

Roth IRA — Custodial Self-Directed Account Application — Form 5305-RA

Revocation in accordance with the Disclosure Statement should be mailed or delivered to:

Custodian's Name _____
 Address _____
 City _____ State _____ Zip _____
 Attn: _____ Phone _____

Depositor Information

Name _____
 Home Address _____
 City _____ State _____ Zip _____
 County _____ Date of Birth _____
 Phone: Home _____ Work _____
 SSN _____ Plan No. _____

Deposit Information

Date _____
 Acct./Inst. No. _____
 Deposit Amt. _____ For Tax Yr. _____

Your Regular or Spousal Contribution Limit

Tax Year	If Not Age 50	If Age 50 or Older
2009	\$5,000	\$6,000
2010	\$5,000*	\$6,000*

*These limits may be adjusted for cost of living changes after 2011

Designation of Beneficiary

Section 1.6 of Article IX of the Roth Individual Retirement Custodial Account (Form 5305-RA) contains an important discussion of your right to name primary and contingent beneficiary(ies). Your designation will revoke all prior Roth IRA beneficiary designations with respect to the referenced Roth IRA account. In the event of your death you hereby direct that any balance in your Roth IRA shall be paid to the following designated beneficiary or beneficiaries. If any primary or contingent beneficiary dies before you, then you wish to have the following result:

- the interest of that deceased beneficiary, his or her issue and spouse, if any, shall terminate totally and the percentage share of any surviving beneficiary(ies) shall increase on a pro rata basis; or
- the interest of that deceased beneficiary shall be paid to his or her issue who are alive or who have living issue, such issue will take by right of representation the share the deceased beneficiary would have taken if living, and persons of the same class shall share equally.

If you do not make the above designation, then you are deemed to have elected the "pro rata" selection.

If you designate your spouse as your sole primary beneficiary, and he or she predeceases you, then you intend the funds to be transferred to your contingent beneficiary(ies) who shall become the primary beneficiary(ies) and not pass per stirpes to the issue of your spouse.

You hereby designate the following individual(s) and/or entity(ies) to be your beneficiary(ies). You must check Primary or Contingent for each beneficiary. If neither is checked, the designated beneficiary will be deemed to be a primary beneficiary.

Name _____
 Contingent Primary Address _____
 City _____ State _____ Zip _____
 SSN _____ Date of Birth _____
 Share % _____ Relationship _____

Name _____
 Contingent Primary Address _____
 City _____ State _____ Zip _____
 SSN _____ Date of Birth _____
 Share % _____ Relationship _____

Name _____
 Contingent Primary Address _____
 City _____ State _____ Zip _____
 SSN _____ Date of Birth _____
 Share % _____ Relationship _____

Determination of Eligibility

We will accept only cash contributions and only up to the maximum limit as described in the Disclosure Statement unless this is a rollover/conversion contribution. This maximum annual contribution amount is phased out according to the following chart: For 2010—(i) Single — \$105,000 to \$120,000; (ii) Married Filing Jointly — \$167,000 to \$177,000 and (iii) Married Filing Separately — \$0 to \$10,000. For 2011—(i) Single — \$107,000 to \$122,000; (ii) Married Filing Jointly — \$169,000 to \$179,000 and (iii) Married Filing Separately — \$0 to \$10,000.

Type of Contribution

- Regular or Spousal for:** Current Year, or Prior Year
- Conversion:** Rollover from a Traditional IRA
 - Internal Transfer from a Traditional IRA
 - Transfer from Another Traditional IRA Custodian
 - Direct Rollover from an Employer Plan
- Recharacterization**
- Rollover** — From Another Roth IRA Custodian
- Rollover** — From 401(k) Designated Roth Account
- Transfer**— From Another Roth IRA Custodian
- Transfer**— Surviving Spouse Elects to Treat as Own, If Applicable
- Transfer**— Incident to Divorce
- Special Conversion Regarding Exxon Valdez Litigation**
- Special Rollover Contribution by Certain Airline Employees**
- Special Rollover Contribution of Death Gratuities & SGLI**
- Repayment and Postponed Contributions – Complete CWF Form #54-R**

Special Situation—Spouse's Signature/Consent

If you reside in a state with community or marital property laws and you are married and you wish to name a person(s) other than or in addition to your spouse as the beneficiary, then you need to obtain your spouse's consent. Otherwise you do not.

Spouse's Notice, Certification of Consent and Signature

I am the spouse of the Roth IRA depositor. I understand that my spouse wishes to name a Roth IRA beneficiary other than or in addition to myself. I hereby agree or consent to my spouse's designation of beneficiaries. I expressly understand that my signature indicates my consent and that the legal effect of this signature is to change the character of the ownership of the interest I have in such Roth IRA funds. I understand that I may consult with my attorney before deciding to give such consent or not.

Spouse's Signature _____ Date _____

Signatures and Revocation Right

You have requested that the Custodian establish a Roth Individual Retirement Account (Roth IRA) for you. You certify that your tax identification number (Social Security Number) and other information are correct. The rules and conditions governing this Roth IRA are contained in this application and the IRS Model Form 5305-RA plan agreement as modified. You acknowledge that the Custodian has furnished you with a copy of the application, and the Roth Individual Retirement Plan and Disclosure Statement. In addition, you have read the Disclosure Statement and you qualify to make an initial contribution to this Roth IRA. The Financial Disclosure is furnished to you using this method:

- 1. The financial projection tables as shown on the reverse side.
- 2. Special Attachment. For example, a customized disclosure statement or computer printout.

You have the ability to terminate this Roth IRA which you are establishing if you comply in a timely fashion with the revocation provisions as discussed in Section 1 of the Roth Disclosure Statement. In general, you have seven (7) calendar days in which to revoke this Roth IRA plan agreement.

Depositor's Signature _____ Date _____ **SIGN HERE**

Authorized Signature of Custodian _____ Date _____

Witness _____ Date _____

The Projection Schedules

If the first box was checked under "Financial Disclosure," then IT IS NOT reasonable to project the growth of your Roth IRA because your Roth IRA investments include assets other than bank time deposits or savings accounts. Therefore, your final account balance will depend upon many factors—the amount of your contributions, the amount of time the funds are invested, the earnings and/or losses from the investments, expenses incurred such as brokerage commissions and trustee's fees and the overall performance of your investments. We expressly state that the growth in the value of your Roth IRA cannot be guaranteed or projected. An attachment, if any, will explain if there are any transaction fees (brokerage fees, etc.) and/or surrender (termination) fees and explain how they are calculated. The earnings and losses of your investments are directly identified to your investments. There is no need to compute and allocate earnings unless you have invested in a common trust fund. In that case, an attachment will explain the method used to compute and allocate the earnings and losses.

If the second box was checked under "Financial Disclosure," then complete the appropriate column below.

Annual Contribution

Rollover Contribution

End of Year	<input type="checkbox"/> Table 1 .3% Annual Comp.			<input type="checkbox"/> Table 2 .3% Annual Comp.			<input type="checkbox"/> Table 3 .3% Annual Comp.			<input type="checkbox"/> Table 4 .3% Annual Comp.			<input type="checkbox"/> Table 5 .3% Annual Comp.			<input type="checkbox"/> Table 6 .3% Annual Comp.		
	No Penalty	3-Mo. Penalty	6-Mo. Penalty	No Penalty	3-Mo. Penalty	6-Mo. Penalty	No Penalty	3-Mo. Penalty	6-Mo. Penalty	No Penalty	3-Mo. Penalty	6-Mo. Penalty	No Penalty	3-Mo. Penalty	6-Mo. Penalty	No Penalty	3-Mo. Penalty	6-Mo. Penalty
1	1,003	1,002	1,001															
2	2,009	2,007	2,006															
3	3,018	3,016	3,014															
4	4,030	4,027	4,024															
5	5,045	5,041	5,038															
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A Custodial Self-Directed Roth IRA Plan Agreement

Disclosure Statement and Financial Disclosure

CUSTODIAL SELF-DIRECTED — NONDEPOSIT INVESTMENTS NOT FDIC-INSURED

Under your self-directed Roth IRA, you may use your Roth IRA funds to purchase mutual funds and other nondeposit investment products. Nondeposit investment products, such as mutual funds, stocks, bonds, etc., are not FDIC-insured; are not deposits or other obligations of this institution, and are not guaranteed by this institution; and involve investment risks, including possible loss of principal.

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Introduction and Instructions

INTRODUCTION

You have elected to establish a Roth Individual Custodial Retirement Account with us. We appreciate your decision to choose us as your Roth IRA custodian, and we look forward to serving you. We hereby furnish you with the following Roth IRA documents: a Roth IRA application page and this Roth IRA Plan Agreement, Disclosure Statement and Schedule of Fees, if any. We strongly suggest that you take the time to read these materials. It is important that you understand both the tax and non-tax aspects of your Roth IRA. For example, you certainly want to understand the provisions which govern your naming of beneficiaries.

If you have any questions, you may certainly contact our personal staff, but we strongly recommend that you consult with your tax or legal advisor for most questions.

Set forth in this booklet are the Roth IRA Plan Agreement and the Disclosure Statement.

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 home buyer (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 does not exceed 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.

Roth Individual Retirement Custodial Account

FORM

This is Form 5305-RA as issued by the Department of Treasury, Internal Revenue Service in March of 2002. Do not file with the IRS. This Roth IRA account is established under section 408A of the Internal Revenue Code.

NOTICE OF AGREEMENT

Since your name appears on the application, you understand that you are establishing a Roth Individual Retirement Custodial Account (Roth IRA) (under section 408A of the Internal Revenue Code) to provide for your retirement and for the support of your beneficiaries after your death. The Custodian named on the application has given you the disclosure statement under the Income Tax Regulations under section 408(i) of the Code. You have deposited in cash the sum indicated on the application. You and the custodian make the following agreement with the following terms:

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 Con-

tributions 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

Article IX may be used for any additional provisions. If provisions are added, they must comply with applicable requirements of state law and the Internal Revenue Code.

Introduction

In this Article, the words "you" and "your" mean the person for whose benefit the Roth IRA has been established. The words, "we," "us," and "our" mean the Custodian of your Roth IRA. In addition to the provisions of Articles I-VIII, you and we agree that your Roth IRA will be governed by these terms.

1. Your Duties and Rights

1.1 Notice and Address Change. You and your beneficiaries must deliver or mail any required information to our office unless we ask that you send it elsewhere. Any notice or election is effective only upon actual receipt. You or your beneficiaries must notify us of any change in address.

1.2 Tax Consequences. Because Roth IRAs are so influenced by tax laws, you expressly acknowledge that you should consult with your tax advisor before making almost any Roth IRA transaction. You are responsible for the tax consequences of any contribution or distribution, including rollovers, transfers, excess contributions, and prohibited transactions. You acknowledge that you have not relied upon us for any advice concerning such tax consequences.

Notwithstanding the provisions of Article II, you agree to be solely responsible for determining your eligibility to convert any portion of your traditional IRA(s) to a Roth IRA. You also assume sole responsibility if you choose to recharacterize any contribution. You further agree that you will be solely responsible for any recordkeeping of such deposits for federal income tax purposes, including but not limited to, the timing and ordering of distributions.

1.3 Investments. You may instruct us in writing to invest your IRA funds into one or more of the savings or time deposit instruments which we are offering at that time. If you do not instruct us, we will invest the assets on your behalf. You, or your authorized investment manager, may also direct us to invest your IRA funds or some portion in any other assets, including common trust funds and common investment funds (within the meaning of Code section 408(a)(5)), as long as such transaction does not violate either the prohibited transaction rules of Code section 4975 or the collectibles rules of Code section 408(m). All investments shall be held in our name or the name of our nominee or in any other form we consider desirable.

If you direct your investments into assets other than our time or savings accounts, then we will not render any investment discretion nor offer any investment advice. When you direct your investments you assume full responsibility and we shall not be liable for any loss you suffer. We shall be able to rely fully on your directions without making any inquiry or investigation. We are granted the discretion to decline your investment direction for any reason. We shall have the right to request that you furnish us with a written attorney's opinion that the proposed transaction will not be a prohibited transaction.

FDIC insurance will only apply to the portion of your IRA funds invested in our time and savings accounts, or those of another FDIC insured institution, and then only to the extent provided under governing rules. Such insurance does not apply to IRA funds which you self-direct into other types of investments. Securities are not bank de-

posits or FDIC insured, are not obligations of or guaranteed by the Custodian, and involve risk to principal.

1.4 Withdrawals/Termination. You may withdraw any amount of money from your Roth IRA at any time. You must, however, complete our distribution form and furnish us with the reason for your distribution. If you indicate the distribution is because of a disability or death or a substantially equal periodic payment, then you must provide us with the necessary verification in the format we require. With any distribution, including transfers, you will be required to pay from your Roth IRA funds, if applicable, the interest penalty for the early surrender of a time deposit(s) and/or any fees related to the distribution.

1.5 Special Distribution Rules to Ensure Compliance with Required Distribution Rules by Beneficiaries and Special Provisions for an Inherited Roth IRA(s). You agree to inform any person who is your beneficiary that he or she is your beneficiary and he or she must inform us of your death. We have the right to require that your beneficiary(ies) furnish us with a certified copy of your death certificate or other documentation as we feel appropriate to verify your death.

After your death, there are rules which mandate that your Roth IRA funds be distributed to your beneficiary(ies) on or before certain time deadlines. These deadlines are explained in the Disclosure Statement portion of this Roth IRA booklet.

Upon your death, your Roth IRA will be converted into one or more inherited Roth IRAs. The number of inherited Roth IRAs to be created depends upon the number of your primary beneficiaries alive as of the date of your death. There will be an inherited Roth IRA created for each such beneficiary. The following rules will govern such inherited Roth IRAs. These rules are in addition to the other rules of this agreement and will govern if there is a conflict.

You agree that we have the right to establish an inherited Roth IRA account for each beneficiary on our data processing system even before a beneficiary instructs us as to how he or she will take withdrawals. We will have the authority to move the funds from your Roth IRA to one or more new inherited Roth IRA accounts. We will have the right, if necessary, because of data processing or administrative requirements, to surrender the savings and time deposits which comprised your account and establish new ones for the inherited Roth IRAs.

We will transfer an inherited Roth IRA to another Roth IRA custodian or trustee, but only if the requesting beneficiary and the

receiving Roth IRA custodian/trustee will furnish us with a special transfer of inherited Roth IRA administrative form so it is clearly acknowledged that it is an "inherited Roth IRA" which is being transferred. Inherited Roth IRAs are not eligible to be rolled over unless the beneficiary is a spouse.

Each beneficiary will be required to instruct us in writing as to how he or she will withdraw funds from his or her inherited Roth IRA so that the required distributions rules will be satisfied.

We have forms available which can be used by your beneficiary to instruct us which option he or she elects and to establish a distribution schedule.

If the five-year option applies to the beneficiary, and he or she has failed to withdraw his or her inherited Roth IRA funds by October 31 of the year containing the fifth anniversary of your death, then we shall have the right to issue a check to such beneficiary during the period of November 1 to December 31 on a day of our choice. We shall have the authority but not the duty to distribute any required distribution to your beneficiary(ies). Any beneficiary shall be solely responsible to make sure that the required distributions take place on a timely basis.

1.6 Naming Beneficiaries and Method of Payment. You may name one or more beneficiaries to receive your Roth IRA assets after your death. We require that you use our beneficiary form and that you sign it and file it with us during your lifetime. You are deemed to have furnished us with your beneficiary designation if you furnished such a form to an entity with respect to which we are considered to be a successor custodian and we have such designation in our files. You may change your beneficiaries at any time, and the consent of a beneficiary is not required unless you reside in a state with community or marital property laws. When you sign a new beneficiary form, you revoke all prior beneficiary designations. If you do not name a beneficiary, or if none of the named beneficiaries are alive on the date of your death, your Roth IRA assets will be paid to your estate. As the beneficial owner of the Roth IRA assets, you can instruct how and when these assets will be paid to the beneficiaries. If you don't instruct, your beneficiaries will have the right to choose how and when the assets will be paid. Any method of payment must satisfy the provisions of Article V and other governing law.

Should any beneficiary pre-decease you, his or her share of the Roth IRA is distributed pursuant to the selection you made on the account application in the Designation

of Beneficiary section. The first choice, the pro rata method, terminates the interest of the deceased beneficiary and distributes those funds pro rata according to the remaining beneficiary's share percentage(s). The second choice (a per stirpes method) transfers the deceased beneficiary's share equally to the next generation of his or her living issue. Living issue is defined first as children, then grandchildren, then great-grandchildren (natural and/or adopted). If there are no living issue, then the funds go to the first beneficiary's spouse. Should there be no spouse, the funds will be split pro rata among the other primary beneficiary(ies).

In order that your funds be distributed according to your wishes, we strongly recommend you complete a new beneficiary designation as soon as possible when a beneficiary dies before you.

After your death, each primary beneficiary who acquires an interest in your Roth IRA shall have the right to designate his or her own beneficiary(ies) with respect to his or her share. The procedures for designating a beneficiary(ies) which apply to you as the accountholder shall also apply to your beneficiary. When a beneficiary signs a new or revised beneficiary designation form, your beneficiary revokes all of his or her prior beneficiary designations. If the beneficiary does not designate other beneficiary(ies), or if a designated beneficiary is not alive when the beneficiary dies, then the remaining Roth IRA assets will be paid to such beneficiary's estate. Any method of payment must satisfy the provisions of Article V and other governing law.

1.7 Assignment Rights. You or your beneficiaries may not borrow from your Roth IRA, or pledge any portion of it as security or otherwise assign or create a lien on any part of your Roth IRA account.

1.8 Indemnification. You hereby agree to release us from any and all liability with respect to your Roth IRA except if such liability arises from our intentional misconduct or gross negligence.

1.9 Sale of Custodian-Successor Custodian. If another institution should purchase this, the custodian institution, or any of our Roth IRA deposits, or we elect to change our corporate structure via a merger, consolidation or name change, then you hereby consent that the purchasing entity or the resulting corporate entity will be the successor custodian of your Roth IRA funds with all duties and rights listed in Section 2.

