchase
- Death

For example, if you made a contribution to your Roth IRA for 2007, the five-year period for determining whether a distribution is a qualified distribution is satisfied as of January 1, 2012.

2. **Nonqualified Distributions.** If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income and, if you are under age 59½, may be subject to an early distribution penalty tax. However, when you take a distribution, the amounts you contributed annually to any Roth IRA and any military death gratuity or Servicemembers' Group Life Insurance (SGLI) payments that you rolled over to a Roth IRA, will be deemed to be removed first, followed by conversion and employer-sponsored retirement plan rollover contributions made to any Roth IRA on a first-in, first-out basis. Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual contributions, rollovers of your military death gratuity or SGLI payments, and your conversions and employer-sponsored retirement plan rollovers.
 - G. **Income Tax Withholding** – Any nonqualified withdrawal of earnings from your Roth IRA may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your Roth IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
 - H. **Early Distribution Penalty Tax** – If you are under age 59½ and receive a nonqualified Roth IRA distribution, an additional early distribution penalty tax of 10 percent generally will apply to the amount includible in income in the year of the distribution. If you are under age 59½ and receive a distribution of conversion amounts or employer-sponsored retirement plan rollover amounts within the five-year period beginning with the year in which the conversion or employer-sponsored retirement plan rollover occurred, an additional early distribution penalty tax of 10 percent generally will apply to the amount of the distribution. The additional early distribution penalty tax of 10 percent generally will not apply if one of the following exceptions apply.
 - 1) **Death.** After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax.
 - 2) **Disability.** If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration.
 - 3) **Substantially equal periodic payments.** You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½.
 - 4) **Unreimbursed medical expenses.** If you take payments to pay for unreimbursed medical expenses exceeding 7.5 percent of your adjusted gross income (increasing to 10 percent of adjusted gross income beginning in 2013), you will not be subject to the 10 percent early distribution penalty tax. The medical expenses may be for you, your spouse, or any dependent listed on your tax return.
 - 5) **Health insurance premiums.** If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your Roth IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax.
 - 6) **Higher education expenses.** Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax.
 - 7) **First-time homebuyer.** You may take payments from your Roth IRA to use toward qualified acquisition costs of buying or building a principle residence. The amount you may take for this reason may not exceed a lifetime maximum of \$10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution.
 - 8) **IRS levy.** Payments from your Roth IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax.
 - 9) **Qualified reservist distributions.** If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your Roth IRA during the active duty period are not subject to the 10 percent early distribution penalty tax.
- You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes or to claim a penalty tax exception.
- I. **Required Minimum Distributions** – You are not required to take distributions from your Roth IRA at age 70½ (as required for Traditional and savings incentive match plan for employees of small employers (SIMPLE) IRAs). However, your beneficiaries generally are required to take distributions from your Roth IRA after your death. See the section titled *Beneficiary Payouts* in this disclosure statement regarding beneficiaries' required minimum distributions.
 - J. **Rollovers and Conversions** – Your Roth IRA may be rolled over to another Roth IRA of yours, may receive rollover contributions, or may receive conversion contributions, provided that all of the applicable rollover or conversion rules are followed. Rollover is a term used to describe a movement of cash or other property to your Roth IRA from another Roth IRA, or from your employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan. Conversion is a term used to describe the movement of Traditional IRA or SIMPLE IRA assets to a Roth IRA. A conversion generally is a taxable event. The general rollover and conversion rules are summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.
 1. **Roth IRA to Roth IRA Rollovers.** Assets distributed from your Roth IRA may be rolled over to a Roth IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper Roth IRA to Roth IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another Roth IRA to Roth IRA rollover from the distributing Roth IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days. Roth IRA assets may not be rolled over to other types of IRAs (e.g., Traditional IRA, SIMPLE IRA), or employer-sponsored retirement plans.
 2. **Traditional IRA to Roth IRA Conversions.** If you convert to a Roth IRA, the amount of the conversion from your Traditional IRA to your Roth IRA will be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution penalty tax. If you are age 70½ or older, you must remove your required minimum distribution before converting your Traditional IRA.
 3. **SIMPLE IRA to Roth IRA Conversions.** You are eligible to convert all or any portion of your existing SIMPLE IRA into your Roth IRA, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. The amount of the conversion from your SIMPLE IRA to your Roth IRA will be treated

as a distribution for income tax purposes and is includible in your gross income. Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution penalty tax. If you are age 70½ or older you must remove your required minimum distribution before converting your SIMPLE IRA.

