

# CUSTODIAL AGREEMENT PTC - IRA

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

FORM (REV. MARCH 2002)

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

The Custodian named on the Application has given the Depositor the disclosure statement required by Regulations section 1.408-6.

The Depositor has assigned the custodial account the sum indicated on the Application.

The Depositor and the Custodian make the following agreement:

## ARTICLE I

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

## ARTICLE II

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

## ARTICLE III

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

## ARTICLE IV

1. Notwithstanding any provision of this Agreement to the contrary, the distribution of the Depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The Depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiary.
3. If the Depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
  - (a) If the Depositor dies on or after the required beginning date and:
    - (i) the designated beneficiary is the Depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
    - (ii) the designated beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
    - (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by 1 for each subsequent year.

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

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

4. If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the account.
5. The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
  - (a) the required minimum distribution under paragraph 2(b) for any year, beginning with the year the Depositor reaches age 70½, is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the Depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.
  - (b) the required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).
  - (c) the required minimum distribution for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
6. The owner of two or more Traditional IRAs may satisfy the minimum distribution requirements described above by taking from one Traditional IRA the amount required to satisfy the requirement for another in accordance with the Regulations under section 408(a)(6).

## ARTICLE V

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.
2. The Custodian agrees to submit to the Internal Revenue Service (IRS) and Depositor the reports prescribed by the IRS.

## ARTICLE VI

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

## ARTICLE VII

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

## ARTICLE VIII

Please refer to the Account Application establishing this IRA, which is incorporated into the Agreement as this part of Article VIII.

### 1. Definitions

- (a) The term "Sponsor" means LPL Financial LLC (LPL).

The term "Custodian" means The Private Trust Company, N.A.

The term "Beneficiary" means the person or persons designated as such by the "designating person" (as defined below) on a form presented to the Custodian (or former Custodian), or on such other form as may be presented to and filed with the Custodian by the designating person, for use in connection with the Custodial Account, signed by the designating person, and filed with LPL. Individuals, trusts, estates, or other entities may be named as either primary or contingent beneficiaries. However, if the designation does not effectively dispose of the entire Custodial Account as of the time the distribution is to commence, the term "Beneficiary" shall then mean the designating person's spouse or if there is no surviving spouse, the designating person's estate with respect to the assets of the Custodial Account not disposed of by the designation. The designation last accepted by LPL before such distribution is to commence, provided it was received by LPL (or deposited in the U.S. Mail or with a reputable delivery service) during the designating person's lifetime, shall be controlling and, whether or not fully dispositive of the Custodial Account, thereupon shall revoke all such forms previously filed by that person.

The term "designating person" means the Depositor during his or her lifetime or after the Depositor's death, unless otherwise prohibited by the Depositor in writing on file with the Custodian, the Depositor's Beneficiary (including any beneficiary of such Beneficiary).

- (b) When and after distributions from the Custodial Account to Depositor's Beneficiary commence, all rights and obligations assigned to Depositor hereunder shall inure to, and be enjoyed and exercised by, Beneficiary instead of Depositor.
- (c) Notwithstanding Section 2 of Article IV above, if the Depositor's spouse is the sole Beneficiary on the Depositor's date of death, the spouse will not be treated as the Depositor if the spouse elects not to be so treated. In such event, the Custodial Account will be distributed in accordance with the other provisions of such Article IV, except that distributions to the Depositor's spouse are not required to commence until December 31, of the year in which the Depositor would have turned age 70½.

### 2. Investment of Account Assets

- (a) Depositor acknowledges that any amount shall not be considered contributed to the Custodial Account until the funds clear into the Custodial Account. The Depositor shall direct the Custodian with respect to the investment of all contributions and earnings there from. Such direction shall be in such form as may be required by the Custodian and shall be limited to publicly traded securities, covered call options, married put options, mutual funds, money market instruments, insured bank deposit accounts, and other investments to the extent they are obtainable through the Custodian or its agents in the regular course of business. In addition, the Depositor acknowledges that unless otherwise directed by him, and subject to any required minimums, cash, which is not currently invested, shall be invested in a money market fund or an insured bank deposit account offered by the Custodian or its affiliates. In the absence of investment direction by the Depositor, the Custodian shall have no investment responsibility. All transactions directed by the Depositor shall be subject to the rules, regulations, customs and usages of the exchange, market or clearinghouse where executed, and to all applicable federal and state laws and regulations, and to internal policies of the Custodian. The Custodian shall be responsible for the execution of such orders and for maintaining adequate records there of. The Custodian reserves the right to reject any investment direction from the Depositor which, in the judgment of the Custodian, will impose upon it an administrative burden greater than that normally incident to investments described in this Paragraph 2(a) (including, without limitation, any investment with respect to which it may be difficult to ascertain fair market value).