1.10 General Rule—No FDIC Insurance Coverage. Normally FDIC insurance does NOT apply to assets held within a self-directed Roth IRA because FDIC insurance

applies only to certain deposit accounts. Your Roth IRA has primarily been invested or will be invested in investments other than such deposit accounts and therefore will NOT be insured by the FDIC.

Stated another way, under your self-directed Roth IRA, your Roth IRA funds may be used to purchase mutual funds and other nondeposit investment products. The nondeposit investment products are not FDIC insured; are not deposits or other obligations of this institution and are not guaranteed by this institution; and involve investment risks, including loss or principal.

In some instances a portion of your Roth IRA funds will be invested in deposits at this institution or another institution which is an "insured" institution. In such case, such deposits would be insured pursuant to the rules as established by the FDIC. A summary follows. Such Roth IRA deposits are insured on a per institution basis and are insured separately from other deposit accounts, pursuant to the Federal Deposit Insurance Act, up to \$250,000. Any IRA, Roth IRA, most eligible deferred compensation plans described in section 457 of the Internal Code, a Keogh plan as described in Code section 401(d) and any individual account plan as defined in section 3(34) of ERISA shall be aggregated and insured in an amount not to exceed \$250,000. This aggregation requirement applies to a Keogh plan or an individual account plan only when you have the right to direct the investment of your account. Amounts in excess of \$250,000 are not insured.

1.11 Special Agreement Regarding Prohibited Transactions. You acknowledge that the prohibited transaction rules set forth in Code section 4975 are complex and can result in harsh tax consequences. Generally, if you or your beneficiary engages in a prohibited transaction in connection with your Roth IRA account at any time during the year, the account stops being a Roth IRA as of the first day of that year. Therefore, you expressly agree that you will consult with your attorney or tax advisor prior to any proposed transaction which might be a prohibited transaction. You shall furnish us with an attorney's written opinion that a prohibited transaction will not occur on account of the proposed transaction. You agree to hold us harmless for any prohibited transaction which occurs unless we would be principally at fault.

Generally, a prohibited transaction is any improper use of your Roth IRA account or annuity by you, your beneficiary, or any disqualified person.

Disqualified persons include your fiduciary and members of your family (spouse, an-

cestor, lineal descendant, and any spouse of a lineal descendant).

The following are examples of prohibited IRA transactions.

- Borrowing money from it.
- Selling property to it.
- Receiving unreasonable compensation for managing it.
- Using it as security for a loan.
- Buying property for personal use (present or future) with IRA funds.

Fiduciary. For these purposes, a fiduciary includes anyone who does any of the following.

- Exercises any discretionary authority or discretionary control in managing your Roth IRA or exercises any authority or control in managing or disposing of its assets.
- Provides investment advice to your Roth IRA for a fee, or has any authority or responsibility to do so.
- Has any discretionary authority or discretionary responsibility in administering your Roth IRA.

1.12 Express Duty to Notify Us When You Become an Expatriate. You acknowledge that you have the express duty to notify us (your IRA custodian/trustee) of your expatriation date when you become an expatriate or covered expatriate. In general, an expatriate is either a United States citizen who has relinquished his or her citizenship or is a long term resident who ceases residence in the United States.

You agree to complete such administrative forms as we believe necessary. In our sole discretion, we will have the right to deduct and pay from your Roth IRA assets any amount which reasonably might be owed to the United States Treasury regarding your expatriation. Refer to section 5.13G for a summary.

1.13 Power of Attorney. You may designate in writing one or more individuals to act as your power of attorney with respect to your IRA. He or she will have the full authority to make contributions, take distributions and take other actions with respect to your IRA on your behalf. There is one exception. He or she will not have the authority to name himself or herself as a beneficiary unless the power of attorney expressly grants this authority. You agree that this power of attorney continues in full force and effect even if you become incapacitated or unable to conduct your own affairs. You agree to assume all liability and responsibility for the acts of your power of attorney or for his or her failure to act. We shall have no liability for any loss of any

kind incurred as a result of actions taken by your power of attorney. We shall have no duty or obligation to question any direction or instruction given by your power of attorney, including taking a distribution closing your IRA. This written power of attorney shall be furnished to us while you are alive. We must find it acceptable. We may rely on your power of attorney designation until we have been notified in writing that you have either revoked or changed such power of attorney. If we have a valid tax or business reason, we may decline to follow a direction or instruction as given by your power of attorney. The power of attorney designation is revoked by your death. The power of attorney no longer has any power to act with respect to your IRA once you die. You agree to inform your power of attorney that he or she has the duty to inform us in writing of your death, if he or she has knowledge of your death. We are not liable for the acts of your power of attorney after your death unless we have received written notification of your death.

2. Our Duties and Rights

2.1 Reports. Each year we will provide you or your beneficiary with one or more reports showing the activity in your Roth IRA for the preceding year as required by IRS regulations.

We may furnish these reports by either providing a print version or an electronic version of the forms.

2.2 Reporting Errors. You or your beneficiary must carefully review each report for any errors. You are to notify us immediately if there are any errors. If you do not tell us of any errors within 90 days after the date we mailed the report, we are relieved of any responsibility for the error.

2.3 Corrections of Errors. We shall have the right to correct any error we make with respect to your IRA unless IRS rules and procedures would not permit us to do so. Such errors include both reporting errors and non-reporting errors.

2.4 Agents. We may use agents to assist us in fulfilling our duties under this agreement.

2.5 Contribution Limitations. For any tax year, we will only accept contributions to your Roth IRA which do not exceed the maximum dollar amount which a person may be eligible to contribute for federal income tax purposes (see Disclosure Statement Section 4.2). However, if you provide us with a certification, we may accept a rollover contribution, or a transfer contribution.

Your contribution will be reported as a contribution for the year in which it is made,

unless you clearly instruct us, in writing, that it is for the prior year. This procedural rule also applies to a direct deposit of your tax refund into your Roth IRA.

2.6 Fees. You agree to pay us the fees specified in our current schedule of fees, if any, for establishing and maintaining your Roth IRA. We may replace or change our fee schedule at any time, upon giving you 30 days written notice. You hereby authorize us to deduct these fees from your Roth IRA assets. However, in the case of an administrative fee, we will allow you to pay such fee with nonRoth IRA funds, but we have no duty to inform you of this option other than herein.

If your Roth IRA is escheated to a state, we will have the discretion to charge a \$50 fee. In addition, we will have the discretion to charge a \$50 fee if we use the IRS missing person programs or similar programs to find you or your beneficiary or to try to find you or a beneficiary. If state law does not permit such fee or fees, then these fees shall not apply. You expressly authorize us to use the IRS' program if we have not had contact with you for a period of 12 months.

2.7 Termination and Resignation as Custodian. We may resign or terminate our position as custodian of your Roth IRA at any time by giving you written notice. You may then instruct us in writing to distribute your Roth IRA assets to you or transfer them to another Roth IRA custodian if done within 30 days of our written notice. If you fail to so instruct us in writing within 30 days of our written notice, the Roth IRA assets will be paid to you.

2.8 Amendments. We may amend this agreement at any time in order to meet the requirements of the tax laws or regulations. We will send you a copy of any such amendment. You also agree that we may amend any provision of Article IX and it will become effective 30 days after it is mailed to you or your beneficiary.

2.9 Good Faith Payments. We are not liable for any payments we make in good faith. We can rely fully on any information or direction you give us or on any document which we believe sufficient to determine a person's identity. We can rely on the latest beneficiary form in our possession. We may presume that a beneficiary is fully competent until we are told otherwise. If a beneficiary is a minor or is incompetent, we may make payments to the beneficiary's legal representative, or to the person with whom the beneficiary resides or to the beneficiary directly.

2.10 Withholding Payments and Resolution of Disputes. We shall have the right to withhold payments from your Roth IRA

assets if there is any dispute or uncertainty with respect to these assets. For example, disputes could arise in a divorce situation, or different individuals could claim that they were entitled to be paid as your beneficiaries. This right of ours to withhold payment is expressly authorized until the dispute or uncertainty is settled to our satisfaction by all of the parties. At any time, we shall have the right (but not the duty) to request a judicial determination from a Court of law as to ownership of the assets. The Court's determination shall be binding upon us, you and all persons claiming an interest in the assets. You expressly authorize and agree that we have the right to be paid (i.e. deduct) from your Roth IRA assets any fees and expenses including but not limited to legal and accounting fees, whether internal or external, associated with resolving any dispute.

2.11 Notices. We may give a notice or report to you or your beneficiary by mailing it to you or your beneficiary at the address last furnished to us. The notice or report is considered given when it is mailed by either an agent or us.

2.12 Transfers, Rollovers, Conversions, Recharacterizations, and Special Recontributions. We may request certification acceptable to us before we will accept any transfer, rollover, conversion, recharacterization or special recontribution. We reserve total discretion whether or not we will transfer your Roth IRA assets to another custodian or trustee. You also expressly state that you have the sole responsibility for complying with all IRS eligibility rules for conversions, recharacterizations, recontributions and rollovers, including the rule that you are allowed only one rollover per Roth IRA per 12 months. Also, since the IRS has not expressly ruled whether an individual has until the following Monday or business day when the 60th day ends on a Saturday, Sunday, or holiday, you accept full responsibility if you make such a rollover contribution.

2.13 Authority to Deduct Taxes. In our sole discretion, you authorize us to deduct and pay from your Roth IRA assets the amount necessary to pay any and all taxes which relate to this Roth IRA for which it may be liable.

3. General Provisions

3.1 Entire Agreement/Reproductions. This agreement is made up of two documents: (1) the application form and (2) the IRS model Form 5305-RA plan agreement along with Article IX. You and we have received or retained a copy of these documents. You also acknowledge the fact that we have given you a Roth IRA Disclosure

Statement. A copy of these documents shall be admissible in evidence in any judicial or administrative proceeding as if they were originals. This agreement contains the entire agreement of the parties. It may not be changed orally; you and we must agree to any changes according to the procedure set forth in Section 2.8.

3.2 Controlling Law. The laws of the state in which our principal office is located will govern this agreement for purposes of the relationship between us (i.e. the Roth IRA custodian and the Roth IRA accountholder or the inheriting beneficiary). However, if controlling law must be determined for another reason, then the laws of the state of the accountholder's domicile shall govern this agreement.

3.3 Waiver of a Breach and Severability. Your waiver or our waiver of a breach of any provision of this agreement by the other party shall not operate or be construed as a waiver of any subsequent breach. If any provision of this agreement is held to be illegal or nonenforceable, the remaining provisions shall be construed as if that provision had not been included.

3.4 Privacy Policies. We will furnish you our privacy policies as required by applicable banking laws. We hereby incorporate into this Agreement the terms of our Privacy Policies.

3.5 Special Plan Agreement Changes for the Roth IRA Law Change Made by the Heroes Earned Retirement Opportunities Act. To the extent necessary, the previous provisions are modified to authorize the special Roth IRA tax benefits allowed under the Heroes Earned Retirement Opportunities Act. These changes are discussed under Section 5.4.B of the Disclosure Statement.

3.6 Special Plan Agreement Changes for the Roth IRA Law Changes Affecting Certain Reservists as Set Forth in the Pension Protection Act of 2006. To the extent necessary, the previous provisions are modified to authorize the special Roth IRA tax benefits relating to certain reservists. These changes are discussed under Section 5.4.G of the Disclosure Statement. In general, certain reservists are entitled to recontribute funds during a 2-year time period. The standard 60-day rollover period will not apply.

3.7 Special Plan Agreement Changes Authorizing Tax-Free Charitable Distributions. To the extent necessary, the previous provisions are modified to authorize the special Roth IRA tax benefits for years 2008-2011 relating to tax-free charitable distributions. These changes are discussed under Section 5.13.D of the Disclo-

sure Statement. Unless there is another tax law enacted extending this special rule to 2012 and subsequent years, it will not apply for 2012.

3.8 Various Contribution Amounts, Income Limits and Limits Relating to the Saver's Tax Credit are to be Adjusted for Cost of Living Beginning, in General, in 2007, as Set Forth in the Pension Protection Act of 2006. To the extent necessary, the previous provisions are modified to authorize these adjustments. These changes are discussed in the Disclosure Statement.

3.9 Special Plan Agreement Change Authorizing Roth IRA Funds to be Transferred Tax-Free to Health Savings Accounts. On or after January 1, 2007, a person who is eligible to make an HSA contribution, who has taxable funds within a Roth IRA may make a special election once during their lifetime to transfer a certain amount from their Roth IRA to their HSA. This type of special transfer is called a qualified HSA funding distribution. Such an election, once made, is irrevocable. The amount transferred in such a direct trustee-to-trustee transfer will be excluded from your income.

3.10 Special Plan Agreement Changes Authorizing a New Type of Inherited Roth IRA as Set Forth in the Pension Protection Act of 2006. To the extent necessary the previous provisions are modified to authorize the special Roth IRA tax benefits relating to the new type of inherited Roth IRA arising from direct rollovers of a designated Roth account of nonspouse beneficiaries. These changes are discussed under Section 5.17 of the Disclosure Statement.

3.11 Special Plan Agreement Changes Authorizing Funds from an Eligible Employer Retirement Plan (ERP) to be Directly Converted to a Roth IRA. On or after January 1, 2008, you will be eligible to directly roll over some or all of your account balance into a Roth IRA. The standard eligibility rules for a conversion apply. The amount moved to the Roth IRA will be a conversion contribution. You will be required to include the distribution your income for federal income tax purposes.

3.12 Special Plan Agreement Changes Authorizing The Rollover of Certain Death Gratuities Into a Roth IRA as Set Forth in Heroes Earnings Assistance and Relief Tax Act of 2008. To the extent necessary, the previous provisions are modified to authorize a rollover contribution relating to contributions of military death gratuities. This change is discussed under Section 5.4.C.

3.13 Special Plan Agreement Changes for Special Conversion/Rollover Contributions Arising from Certain Amounts Received in an Airline Carrier Bankruptcy. To the extent necessary, the previous provisions are modified to authorize the special rollover or conversion contributions arising from the Airline Carrier Bankruptcy rules as set forth in the "Worker, Retiree, and Employer Recovery Act of 2008" These changes are discussed in Section 5.4.C of the Disclosure Statement.

3.14 Special Plan Agreement Changes for Special Rollover Contributions Arising from Exxon Valdez Litigation. To the extent necessary, the previous provisions are modified to authorize the special rollover contributions arising from the Exxon Valdez litigation rules as set forth in the Emergency Economic Stabilization Act of 2008. These changes are discussed in the Disclosure Statement.

4. Special Amendment to Article V

4.1 The Internal Revenue Service (IRS) in IRS Notice 98-49 states that the model Roth IRA forms may be amended to provide a designated spouse beneficiary with options to comply with the required distribution rules which apply to a Roth IRA which are different than those set forth in Article V.

Therefore, Paragraph 3 of Article V is amended to read as follows:

3. If the depositor's spouse is the sole beneficiary on the depositor's date of death, such spouse will then be treated as the depositor unless he or she expressly elects in writing on or before September 30 of the year following the year of the depositor's death to elect to be distributed the entire remaining interest either by December 31 of the year containing the fifth anniversary of the depositor's death or have it be distributed over his or her life expectancy starting no later than December 31 of the year the depositor would have attained age 70½. In addition, if a federal court or state court construes the Internal Revenue Code of 1986, as amended, as providing the spouse beneficiary with more rights than set forth in regulation 1.408A or regulation 1.401(a)(9)-9 then the spouse beneficiary shall have such additional rights.

Disclosure Statement— Roth IRA

1. Revocation Procedure

You are entitled to revoke or cancel your Roth IRA for any reason within seven (7) calendar days of the day you established it. You revoke your Roth IRA by mailing or delivering a written notice to the Custodian's/ Trustee's representative as shown on the application page. If you mail your notice, it is deemed mailed on the postmark date if you deposited it, properly addressed, in the United States mail with first class postage. Your timely revocation within the first seven days will mean your original contribution will be returned to you without any adjustment. Be advised that the current procedures of the Internal Revenue Service require us to report your contribution and distribution even if you exercise this right to revoke your Roth IRA.

2. Introduction

This Roth IRA Disclosure Statement is an explanation of the rules which govern your Roth IRA, because that is the type of IRA which you have established.

You have not established a traditional IRA or a SIMPLE-IRA. You would need to sign other special documents if you would like any of these special types of IRA.

This summary or explanation of your Roth IRA is intended to be a nontechnical explanation. However, as with any plan or program created by the Internal Revenue Code, these rules are complicated. Note that this is a summary and you may well wish to conduct additional research. You are advised to always seek professional tax advice.

3. Overview

What is a Roth Individual Retirement Account (Roth IRA)? A Roth IRA is a type of tax-preferred savings and investment account authorized by Internal Revenue Code section 408A. The Roth IRA allows you to accumulate assets for retirement purposes and for other purposes.

What is the basic concept of a Roth IRA and what are the associated tax benefits? If you are eligible, you may make contributions, within limits, to the Roth IRA. You make these contributions with after-tax dollars. The earnings realized by the Roth IRA are not presently taxed, and if certain distribution rules are met, will never be taxed. For example, if you are age 42 on January 1, 2011, and you contribute \$1,000 a year for 34 years (2011-2044) to a Roth IRA, then your contributions of \$34,000 would accumulate to \$110,434.88 as of Decem-

ber 31, 2044, if an earnings rate of 6% compounded annually was realized. You and your beneficiary(ies) would, of course, not pay any federal income tax on the contribution amount of \$34,000 when distributed, because you cannot claim a tax deduction for your contributions. However, the great tax benefit to be realized from a Roth IRA is that you and your beneficiary(ies) will not have to include in your taxable income the earnings of \$76,434.88 (and subsequent future earnings) when distributed to you or your beneficiary(ies) as long as the distributions are qualified distributions as defined later. You are not required to withdraw any required distribution amount from a Roth IRA while you are alive. And, even though your beneficiaries will be required to receive certain required distributions, these distributions will be made over a number of years. This means the funds (contributions and earnings) within your Roth IRA which your beneficiary(ies) will have inherited will continue to accumulate for some time within the inherited Roth IRA and will not be taxed when distributed.