4. **Rollovers of Roth Elective Deferrals.** Roth elective deferrals distributed from a 401(k) cash or deferred arrangement, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan, may be rolled into your Roth IRA.
5. **Employer-Sponsored Retirement Plan to Roth IRA Rollovers.** Assets distributed from your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan may be rolled over to your Roth IRA. If you are a spouse, nonspouse, or qualified trust beneficiary who has inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, you may be eligible to directly roll over the assets to an inherited Roth IRA. The inherited Roth IRA is subject to the beneficiary distribution requirements. Although the rollover amount generally is included in income, the 10 percent early distribution penalty tax will not apply to rollovers from eligible employer-sponsored retirement plans to a Roth IRA or inherited Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution penalty tax.
6. **Beneficiary Rollovers From 401(k), 403(b), or 457(b) Eligible Governmental Plans Containing Roth Elective Deferrals.** If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased 401(k), 403(b), or 457(b) eligible governmental deferred compensation plan participant who had made Roth elective deferrals to the plan, you may directly roll over the Roth elective deferrals and their earnings to an inherited Roth IRA. The Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements.
7. **Rollovers of Military Death Benefits.** If you receive or have received a military death gratuity or a payment from the SGLI program, you may be able to roll over the proceeds to your Roth IRA. The rollover contribution amount is limited to the sum of the death benefits or SGLI payment received, less any such amount that was rolled over to a Coverdell education savings account. Proceeds must be rolled over within one year of receipt of the gratuity or SGLI payment for deaths occurring on or after June 17, 2008. Any amount that is rolled over under this provision is considered nontaxable basis in your Roth IRA.
8. **Qualified HSA Funding Distribution.** If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free qualified HSA funding distribution from your Roth IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*.
9. **Rollovers of Settlement Payments From Bankrupt Airlines.** If you are a qualified airline employee who has received an airline settlement payment from a commercial airline carrier under the approval of an order of a federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007, you are

allowed to roll over any portion of the proceeds into your Roth IRA by the later of 180 days after receipt of such amount, or June 21, 2009. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.

10. **Rollovers of Exxon Valdez Settlement Payments.** If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to \$100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.
 11. **Written Election.** At the time you make a rollover or conversion to a Roth IRA, you must designate in writing to the custodian your election to treat that contribution as a rollover or conversion. Once made, the election is irrevocable.
- K. **Transfer Due to Divorce** – If all or any part of your Roth IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's Roth IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another Roth IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Roth IRA to another.
 - L. **Recharacterizations** – If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. If you have converted from a Traditional IRA to a Roth IRA you may recharacterize the conversion along with net income attributable back to a Traditional IRA. If you have rolled over an eligible employer-sponsored retirement plan to a Roth IRA, you may recharacterize the rollover amount along with net income attributable to a Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year for which the original contribution was made or conversion or rollover completed.

LIMITATIONS AND RESTRICTIONS

- A. **Spousal Roth IRA** – If you are married and have compensation, you may contribute to a Roth IRA established for the benefit of your spouse, regardless of whether or not your spouse has compensation. You must file a joint income tax return for the year for which the contribution is made.

The amount you may contribute to your Roth IRA and your spouse's Roth IRA is the lesser of 100 percent of your combined eligible compensation or \$10,000 for 2012. This amount may be increased with cost-of-living adjustments each year. However, you may not contribute more than the individual contribution limit to each Roth IRA. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's Roth IRA. The maximum additional contribution is \$1,000 per year.

- B. **Gift Tax** – Transfers of your Roth IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.

- C. **Special Tax Treatment** – Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to Roth IRA distributions.
- D. **Prohibited Transactions** – If you or your beneficiary engage in a prohibited transaction with your Roth IRA, as described in IRC Sec. 4975, your Roth IRA will lose its tax-deferred or tax-exempt status, and you generally must include the value of the earnings in your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your Roth IRA. (1) Taking a loan from your Roth IRA (2) Buying property for personal use (present or future) with Roth IRA assets (3) Receiving certain bonuses or premiums because of your Roth IRA.
- E. **Pledging** – If you pledge any portion of your Roth IRA as collateral for a loan, the amount so pledged will be treated as a distribution and may be included in your gross income for that year.