The Custodian shall have no discretion to direct any investments of a Custodial Account, and is merely authorized to acquire and hold the particular investments specified by the Depositor. If any investment orders are not received as required or, if received, are unclear in the opinion of the Custodian or Sponsor, all or a portion of the contribution may be held uninvested without liability for loss of income or appreciation, and without liability for interest, pending receipt of such orders or clarification; or the contribution may be

returned. The Depositor shall be the beneficial owner of all assets held in the Custodial Account. The Depositor authorizes the Custodian to hold Custodial Account contributions pending investment, the settlement of investments or distribution in a money market sweep fund or an insured bank deposit account maintained by the Custodian.

- (b) The Depositor may delegate the investment responsibility for all of the Custodial Account to an agent or attorney-in-fact acceptable to the Custodian by notifying the Custodian in writing on a form acceptable to the Custodian of the delegation of such investment responsibility and the name of the person or persons to whom such responsibility is delegated.
- The Custodian shall carry out the instructions of the agent or attorney-in-fact with respect to the management and investment of the assets of the Custodial Account and the Custodian shall not incur any liability on account of its compliance with such instructions. The Custodian shall be under no duty to review or question any direction, action or failure to direct or act of such agent or attorney-in-fact, nor to make any suggestions to the agent or attorney-in-fact in connection therewith. The agent or attorney-in-fact shall be required to execute any documents related to the investment of assets under its control deemed necessary or advisable by the Custodian. The Depositor may revoke the authority of any agent or attorney-in-fact at any time by notifying the Custodian in writing of such revocation and the Custodian shall not be liable in any way for transactions initiated prior to receipt of such notice.
- (c) The shareholder of record of all assets in the Custodial Account shall be the Custodian or its nominee. The same nominee may be used with respect to assets of other investors whether or not held under agreement similar to this one or in any capacity whatsoever. However, each Depositor's Custodial Account shall be separate and distinct, a separate account thereof shall be maintained by the Custodian, and the assets thereof shall be held by the Custodian in individual or bulk segregation either in the Custodian's vaults or in depositories approved by the Securities and Exchange Commission under the Securities and Exchange Act of 1934.
- (d) In valuing the assets of the Custodial Account for recordkeeping and reporting purposes the Custodian shall use reasonable, good faith efforts to ascertain the fair market value of each asset through utilization of various outside sources available to the Custodian and consideration of various relevant factors generally recognized as appropriate to the application of customary valuation techniques.

However, where assets are illiquid or their value is not readily ascertainable on either an established exchange or generally recognized market, the Depositor undertakes the responsibility of obtaining and furnishing to the Custodian on an annual basis sufficient information of fair market value with respect to such assets so as to enable the Custodian to report or otherwise to use accurately the value of such assets, and the Depositor represents and warrants that any such information so provided by the Depositor will be sufficiently accurate and complete so as to permit the Custodian to rely upon the same. If the Depositor has not provided to the Custodian in a timely manner such information as to fair market value or to assist the Custodian in making any determination as to value, the Custodian will attempt to assign a fair market value to such assets based upon available information and, in such case, Depositor acknowledges that such valuation is by necessity not a true market value and is merely an estimate of value in a broad range of values and that although such valuation may be used by Custodian to satisfy its reporting obligations under federal law, the accuracy of any such valuation should not be relied upon by the Depositor, including for the making of Depositor's investment decisions. The Custodian does not guarantee either the reliability or the appropriateness of the valuation techniques applied by third-party valuation providers in developing an estimate of value. The Custodian assumes no responsibility for the accuracy of any valuations presented with respect to assets whose values are not readily ascertainable on either an established exchange or a generally recognized market. The Depositor acknowledges that reference to fair market value contained in Paragraph 22 of Article VIII must be read within the context of this subparagraph. All references to the Depositor in this subparagraph include the Beneficiary, if the Depositor is deceased.

- (e) The Depositor, by making a transfer or rollover contribution, as described in Article I, hereby certifies that the contribution meets all requirements for transfer or rollover contributions.
- (f) The Depositor understands that certain transactions are prohibited in IRAs under Section 4975 of the Internal Revenue Code. The Depositor further understands that the determination of a prohibited transaction depends on the facts and circumstances that surround

the particular transaction. The Custodian will make no determination as to whether any IRA investment is prohibited. The Depositor further understands that, should the Depositor's IRA engage in a prohibited transaction, the Depositor will incur a taxable distribution as well as possible penalties. The Depositor represents to the Custodian that the Depositor has consulted or will consult with the Depositor's own tax or legal professional to ensure that none of the Depositor's IRA investments will constitute a prohibited transaction and that the Depositor's IRA investments will comply with all applicable federal and state laws, regulations and requirements.