4. Statutory Requirements of a Roth IRA

4.1 Cash Contributions. Your Roth IRA contribution must be in cash unless it is a rollover contribution, a recharacterized contribution or a Roth IRA conversion contribution.

4.2 Eligibility and Contribution Limits. The first eligibility requirement for a Roth IRA is that you have compensation. The second requirement is that you not have too much modified adjusted gross income (MAGI). Individuals whose MAGI exceeds a certain level are not allowed to contribute to a Roth IRA. The income levels under which the ability to contribute to a Roth IRA is phased out depends on the account holder's tax-filing status. See Disclosure Statement Section 5.4.A for a discussion of these limits.

The maximum amount which may be contributed to the Roth IRA is determined as follows: Maximum amount permitted to be made to a traditional IRA (i.e. the lesser of 100% of compensation or the applicable amount from the Chart of IRA Contribution Limits set forth below) reduced by the amount actually contributed.

Compensation is generally defined to include salaries, wages, self-employment income and other personal service income included in your gross income. Compensation does not include income from property. If you are self-employed, your net earnings must be reduced by any amount allowed as a deduction on your

behalf under a qualified plan. Compensation includes any amount includable as alimony in your gross income under section 71(a)(1). As of January 1, 2009, the term compensation also includes any differential wage payment. This is any payment made by an employer to an individual with respect to the time he or she is performing service in the uniformed services while on active duty for a period of more than 30 days and which represents all or a portion of the wages the individual would have received from the employer if he or she was performing service for the employer.

On May 22, 2006, President Bush signed the Heroes Earned Retirement Opportunities Act (HEROA), which provides that an individual who has nontaxable combat-zone pay on or after January 1, 2004, may use such pay to make his or her Roth IRA contribution for 2004, 2005, 2006, or subsequent years, as applicable. HEROA is retroactive for tax years beginning in 2004.

To compute your permissible Roth contribution, you must determine your "modified adjusted gross income" (MAGI). If you file Form 1040, use the amount on the page 1 "adjusted gross income" line, but modified (changed) by figuring it without taking any Foreign earned income exclusion, Foreign housing exclusion or deduction, or exclusion of series EE bond interest shown on Form 8815, and by not including the amount includable in income because of converting a traditional IRA to a Roth IRA. In addition, beginning in 2005, you will also not include any amount attributable to a required minimum distribution. Unlike the traditional IRA, you are allowed to determine your MAGI by taking an IRA deduction under section 219 into account.

Chart of Roth IRA Contribution Limits

Tax Year	Amount If Not Age 50 or Over	Amount If Age 50 or Over
2002-2004	\$3,000	\$3,500
2005	\$4,000	\$4,500
2006-2007	\$4,000	\$5,000
2008-2011	\$5,000*	\$6,000*

*The limits for 2012 and subsequent years may be larger than \$5,000 and \$6,000 as they may be adjusted by a COLA.

4.3 Custodian/Trustee Requirements. The custodian or trustee of your Roth IRA must be a bank, trust company, savings and loan association, a federally insured credit union, or other person approved by the Secretary of the Treasury.

4.4 No Life Insurance. Your contributions or any funds in your Roth IRA cannot be invested in life insurance to any extent.

4.5 Nonforfeitable. Your contributions and Roth IRA funds are nonforfeitable.

4.6 Segregated Funds. Your Roth IRA funds must be kept separate from other property, although these assets may be combined with other property in a common Roth IRA trust fund.

4.7 Distributions Which Must Be Taken by a Roth IRA Beneficiary. After the death of the depositor, the beneficiaries will be required to withdraw required minimum distributions according to the following rules.

If your spouse is your sole beneficiary, then he or she may elect to treat your Roth IRA as his or her own. Or, he or she may postpone distributions until when you would have attained age 70½.

If your spouse is not your sole beneficiary, then the interest of each beneficiary, including your spouse, in your Roth IRA must be totally paid to that beneficiary, on or before December 31 of the calendar year containing the fifth anniversary of your death, unless the beneficiary commences, on or before the December 31 of the calendar year following the year of death, the payment of his or her interest over a period not greater than his or her life expectancy. Note that if your beneficiary does not timely commence the scheduled payment over his or her life expectancy, he or she must have the funds paid out under the five-year rule (i.e. by December 31 of the year containing the fifth anniversary of your death).

If the distribution method elected by a beneficiary is the life-distribution method, then the minimum annual payment for each beneficiary for each year will be determined by dividing the entire interest as of the close of business on December 31 of the preceding year by the life expectancy of the beneficiary using the attained age of the beneficiary as of the beneficiary's birthday in the year distributions are required to commence and subtracting 1 for each subsequent year.

Roth IRA RMD Formula.

The RMD Formula used to calculate the required distribution for a Roth IRA beneficiary is the same as applies to a traditional IRA beneficiary.

The Formula:

$\frac{12-31-XX \text{ of Preceding Year}}{\text{Period from Single Life Table (As Adjusted)}} = \text{RMD for Current Year}$

4.8 What life-expectancy table is used to determine the life expectancy which applies to an inheriting Roth IRA beneficiary? Single Life Table

Age of IRA Beneficiary	Distribution Period (in yrs)	Age of IRA Beneficiary	Distribution Period (in yrs)	Age of IRA Beneficiary	Distribution Period (in yrs)	Age of IRA Beneficiary	Distribution Period (in yrs)
0	82.4	28	55.3	56	28.7	84	8.1
1	81.6	29	54.3	57	27.9	85	7.6
2	80.6	30	53.3	58	27	86	7.1
3	79.7	31	52.4	59	26.1	87	6.7
4	78.7	32	51.4	60	25.2	88	6.3
5	77.7	33	50.4	61	24.4	89	5.9
6	76.7	34	49.4	62	23.5	90	5.5
7	75.8	35	48.5	63	22.7	91	5.2
8	74.8	36	47.5	64	21.8	92	4.9
9	73.8	37	46.5	65	21.0	93	4.6
10	72.8	38	45.6	66	20.2	94	4.3
11	71.8	39	44.6	67	19.4	95	4.1
12	70.8	40	43.6	68	18.6	96	3.8
13	69.9	41	42.7	69	17.8	97	3.6
14	68.9	42	41.7	70	17.0	98	3.4
15	67.9	43	40.7	71	16.3	99	3.1
16	66.9	44	39.8	72	15.5	100	2.9
17	66.0	45	38.8	73	14.8	101	2.7
18	65.0	46	37.9	74	14.1	102	2.5
19	64.0	47	37.0	75	13.4	103	2.3
20	63.0	48	36.0	76	12.7	104	2.1
21	62.1	49	35.1	77	12.1	105	1.9
22	61.1	50	34.2	78	11.4	106	1.7
23	60.1	51	33.3	79	10.8	107	1.5
24	59.1	52	32.3	80	10.2	108	1.4
25	58.2	53	31.4	81	9.7	109	1.2
26	57.2	54	30.5	82	9.1	110	1.1
27	56.2	55	29.6	83	8.6	111+	1.0

You and your beneficiary(ies) should review IRS regulation 1.408A and IRS Publication 590 for a more comprehensive discussion of the rules mandating distributions after the Roth IRA accountholder has died.

5. Federal Income Tax Consequences.

5.1 General Concept. You contribute funds to your Roth IRA which have already been taxed. The general rule is that the earnings which will be generated by your Roth IRA contributions will never be taxable as long as they are distributed pursuant to a qualified distribution as discussed later. If the earnings are not distributed pursuant to a qualified distribution, then the earnings will be taxable, and in some cases, subject to a special tax or taxes as discussed later.

5.2 Prohibited Transaction. You may incur a prohibited transaction with respect to your Roth IRA. If you engage in a prohibited transaction at any time during the year, your Roth IRA funds will generally be treated as if they were distributed on January 1 of that year. IRC section 4975 names the prohibited transactions. Some examples are: (1) borrowing from your Roth IRA; (2) selling property to your Roth IRA; (3) using your Roth IRA as security for a loan; or (4) receiving unreasonable compensation for managing your Roth IRA. If any of your Roth IRA funds are invested in collectibles in any year, the amount invested is considered distributed to you in that year. Collectibles include tangible personal property such as artwork, rugs, antiques, metals, gems, coins, alcoholic beverages, etc.

Exception #1: Roth IRA funds may be invested in certain gold, silver, and platinum coins issued by the United States.

Exception #2: Roth IRA funds may be invested in any coin issued under the laws of any state. After December 31, 1997, a Roth IRA may purchase certain gold, silver, platinum or palladium bullion. Such bullion must be in the physical possession of the Roth IRA trustee or custodian. Such bullion must be of a fineness that a contract market requires for metals which may be delivered in satisfaction of a regulated futures contract.

5.3 Federal Estate and Gift Taxes. IRC sections 2039(c) and 2517 provide limited exceptions so that certain Roth IRA transactions will not be subject to federal estate or gift taxes. For example, no federal gift tax has to be paid when you name a beneficiary or when the funds are paid to the beneficiary after your death. In general, Roth IRA funds are includable in the computation of federal estate taxes. Publication 590 should be read for an explanation of the rules.

5.4 The Contribution Rules. Ten (10) types of contributions may be made to a Roth IRA: (i) regular; (ii) spousal; (iii) rollover; (iv) transfer; (v) conversion; (vi) recharacterization; (vii) an authorized re-contribution (viii) a special conversion contribution regarding Exxon Valdez litigation; (ix) a special rollover contribution by certain airline employees; or (x) a special rollover contribution of a death gratuity. A conversion contribution is a special type of rollover or transfer contribution.

5.4.A Regular Contributions.

When may I establish a Roth IRA? You are able to establish a Roth IRA on or before April 15 of the following tax year unless the 15th falls on a Saturday or Sunday or there is a holiday recognized for federal income tax purposes.

Am I eligible to contribute to a Roth IRA? You are eligible if you satisfy the following two requirements: (1) you must have earned income or compensation and; (2) you meet certain MAGI limitations. Be aware that you are eligible to make contributions to a Roth IRA even though you are age 70½ or older. For a given year, you may be ineligible to contribute to a Roth IRA, but still be eligible to contribute to a traditional IRA.

Electronic Contribution of Federal Tax Refund. The IRS has authorized a procedure to allow you to have all or a portion of your federal tax refund electronically deposited to a retirement plan (in addition to, or instead of, a checking or savings ac-

count); this would include a traditional and/or Roth IRA. You will need to use IRS Form 8888, and you will indicate (at the time you file your return) up to three accounts into which you wish to have your federal tax refund electronically deposited. The funds may be deposited with any U.S. financial institution, and you must provide valid routing and account numbers. You will attach Form 8888 to your tax return. The ability to allocate direct deposit refunds among multiple accounts is available to all individual filers using the 1040 series of forms. Such a contribution will be considered to be a contribution for the current calendar year unless you designate it as being for the prior tax year.

What are the income limits for eligibility purposes? If your income (and your spouse's income, if you are married) is too high, you will not be eligible to make a contribution to a Roth IRA. If you are single, you become ineligible when your adjusted gross income is \$120,000 or greater for 2010 and \$122,000 or greater for 2011. If you are married and you file a joint return, you become ineligible when the adjusted gross income (AGI) of you and your spouse is \$177,000 or greater for 2010 and \$179,000 or greater for 2011. If you are married and you file a separate return, you become ineligible when your adjusted gross income is \$10,000 or greater.

Can I make a contribution to a traditional IRA and a Roth IRA in the same year? Yes, but your annual Roth IRA contribution will be limited to the lesser of (1) the applicable contribution limit; or (2) the sum of your compensation which is includable in gross income for such year plus the compensation of your spouse as reduced by your spouse's contribution to his or her own traditional IRA and Roth IRA.

How much am I eligible to contribute to my Roth IRA for the 2010 tax year if I will NOT be at least age 50 as of December 31, 2010? You are eligible to contribute the lesser of 100% of your compensation, or \$5,000, as reduced by (1) application of the special income and filing status limitation rule and (2) any amount you contributed to your traditional IRA for the same tax year.

How much am I eligible to contribute to my Roth IRA for the 2010 tax year if I will be at least age 50 as of December 31, 2010? You are also eligible to contribute the lesser of 100% of your compensation, or \$6,000, as reduced by (1) application of the special income and filing status limitation rule and (2) any amount you contributed to your traditional IRA for the same tax year.

What are the contribution limits for a person who is not age 50 or older?

<u>Tax Year</u>	<u>Amount</u>
2002-2004	\$3,000
2005-2007	\$4,000
2008-2011	\$5,000*

*The limits for 2012 and subsequent years may be larger than \$5,000 as it may be adjusted by a COLA.

What are the contribution limits for a person who is age 50 or older?

<u>Tax Year</u>	<u>Amount</u>
2002-2004	\$3,500
2005	\$4,500
2006-2007	\$5,000
2008-2011	\$6,000*

*The limits for 2012 and subsequent years may be larger than \$6,000 as it may be adjusted by a COLA.

How much can I contribute to the Roth IRA? For each tax year, you are eligible to contribute the lesser of 100% of your compensation, or the applicable limit, as reduced by (1) application of the special MAGI and filing status limitation rule and as reduced by (2) any amount you contributed to your traditional IRA for the same tax year.

The following Chart summarizes the special income and filing status rules:

2010 Roth IRA Contribution Chart

Amount of MAGI and Filing Status

Single or Head of Household or Widow(er)

Below \$105,000 — *Entitled to full contribution amount*

\$105,000-\$119,999.99 — *Entitled to prorated contribution amount –use special formula**

\$120,000 or over — *No contribution permissible*

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$105,000/\$15,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

Married Filing Jointly

Below \$167,000 — *Entitled to full contribution amount.*

\$167,000-176,999.99 — *Entitled to prorated contribution amount - use special formula.**

\$177,000 or Over — *No contribution permissible*

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$167,000/\$10,000. This will

give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

Married Filing Separate Return

\$0-\$9,999.99 — *Entitled to prorated contribution amount — use special formula.**

\$10,000 or Over — *No contribution permissible.*

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$0/\$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

The following examples illustrate these rules for 2010. It is assumed the contribution is \$5,000 and you are younger than age 50.

Example #1. You are single and your adjusted gross income is \$115,000. The formula to calculate your permissible contribution (step 4) is shown here:

Step 1 \$115,000 - \$105,000/\$15,000

Step 2 \$10,000/\$15,000 = .6667

Step 3 \$5,000 X .6667 = \$3,333.34*

Step 4 \$5,000 - \$3,330* = \$1,670

*(Rounded down to the next lowest multiple of \$10)

Example #2. You are married and your combined adjusted gross income is \$171,000. The formula to calculate your permissible contribution (step 4) is shown here:

Step 1 \$171,000 - \$167,000/\$10,000

Step 2 \$4,000/\$10,000 = .4

Step 3 \$5,000 X .4 = \$2,000

Step 4 \$5,000 - \$2,000 = \$3,000

Example #3. If your MAGI is less than \$105,000 and you contribute \$1,500 to your traditional IRA, then you will only be eligible to contribute \$3,500 to your Roth IRA.

2011 Roth IRA Contribution Chart

Amount of MAGI and Filing Status

Single or Head of Household or Widow(er)

Below \$107,000 — *Entitled to full contribution amount*

\$107,000-\$121,999.99 — *Entitled to prorated contribution amount –use special formula**

\$122,000 or over — *No contribution permissible*

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in ex-

cess of \$107,000/\$15,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

Married Filing Jointly

Below \$169,000 — *Entitled to full contribution amount.*

\$169,000-178,999.99 — *Entitled to prorated contribution amount - use special formula.**

\$179,000 or Over — *No contribution permissible*

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$169,000/\$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

Married Filing Separate Return

\$0-\$9,999.99 — *Entitled to prorated contribution amount — use special formula.**

\$10,000 or Over — *No contribution permissible.*

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$0/\$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

5.4.B Spousal Contributions.

May my spouse or I use the spousal IRA contribution rules to make a contribution to our respective Roth IRAs for the 2010 or 2011 tax years? Yes. You (or your spouse) will be eligible to make a spousal contribution to a Roth IRA if the following rules are satisfied:

- You and your spouse must each have your own Roth IRA.
- You must be married as of the end of the tax year (i.e. December 31).
- You must file a joint income tax return.
- You must have compensation includable in gross income which is less than that of your spouse.

Your annual Roth IRA contribution will be limited to the lesser of (1) \$5,000 or \$6,000, as applicable; or (2) the sum of your compensation which is includable in gross income for such year plus the compensation of your spouse as reduced by your spouse's contribution to his or her own traditional IRA and Roth IRA. In addition, when your Roth IRA contribution is aggregated with your traditional IRA contributions and with the contributions of your spouse, the maximum permissible amount for all IRAs will be the lesser of \$10,000,

\$11,000 or \$12,000, as applicable, or 100% of your combined incomes.

Special HEROA Rules

As discussed previously, the tax rules have been changed so that a person's combat-zone compensation earned on or after January 1, 2004, is now considered to be compensation or earned income for Roth IRA contribution purposes. If an individual was ineligible to make an IRA contribution for 2004 and/or 2005, because the only income they had was nontaxable combat-zone income, such individual is now authorized to make retroactive Roth IRA contributions for 2004 and 2005. An individual is allowed three years in which to make a contribution. If the Roth IRA contribution results in a lower tax bill for 2004 or 2005, the individual can file an amended return to request a refund. The time period for filing an amended return is the later of one year from the date of the retroactive contribution or three years from the filing date of the original tax return.

5.4.C Rollover Contributions.

If I receive a distribution from one Roth IRA, may I roll over the funds to a second Roth IRA? Yes. Distributed funds, unless rolled over, may need to be partially included in income. The rules which govern a "Roth-to-Roth" rollover are generally the same as for a rollover from one traditional IRA to another traditional IRA. You must comply with the 60-day rule and you are only entitled to one such rollover within a 12-month period.