OTHER

- A. **IRS Plan Approval** – The agreement used to establish this Roth IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. **Additional Information** – You may obtain further information on Roth IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting www.irs.gov on the Internet.
- C. **Important Information About Procedures for Opening a New Account** – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. Therefore, when you open a Roth IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.
- D. **Qualified Reservist Distributions** – If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your Roth IRA or retirement plan, you may recontribute those amounts to a Roth IRA generally within a two-year period from your date of return.
- E. **Heartland Disaster-Related Tax Relief** – If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes, and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your Roth IRA. Qualified disaster recovery assistance distributions include Roth IRA distributions made on or after specified dates for each disaster, and before January 1, 2010, to a qualified individual. You may be eligible to recontribute those distributions if done within three years of the distribution. For more information on this tax relief, refer to IRS Publication 4492-B, *Information for Affected Taxpayers in the Midwestern Disaster Area*.
 - 1. **Taxation May be Spread Over Three Years.** If you received qualified disaster recovery assistance distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
 - 2. **Repayment of Qualified Disaster Recovery Assistance Distributions.** You may roll over qualified disaster recovery assistance distributions to an eligible retirement plan within three years of the date of receipt of the distribution, and avoid federal income taxation. The 60-day rollover rule does not apply to these distributions.

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Guggenheim Funds (formerly Rydex|SGI Funds), Guggenheim Distributors, LLC, Rydex Fund Services, LLC and Security Investors, LLC are referred to herein as “Guggenheim Investments.”

Our Commitment to You

When you become a Guggenheim Investments investor, you entrust us with not only your hard-earned money but also with personal and financial information about you. We recognize that your relationship with us is based on trust and that you expect us to act responsibly and in your best interests. Because we have access to this private information about you, we hold ourselves to high standards in its safekeeping and use. This means, most importantly, that we do not sell client or account information to anyone—whether you are a current or former Guggenheim Investments client.

The Information We Collect About You

In the course of doing business with shareholders and investors, we collect nonpublic personal information about you. You typically provide personal information when you complete a Guggenheim Investments account application or when you request a transaction that involves Rydex and Guggenheim funds or one of the Guggenheim-affiliated companies. “Nonpublic personal information” is personally identifiable private information about you. For example, it includes your name and address, Social Security or taxpayer identification number, assets, income, account balance, bank account information and investment activity (e.g., purchase and redemption history).

How We Handle Your Personal Information

As emphasized above, we do not sell information about current or former clients or their accounts to third parties. Nor do we share such information, except when necessary to complete transactions at your request or to make you aware of related investment products and services that we offer. Additional details about how we handle your personal information are provided below. To complete certain transactions or account changes that you direct, it may be necessary to provide identifying information to companies, individuals or groups that are not affiliated with Guggenheim Investments. For example, if you ask to transfer assets from another financial institution to Guggenheim Investments, we will need to provide certain information about you to that company to complete the transaction. To alert you to other Guggenheim products and services, we may share your information within the Guggenheim family of affiliated companies. This would include, for example, sharing your information within Guggenheim Investments so we can make you aware of new Guggenheim funds or the services offered through another Guggenheim-affiliated company. In certain instances, we may contract with nonaffiliated companies to perform services for us. Where necessary, we will disclose information we have about you to these third parties. In all such cases, we provide the third party with only the information necessary to carry out its assigned responsibilities and only for that purpose. And we require these third parties to treat your private information with the same high degree of confidentiality that we do. In certain instances, we may share information with other financial institutions regarding individuals and entities in response to the U.S.A. Patriot Act. Finally, we will release information about you if you direct us to do so, if we are compelled by law to do so, or in other circumstances permitted by law.

Opt-Out Provisions

We do not sell your personal information to anyone. The law allows you to “opt out” of only certain kinds of information sharing with third parties. The firm does not share personal information about you with any third parties that would trigger this opt-out right. This means YOU ARE ALREADY OPTED OUT.

How We Protect Privacy Online

Our concern for the privacy of our shareholders also extends to those who use our web site, guggenheiminvestments.com. Our web site uses some of the most secure forms of online communication available, including encrypted authentication mechanisms using Extended Validation (EV) Secure Socket Layer (SSL) protocols with high-grade encryption. These technologies provide a high level of security and privacy when you access your account information or initiate online transactions. The Guggenheim Investments web site offers customized features that require our use of “http cookies”—tiny pieces of information that we ask your browser to store. However, we make very limited use of these cookies. We only use cookies for session management and security features on the Guggenheim Investments web site. We do not use them to pull data from your hard drive, to learn your email address, or to view data in cookies created by other web sites. We will not share the information in our cookies or give others access to it. See the legal information area on our web site for more details about web site security and privacy features.

How We Safeguard Your Personal Information

We restrict access to nonpublic personal information about shareholders to our employees and, in some cases, to third parties (for example, the service providers described above) as permitted by law. We maintain strict physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

We'll Keep You Informed

As required by federal law, we will notify shareholders of our privacy policy annually. We reserve the right to modify this policy at any time, but rest assured that if we do change it, we will tell you promptly. You may also access our privacy policy online at guggenheiminvestments.com/Services/Privacy-Policy. Should you have any questions regarding our privacy policy, contact us at 800.820.0888 or 301.296.5100.

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