**3. Shareholder Rights** – The Custodian agrees to deliver or cause to be executed and delivered to the Depositor all notices, prospectuses, financial statements, proxies, and proxy solicitation materials that are received by the Custodian relating to assets credited to the Custodial Account. The Custodian shall exercise any rights of a shareholder (including voting rights) with respect to any securities held in the Custodial Account only in accordance with instructions of the Depositor pursuant to any applicable rules of the Securities and Exchange Commission. In the event the Depositor fails to instruct the Custodian as to the exercise of shareholder rights, that failure to instruct shall be deemed to be an instruction not to exercise such rights.

**4. Distribution**

(a) To receive an annuity distribution, a Depositor may roll over or transfer the value of the Custodial Account to purchase an individual retirement annuity payable in equal or substantially equal payments over the Depositor's life expectancy or the joint and last survivor life expectancy of the Depositor and his or her designated beneficiary.

(b) The Custodian shall not be responsible for any distribution made in accordance with instructions acceptable to the Custodian or failure to distribute in the absence of instructions acceptable to the Custodian from the Depositor (or Beneficiary if Depositor is deceased) in accordance with Article IV including, but not limited to, any tax or penalty resulting from such distribution or failure to distribute. The Depositor shall be solely responsible for distributing the required minimum distribution from the Custodial Account each year in accordance with Article IV.

**5. Amendments and Termination** – The Depositor may, at any time and from time to time, terminate the Custodial Agreement in whole or in part by delivering to the Custodian a signed written copy of such termination in a form acceptable to the Custodian. The Depositor delegates to the Custodian the right to amend the Custodial Agreement (including retroactive amendments) by written notice to the Depositor, and the Depositor shall be deemed to have consented to any such amendment, provided that no amendment shall cause or permit any part of the assets of the Custodial Account to be diverted to purposes other than for the exclusive benefit of the Depositor or Beneficiaries, no amendment shall be made except in accordance with any applicable laws and regulations affecting this Custodial Account, and any amendment which affects the rights, duties or responsibilities of the Custodian may only be made with the Custodian's consent. This paragraph shall not be construed to restrict the Custodian's right to substitute fee schedules under Paragraph 7 of Article VIII and no such substitution shall be deemed to be an amendment of this Custodial Agreement.

If a depositor (or beneficiary) (a) cannot be located or (b) is no longer assigned to a Sponsor Registered Representative or an Investment Adviser Representative, the Custodian and Sponsor may resign upon 30 days prior written notice to the Depositor (or Beneficiary) at the last known address of record. If, within the 30 day period, the Depositor (or Beneficiary) fails to (a) provide a current address or (b) notify the Custodian and Sponsor, at the Sponsor's address, of the appointment of either a newly designated Sponsor Registered Representative/Adviser or a successor custodian, the Custodian and Sponsor shall resign and terminate the Custodial Account, subject to the Custodian's right to reserve funds as provided in Paragraph 6 of Article VIII.

The Custodian shall terminate the Custodial Account if this Agreement is terminated or if, within 30 days (or such longer time as Custodian may agree) after resignation or removal of Custodian under Paragraph 6 of Article VIII, Depositor or Sponsor, as the case may be, has not appointed a successor that has accepted such appointment. Termination of the Custodial Account shall be affected by distributing all assets thereof in a single payment in cash or in kind to Depositor, subject to Custodian's right to reserve funds as provided in Paragraph 6 of Article VIII.

Upon termination of the Custodial Account, this custodial account document shall have no further force and effect (except for Paragraph 6 and the indemnification provisions of Paragraph 16 of Article VIII which shall survive the termination of the Custodial Account and this Custodial Agreement) and Custodian shall be relieved from all further liability hereunder or with respect to the Custodial Account and all assets thereof so distributed.

**6. Resignations or Removal of Custodian** – The Custodian may resign at any time upon thirty (30) days prior written notice to the Sponsor or at such other time as may be provided in any agreement between the Custodian and the Sponsor. Upon such resignation, the Sponsor shall notify the Depositor, and shall appoint a successor custodian under this Custodial Agreement. The Sponsor may remove the Custodian at such time as may be provided in any agreement between the Custodian and the Sponsor. To be effective, such removal notice must include designation of a successor custodian. The successor custodian shall satisfy the requirements of section 408(h) of the Code.

The Custodian shall not be liable for the acts or omissions of any predecessor or successor custodian or trustee. Upon receipt by the Custodian of written acceptance of such appointment by the successor custodian, the Custodian shall transfer and pay over to such successor the assets of the Custodial Account and all records pertaining thereto. The Custodian is authorized, however, to reserve such sum of money as it may deem advisable for payment of all its fees, compensation, costs and expenses, or for payment of any other liability constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, with any balance of such reserve remaining after the payment of such items to be paid over to the successor custodian. The successor custodian shall hold the assets paid over to it under terms similar to those of this Agreement that qualify under the provisions of the Internal Revenue Code.