May I roll over funds from a qualified plan, a section 403(b) plan, or a governmental section 457(b) plan to a Roth IRA? You could not roll over such funds to a Roth IRA prior to January 1, 2008. Commencing January 1, 2008, the law authorizes certain individuals with funds in an employer-sponsored plan to directly roll over some or all of his or her account balance into a Roth IRA. The standard eligibility rules for a conversion apply. See the discussion regarding the conversion rules set forth later in this booklet. The amount moved to the Roth IRA will be a conversion contribution. The individual will be required to include the distribution in his or her income for federal income tax purposes. An individual will want to discuss such a transaction with his or her tax advisor BEFORE making such a conversion contribution.

Rollover from a Roth IRA to another Roth IRA. If a person receives a distribution (i.e. the check is made payable to the Roth IRA accountholder) of all or a part of his or her Roth IRA, he or she can redeposit the funds into a Roth IRA without be-

ing taxed on the receipt of the funds, if:

- The funds are rolled over (i.e. redeposited) within 60 days after the day the funds were received.
- The funds were not a required minimum distribution, and
- The person has not rolled over a previous distribution from the Roth IRA within the last year. The one-year period commences on the date the person received the previous distribution and not on the date of the redeposit, and
- Special Explanation—If you have two Roth IRA plan agreements, Roth IRA-1 at institution #1 and Roth IRA-2 at institution #2 and you roll over assets of Roth IRA-1 into a new Roth IRA-3, you may also roll over assets from Roth IRA-2 into Roth IRA-3 or any other Roth IRA within one year after the distribution from Roth IRA-1. These distributions are both eligible to be rolled over since you are allowed one rollover per separate Roth IRA. However, you cannot, within the one-year period, again roll over the assets you rolled over into Roth IRA-3 into any other Roth IRA.

When does the 60-day rollover period end? The IRS has never formally stated that a person has until the following business day to make his or her rollover if the 60th day ended on a Saturday, Sunday or holiday. Therefore, the conservative approach is to complete the rollover on or before the 60 days without extension. You accept full responsibility if you make such a contribution. Beginning with distributions after December 31, 2001, the IRS may waive the 60-day requirement where it would be against equity or good conscience not to do so.

There is an exception to the 60-day rule. If your distribution deposit was put into an institution which has had its deposits "frozen," then you may have longer than 60 days to complete the rollover. Refer to IRS Publication 590.

May I roll over or directly roll over funds from a Roth 401(k) account within a 401(k) plan, a 403(b) plan, or a governmental section 457(b) plan to a Roth IRA? Yes. The direct rollover rules to apply to distributions from a Roth 401(k) or Roth 403(b) account to a Roth IRA. The plan administrator should provide an eligible participant with a form (402(f) notice) detailing these rules.

A participant who is eligible to receive a distribution and who made Roth 401(k) elective deferrals, will be eligible to roll over such contributions (plus the related income/loss) to a Roth IRA. He or she will

have to comply with the 60-day rule. This is true even if they are otherwise ineligible to make a regular Roth IRA annual contribution or a Roth conversion contribution. However, once the Roth 401(k) funds are rolled over to a Roth IRA, the current federal income tax laws do not allow them to ever be rolled back into a Roth 401(k) elective deferral account.

If this rollover contribution is the first contribution made to the Roth IRA for this person, then the five-year period starts as of January 1 of this year. If there are other funds already in the Roth IRA, then the five-year period commences as of January 1 of the year for which the first contribution was made.

What duties do the 401(k) Plan Administrator and I have? You are required to be furnished the following information when you have made elective deferrals to a designated Roth account within the 401(k) plan. First, you will be informed whether your withdrawal of your Roth elective deferrals plus related income qualifies as a "qualified distribution" or not. When the distribution is a qualified distribution, then the entire amount is "basis" and, in the future, you will not pay tax when you withdraw this amount. You will need to report this basis on your tax return pursuant to IRS instructions. See the instructions for Form 8606. If the distribution is not a qualified distribution, then the earnings will not be treated as basis. Your elective deferrals are still treated as basis. These earnings within the 401(k) plan then are to be treated as earnings within the Roth IRA for ordering and taxation purposes. **Special Note.** If you receive a nonqualified distribution and rollover only a portion of your Roth elective deferrals (and earnings) account, then the earnings portion of the account is deemed to have been rolled over first. It is your responsibility to know this and to inform your tax preparer/adviser. This is not the duty of the Roth IRA custodian.

New Rollover of Death Gratuities. Contributions of certain military death gratuities now qualify to be rolled over into a Roth IRA. The general rule will be that such a rollover contribution will be permissible to an individual's Roth IRA if made before the end of the 1-year period beginning on the day the individual receives the death gratuity with respect to a certain person as provided under section 1477 of title 10, United States Code or section 1967 of title 38 of such Code. Such rollover amount cannot exceed the sum of the amounts the individual received during such period reduced by any amounts rolled over into a Coverdell Education Savings Account. This rollover

does not count towards the rule which allows an individual to do only one rollover during a 12 month period. The rollover is treated as basis or investment in the contract if these funds are withdrawn pursuant to a nonqualified distribution.

The general rule is that these new rollover rules apply to a death occurring from injuries on or after June 17, 2008. There is one exception. If the death occurred on or after October 7, 2001 and before June 17, 2008 then the deadline for rolling over such funds is June 17, 2009 (i.e. within 1 year after the date of enactment).

New Rollover or Conversion of Certain Amounts Received by a Qualified Airline Employee. A qualified airline employee is eligible to contribute any portion of an airline payment amount to a Roth IRA within 180 days of receipt of such amount (or, if later, within 180 days of the law's enactment). It does not matter if such payments occurred before, on or after such date.

An airline payment amount is the payment of any money or other property by a commercial passenger airline carrier to a qualified airline employee under the approval of an order of a Federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007, and in respect of the employee's interest in a bankruptcy claim against the carrier, any note of the carrier, an amount paid in lieu of a note being issued, or any other fixed obligation of the carrier to pay a lump sum amount. The qualifying amount is the gross amount and it is not reduced by any requirement to deduct and withhold employment and social security taxes. However, any airline payment based on the carrier's future earnings or profits does not qualify.

A qualified airline employee is any employee or former employee of a commercial airline carrier who was a participant of a defined benefit plan maintained by the carrier which was qualified under Code section 401(a) and was terminated or became subject to the restrictions contained in paragraphs (2) and (3) of section 402(b) of the Pension Protection Act of 2006.

The commercial carrier will be required to report to the IRS the names of the payment recipients and to the IRS and the employees the years and the amounts of the payments. The IRS will create the necessary reporting forms.

Special Rollover Contribution(s) Arising From Exxon Valdez Litigation. The Emergency Economic Stabilization Act of 2008 contains authority for a new type of rollover and/or Roth conversion contributions. Any individual who is a plaintiff in the civil action *In re Exxon Valdez* (No. 89-095-

CV) (HRH)(Consolidated (D. Alaska) and who receives any qualified settlement income during the tax year may contribute some or all of such income to his or her IRA or other eligible retirement plan of which he or she is a participant (or beneficiary). Qualified settlement income is defined to be any interest earned with respect to the damages awarded plus any punitive damage awards which are otherwise includible in taxable income. The individual may make one or more such contributions for such year. The deadline to make such contributions for most taxpayers will be April 15th of the following year as it is for annual IRA contributions as long as the individual has designated such contribution as being for the prior tax year. Technically, the deadline is the taxpayer's tax filing deadline for such tax year (not including tax extensions). By contributing such funds to a traditional IRA or other non-designated Roth eligible retirement plan the individual will NOT be required to include the qualified settlement income in his or her taxable income for the year of receipt. There is a deemed rollover. Taxation is deferred until later distributed from the IRA. This is a new type of rollover contribution since the source of the funds was a payment by Exxon or its insurer rather than another IRA or eligible retirement plan. There is a special contribution limit. An individual may contribute the lesser of: (1) the amount of that year's qualified settlement income or (2) \$100,000 as reduced by the amount of any qualified settlement income contributed to an IRA or other eligible retirement plan in prior years.

A qualifying individual will have another choice. He or she may contribute the qualified settlement income to a Roth IRA or a designated Roth account within a 401(k), 403(b) or 457 plan. In such case the individual will be required to include such amount in his or her taxable income for the year of receipt and such amount shall be considered to be basis (or investment in the contract). There is a deemed Roth conversion contribution. This is a new type of Roth conversion contribution. The funds going into the Roth IRA or designated Roth account are not pre-tax dollars in an IRA or 4010 plan, but are coming from Exxon or its insurer.

A qualifying individual also has a third choice. He or she may contribute a portion of such qualifying settlement income to a traditional IRA or other eligible retirement plan and contribute a portion to a Roth IRA or a designated Roth account.

Any individual who is a beneficiary of the plaintiffs estate and who has acquired the right to receive such qualified settlement

income from the plaintiff may also make the special contributions discussed above as long as such individual is the spouse or an immediate relative of the plaintiff.

5.4.D Transfer Contribution. You are entitled to transfer other Roth IRA funds or assets into this Roth IRA. You are not, of course, entitled to any deduction for such a transfer contribution. You may not transfer funds to this Roth IRA from a traditional IRA or any type of IRA other than another Roth IRA, except as a conversion.

You will be required to furnish us the information we request with respect to your transfer contribution.

5.4.E Converting or Rolling Over Your Traditional IRA(s) to a Roth IRA. You might benefit more (from a tax and/or non-tax standpoint) if you would move or convert some or all of the assets in this traditional IRA to a Roth IRA. You will need to make this decision after considering all relevant rules, tax consequences and other factors. You should discuss this with your tax advisor.

You can convert amounts from your traditional IRA to a Roth IRA by using any of the following three methods. The first method is the standard rollover. You can receive a distribution from a traditional IRA and roll it over (contribute it) to a Roth IRA within 60 days of the distribution. The second method is a trustee-to-trustee transfer. If permissible, you may direct the custodian/trustee of your traditional IRA to transfer an amount from the traditional IRA to the custodian/trustee of your Roth IRA. The third method is an internal movement. You direct the custodian/trustee of your traditional IRA to transfer an amount from your traditional IRA to your Roth IRA.

All three methods are reportable transactions and will be reported to the IRS and to the accountholder.

This situation presents a new and unique meaning of "rollover" and "transfer." Normally, there is no taxation when a rollover or transfer occurs. This is not the case with this type of rollover or transfer. You may find it advantageous to incur the tax consequences of a present distribution in order to qualify to earn the right to have no taxation when the earnings are ultimately distributed from the Roth IRA.

Beginning January 1, 2010, anyone having a traditional IRA may convert funds from their traditional IRA to a Roth IRA.

A nonspouse beneficiary is ineligible to convert funds within an inherited IRA to a Roth IRA.

If you do elect to roll over or convert funds from your traditional IRA to a Roth IRA,

then the amount distributed to you from your traditional IRA will be included in your income for the year of receipt and will be subject to income taxes for such year. However, even if you are younger than age 59½ at the time you receive the distribution, you will not owe the 10% excise tax.

Congress had concerns that an individual might roll over or convert funds from his or her traditional IRA to a Roth IRA and then withdraw funds before certain time periods are completed. There are a number of recapture rules of which you should be aware.

If you roll over or convert funds from your traditional IRA to a Roth IRA, and the 10% excise tax of Code section 72(t) would otherwise have applied, and you later withdraw funds from the Roth IRA before you meet the five-year requirement, then you will owe the 10% excise tax as imposed by Code section 72(t). You will owe the 10% excise tax to the extent that the distribution is attributable to amounts that were includable in income due to the conversion/rollover and to which the 10% excise tax would have been applied except for the Roth conversion/rollover exception. Note that for the purpose of this additional 10% tax, there is a separate five-year requirement for each conversion contribution. This five-year period begins on the first day of your tax year (normally January 1) in which the conversion contribution is made. This five-year period ends on the last day of the fifth consecutive taxable year beginning with the taxable year described in the preceding sentence (normally this is December 31).

Special Rule for 2010. If you choose to convert some portion of your traditional IRA to a Roth IRA in 2010, the general rule will be that you will include 50% of the conversion amount in your income in 2011, and 50% in 2012. That is, you will not include the conversion amount in income, nor pay tax on it in 2010. However, you may make a special election to not use this special rule. If you do so, you then will include the total conversion amount in your income for 2010. For conversions made in 2011 and subsequent years, you will need to include 100% of the conversion amount in your income for such year, as that is the standard rule.

An income acceleration rule might apply to certain 2010-2011 distributions. In order to discourage an individual from making a conversion and then taking a distribution soon thereafter, the law has been written to include an income acceleration rule. The individual will use the standard Roth IRA ordering distribution rules. If an individual

takes a NONQUALIFIED distribution from his or her Roth IRA during 2010-2011 which is comprised of the taxable portion of a conversion, then he or she will need to include that portion in income earlier than it would have been under the 2-year pro-rata rule. The income deferred to 2012 will be accelerated first and then the income deferred to 2011 will be accelerated next.

An individual taking a qualified Roth IRA distribution will not be subject to the income acceleration rule. Also, the income acceleration will not apply to the extent that the individual withdraws "basis" due to annual contributions.

What happens if you make a Roth conversion in 2010 and then die in 2010 or 2011? If you elected to use the 2-year rule in 2010 and then die during 2010 or 2011, any amount which has not yet been included in income must generally be included in your income for the year of your death. This income will need to be reported on your final income tax return.

The law appears to be unsettled whether or not your executor may un-do the conversion by recharacterizing. The IRS generally adopts the position that the making of a conversion and recharacterization are personal tax rights and end when the individual dies.

A spouse beneficiary who is the sole beneficiary can elect to continue to ratably include the amounts in income over the remaining years in the 2-year period.

Example #1 If a person converts \$24,000 in 2010 and then dies on October 15, 2010, his or her spouse beneficiary will be able to continue the 2-year schedule. He or she would include \$12,000 in his or her income in 2011 and the remaining \$12,000 in income for 2012.

Example #2. If a person converts \$24,000 in 2010 and then dies on December 5, 2011, his or her spouse beneficiary will be able to continue the 2-year schedule. He or she would include \$12,000 in his or her income in 2011 and the remaining \$12,000 in income or 2012.

5.4F Reconversions and Excess Reconversions. A "reconversion" arises in the following situation. You convert an amount from a traditional IRA to a Roth IRA, you then recharacterize it from a Roth IRA to a traditional IRA and you then wish to convert it again from a traditional IRA to a Roth IRA. An "excess reconversion" is a reconversion which does not comply with the rules. A conversion contribution is one which has not been previously converted.

Revised reconversion rules. A reconversion taking place after December 31, 1999,

is permissible only if it occurs after the beginning of the next taxable year (generally this is after December 31 of the year in which the conversion occurred) or, if later, the end of the 30-day period beginning on the day on which the IRA owner transfers the amount from the Roth IRA back to a traditional IRA by means of a recharacterization (regardless of whether the recharacterization occurs the same year as the conversion or the following year). The following examples illustrate this rule.

Example #1. Joni Dow converted \$40,000 of her \$70,000 traditional IRA on February 3, 2010. On August 10, 2010, she recharacterizes this conversion contribution. She is not eligible to reconvert this amount until January 1, 2011.

Example #2. Elliot Berry converts \$25,000 of his \$33,000 traditional IRA on April 14, 2010. On December 27, 2010 he recharacterizes this conversion contribution. He is not eligible to reconvert until January 25, 2011, since he must wait at least 30 days.

Example #3. Rex Lardner converts \$35,000 of his \$53,000 traditional IRA on April 14, 2010. On October 15, 2011, he recharacterizes this conversion contribution. He is not eligible to reconvert until November 14, 2011, since he must wait at least 30 days.

A “failed conversion” is a reconversion which is made before the above waiting period rules permit. That is, the reconversion occurs before the later of the beginning of the next taxable year after the conversion or the end of the 30-day period that begins on the day of the recharacterization of the conversion. A failed conversion means there has been a distribution from the traditional IRA and there has been a regular contribution to a Roth IRA. Most likely there is an excess contribution that will need to be corrected either by withdrawal or by recharacterization.

5.4.G Special Reconversion Rules for Certain Military Reservists. A military reservist called to active duty for 180 days or more on or after September 11, 2001, has special reconversion rights. The standard 60-day rollover rule is overridden by this special rule. The military reservist has the right to recontribute a distribution over a 2-year period ending two years after his or her active duty ended as long as the distribution was or is made during his or her time on active duty. The recontribution may be made in one or more contributions, and such recontributions are independent of the normal contribution limits. The recontribution amount cannot exceed the distribution amount.

If there is some tax rule which would otherwise prevent the individual from realizing the tax benefit of his/her recontribution, the law expressly authorizes that a refund or credit be allowed. This refund or credit is to be allowed even if it would be considered late under other tax rules, including *res judicata*.

5.4.H Conversion of Funds in Employer-Sponsored Plan Directly to a Roth IRA.

Commencing January 1, 2008, the law authorizes certain individuals with funds in an employer-sponsored plan to directly roll over some or all of his or her account balance into a Roth IRA. The standard eligibility rules for a conversion apply. The amount moved to the Roth IRA will be a conversion contribution. The individual will be required to include the distribution in his or her income for federal income tax purposes. An individual will want to discuss such a transaction with his or her tax advisor BEFORE making such a conversion contribution.

5.5 Contribution Deadline. You must make your annual contribution by the time prescribed by law for filing your Federal income tax return for such year, but determined without regard to extensions. Normally, this is April 15 of the subsequent year.

5.6 Credit for IRA contributions and salary reduction contributions. If you are an eligible individual, you may be able to claim a credit for a percentage of your qualified retirement savings contributions, such as contributions to your traditional or Roth IRA or salary reduction contributions to your SEP or SIMPLE.

You must meet the following five requirements in order to claim this credit for any given year.

- Be at least 18 years of age as of December 31 of such year
- Not be a dependent on someone else's tax return
- Not be a student as defined in Internal Revenue Code section 25B(c)
- Have adjusted gross income under certain limits which are based on your filing status.
- Must not have received certain distributions which disqualify you from claiming the credit, or certain distributions which were made to your spouse.