Upon receipt by the Custodian of written acceptance of such appointment by the successor custodian, the Custodian shall transfer and pay over to such successor the assets of and records relating to the Custodial Account. The Custodian is authorized, however, to reserve such sum of money as it may deem advisable for payment of all its fees, compensation, costs and expenses, or for payment of any other liabilities constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, and where necessary may liquidate assets in the Custodial Account for such payments. Any balance of such reserve remaining after the payment of such items shall be paid over to the successor custodian. The successor custodian shall hold the assets paid over to it under terms similar to those of this Agreement that qualify under the provisions of the Internal Revenue Code. The Custodian shall not be liable for the acts or omissions of any predecessor or successor custodian or trustee.

**7. Custodial Fees** – The Depositor shall be charged by the Custodian for its services hereunder in such amount, as the Custodian shall establish from time to time. In addition, upon termination (including transfer) of the Custodial Account the Depositor shall be charged a fee in such amount, as the Custodian shall establish from time to time. The Custodian may deduct from and charge against the Custodial Account all reasonable fees and expenses, when incurred, in the management of the Custodial Account which have not been timely paid by the Depositor. The Custodian may allocate such fees and expenses among the Depositor's IRA Custodial Accounts at such time or times and in such manner as the Custodian determines. Brokerage fees shall be payable in accordance with the Custodian's usual practice. If not paid by Depositor, the Sponsor to pay the fee may liquidate sufficient assets from the Custodial Account but the Depositor shall be liable for any deficiency. The annual fee in effect on the date of this Agreement is set forth in the schedule included with this Custodial Agreement. A different fee schedule may be substituted at any time upon written notice to the Depositor. A Depositor who does not consent to such new fee schedule should terminate this Agreement pursuant to Paragraph 5 of Article VIII within 30 days of the new fee schedule. If no such termination is made within the 30-day period, the Depositor will be deemed to have consented to the new fee schedule.

**8. Other Fees and Expenses** – Any income or other taxes of any kind whatsoever that may be levied or assessed upon or with respect to the Custodial Account or the income thereof, any transfer taxes incurred in connection with the investment and reinvestment of the assets of the Custodial Account, all other reasonable administrative expenses incurred by the Custodian with respect to any such taxes, or with respect to any controversies concerning the Custodial Account, including but not limited to, fees for legal services rendered to the Custodian and related costs, and such reasonable compensation to the Custodian for acting in that capacity with respect to any such taxes or controversies, may, in the discretion of the Custodian, be charged against and paid from the assets of the Custodial Account.

The Custodian may allocate such fees and expenses among the Depositor's IRA Custodial Accounts at such time or times and in such manner as the Custodian determines. Sufficient assets may be liquidated from the Custodial Account to pay any such taxes, expenses and compensation, but the Depositor shall be liable for any deficiency. If the Custodian is required to pay any such amount, the Depositor (or Beneficiary) shall promptly, upon notice thereof, reimburse the Custodian.

**9. Governing Law** – This Custodial Agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this Agreement, the law of the Custodian’s principal place of business shall govern. If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither the Depositor’s nor LPL’s failure to enforce at any time or for any period of time any provisions of this Agreement shall be construed as a waiver of such provisions, or the Depositor’s right to enforce each and every such provision.

**10. Excess Contributions** – If, because of an erroneous assumption as to earned income or for any other reason, a contribution that is an excess contribution is made on behalf of the Depositor for any year, adjustment of such excess contribution shall be in accordance with the provisions of this paragraph. The full amount of such excess contribution and net income attributable (if applicable) thereto shall be distributed to the Depositor, in cash or kind only upon written notice to the Custodian from the Depositor in a manner that is reasonably acceptable to the Custodian that states the amount of such excess contributions.

**11. Inalienability of Benefits** – No interest, right or claim in or to any part of the Custodial Account, nor any assets held therein or benefits provided hereunder shall be subject to any voluntary or involuntary alienation, assignment, garnishment, attachment, execution or levy of any kind, and any attempt to cause any such interest, right, claim, assets or benefits to be so subjected shall not be recognized, except to such extent as may be required by law, such as an IRS levy on the IRA to pay overdue taxes.

**12. IRA Established by a Minor** – An individual who has not reached the age of majority pursuant to applicable state law (hereinafter referred to as a “Minor”) may establish a Traditional IRA by executing, individually and with a parent or legal guardian, the LPL IRA Adoption Agreement including the Supplemental Statements of Disclosure.