The maximum contribution amount allowed to be used in calculating this credit is \$2,000, even though you may have contributed more than that amount to your Roth IRA.

A formula is used to calculate the amount of your credit.

This formula is complex, since it requires you to reduce your qualifying contributions by the amount of certain distributions — even by the amount of certain distributions to your spouse, if you are married.

The formula to be used is: Contributions - Certain Distributions x Applicable Percentage = Credit.

Contributions equal the sum of contributions to a traditional IRA, contributions to a Roth IRA, elective deferrals to a 401(k) plan, elective deferrals under a section 457 plan, and certain voluntary employee contributions. This total contribution amount must be reduced by certain distributions which occur during a testing period. The testing period for a tax year is comprised of the current tax year, the two preceding tax years, and the carry-back period for such tax year (i.e. January 1 to April 15), plus extensions.

Therefore, the total contribution amount must be reduced by any distribution amounts paid to you or your spouse during the above-described period from a section 401(a) plan, 401(k) plan, section 402(a) plan, section 457 plan, a traditional IRA, or a Roth IRA, which are not rolled over. However, a technical correction was enacted to make clear that a reduction in the allowable credit will not be required for that portion of any distribution which is not includable in gross income by reason of a trustee-to-trustee transfer of a rollover distribution.

The applicable percentage for 2010 is based on modified adjusted gross income (AGI) and your tax-filing status, and is determined by the following table:

Joint Return		
AGI Over	AGI Not Over	Percentage
\$0	\$33,500	50%
\$33,500	\$36,000	20%
\$36,000	\$55,500	10%
\$55,500	N/A	0%

Head of Household		
AGI Over	AGI Not Over	Percentage
\$0	\$25,125	50%
\$25,125	\$27,000	20%
\$27,000	\$41,625	10%
\$41,625	N/A	0%

Other Filers Including Married, Filing Separately		
AGI Over	AGI Not Over	Percentage
\$0	\$16,750	50%
\$16,750	\$18,000	20%
\$18,000	\$27,750	10%
\$27,750	N/A	0%

The applicable percentage for 2011 is based on modified adjusted gross income (AGI) and your tax-filing status, and is determined by the following table:

Joint Return		
AGI Over	AGI Not Over	Percentage
\$0	\$34,000	50%
\$34,000	\$36,500	20%
\$36,500	\$56,500	10%
\$56,500	N/A	0%

Head of Household		
AGI Over	AGI Not Over	Percentage
\$0	\$25,500	50%
\$25,500	\$27,375	20%
\$27,375	\$42,375	10%
\$42,375	N/A	0%

**Other Filers Including Married,
Filing Separately**

AGI Over	AGI Not Over	Percentage
\$0	\$17,000	50%
\$17,000	\$18,250	20%
\$18,250	\$28,250	10%
\$28,250	N/A	0%

This credit is nonrefundable, and it is meant to be used to reduce a person's regular tax liability and alternative tax liability. If the credit is greater than your tax liability, you may use only the amount of credit necessary to reduce your tax liability to zero (0) — any amount of credit remaining will not be refunded to you.

5.7 The Distribution and Taxation Rules.

There are numerous tax rules which apply to distributions from a Roth IRA. These rules are discussed and explained below.

You may begin withdrawals at any time. However, you will want to understand the income tax consequences of taking distributions at certain times.

A distribution from a Roth IRA is not includable in your gross income if it is a qualified distribution. A qualified distribution is one that is both—

- Made after a five-taxable year period; and
- Made on account of one of the following four reasons:
 1. made on or after the date on which you attain age 59½;
 2. made to a beneficiary or your estate on or after the date of your death;
 3. attributable to you being disabled within the meaning of section 72(m)(7); or
 4. used for a first-time home purchase within the meaning of section 72(t)(2)(F)

After the technical corrections bill, there no longer exists a five-year period for annual contributions and another five-year period for conversion contributions. There is now just one five-year period. The five-year period begins on the first day of your taxable year for which the first regular/annual contribution is made to any Roth IRA or, if earlier, the first day of your taxable year in

which the first conversion contribution is made to any of your Roth IRAs.

However, as discussed later, there is a separate 5-year period for inherited Roth IRAs.

Except for the exception discussed below, your death does not require a recalculation of the five-year period. This is true even if a spouse beneficiary elects to treat your Roth IRA as his or her own. This means a person who inherits a Roth IRA will most likely have a separate five-year period for the inherited Roth IRA versus any Roth IRAs which he or she has established for himself or herself.

The exception is a "be kind to spouse" rule. A spouse beneficiary who elects or who is deemed to have elected the deceased spouse's Roth IRA as his or her own will determine just one five-year calculation. His or her five-year period will end on the earlier of the five-year period which applied for the decedent or the five-year period which applies to the surviving spouse's own Roth IRAs.

A distribution from a Roth IRA is not includable in your gross income even if it is not a qualified distribution to the extent that the distribution, when added to the amount of all previous distributions (whether or not they were qualified distributions from your Roth IRA) exceeds your contributions to all of your Roth IRAs.

A distribution from a Roth IRA is not includable in your gross income even if it is not a qualified distribution if it is rolled over to another Roth IRA.

A distribution from a Roth IRA is not includable in your gross income, even if it is not a qualified distribution, if it involves the withdrawal of an excess contribution in accordance with section 408(d)(4). The return of the contribution is not required to be included in income, but the related income must be included in income for the year in which the excess contribution was made.

A distribution from a Roth IRA can be comprised of one or more of the following: regular contributions, conversion contributions or earnings.

The law mandates the following order for distributions: (1) from regular/annual contributions; (2) from conversion contributions on a first-in-first-out basis and (3) from earnings. The order is determined as of the end of the taxable year, and each category must be exhausted before the next is used. With respect to a conversion contribution, it is treated as being made first from the portion, if any, that was includable in gross income as a result of the conversion.

To aid in administering this ordering, the IRS has created the following rules.

5.7.A All distributions from all of an individual's Roth IRAs made during a taxable year are aggregated. There are two exceptions.

First, a distribution which is rolled over to another Roth IRA is disregarded.

Second, a distribution of an excess contribution along with the net income is disregarded.

5.7.B All regular/annual contributions made for the same taxable year to all of the individual's Roth IRAs are aggregated and added to the undistributed total of regular/annual contributions for prior years. Note that there are two exceptions.

First, a rollover contribution from another Roth IRA is disregarded.

Second, the making of an excess contribution is disregarded if it is corrected in accordance with the rules.

There is also a special rule arising from the recharacterization rules. If you recharacterize a contribution made to a traditional IRA by transferring it to a Roth IRA, the contribution to the Roth IRA is taken into account. It is treated as contributed to the Roth IRA on the same date and for the same taxable year that the contribution was made to the traditional IRA.

5.7.C All conversion contributions received during the same tax year by all of the individual's Roth IRAs are aggregated. Thus, if there are two conversion contributions in 1998 and three in 1999, then the two 1998 conversion contributions will be aggregated, as will the 1999 conversion contributions. However, there is a special rule. The conversion contributions received in 1999 must be segregated into two types. Type one is comprised of those Roth conversion contributions withdrawn in 1998 but recontributed in 1999 and with respect to which the 4-year spread method was selected. Type two is comprised of all other Roth conversions contributed in 1999.

There are three special rules.

First, a rollover contribution from another Roth IRA is disregarded.

Second, the making of an excess contribution is disregarded if it is corrected in accordance with the rules.

There is also a special rule arising from the recharacterization rules. If an individual recharacterizes a regular or a conversion contribution made to a Roth IRA by transferring it to a traditional IRA, then the original contribution to the Roth IRA and the recharacterizing transfer are disregarded in determining the amount of both

contributions and distributions for the Roth IRA.

If you die before the five-year requirement has been satisfied, then a portion of any distribution may be required to be included in income. If there are multiple beneficiaries, there must be a method to allocate the different types of contributions to the beneficiaries. The method to be used is a pro rata method. Assume the following: a Roth IRA accountholder dies in 2006; the Roth IRA contains regular/annual contributions of \$4,000; a conversion contribution of \$20,000 and earnings of \$2,000; beneficiary #1 is to receive 50%, beneficiary #2 is to receive 30% and beneficiary #3 is to receive 20%; and beneficiary #3 is distributed \$3,000. The share for beneficiary #3 is \$5,200 allocated as follows: \$800 (\$4,000 x 20%) of regular contributions; \$4,000 (\$20,000 x 20%) of conversion contributions; and \$400 (\$2,000 x 20%) of earnings. Of the \$3,000 withdrawn, \$800 is allocated to regular contributions and the remainder of \$2,200 is allocated to conversion contributions.

The 10% additional tax of Code section 72(t) applies to that portion of a distribution from a Roth IRA which is includable in gross income unless an exception applies.

The 10% additional tax of Code section 72(t) also applies even if the distribution from the Roth IRA is not includable in gross income if the distribution is allocable to a conversion contribution which is withdrawn before a five-year requirement is met.

Note that for the purpose of this additional 10% tax, there is a separate five-year requirement for each conversion contribution. This five-year period begins on the first day of the individual's tax year (normally January 1) in which the conversion contribution is made. This five-year period ends on the last day of the individual's fifth consecutive taxable year beginning with the taxable year described in the preceding sentence (normally this is December 31).

This five-year requirement for the purpose of this additional 10% tax need not be the same period as the five-year period calculated to determine if the distribution is a qualified distribution for purposes of determining if the income will not be taxed. For example, Jane Doe, a calendar-year taxpayer, withdraws \$10,000 from her traditional IRA on December 30, 2005. She makes a conversion contribution on February 24, 2006, by contributing the distributed amount to a Roth IRA in a qualifying rollover contribution and simultaneously makes a regular Roth contribution for 2005. For purposes of assessing the 10% additional tax, the five-year period commences on 1-1-06, whereas the five-year

period for purposes of determining if the income will be excluded is 1-1-05.

This additional 10% tax applies only to the amount of the conversion which is includable in gross income as a result of the conversion and then, only if none of the exceptions of Code section 72(t) apply.

5.7.E Will the 10% excise tax ever be assessed? Yes. If you are not age 59½ (and none of the other exceptions apply at the time you withdraw funds from your Roth IRA), then you will be liable to pay the 10% excise tax on that portion of the distribution which is taxable (i.e. the income or earnings). You will not pay the 10% excise tax when your contributions or basis is returned to you. You will not be liable for the 10% excise tax if any of the following exceptions apply.

The first exception is if you are age 59½ or over at the time of the distribution.

The second exception is if you are disabled. You are considered disabled if you can furnish proof that you cannot do any substantial gainful activity because of your physical or mental condition. A physician must determine that your condition can be expected to result in death or to be of long, continued, and indefinite duration.

The third exception is if you die. Payments to a beneficiary are not subject to the 10% additional tax.

The fourth exception is for substantially equal periodic payments. The 10% additional tax will not apply if the distribution is part of a series of substantially equal periodic payments (not less frequently than annually) made for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and your beneficiary. However, if this schedule is changed prior to the later of attaining age 59½ or the schedule being in effect for 5 years, then a new penalty tax will be imposed. This tax will be equal to the tax that would have been imposed had the "substantially equal" exception not applied (i.e. all previous distributions will be assessed the 10% tax plus an amount equal to the accrued interest).

The fifth and sixth exceptions are for certain distributions used to pay medical expenses or to pay certain health insurance premiums. The 10% additional tax will also not apply on or after January 1, 1997, in the case of certain distributions made for the payment of certain medical expenses and the payment of certain health insurance premiums. The additional 10% tax will not apply if the distribution is used to pay medical expenses that exceed 7.5% of your adjusted gross income. This means that the medical expenses must qualify as an itemized deduction on your federal in-

come tax return. The 10% additional tax will also not apply to a distribution which is used to pay health insurance premiums in certain situations after you become unemployed. In order to qualify for this special rule, you must have been receiving unemployment benefits for at least 12 consecutive weeks. The distribution must occur in either the year you received the unemployment benefits or during the next tax year. This special rule no longer applies to distributions made once you have been reemployed for at least 60 days after your initial separation from service. You will qualify to use this unemployment exception even if you are self-employed, if you would have been eligible for unemployment benefits but for your self-employment.

The seventh exception is if the distribution is used to pay certain first-time home buyer expenses.

Qualified first-time home buyer distributions are distributions from a Roth IRA which are used to pay the qualified acquisition costs of the principal residence of the first-time home buyer.

The first-time home buyer can be you, your spouse or your child or grandchild, and any ancestor of you or your spouse. To qualify as a first-time home buyer, you, and if married, your spouse, must not have had any ownership interest in a principal residence for the two-year period ending on the date of acquisition of the principal residence being purchased under this exception. The date of acquisition is defined as the date a binding contract to purchase the residence is entered into, or the date on which construction or reconstruction of the residence begins.

Qualified acquisition costs include the cost of acquiring, constructing, or reconstructing a residence. The term also includes any usual and reasonable settlement, financing and closing costs. The funds that are distributed for the first-time home purchase must be used within 120 days after the day the funds were received to pay the qualified acquisition costs.

If the distributed amount is recontributed, i.e. rolled over, within the 120-day period, there will be no income tax or penalty tax consequences. Written documentation will be necessary to insure compliance with these rules. If the funds are not recontributed within this time period, the amount will be taxable and subject to the 10% premature distribution penalty, if applicable.

Under this exception, you are limited to an aggregate amount of \$10,000 for your life-

time. While you may be able to use this exception more than once in your lifetime, the total lifetime distribution that can fall under this exception is \$10,000.

The eighth exception is if the distribution is used to pay certain higher education expenses.

Distributions made from a Roth IRA will not be subject to the 10% premature distribution penalty tax if the funds are used to pay the qualified higher education expenses of yourself, your children or grandchildren for the year for education furnished at an eligible education institution.

Qualified higher education expenses include tuition, fees, books, supplies, and equipment required for enrollment or attendance at an eligible educational institution. This amount may also include, for students who are carrying at least one-half of the normal full-time course load, reasonable expense amounts incurred for room and board.

An eligible educational institution is generally any accredited college, university, junior college, community college or post-secondary vocational institution that is approved to participate in the Department of Education student aid programs.

The amount of educational expenses for which a distribution from a Roth IRA can be used and not be subject to the penalty under this exception must be reduced by the amount of any qualified scholarship, educational assistance allowance, or payment that is excludable from gross income.

The ninth exception is if the distribution has occurred because of an IRS levy.

The tenth exception is that the 10% additional tax will not apply to certain military reservists. A military reservist called to active duty for 180 days or more on or after September 11, 2001, is not subject to the 10% premature penalty tax of Code section 72(t), as long as the distribution was or is made during his or her time on active duty. This provision is retroactively effective as of September 11, 2001. If you took a distribution during the period of September 11, 2001, to August 17, 2006, you may be entitled to a tax refund.

The eleventh exception is that the 10% tax will not apply if you are a covered expatriate and you are deemed to have received a distribution of your entire IRA account under the special tax rules applying to expatriates.

Special Rules Applying To IRAs For Relief Related to Hurricanes, Storms, Floods and Tornadoes. There are special rules applying to withdrawals and repayments from an IRA for taxpayers who suffered an economic loss as a result of certain

federally declared disasters such as hurricanes, storms, floods and tornadoes. This is a complex tax topic. A person needs to determine if there is a public event which qualifies for the special rules and if he or she qualifies for the special tax rules. You should visit the IRS web site at www.irs.gov and review the guidance for tax relief in disaster situations. You should consult with your tax advisor. Most of the special tax relief laws applying to persons impacted by the 2005 Hurricanes - Katrina, Rita And Wilma will now apply to certain persons located in the Midwest impacted by storms, tornadoes and for floods occurring in 2008. The concept of the law is - many times an individual and the community, after suffering losses from a disaster, will benefit if he or she can access his or her IRA and/or other retirement funds within employer plans and not be subject to the same tax provisions applying to the non-disaster situation. There are special rules for "qualified storm damage distributions". An individual is still required to include the qualified storm damage distribution in income, but there are special rules allowing him or her to pay fewer taxes than he or she normally would.

Here is a short summary. A qualified storm damage distribution is any distribution received by an individual during a set period of time from a traditional IRA, Roth IRA, SIMPLE IRA or SEP IRA or other eligible retirement account/plan as long as the following conditions are met.

1. The distribution was made on or after the disaster date.
2. The individual's main home was located in a qualified storm damage disaster area as listed later on the date shown for the applicable storm area.
3. The individual sustained an economic loss because of such storms. Examples of an economic loss include, but are not limited to (a) loss, damage to, or destruction of real or personal property from fire, flooding, looting, vandalism, theft, wind or other causes; (b) loss related to displacement from their home; or (c) loss of livelihood due to temporary or permanent layoffs.

If an individual meets all of these conditions, he or she then has the right to designate a distribution as a qualified storm damage distribution. Note that the law does not require an individual to have suffered economic loss of a certain minimum amount. Actually, there is no minimum dollar limit. This means many individuals who were located in the storm damage area are able to take advantage of these new rules (tax planning opportunities) regardless of whether he or she incurred much damage or loss. The individual only needs to have incurred some loss.

What are the four (4) special IRA distribution rules applying to qualified storm damage distributions?

Special Rule #1. The 10% additional tax of Code section 72(t) does not apply to any qualified storm damage distribution made on or before December 31, 2006 or December 31, 2009, as applicable.

Special Rule #2. There is a special income averaging mechanism. Unless a person elects otherwise and elects to include the entire amount in income for the year of the distribution, a person who receives a qualified storm damage distribution will include 1/3 of the distribution in income for the year of the distribution and then 1/3 of the distribution for each of the following two years. By spreading the distribution over 3 years, an individual will generally lessen the amount of income tax owing than if the entire amount is included in income in just one year.