If this agreement is entered in to by a Minor, the term “Depositor” throughout this Agreement shall mean the parent or legal guardian who executed the Adoption Agreement. Notwithstanding the foregoing, for the purposes of making contributions and applying the distribution rules as described in Article IV and this Article VIII, “Depositor” shall only mean the Minor.

Such definition of Depositor shall apply until the Custodian is notified in writing that the Minor has reached the age of majority. Upon the Custodian’s acknowledgment of such notification, such parent or legal guardian will cease to have any rights under this Agreement. The Custodian shall have no responsibility to determine when a Minor reaches the age of majority, or for determining whether any such notification is proper or valid under state or federal law. Furthermore, neither the Custodian, nor any of its affiliates or agents shall be liable for acting upon any instruction received from the Minor or parent or legal guardian who executes the IRA Adoption Agreement.

**13. Designation of Beneficiary** – The Depositor may designate a Beneficiary or change or revoke the designation of a Beneficiary prior to the complete distribution of the balance in the Custodial Account. Unless otherwise directed or prohibited by the Depositor in writing on file with the Custodian, after the Depositor’s death, the Depositor’s Beneficiary (and any subsequent beneficiary of the Depositor’s Beneficiary), if permitted by state law, shall have the right by written notice to the Custodian to designate or change a beneficiary to receive any benefit to which the Depositor’s Beneficiary (or any subsequent beneficiary) may be entitled.

In the event that the Depositor has not made a valid Beneficiary designation as of the date of his or her death or no Beneficiary survives the Depositor, such Depositor’s Beneficiary shall be his or her spouse or if there is no surviving spouse, the Depositor’s estate.

If after inheriting the Depositor’s Account, the Depositor’s Beneficiary (or any subsequent beneficiary) dies and there is no effective beneficiary designation, any assets remaining in the Custodial Account shall be paid to the beneficiary’s (or subsequent beneficiary’s) estate.

The beneficiary designation can be made on a form presented by the Custodian (or the former custodian), or on such other form as may be presented to and filed with the Custodian by the designating person. A beneficiary designation will only be effective when it is filed with the Custodian (by mailing to the Sponsor) during the lifetime of the designating person. However, to the extent any such designation is not made on a form presented by the Custodian (or the former custodian), then the parties agree that the filing of such other form by the designating person shall only be effective for the sole purpose of designating the Beneficiary, and shall not be effective in altering any of the rights and obligations of the parties as set forth in this Custodial Agreement and shall not obligate the Custodian or Sponsor to render any service with respect to any beneficiary designation under this IRA which Custodian or Sponsor do not ordinarily render in connection with an IRA.

To the extent any provisions contained in such other form of beneficiary designation are inconsistent or in conflict with the provisions contained in this Custodial Agreement, such inconsistent or conflicting provisions contained in such other form shall be null and void, and shall have no force and effect. To implement this provision, the parties agree that all decisions relating to investments and distributions shall be made only in accordance with the provisions in this Custodial Agreement and that the Custodian and Sponsor and their agents and successors and assigns, shall be fully indemnified and held harmless in the implementation of this provisions to the extent provided in Paragraph 16.

Upon the death of the Depositor (or Depositor’s Beneficiary) all rights and obligations of the Depositor under this Custodial Agreement, other than the right to make or have made contributions or transfers to the Custodial Account in the event the Depositor’s sole beneficiary is not his or her spouse, shall be exercised by the Depositor’s Beneficiary. Upon the death of the Depositor’s Beneficiary or any subsequent beneficiary, the then current beneficiary shall exercise such rights and obligations.

**14. Responsibility as to Contributions or Distributions** – Neither the Custodian nor the Sponsor will under any circumstances be responsible for the timing, purpose or propriety of any contribution or of any distribution made hereunder, nor shall the Custodian or the Sponsor incur any liability or responsibility for any tax imposed on account of any such contribution or distribution. Without limiting the generality of the foregoing, neither the Custodian nor the Sponsor is obligated to make any distribution absent a specific direction from the Depositor or the designated Beneficiary to do so. The Depositor acknowledges that any amount shall not be considered contributed to the Custodial Account until the Custodian has received such amount and such amount has cleared into the Custodial Account. All contributions by the Depositor to the Custodial Account must be in cash, except for initial contributions of rollovers, which may be in a form other than cash if permitted by the Custodian. The Custodian will designate contributions (other than rollover contributions) as being made for a particular year in accordance with the designation of the Depositor. If the Depositor does not designate a year for any contribution, the Custodian will designate the contribution as being made for the year in which the contribution is contributed to the Custodial Account.

**15. Authorization of Custodial Arrangement** – The Depositor authorizes the Custodian to hold Custodial Account contributions pending investment, the settlement of investments, or distribution, in a money market sweep fund or an insured bank deposit account maintained by the Custodian or its affiliates.

**16. Indemnification** – The parties do not intend to confer any fiduciary duties on the Custodian, and none shall be implied. The Depositor and the successors of the Depositor including any executor or administrator of the Depositor shall, always and fully, indemnify the Custodian, and the Sponsor, and their agents and their successors and assigns, against any and all claims, actions or liabilities of the Custodian to the Depositor or the successors or beneficiaries of the Depositor whatsoever (including without limitation all reasonable expenses incurred in defending against or settlement of such claims, actions or liabilities) which may arise in connection with this Custodial Agreement or the Custodial Account, including without limitation those relating to valuation of assets whose values are not readily ascertainable on either an established exchange or a generally recognized market, except those due to the Custodian’s or the Sponsor’s bad faith, gross negligence or willful misconduct. Neither the Sponsor nor the Custodian shall be under any duty to take any action not specified in this Custodial Agreement, unless the Depositor shall furnish such party with instructions in proper form and such instructions shall have been specifically agreed to by the Custodian or the Sponsor, or to defend or engage in any suit with respect here to unless it shall have first agreed in writing to do so and shall have been fully indemnified to its satisfaction.

**17. Delegation of Duties** – To the maximum extent allowable by law, the Custodian is authorized to delegate its duties here under. The Custodian has appointed LPL to act as its delegee to provide certain services relating to custodial accounts and has delegated its duties, to the maximum extent allowable by law, to LPL. Any reference herein to “Custodian” shall include reference to a delegee to the extent The Private Trust Company, N.A. has delegated its custodial duties to a delegee.

**18. Notices** – All written notices required or permitted to be given by the Custodian shall be deemed to have been given when sent by regular mail to the Depositor at the Depositor’s last address of record provided to the Custodian. The Depositor shall notify the Custodian of any change of address.

All written notices required or permitted to be given to the Custodian shall be deemed to have been given when received by the Sponsor if mailed to the address listed on the adoption agreement or such other

address as the Sponsor shall provide to the Depositor from time to time. If any provision of any document governing the Custodial Account provides for notice, instructions or other communications from one party to another in writing, to the extent provided for in the procedures of the Sponsor (or any other party providing services to the Custodial Account), any such notice, instructions or other communications may be given by telephonic, computer, other electronic or other means, and a requirement for written notice will be deemed satisfied.

**19. Administrative Powers** – The Custodian may hold any securities acquired hereunder in the name of the Custodian without qualification or description or in the name of any nominee.

Pursuant to the Depositor's direction the Custodian shall have the following powers and authority with respect to the administration of each account.

- (a) To invest and reinvest the assets of the Custodial Account without any duty to diversify and without regard to whether such investment is authorized by the laws of any jurisdiction for fiduciary investments.
- (b) To exercise or sell options, conversion privileges, or rights to subscribe for additional securities and to make payments therefore.
- (c) To consent or participate in dissolutions, reorganizations, consolidations, mergers, sales, leases, mortgages, transfers or other change affecting securities held by the Custodian.
- (d) To make, execute and deliver as Custodian any and all contracts, waivers, releases or other instruments in writing necessary or proper for the exercise of any of the foregoing powers.
- (e) To grant options to purchase securities held by the Custodian or to repurchase options previously granted with respect to the securities held by the Custodian.

**20. Scope of Custodian's Liability** – The Custodian shall not be liable for any loss of any kind which may result from any action taken by it in accordance with the directions of the Depositor or his or her designated agent or attorney-in-fact or from any failure to act because of the absence of any such directions. The Custodian shall not be responsible for determining whether any contribution or rollover deposit satisfies the requirements of the Code. The Custodian shall not be liable for any taxes (or interest thereon) or penalties incurred by the Depositor in connection with the Custodial Account or in connection with any contribution to or distribution from the Custodial Account. The Custodian shall not be liable for any loss of any kind which may result from the valuation of any asset the value of which is not readily ascertainable on either an established exchange or a generally recognized market. The Custodian and Sponsor are entitled to act upon any instrument, certificate, or form each believes is genuine and believes is signed or presented by the proper person or persons, and the Custodian and Sponsor need not investigate or inquire as to any statement contained in such document but may accept it as true and accurate. The Custodian and Sponsor may request any document, form, instrument, or certificate that each reasonably believes is necessary in order to fulfill the terms of this Custodial Agreement.

**21. Liquidation of Assets** – If the Custodian must liquidate assets in order to make distributions, transfer assets, or pay fees, expenses, or taxes assessed against a Depositor's Custodial Account, and the Depositor fails to instruct the Custodian as to the liquidation of such assets, assets will be liquidated in the following order to the extent held in the Custodial Account: (a) any shares of a money market fund, money market-type fund, or an insured bank deposit account, (b) securities, (c) other assets.