Special Rule #3. Rather than being required to rollover a distribution within 60 days of receiving it, an individual who has received a qualified storm distribution from an IRA or other eligible retirement plan is given 3 years in which to complete the rollover. This special type of rollover is called a repayment. Most qualified storm damage distributions are eligible for repayment to an IRA or other eligible retirement plan.

An individual has 3 years from the day after the day he or she received the qualified storm damage distribution to repay all or part of it to an IRA or other plan to which it could be rolled over. Multiple repayments are permitted. The total amount repaid must equal or be less than the amount of the qualified storm damage distributions. Amounts repaid are treated as a qualified rollover and are not included in income. The way a person reports a repayment(s) on his or her tax return depends on whether the person reported the distributions under the 3-year method or the current year method.

Qualified storm damage distributions, when aggregated, must equal \$100,000 or less. Distributions in excess of \$100,000 (in the aggregate) will not be a qualified storm damage distribution and will be subject to the additional 10% tax, if applicable, and will not receive the other favorable tax treatments.

General Discussion Of How The Special IRS Relief Rules and Procedures Impact IRAs. The federal tax laws give the IRS broad authority to grant relief when the President declares a disaster and FEMA designates an area or areas for assistance. This authority is set forth in Code section 7508A and regulation 301.7508. The primary relief given by the IRS is to extend the

time a taxpayer has to file various tax returns and pay the tax owing. However, there are many deadlines by which a taxpayer, such as an IRA account holder, must complete a tax transaction. However, it is possible, if there has been a disaster, that the IRS could extend a tax deadline. Regulation section 301.7508-1(c)(iii) provides for the postponement by the IRS of rules for making certain IRA contributions, taking certain distributions, recharacterizing IRA contributions or making rollovers. For example, if Jane Doe withdrew \$8,000 from her IRA on June 1, 2008, but she did not complete her rollover within the 60 days, the general rule is that she could not make the rollover contribution. However, if because of a disaster occurring in early June, the IRS had set a new deadline as August 29, 2008, then Jane Doe could complete her rollover by August 29, 2008. An individual must consult with his or her tax advisor and the IRS for the special tax rules applying if there has been a disaster.

Do the withholding rules apply to distributions from a Roth IRA? The general rule is that the withholding rules do not apply to distributions from Roth IRAs. There are very limited exceptions which, because of their rarity, are not discussed herein.

If I make an excess contribution to my Roth IRA, are there rules which allow me to correct it? Yes. An excess contribution to a Roth IRA is any contribution which is not a permitted contribution. Such contributions could arise: (i) if other contributions have been made to a traditional or Roth IRA; (ii) the accountholder's adjusted gross income exceeds the applicable limits with respect to a conversion contribution or annual contribution; (iii) the accountholder and his or her spouse might have contributed more than their compensation; or if a nonqualifying rollover contribution is made.

There are two ways to correct an excess contribution. The first way is to withdraw the excess contribution before the due date of the current year's tax return.

If you satisfy the following two (2) requirements you will not be taxed on the withdrawal of a contribution from your Roth IRA. First, you must withdraw the contribution by the date, including extensions, your tax return is due. Second, any interest or other income earned by the contribution must also be withdrawn. The interest or other income earned on the excess contribution must be included in your gross income and the 10% additional tax must be paid, if applicable.

Special Rule. The IRS has apparently adopted a rule for correcting current-year

and excess contributions very similar to the one which it has adopted with respect to recharacterizations. This special rule is set forth in the instructions for Form 8606. You will have 6 months from the due date of your tax return to withdraw an excess contribution plus the related income (or less any loss). For most taxpayers this is October 15 of the following year. The effect of this special rule is that the deadline for correcting an excess contribution (or a current-year contribution) becomes October 15 of the following year rather than April 15 of the following year plus extensions. The effect of your withdrawal on or before October 15 of the following year is that the contribution is treated as if it had never been contributed. You are still required to withdraw the related income, and you will need to include it in your income for the year in which the contribution is made. You should discuss this special rule with your tax advisor or consult the IRS' instructions, as the rules are complicated. If you have already filed your tax return for such year, then you will need to file an amended return with "Filed pursuant to section 301.9100-2" written at the top.

The second way is to recharacterize or transfer, if permissible, the excess from the Roth IRA to a traditional IRA. The related earnings must also be transferred. If such a transfer takes place, the contribution is considered made with the transferred IRA custodian.

5.8 Must I commence distributions from my Roth IRA at age 70½? No. The required distribution rules for living accountholders (age 70½ and older) do not apply to distributions from a Roth IRA.

5.9 What happens to my Roth IRA after I die? The funds or assets in your Roth IRA will be paid to your designated beneficiaries in any way which either you or they select, as long as the required distribution rules are satisfied.

5.10 Must my beneficiary(ies) commence required distributions from my Roth IRA after my death? No, not if your surviving spouse is your sole primary beneficiary and he or she elects to treat your Roth IRA as his or her own.

Yes, if the inheriting beneficiary is not your spouse or your spouse does not elect to treat your Roth IRA as his or her own. The general rules were explained previously.

5.11 What happens if my Roth IRA is transferred incident to a divorce or due to an election to treat as own? When a Roth IRA is transferred from one spouse to another by a divorce decree or written document relating thereto, or after the death of one spouse, the transfer is not a distribu-

tion and is deemed tax free. The Roth IRA becomes the Roth IRA of the transferee as of the date of transfer, subject to all rules governing Roth IRAs.

5.12 Could my receiving Social Security and Railroad Retirement Benefits affect my eligibility to make a type of Roth contribution and the taxation of a distribution from a Roth IRA? Yes, there are rules which govern when Social Security benefits and Tier 1 Railroad Retirement benefits must be included in a taxpayer's gross income. If you receive such benefits, then you must include a portion of these benefits in your gross income if your provisional income exceeds either of two threshold amounts. Your provisional income includes modified adjusted gross income (adjusted gross income plus tax-exempt interest plus certain foreign-source income) plus 50% of your Social Security or Railroad Retirement benefit.

If your provisional income exceeds the following applicable threshold amount – \$32,000 for married taxpayers filing joint returns, \$25,000 for unmarried taxpayers and \$0 for married taxpayers filing separate returns – then you are required to include in gross income the lesser of (1) 50% of your Social Security or Railroad Retirement benefit or (2) 50% of the excess of your provisional income over the applicable threshold level.

If your provisional income exceeds the following applicable threshold amount – \$44,000 for married taxpayers filing joint returns, \$34,000 for unmarried taxpayers and \$0 for married taxpayers filing separate returns, then you are required to include in gross income the lesser of (1) 85% of your Social Security or Railroad Retirement benefit or (2) the sum of 85% of the excess of your provisional income over the applicable threshold level plus the lesser of: (a) the amount determined using the applicable threshold described in the immediately preceding paragraph or (b) \$4,500 if you are unmarried, \$6,000 if you are married and filing jointly and \$0 if you are married but are filing a separate return.

The consequence of this rule may be: (1) any taxable Social Security amounts will increase your AGI for purposes of the income limitations which apply to a Roth IRA and (2) a distribution from your Roth IRA which is partially or totally taxable could result in some of your Social Security benefits being taxable.

5.13 Special Withdrawal Rules

5.13.A Withdrawal of Current-Year Contribution(s) Before the Due Date of the

Current Year's Tax Return. If you satisfy the following two (2) requirements, you will not be taxed on the withdrawal of a contribution from your Roth IRA. First, you must withdraw the contribution by the date, including extensions, your income tax return is due. Second, any interest or other income earned by the contribution must also be withdrawn. The interest or other income earned on the excess contribution must be included in your gross income for the year in which the contribution was made, and the 10% additional tax must be paid, if applicable.

5.13.B Withdrawal of Prior Year's Excess Contribution After the Due Date of that Year's Tax Return. Even though the time for filing your income tax return has passed, you may withdraw such an excess contribution. Since you did not claim a deduction with respect to your Roth IRA contribution, you will not be taxed when the excess contribution amount is returned to you. You should be aware, however, that the IRS has not yet addressed many of the tax issues which may exist in this situation.

5.13.C Recharacterizing a Contribution. The law now permits you to elect to treat a contribution made to a Roth IRA or traditional IRA (i.e. the First IRA) as made to the other type of IRA (i.e. the Second IRA). This can be accomplished by means of a trustee-to-trustee transfer or it can be done by an internal transfer with the same trustee.

The concept is – the contribution as made to the First IRA which is being recharacterized is treated on your federal income tax return as having been originally contributed to the Second IRA on the same date and (in the case of a regular contribution) for the same taxable year that the contribution was made to the First IRA. The income is considered earned by the Second IRA. A recharacterized contribution is not treated as a rollover for purposes of the one-rollover-per-year limitation.

This election can be made only if accomplished on or before the due date (including extensions) for filing your Federal income tax return for the taxable year for which the contribution was made to the First IRA. For this purpose, an actual distribution from a traditional IRA late in a calendar year which is then rolled over to a Roth IRA (conversion method #1) in the following calendar year is treated as being contributed in the earlier calendar year.

An election to recharacterize a contribution cannot be revoked after the transfer.

In order to have a qualifying recharacterization, the net income attributable to the contribution being recharacterized must be transferred to the Second IRA. The method

used to calculate the net income is the method used to calculate the earnings associated with an excess contribution to a traditional IRA.

You cannot recharacterize employer contributions to a SIMPLE-IRA or a SEP IRA as contributions to another type of IRA.

You cannot recharacterize a contribution to the First IRA if it was a tax-free contribution (i.e. a rollover or a transfer).

The fact that a rollover or transfer (i.e. a tax-free transfer) has occurred from the First IRA to a subsequent IRA does not mean that the IRA contributor cannot recharacterize the initial contribution as long as the other rules are met. The subsequent IRA is deemed to be the first IRA for these purposes. The rollover or transfer is ignored and the recharacterization is permissible.

In order to make an election to recharacterize a contribution, you must do the following. You must notify both the custodian/trustee of the First IRA and the Second IRA that you have elected to treat the contribution as having been made to the Second IRA, instead of the First IRA for Federal income tax purposes. This notification must be furnished on the date of the transfer (i.e. simultaneously) or before the date of the transfer. The notification must also include the following information:

- Type and amount of the contribution to the First IRA that is to be recharacterized;
- The date on which the initial contribution was made;
- A direction to the custodian or trustee of the First IRA to transfer in a custodian/trustee-to-custodian/trustee transfer, the amount of the contribution plus the allocable net income to the custodian/trustee of the Second IRA;
- The name of the first trustee and the second trustee; and
- Any additional information needed to make the transfer.

5.13.D Discussion of the Special Rules Applying to Tax-Free Charitable IRA Distributions/Contributions. There were special rules for 2006-2009. These special rules have been extended for 2010 and 2011. Because of the special Roth IRA rules it was unlikely that a person would have made a charitable contribution from his or her Roth IRA. In order to qualify as a tax-free charitable contribution, the distribution had to be taxable. Withdrawing one's own Roth IRA contributions did not qualify. The withdrawal of taxable earnings from a Roth IRA would qualify, but under the ordering rules, earnings

were only withdrawn after all annual and conversion contributions had been distributed.

5.13.E Transfer Incident to Divorce and/or Election to Treat as Own. When a Roth IRA is transferred from one spouse to another by a divorce decree or written document relating thereto, or after the death of one spouse, the transfer is not a distribution and is deemed tax free. The Roth IRA becomes the Roth IRA of the transferee as of the date of transfer, subject to all rules governing Roth IRAs.

5.13.F Discussion of the Special Rules Applying to Tax-Free Transfers to Health Savings Accounts. On or after January 1, 2007, a person who is eligible to make an HSA contribution and who has funds within a traditional IRA or Roth IRA may make a special election once during their lifetime to transfer a certain amount from such IRA to their HSA. This type of special transfer is called a qualified HSA funding distribution. Such an election, once made, is irrevocable. The amount transferred in such a direct trustee-to-trustee transfer will be excluded from the person's income.

This one-time transfer rule would allow a person to change funds which would be taxable (money distributed from an IRA) to funds which will escape taxation if they are withdrawn from the HSA and used to pay qualified medical expenses.

The right allowing a person to transfer funds from an IRA to an HSA tax-free applies even when the person has inherited an IRA. When a beneficiary transfers funds from his or her inherited IRA to an HSA, such a transfer will count to satisfy his or her IRA required distribution from the inherited IRA.

The amount contributed to an HSA, when transferred from an IRA, does count against the HSA contribution limit for such year.

The maximum amount which can be transferred tax-free is determined at the time of the transfer and not later in the year. A person who is covered under a HDHP in March of 2008 may transfer from an IRA to an HSA in March the "family" amount even though later in 2008 he switches to a "single" HDHP.

The amount to be excluded is limited. It shall not exceed the annual contribution limit for single or family coverage, as applicable, as based on the HDHP coverage as of the time of the special transfer, or, in some cases, the amount of an earlier qualified HSA funding distribution. Thus, the maximum amount eligible for this spe-

cial transfer for 2008 will be \$2,900 for single coverage and \$5,800 for family coverage plus any applicable catch-up amount.

Any traditional IRA and/or Roth IRA funds may be transferred to an HSA, including non-taxable basis. However, if a person chooses to transfer his or her basis from either a traditional IRA and/or Roth IRA, the individual will not be able to carry over this basis to his or her HSA. The IRS has adopted the position that the general HSA distribution rule will be applied even if a person has transferred IRA basis into his or her HSA.

The general rule is that a person is allowed only one tax-free transfer during his or her lifetime. One means one. Therefore, if a person has two or more IRAs and wants to use amounts in multiple IRAs to make the tax-free transfer, if eligible, the individual must first make an IRA to IRA or Roth IRA to Roth IRA transfer of the amounts to be distributed into a single IRA, and then make the one tax-free transfer. A person who has both a traditional IRA and a Roth IRA will only be able to do the transfer from one or the other IRA.

A person will be able to transfer SEP-IRA or SIMPLE-IRA funds to his or her HSA only if the SEP or SIMPLE is not an "on-going" plan. That is, the transfer is permissible as long as the employer has not made an employer contribution for the plan year ending with or within the SEP-IRA or SIMPLE-IRA owner's tax year.

There are special testing period taxes if you make this special type of transfer and then end your coverage under an HDHP before a one-year time period has expired.

The testing period starts with the month in which the qualified HSA funding contribution is contributed to the HSA and ends on the last day of the 12th month following such month.

If, at any time during the testing period, you are no longer an eligible individual, then you will be penalized as follows. You will have to add to your income all contributions which had been excluded from income. This is required for the first month you become ineligible. The tax you owe will depend on what marginal tax rate applies. You will also owe an additional 10% tax.

Caution — Once the IRA funds are contributed to the HSA, there is no authority or provision in the law to recontribute the funds to the IRA. However, if the recontribution took place within the standard 60-day rollover period, it would be permissible.

5.13.G Discussion of the Special Rules Applying to Distributions to Expatriates. The Heroes Earnings Assistance and

Relief Tax Act of 2008 changed the tax laws regarding expatriation. President Bush signed this bill into law on June 17, 2008. The expatriation changes apply to any individual whose expatriation date is on or after June 17, 2008.

An expatriate is any United States citizen who relinquishes his or her citizenship and any long term resident of the United States who ceases to a lawful permanent resident. An individual's expatriation date is the date he or she relinquishes citizenship or ceases being a permanent resident. A covered expatriate, in general, is an expatriate who meets the requirements of subparagraphs (A), (B), or (C) of Internal Revenue Code section 877(a)(2). However, there are exceptions where such a person is not treated as a covered expatriate. An individual will need to consult with his or her attorney or tax advisor.

There are special tax rules applying to IRA accounts and other tax preferred accounts. Any IRA of a covered expatriate is deemed totally distributed on the day before his or her expatriation date. The 10% early distribution tax does not apply. There are to be appropriate adjustments made with respect to subsequent distributions from the account to reflect the deemed distribution. Special withholding rules apply.

5.14 Special Taxes that Apply Even Though No Distribution.

5.14.A Six Percent Excise Tax on Excess Contributions. You must pay a 6% excise tax each year on excess amounts that remain in your Roth IRA. The tax cannot be more than 6% of the value of your Roth IRA as of the end of the tax year. In general, an excess contribution is the amount paid to your Roth IRA which exceeds your contribution limit (lesser of 100% of compensation or the applicable contribution limit) or which is an improper rollover amount.

If the excess contribution is made for the current tax year, you will not have to pay the 6% excise tax if you withdraw or eliminate the excess amount by the date, including extensions, your tax return is due for the current year.

If the excess contribution is attributable to a prior year, you will not have to pay the 6% excise tax if you withdraw or eliminate the excess by December 31 of the current year. The carryback concept does not apply in this situation.

5.14.B Fifty Percent Excise Tax on Excess Accumulations Within an Inherited Roth IRA. There is a 50% excise tax on any excess accumulations which occur within your Roth IRA after your death if your beneficiary(ies) do not comply with the required distribution rules. An excess accumulation

is the difference between the amount actually distributed to your beneficiary, and the amount required to be distributed as explained in Disclosure Statement Section 4.7.

5.15 Form 5329 – Reporting Requirements when an Excise Tax applies. If you or your beneficiary(ies) owe the 6% excise tax on an excess contribution, the 10% additional tax on premature distributions or the 50% excise tax for failing to satisfy the minimum distribution requirements, you or your beneficiary(ies) must file IRS Form 5329. If you only owe the 10% additional tax for premature distributions, and the payer properly shows the correct code on the Form 1099-R, you may not have to file Form 5329. See the instructions for Form 5329 for more information. You may be required to file Form 5329 even though your income level would not otherwise require the filing of an income tax return (i.e. Form 1040 or 1040A). If you engaged in a prohibited transaction and you were under age 59½ as of the first day of the year, then you must report the entire Roth IRA's value as of such day as being distributed.