**22. Records and Accounting** – The Custodian shall keep or cause to be kept adequate records of the transactions it is required to perform hereunder. Not later than 120 days after the close of each calendar year (or after the Custodian's resignation or removal), the Custodian shall file with the Depositor a written report or reports (which may consist of copies of the Custodian's regularly issued account statements) reflecting the transactions effected by it during such period and the assets of the Custodial Account and their fair market values at its close. If within 60 days after such a report is rendered, the Depositor has not given the Custodian written notice of any exception or objection thereto, the written report shall be deemed to have been approved, and in such case, or upon the earlier written approval of the Depositor, the Custodian shall be forever released and discharged from all liability and accountability to anyone with respect to transactions shown in or reflected by such report as though the report had been settled by judgment or decree of a court of competent jurisdiction. No person other than the Depositor, or a Beneficiary may require an accounting.

**23. Representations and Responsibilities** – The Depositor represents and warrants to the Custodian that any information the Depositor has given or will give to the Custodian with respect to this Agreement (including without limitation any information regarding or determination of the fair

market value of any asset of the Custodial Account) is complete and accurate. Further, the Depositor promises that any direction given by the Depositor to the Custodian, or any action taken by the Depositor will be proper under this Custodial Agreement. The Custodian will not be responsible for the Depositor's actions or failures to act.

**24. Combining of Accounts** – The Depositor may direct the Custodian in writing to combine a rollover contribution from an eligible employer plan with the Depositor's Traditional IRA.

Any IRA rollover contribution made by a Depositor may be combined with a contributory (Traditional or Roth), or SEP-IRA held for the benefit of that Depositor and further contributions may be made to that IRA. A contributory IRA may be combined with a SEP-IRA.

**25. Transfer** – Funds held on behalf of a Depositor in another individual retirement account, individual retirement annuity or individual retirement bond, and such other transfers as tax law and related regulations may permit, may be transferred to the Custodian and held in a Custodial Account for the benefit of the Depositor. Upon the request of the Depositor in writing on a form acceptable to the Custodian, the Custodian shall transfer funds held in a Depositor's Custodial Account to another individual retirement account or individual retirement annuity established by or on behalf of the Depositor with another approved and qualified custodian. Such transfers shall include without limitation, recharacterizations and conversions.

All or a portion of a Depositor's Custodial Account may be assigned to his or her spouse, former spouse, child or other dependent ("Alternate Payee") to satisfy family support or marital property obligations pursuant to legal documentation of such assignment, such as a divorce decree or separate maintenance decree. Legal documentation also may include an order issued by any state court, agency or instrumentality with the authority to issue judgments, decrees, or orders, or to approve property settlement agreements, pursuant to state domestic relations law (including community property law). If the assignment is to a spouse or former spouse, the amount of the assignment may be transferred and held for the benefit of that Alternate Payee subject to the terms and conditions of the Custodial Agreement. Any request to process an assignment or distribution to an Alternate Payee must be submitted in writing to LPL and accompanied by a copy of the legal documentation authorizing the assignment or distribution.

**26. Spousal IRA** – Contributions to a Traditional IRA Custodial Account for a nonworking spouse must be made to a separate Traditional IRA Custodial Account established by the nonworking spouse.

## General Instructions

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

### **Purpose of Form**

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

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

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

### **Definitions**

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

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

### **Identifying Number**

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

### **Traditional IRA for Nonworking Spouse**

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

## Specific Instructions

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

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

# DISCLOSURE STATEMENT

## RIGHT TO REVOKE YOUR IRA

You have the right to revoke your IRA within seven (7) days of the receipt of the Disclosure Statement. If revoked, you are entitled to a full return of the contribution you made to your IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the Application.

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

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

## REQUIREMENTS OF AN IRA

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

2. The applicable divisor is generally determined using the uniform lifetime table provided by the IRS. The table assumes a designated beneficiary exactly 10 years younger than you, regardless of who is named as your beneficiary(ies), if any. If your spouse is your sole designated beneficiary, and is more than 10 years younger than you, the required minimum distribution is determined annually using the actual joint life expectancy of you and your spouse obtained from the joint and last survivor table provided by the IRS, rather than the life expectancy divisor from the uniform lifetime table.

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

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

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

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

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

## INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

- A. **IRA DEDUCTIBILITY** – If you are eligible to contribute to your IRA, the amount of the contribution for which you may take a tax deduction will depend upon whether you (or, in some cases, your spouse) are an active participant in an employer-maintained retirement plan. If you (and your

spouse, if married) are not an active participant, your entire IRA contribution will be deductible. If you are an active participant (or are married to an active participant), the deductibility of your contribution will depend on your modified adjusted gross income (MAGI) and your tax filing status for the tax year for which the contribution was made. MAGI is determined on your income tax return using your adjusted gross income but disregarding any deductible IRA contribution.