5.16 Reporting Requirements for a Roth IRA. You do inform your Roth IRA custodian or trustee that you are making a Roth IRA contribution. However, the IRS has adopted the approach that you are not required to file the Form 8606 with the IRS in order to determine your year-end basis. The IRS has included worksheets within the instructions for the Form 8606 which you can use to determine your basis. You are not required to file the Form 8606 only to report a change in your basis because you have made a contribution. However, the IRS does generally require you to file the Form 8606 for a given tax year if any of the following apply: (1) you receive a distribution from your Roth IRA; (2) you convert funds from a traditional IRA, SEP IRA or SIMPLE-IRA to a Roth IRA; (3) you recharacterize amounts that were converted to a Roth IRA; or (4) you have a recharacterization involving a Roth IRA contribution. You should review the IRS' instructions for the Form 8606 each year to see if the IRS has changed the filing requirements for the Form 8606.

5.17 RMDs for Beneficiaries of an Inherited Roth IRA Arising from a Direct Rollover from a Designated Roth Account with in a 401(k) Plan or Other Eligible Employer Retirement Plan (ERP)

On or after January 1, 2007, if you are a nonspouse beneficiary of a deceased plan participant, then you will be able to directly roll over your designated Roth account inherited funds into a new type of inherited Roth IRA, if the plan is amended to autho-

alize such a direct rollover. Prior to 2007, a nonspouse beneficiary of a pension plan participant was unable to roll over such inherited funds. He or she was required to take distributions from the pension plan as the plan stipulated.

You will be required to take required distributions from this new type of inherited Roth IRA. The IRS has adopted the approach that the inherited Roth IRA established to receive the direct rollover must apply the same required distribution rules as set forth in the ERP. That is, if the ERP mandated that the 5-year rule applies, then the 5-year rule must be applied by the Roth IRA, unless a special election has been made to use the life-distribution rule. If the ERP mandated the life-distribution rule, then the life-distribution rule must be applied by the Roth IRA.

Special rule and election. If the 5-year rule applies, the nonspouse beneficiary may elect to use the life-distribution rule rather than the 5-year rule. There are two requirements. First, the funds must be directly rolled over before the end of the year following the year of death. Secondly, the life-distribution rule must be determined using the same nonspouse beneficiary. Note that the amount ineligible to be directly rolled over includes the required distribution amount for any prior year and current year to the extent not distributed.

6. Summary of Contractual Terms

6.1 You must refer to your savings or time deposit agreement(s) for the terms which govern the investment of your Roth IRA deposits, including an early withdrawal penalty or fee for taking a distribution prior to maturity, if applicable.

6.2 You have the right to designate a beneficiary or beneficiaries to inherit your Roth IRA account. Refer to Section 1.6 of Article IX so that you can understand the rules and procedures.

6.3 You do not have any ability to assign your rights in this Roth IRA.

6.4 We may charge fees as set forth in section 2.6 of Article IX.

6.5 We may amend the terms of this Roth IRA from time to time to comply with law changes. If we amend it for any other reason, such amendment becomes effective 30 days after we have sent our notice of amendment to you.

6.6 You are to refer to Article IX for the following topics: withdrawals, withholding rules, reporting errors, changes in the Roth IRA custodian or trustee, good faith payments, termination and resignation of the IRA custodian or trustee, withholding pay-

ments and resolution of disputes, transfer and rollovers and payment of taxes.

7. Miscellaneous

7.1 Approved as to Form. Your Roth IRA has been approved as to form for use as a Roth IRA by the IRS. This approval as to form does not represent a determination of the merits of such Roth IRA or its investments.

7.2 Further Roth IRA Information. You may obtain further information about Roth IRAs from any district office of the IRS. IRS Publication 590 discusses all types of IRAs, including Roth IRAs, very thoroughly.

7.3 Financial Disclosure Information. You are to refer to the application page, and the Financial Disclosure Information Section, on the last page of this plan document, for this information.

7.4 Administrative Fees or Costs. We have the right to charge service fees as indicated in Article IX.

7.5 FDIC Insurance Coverage Limits. In 2006 FDIC insurance coverage increased from \$100,000 to \$250,000 for IRAs and certain other retirement accounts. If the custodian of your Roth IRA is an insured bank or savings and loan or similar entity, then your Roth IRA funds are insured separately from other deposit accounts within that financial institution pursuant to the Federal Deposit Insurance Act, up to \$250,000. For FDIC purposes, the insured institution must belong to the Deposit Insurance Fund. Any IRA, most eligible deferred compensation plans described in section 457 of the Internal Revenue Code, a Keogh plan as described in Code section 401(d) and any individual account plan as defined in section 3(34) of ERISA shall be aggregated and insured in an amount not to exceed \$250,000 per participant per insured depository institution. This aggregation requirement applies to a Keogh plan or an individual account plan only when the participant has the right to direct the investment of his or her account.

Deposits of a Roth IRA, traditional IRA, SEP-IRA and SIMPLE-IRA must be aggregated to count against the \$250,000 coverage limit. Amounts in excess of \$250,000 are not insured.

Financial Disclosure Information

General Explanation

An IRS regulation requires that you receive certain financial information with respect to the establishment of your Roth IRA. You are entitled to be given a projec-

tion table which will approximate the account balance that would be available to you if you withdrew your Roth IRA funds after the following accumulation periods: at the end of the first five years and at the end of the years you reach ages 60, 65 and 70.

The design of this form allows us, as the Roth IRA custodian/trustee, to furnish you the required financial projection using one of two methods: (1) pre-completed projection charts; or (2) a special attachment. Refer to the Application Page to see which one of the two methods we elected to use. Whichever method is used, the amounts shown in the applicable schedules are projections only.

The projection schedules as set forth illustrate a projection of the amounts that would be available to you if you were to withdraw your Roth IRA funds at the designated times. These amounts were calculated using the following important assumptions: (1) level annual contributions of \$1,000 will be made on the first day of each year for annual contributions, or for rollover contributions, a single contribution of \$1,000 is made on the first day of the year, (2) you will withdraw in a single sum, the entire amount at the designated times; and (3) your contribution is invested in a fixed-term time deposit of the custodian with a 12-month term and interest accumulates at the rate indicated on the application (The Projection Schedules).

The amounts shown in the applicable schedules are projections only. These amounts are not guaranteed. It has been assumed for these projections that the Roth IRA custodian/trustee will not waive any penalty for early withdrawal of a certificate account after you reach age 59½. It has also been assumed that upon maturity, each certificate account is renewed for the same term and at the same rate of earnings. The actual amount available to you will depend upon many factors such as the actual amount of your contributions, future interest rates, and the terms of future investment instruments. Note that your actual time deposit may earn interest at a variable rate, but for projection purposes it is reasonable to assume that interest will be paid on a fixed rate.

The Projection Schedules

The projection schedule you are to refer to depends upon whether your contribution was an annual or a rollover contribution, and the method used to calculate an interest penalty, if any, for the early surrender of a time deposit. You must refer to the proper table. There are a total of 4 tables. You will need to refer to your Roth IRA investment for the method of compounding and to determine the interest penalty.

To determine the amount available after each of the first five years, simply refer to years one through five in the appropriate table. To determine the amount available for the years you reach ages 60, 65, and 70, refer to the appropriate table using your age. Note that there are two columns. One reflects the amount available if there is no interest penalty for the early surrender of a time deposit. The second reflects the amount available if the penalty equals a loss of six months of simple interest.

Check the applicable table—annual versus rollover and then the applicable interest penalty.

Instruction & Authorization to Transfer Roth IRA Funds

Purpose. This Roth IRA Transfer Form is to be used to transfer funds from one Roth IRA to another Roth IRA. This Form is not to be used to transfer funds from a SIMPLE-IRA to another SIMPLE-IRA, a SIMPLE-IRA to a traditional IRA, or a traditional IRA to a traditional IRA. If your institution is the successor custodian/trustee which will receive the transfer, then you and your accountholder will need to complete this transfer form and furnish it to the current custodian/trustee. If your institution is the current custodian/trustee which will transfer the Roth IRA funds, then you will need to have the Roth IRA accountholder and the successor custodian/trustee complete this transfer form and return it to you.

Current Custodian/Trustee

Name _____
Address _____
City/State/Zip _____

Roth IRA Accountholder

Name _____
Address _____
City/State/Zip _____
SSN _____ Account # _____

I. Instructions from Roth IRA Accountholder to Current Custodian/Trustee

I instruct you to transfer my Roth IRA funds to the successor custodian/trustee as named below. I want all assets as listed below to be transferred pursuant to the following instructions.

- Liquidate and transfer all my account assets or
- Liquidate and transfer the assets listed as they mature.
Account #: _____ Maturity Date: _____
Account #: _____ Maturity Date: _____
Account #: _____ Maturity Date: _____

- Transfer assets "in kind" as listed here: _____

I understand that I have instructed you to liquidate certain assets. I am aware of the penalties, losses, or fees, if any, which will result from this transfer instruction. You are to send a check payable to the successor custodian/trustee on behalf of my Roth IRA. I certify that I have established a Roth IRA with this custodian/trustee.

Signature of Roth IRA Accountholder: _____  Date: _____ 

II. Successor Custodian/Trustee's Acceptance of Appointment and Instruction to Current Custodian/Trustee

We hereby advise the current custodian/trustee that we will accept the transfer of the above-referenced Roth IRA accountholder's Roth IRA assets. We have agreed to act as the successor custodian/trustee. We certify that the accountholder has a Roth IRA with us which meets the requirements of Code section 408A. Our name and address are set forth below.

The transfer is to be sent to the attention of:
Name _____
Attention _____
Address _____
City/State/Zip _____

Authorized Signature of Successor Custodian/Trustee: _____ Date: _____

III. Acknowledgment of Current Custodian/Trustee and Instruction to Roth IRA Accountholder

We have received your request to transfer your Roth IRA funds to a successor Roth IRA custodian/trustee. We agree to do so as long as you and the successor custodian/trustee have completed and signed this form.

Signature of Current Custodian/Trustee: _____ Date: _____





FEE SCHEDULE AND DISCLOSURE

ESTABLISHMENTS FEES

Account set up (Plus re-registration cost, if any) \$250

ASSET BASED FEE (Marginal Rate Schedule)

(Minimum \$325, Maximum \$2,000)
Annual Fees

Net Asset Value	Fee	
\$0 to \$99,999	0.00500	Plus
\$100,000 to \$199,999	0.00400	Plus
\$200,000 to \$299,999	0.00300	Plus
\$300,000 to \$399,999	0.00200	Plus
\$400,000 to \$599,999	0.00125	Plus
\$600,000 and up	0.00100	Plus

ACTIVITY FEES

- Wire Transfers: \$50
- Roth Conversion: \$75
- Consulting fee for legal research or extraordinary services: \$300/hr
- Research / Executive service \$85/hr
- Nevis LLC Set up \$2,850
- Non-US LLC Set up May vary by jurisdiction
- Domestic LLC Set up \$1500

TERMINATION FEES

- Partial or Full termination of Services: 0.0050 x amt transferred Min. \$250 Max. \$1,250.00

*Charges by third parties are charged in addition to fees above. **Minimum Cash of \$1,000.00 required at all times.***
Please note: any cash transfers to IRA Custodian made by check will be subject to an eleven business (11) clearing period before funds are available to invest.

I have read and understand the fees listed in this schedule and authorize deduction of fees, costs and expenses related to the operation of my account. I also understand that this schedule may be amended from time to time without notice. Interest will not be paid on the holding account. I understand that the non-payment of fees can result in the termination and distribution of my account. Fees are billed to my account and can be paid by separate check. However, separate invoices will not be sent. Any alternation of this or any agreement or document will not be accepted. If a change of any terms of services, fees, etc. is agreed upon, all parties must expressly agree to such changes in a separate addendum signed by all appropriate parties. ½ hour of consulting with Mr. Grossman is included.

Accountholder's Signature _____ SIGN HERE Date _____

TO: Sunwest Trust, Inc.

Date: _____

RE: IRA Accountholder _____

I authorize _____ to discuss my account and obtain any information necessary; however, no investments shall be made on my behalf without my signature.



(IRA Accountholder)

By checking this box I further give the above person or company internet access to my account.

By checking this box I do not give my permission for the above person or company to have internet access to my account.



Self-Directed IRA Account Holder Disclosure And Hold Harmless

Important! This form contains important disclosures about your duties and responsibilities with regard to opening a Self-Directed Individual Retirement Account with Sovereign International Pension Services, (SIPS), Inc. as your IRA Administrator. **You are responsible for the investment of all assets within your account. These investments may involve a high-degree of risk and SIPS will make no investigation as to the viability or safety of the investments that you select. Read this entire form carefully before you complete and sign it! By signing this form you consent to all terms and provisions shown on all pages.**

Accountholder _____
Address _____
City/State/Zip _____
SSN _____
Phone Number _____
Email Address _____

By this document and a Traditional/Roth plan agreement I am naming SIPS IRA Administrator for my self-directed IRA. In directing this action I hereby make the following certifications in accordance with my Self-Directed Custodial Account Application:

1. I understand the requirements put forth by the IRS to establish an IRA and certify that I am eligible to establish a Traditional/Roth IRA. Furthermore, SIPS shall not advise me as to the deductibility or non-deductibility of any contributions to my account and such responsibility remains solely with me. Furthermore, the reporting of my contributions and how such contributions are handled is my exclusive responsibility. SIPS shall not advise me on the reporting and handling of contributions.
2. I understand that my Account is self-directed. This means that I am responsible for the selection, management, and retention of all investments held within my Account. I understand that SIPS shall not provide investment advise or recommendations, and that SIPS is not a "fiduciary" for my Account as such term is defined in the Internal Revenue Code ("IRC"), ERISA, Blacks Legal Dictionary or any other applicable federal, state or local laws.
3. It is my sole and exclusive responsibility to manage the investment held within my Account, and that SIPS shall follow any investment directions given by me or my Designated Representative, (if I have appointed one), regardless of the nature of the investment. SIPS shall have no duty to monitor the performance of any investment held within my Account. SIPS shall not and has no duty to conduct a due diligence review of any investment or make any investigations with regard to any investment, any issuer or sponsor of any investment, or any officer, director, or other person or entity involved or affiliated with my investments. SIPS shall not review the prudence, viability or merits of any of my investments.
4. If my Designated Representative or any other financial representative suggest that I retain SIPS services as IRA Administrator for investments made through my Account, that such person is not in any way an agent, employee, representative, or affiliate of SIPS. SIPS is not responsible

for and is not bound by any representations, warranties, statements or agreements made by my Designated Representative or any financial representative beyond the terms and provisions contained in my SIPS, Inc. IRA Administrator Account Agreement and other SIPS forms and/or documents. SIPS shall not and has not made any recommendation or investigation with respect to my Designated Representative or any financial representative. SIPS shall not compensate my Designated Representative or financial representative in any manner.

5. SIPS shall not make any determination as to whether an investment is acceptable under ERISA, the IRC, or any other applicable federal, state or local laws, including securities laws. It is my sole and exclusive responsibility to review any investments to ensure compliance with the above requirements and to avoid the occurrence of any prohibited transactions in my Account arising out of my investments. I understand that I should have all investments reviewed by my attorney and/or tax advisor prior to directing SIPS to process any transaction on behalf of my account.

6. I understand that certain transactions are prohibited for tax-exempt retirement arrangements under IRC Section 4975. I further understand that the determination of whether the transactions directed by me within my account are prohibited transactions depends upon the facts and circumstances that surround each transaction. SIPS shall not make a determination as to whether any transaction directed by me is a prohibited transaction. It is solely my responsibility to consult with advisors as I deem necessary and appropriate, and I warrant to SIPS that the investments directed by me are not prohibited transactions as defined in IRC Section 4975. I understand that I may not invest with a "disqualified person" as defined in IRC Section 4975 or a "party in interest" as defined in IRC Section 4975. I understand that should my Account engage in a prohibited transaction, then a taxable distribution equal to the fair market value on my Account may result and certain penalties may be incurred. I further understand that if such a deemed distribution takes place prior to my attaining 59 1/2, an additional premature distribution excise tax may be imposed.

7. I cannot make investments in my Account without having the liquid funds to cover the amount equal to the investment in my Account. In addition, if any investment contains provisions for future contractual payments or assessments, including margin calls, such payments or assessments shall be borne solely by my Account to the extent such payment is authorized by me or my Designated Representative, and may reduce or exhaust the value of my Account. I shall indemnify SIPS for any and all payments or assessments which may result from holding the investment within my Account, and that SIPS shall be under no obligation whatsoever to extend credit to my Account or otherwise disburse payment beyond the cash balance of my Account for any payment or assessment related to the investment.

8. If the investment contains any administrative requirements or duties beyond SIPS capabilities or expertise, then I shall retain suitable agents or counsel necessary to perform such duties and deliver written service agreements from such agents or counsel, acceptable to SIPS, for execution on behalf of my account.

9. SIPS shall not be responsible nor have any duty to notify me or to forward to me any notices, proxies, assessments or other documents received by SIPS on behalf of my investments, unless I, or my Designated Representative request each document in writing.

10. I shall provide payment instructions to SIPS regarding any invoice, assessment, fee or any other disbursement notification received by SIPS on behalf of my investments, and SIPS has no duty or responsibility to disburse any payment until such instructions are received from me, or my Designated Representative.

11. If I direct SIPS to purchase a debt instrument as an investment, I shall enter into an escrow servicing agreement with a third-party Agent on a form acceptable to SIPS, or be my own agent

in order to administer the terms of the note on behalf of my account. I agree to notify SIPS as IRA Administrator of my account.

12. If any of the investments I purchase for my account are limited partnerships or limited liability companies, I understand that such investments may generate Unrelated Business Taxable Income, or "UBTI". If the UBTI attributable to my Account exceeds \$1,000 for any taxable year, an IRS Form 990-T must be filed along with the appropriate amount of tax, payable from the assets of my account. SIPS shall not monitor the amount of UBTI in my Account and shall not prepare a Form 990-T. If the tax is applicable, I shall prepare, or have prepared, the proper 990-T tax form and forward it to SIPS, along with authorization to pay the tax from my Account. If I am required to file IRS Form 990-T with regard to any UBTI, I must utilize an Employer Identification Number ("EIN"). I shall not use SIPS EIN or my own social security number. I understand that I must apply for my own EIN prior to or in conjunction with requesting SIPS to pay any taxes I may owe with regard to any UBTI that might be incurred.

13. SIPS shall not and has no duty or responsibility to monitor the performance of my investments or actions of the sponsor. SIPS shall not monitor nor have a duty to monitor the sufficiency or adequacy of my actions or duties or those of my heirs, successors, agents or assigns. SIPS shall not monitor the acts of any paid consultant to whom SIPS may have contractually delegated any duties or responsibilities pursuant to my directions or the directions of my Designated Representative.

14. I understand that SIPS must have an annual market value or good faith estimate (via an independent appraisal) of the value for all investments in my account and I shall provide such market value or good faith estimate. If I do not provide SIPS with an annual market value or good faith estimate, SIPS may distribute that investment in-kind to me, in its sole discretion, at either the original acquisition cost or the last known value.

15. I shall be responsible for any and all collection actions, including contracting with a collection agency or instituting legal action, and bringing any other suits or actions which may become necessary to protect the rights of my Account as a result of the operation or administration of my investments. Any and all legal filings made on behalf of my investments are to be made in the name of Sunwest Trust Custodian for the Self-Directed IRA of (my Name)." I shall not institute legal action on behalf of my investments without SIPS written consent to litigate and that I shall prosecute any legal action. I agree that any such legal action will be carried out in a manner that does not cause SIPS to incur any costs or legal exposure.

16. SIPS shall not guarantee any investment(s) held within my Account. I understand that my investments may lose value.

17. SIPS does not provide legal or tax advice. If legal, accounting, investment, or other similar expert assistance is required; the services of a competent professional should be sought and I hereby acknowledge neither SIPS nor its agents are engaged in rendering legal, accounting, investment, or other professional services.

18. SIPS shall not be liable for the fraudulent conduct and/or negligence of a third party. I shall hold SIPS harmless from all losses that occur in my account wherein the purchase of the investment was made pursuant to my or my Designated Representative's direction. All claims arising from or relating to this Agreement shall be brought in a Florida court of competent jurisdiction with sole and exclusive venue in Pinellas County, Florida. The parties to this Agreement waive any and all right of a trial by jury as to any dispute arising between the parties, including but not limited to disputes arising from or relating to this Agreement. I waive all claims for punitive damages and such damages shall not be sought nor are recoverable for any dispute arising between the parties. The prevailing party to any claim arising from or relating to this Agreement shall recover all its reasonable fees and costs.

PROHIBITED TRANSACTIONS-SUMMARY

Below is a summary of the Internal Revenue Code Section 4975 and IRS publication 590 regarding IRA prohibited transactions and disqualified persons. This is a summary and not a comprehensive reproduction of both the Code and the publication. Before making an IRA investment, you should consult a tax professional to be certain you are not entering into a prohibited transaction, which could disqualify your entire IRA..

General Statement: A prohibited transaction is any improper use of your IRA by you, your beneficiary, or any disqualified person.

Section 4975 (c) prohibited transactions include but are not limited to any direct or indirect -
a) sale or exchange, or leasing, of any property between a plan and a disqualified person;
b) lending of money or other extension of credit between a plan and a disqualified person;
c) furnishing of goods, services, or facilities between a plan and a disqualified person;
d) transfer to, or use by or for the benefit of, a disqualified person of the income or assets of a plan.

Disqualified person: your fiduciary, any members of your family including spouse, ancestor, lineal descendant, and any spouse of a lineal descendant.

Remember that your IRA is fully self-directed. You are responsible for the selection, management, and retention time of your investment. SIPS will accept a direction of investment from you for any asset not specifically prohibited by the IRS. If you have any questions regarding any transaction in your IRA, seek help from a tax professional before instructing SIPS.

I acknowledge that I have sole responsibility for directing the investments of my Account. I understand that SIPS may perform administrative review on any of my investments to determine if the investments are feasible for SIPS to maintain appropriate records as to each investment. I acknowledge, however, that SIPS will not perform a due diligence review, and will not undertake any investigation as to the prudence, viability, merits, or suitability of any investment in my Account. I agree to hold SIPS harmless from any liability for any loss, damage, injury, or expense that may occur as a result of the execution of my direction of investment.



SIGN HERE

Accountholder's Signature Date

By my signature I acknowledge that I have read and understand this Account Holder Disclosure and Hold Harmless agreement and specifically acknowledge that I have read and understand the Prohibited Transactions summary of this document.



Self-Directed IRA Account Holder Disclosure And Hold Harmless

Important! This form contains important disclosures about your duties and responsibilities with regard to opening a Self-Directed Individual Retirement Account with Sunwest Trust, Inc. as your custodian. **You are responsible for the investment of all assets within your account. These investments may involve a high-degree of risk. Sunwest Trust will make no investigation or conduct due diligence reviews as to the viability or safety of the investments that you select. You should seek the advice of legal counsel and other professional advisors with respect to your investments. Read this entire form carefully before you complete and sign it! By signing this form you consent to all terms and provisions shown on all pages.**

Accountholder _____

Address _____

City/State/Zip _____

SSN _____

Phone Number _____

Email Address _____

By this document and a Traditional/Roth plan agreement, I am naming Sunwest Trust, Inc. custodian for my self-directed IRA. In directing this action, I hereby make the following certifications in accordance with my Sunwest Trust, Inc. custodial account agreement:

1. I understand the requirements put forth by the IRS to establish an IRA and certify that I am eligible to establish a Traditional/Roth IRA. Furthermore, I understand that it is not the responsibility of Sunwest Trust to advise me as to the deductibility or non-deductibility of any contributions to my account. The reporting of my contributions and how they are handled are completely up to me.

2. I understand that my Account is self-directed. This means that I am responsible for the selection, management, and retention of all investments held within my Account. I understand that Sunwest Trust is in no way responsible for providing investment advice or recommendations, and that Sunwest Trust is not a "fiduciary" for my Account as such term is defined in the Internal Revenue Code ("IRC"), ERISA, Financial Institutions Division of the State of New Mexico, Blacks Legal Dictionary or any other applicable federal, state or local laws.

3. I understand that it is my sole responsibility to manage the investment held within my Account, and that Sunwest Trust has no responsibility to question any investment directions given by me or my Designated Representative, (if I have appointed one), regardless of the nature of the investment. I understand that Sunwest Trust is in no way responsible for monitoring the performance of the investment held within my Account.

I understand that Sunwest Trust will not conduct a due diligence review of any investment, nor will Sunwest Trust make any investigations with regard to any investment, any issuer or sponsor of any investment, or any officer, director, or other person or entity involved or affiliated with my investments. I understand that Sunwest Trust will not review the prudence, viability or merits of any of my investments.

4. I understand that, if my Designated Representative or any other financial representative suggested that I retain Sunwest Trust's services as custodian for investments made through my Account, such person is not in any way an agent, employee, representative, or affiliate of Sunwest Trust. I acknowledge that Sunwest Trust is not responsible for and is not bound by any representations, warranties, statements or agreements made by my Designated Representative or any financial representative beyond the terms and provisions contained in my Sunwest Trust, Inc. Custodial Account Agreement and other Sunwest Trust forms and/or documents. I further understand that Sunwest Trust has not made and will not make any recommendation or investigation with respect to my Designated Representative or any financial representative, nor does Sunwest Trust compensate my Designated Representative or financial representative in any manner.

5. I understand that Sunwest Trust does not make any determination as to whether an investment is acceptable under ERISA, the IRC, or any other applicable federal, state or local laws, including securities laws. I acknowledge that it is my responsibility to review any investments to ensure compliance with the above requirements and to avoid the occurrence of any prohibited transactions in my Account arising out of my investments. **I understand that I should have all investments reviewed by my attorney and/or tax advisor prior to directing Sunwest Trust to process any transaction on behalf of my account.**

6. I understand that certain transactions are prohibited for tax-exempt retirement arrangements under IRC Section 4975. I further understand that the determination of whether the transactions directed by me within my account are prohibited transactions depends on the facts and circumstances that surround each transaction, and I understand that Sunwest Trust makes no determination as to whether any transaction directed by me is a prohibited transaction. I understand that it is solely my responsibility to consult with advisors as I deem necessary and appropriate, and that I will warrant to Sunwest Trust that the investments directed by me are not prohibited transactions as defined in IRC Section 4975. I understand that I may not invest with a "disqualified person" as defined in IRC Section 4975 or a "party in interest" as defined in IRC Section 4975. I understand that should my Account engage in a prohibited transaction, a taxable distribution equal to the fair market value on my Account will result and certain penalties may be incurred. I further understand that if such a deemed distribution takes place prior to my attaining 59 1/2, an additional premature distribution excise tax may be imposed.

7. I understand that I cannot make investments without having the liquid funds in my Account. In addition, if any investment contains provisions for future contractual payments or assessments, including margin calls, I acknowledge that such payments or assessments shall be borne solely by my Account to the extent such payment is authorized by me or my Designated Representative, and may reduce or exhaust the value of my Account. I further agree to indemnify Sunwest Trust for any and all payments or assessments which may result from holding the investment within my Account, and I understand that Sunwest Trust shall be under no obligation whatsoever to extend credit to my Account or otherwise disburse payment beyond the cash balance of my Account for any payment or assessment related to the investment.

8. I understand that if the investment contains any administrative requirements or duties beyond Sunwest Trust's normal and customary services, then I agree to seek out suitable agents or counsel necessary to perform such duties and deliver written service agreements acceptable to Sunwest Trust for execution on behalf of my account.

9. I understand that Sunwest Trust has no responsibility or duty to notify me or to forward to me any notices, proxies, assessments or other documents received by Sunwest Trust on behalf of my investments, unless I, or my Designated Representative, request each such document in writing.

10. I agree to furnish payment instructions to Sunwest Trust regarding any invoice, assessment, fee or any other disbursement notification received by Sunwest Trust on behalf of my investments, and I understand that Sunwest Trust has no duty or responsibility to disburse any payment until such instructions are received from me, or my Designated Representative.

11. If I direct Sunwest Trust to purchase a debt instrument as an investment, I agree to enter into an escrow servicing agreement with a third-party Agent on a form acceptable to Sunwest Trust or to be my own agent in order to administer the terms of the note on behalf of my account. I understand that should I choose Sunwest Trust Escrow Services as my third-party agent it is still my responsibility to monitor the timeliness of payments and collection of payments. If I elect to renew or re-negotiate the terms of my instrument, I agree to notify Sunwest Trust as escrow agent and Sunwest Trust as custodian of my account.

12. If any of the investments I purchase for my account are limited partnerships or limited liability companies, I understand that such investments may generate Unrelated Business Taxable Income, or "UBTI". I further understand that, if the UBTI attributable to my Account exceeds \$1,000 for any taxable year, an IRS Form 990-T tax form must be filed along with the appropriate amount of tax, payable from the assets of my account. I understand that Sunwest Trust does not monitor the amount of UBTI in my Account and does not prepare Form 990-T. If the tax is applicable, I agree to prepare, or cause to have prepared, the proper 990-T tax form and forward it to Sunwest Trust, along with authorization to pay the tax from my Account. If I am required to File IRS Form 990-T with regard to any UBTI, I understand that I must utilize an Employer Identification Number ("EIN"). I will not use Sunwest Trust's EIN or my own social security number. I understand that I must apply for my own EIN prior to or in conjunction with requesting Sunwest Trust to pay any taxes I may owe with regard to any UBTI that might be incurred.

13. I understand that Sunwest Trust has no duty or responsibility to monitor the performance of my Investments or actions of the sponsor, nor to monitor the sufficiency or adequacy of my actions or duties or those of my heirs, successors, agents or assigns, and Sunwest Trust will not be required to monitor the acts of any paid consultant to whom Sunwest Trust may have contractually delegated any duties or responsibilities pursuant to my directions or the directions of my Designated Representative.

14. I understand that Sunwest Trust must have an annual market value or good faith estimate (via an independent appraisal) of the value for all investments in my account and that it is my responsibility to provide such market value or good faith estimate. I further understand and acknowledge that if Sunwest Trust has not been provided with an annual market value or good faith estimate, Sunwest Trust may distribute that Investment in-kind to me at either the original acquisition cost or the last known value.

15. I agree to be responsible for any and all collection actions, including contracting with a collection agency or instituting legal action, and bringing any other suits or actions which may become necessary to protect the rights of my Account as a result of the operation or administration of my investments. I understand that any legal filings made on behalf of my investments are to be made in the name of "Sunwest Trust, Inc. Custodian for the Self-Directed IRA of (my Name)." I agree that I shall not institute legal action on behalf of my investments without Sunwest Trust's written consent to litigate and that I shall prosecute any legal action at my own expense, including payment of attorney's fees and court costs. I agree that any such legal action will be carried out in a manner that does not cause Sunwest Trust to incur any costs or legal exposure. I hereby agree to indemnify Sunwest Trust for any loss, cost or expense, including attorney's fees that it may incur in any collection activity or legal proceeding.

16. I understand that should I choose to invest in precious metals it is my responsibility to perform adequate due diligence on the broker I choose to invest with and that the investment I make is an acceptable investment according to IRC 4975. Precious metal accounts are subject to additional fees due to storage costs.

17. I understand that Sunwest Trust, Inc. reserves the right to liquidate any and/or all investments in my account in order to satisfy any outstanding fees owed to Sunwest and that Sunwest may also at their discretion distribute my account to me due to non-payment of fees. The account will be distributed at the FMV as reflected on my latest Sunwest account statement and I may have a tax liability because of this distribution, however, I agree to hold Sunwest Trust, Inc. harmless of said liability.

18. I understand that all investments held within my Account are not guaranteed by Sunwest Trust and that my investments may lose value.

PROHIBITED TRANSACTIONS-SUMMARY

Below is a summary of the Internal Revenue Code Section 4975 and IRS publication 590 regarding IRA prohibited transactions and disqualified persons. This is a summary and not a comprehensive reproduction of both the Code and the publication. Before making an IRA investment, you should consult a tax professional to be certain you are not entering into a prohibited transaction which could disqualify your entire IRA.

General Statement: A prohibited transaction is any improper use of your IRA by you, your beneficiary, or any disqualified person.

Section 4975 (c) prohibited transactions include but are not limited to any direct or indirect -

- a) sale or exchange, or leasing, of any property between a plan and a disqualified person;*
- b) lending of money or other extension of credit between a plan and a disqualified person;*
- c) furnishing of goods, services, or facilities between a plan and a disqualified person;*
- d) transfer to, or use by or for the benefit of, a disqualified person of the income or assets of a plan.*

Disqualified person: your fiduciary, any members of your family including spouse, ancestor, lineal descendant, and any spouse of a lineal descendant.

*Remember that your Sunwest Trust, Inc. IRA is fully self-directed. **You are responsible for the selection, management, and retention time of your investment.** Sunwest Trust, Inc. will accept a direction of investment from you for any asset not specifically prohibited by the IRS. If you have any questions regarding any transaction in your IRA, seek help from a tax professional before instructing Sunwest Trust, Inc.*

ARBITRATION AGREEMENT

In the event a claim or dispute of any kind or nature arises between the Depositor and Custodian, including the scope of this arbitration clause, it shall be resolved by arbitration conducted in Albuquerque, New Mexico, as follows:

a). either party may submit the matter to arbitration by serving a complaint on the other party that sets forth the nature of the claim. Service may be made by certified mail to the designee. The parties shall mutually select an arbitrator who shall be a retired judge or an attorney licensed to practice law in the state of New Mexico, and shall have not less than ten years of experience in servicing as arbitrator or judge in disputes or litigation concerning the subject matter of the dispute.

b). the arbitrator shall conduct an evidentiary hearing and issue a final award within 180 days of his or her appointment. The arbitrator shall be bound to follow and apply the substantive law of the state of New Mexico, and the procedural and evidentiary rules of the state of New Mexico in effect at the time of any arbitration proceeding hereunder.

c). the arbitrator shall award reasonable attorney's fees and costs of arbitration to the prevailing party.

d). If the parties cannot agree upon the appointment of an arbitrator, either party may file a petition in the Second Judicial District Court to appoint an arbitrator.

I acknowledge that I have sole responsibility for directing the investments of my Account. I understand that Sunwest Trust may perform administrative review on any of my investments to determine if the investments are feasible for Sunwest Trust to maintain appropriate records as to each investment. I acknowledge, however, that Sunwest Trust will not perform a due diligence review, and will not undertake any investigation as to the prudence, viability, merits, or suitability of any investment in my Account. I agree to hold Sunwest Trust harmless from any liability for any loss, damage, injury, or expense which may occur as a result of the execution of my direction of investment.

SIGN HERE

Accountholder's Signature

Date

By my signature I acknowledge that I have read and understand this Account Holder Disclosure and Hold Harmless Agreement and specifically acknowledge that I have read and understand the Prohibited Transactions summary on page four of this document.

To help us manage our advertising efforts, please let us know how you heard about Sunwest Trust, Inc.

Internet _____

Telephone Book _____

TV _____

Referral from a friend _____

Referral from _____

Other _____

Confidential Client Profile Questionnaire

Client Information:

Client Name: _____ Client SSN # / Tax ID # _____

DOB: _____ Email Address: _____

Drivers License or Passport # _____ If Drivers License, state of issue _____

Mailing Address: (Where Fed Ex can be delivered)

County _____

Home Phone: _____ Business: _____

Fax: _____ Mobile: _____

US Citizen: Yes No

Marital Status: Single Married Divorced Widowed

Number of Dependents _____

Employer: (If retired, mark retired and skip this section)

Employer Address

Employer Phone

Occupation:

Information About The Account You Are Transferring From: (Please include a copy of your most recent statement). _____

Title of your Account: _____

Name of Firm: _____

Address of Firm: _____

Type of account transferring:

Traditional IRA

ROTH IRA

SEP IRA

401K / Profit Sharing Plan

Type of transfer:

Transfer all assets in kind (Note: Money Market funds must liquidated and transferred as cash)

Liquidate account and transfer as cash

Partial Transfer of cash \$ _____

Authorized Title & Signature:

Date: _____

SIGN HERE