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

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

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

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

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

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

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

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

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

The MAGI phaseout range for an individual that is not an active participant, but is married to an active participant, is \$150,000-\$160,000. This limit is also subject to cost-of-living increases for tax years beginning

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Aggregate Nondeductible Contributions)



$\frac{x \text{ (Amount Withdrawn)}}{\text{Aggregate IRA Balance}} = \text{Amount Excluded from Income}$

Aggregate IRA Balance

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

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

1. **Traditional IRA to Traditional IRA Rollovers** – Funds distributed from your IRA may be rolled over to an IRA of yours if the requirements of Code section 408(d)(3) are met. A proper IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another IRA to IRA rollover from the distributing IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.
2. **SIMPLE IRA to Traditional IRA Rollovers** – Funds may be distributed from your SIMPLE IRA and rolled over to your IRA without IRS penalty provided, two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of Code section 408(d)(3) must be met. A proper SIMPLE IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to IRA or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.
3. **Employer-Sponsored Retirement Plan to Traditional IRA Rollovers** – You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan (other than distributions to nonspouse beneficiaries), unless it is part of a certain series of substantially equal periodic payments, a required minimum distribution, a hardship distribution, or a distribution of Roth 401(k) or Roth 403(b) elective deferrals.

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

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

4. **Beneficiary Rollovers from Employer-Sponsored Retirement Plans** – If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased employer plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.
5. **Traditional IRA to Employer-Sponsored Retirement Plans** – You may roll over, directly or indirectly, any eligible rollover distribution

from an IRA to an employer’s qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan so long as the employer-sponsored retirement plan accepts such rollover contributions. An eligible rollover distribution is defined as any taxable distribution from an IRA that is not a part of a required minimum distribution.

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

#### LIMITATIONS AND RESTRICTIONS

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

The amount you may contribute to your IRA and your spouse’s IRA is the lesser of 100 percent of your combined compensation or \$6,000 for 2002-2004, \$8,000 for 2005-2007, and \$10,000 for 2008. This amount may be

increased with cost-of-living adjustments in 2009 and beyond. However, you may not contribute more than the individual contribution limit to each IRA.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's IRA. The maximum additional contribution is \$500 for years 2002-2005, and \$1,000 for years 2006 and beyond.

- C. **DEDUCTION OF ROLLOVERS AND TRANSFERS** – A deduction is not allowed for rollover contributions or transfers.
- D. **GIFT TAX** – Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.
- E. **SPECIAL TAX TREATMENT** – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to IRA distributions.
- F. **INCOME TAX TREATMENT** – Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- G. **PROHIBITED TRANSACTIONS** – If you or your beneficiary engage in a prohibited transaction with your IRA, as described in Code section 4975, your IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your IRA: (1) taking a loan from your IRA; (2) buying property for personal use (present or future) with IRA funds; or (3) receiving certain bonuses or premiums because of your IRA.
- H. **PLEDGING** – If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and will be included in your gross income for the taxable year in which you pledge the assets.

#### FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY** – If you are under age 59½ and receive an IRA distribution, an additional tax of 10 percent will apply, unless made on account of 1) death, 2) disability, 3) a qualifying rollover, 4) the timely withdrawal of an excess contribution, 5) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your beneficiary, 6) medical expenses which exceed 7.5 percent of your adjusted gross income, 7) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 8) certain qualified education expenses, 9) first-home purchases (up to a life-time maximum of \$10,000), 10) a levy issued by the IRS, or 11) active military duty (see *Qualified Reservist Distributions*, below). This additional tax will apply only to the portion of a distribution which is includible in your taxable income.
- B. **EXCESS CONTRIBUTION PENALTY** – An additional tax of six percent is imposed upon any excess contribution you make to your IRA. This additional tax will apply each year in which an excess remains in your IRA. An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute.
- C. **EXCESS ACCUMULATION PENALTY** – As previously described, you must take a required minimum distribution by your required beginning date for the year you attain age 70½ and by the end of each year thereafter. Your beneficiary(ies) is required to take certain minimum distributions after your death. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.
- D. **PENALTY REPORTING** – You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

#### OTHER

- A. **IRS PLAN APPROVAL** – The Agreement used to establish this IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. **ADDITIONAL INFORMATION** – You may obtain further information on IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting [www.irs.gov](http://www.irs.gov) on the Internet.
- C. **IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT** – To help the government fight the funding of terrorism

and money laundering activities, Federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

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

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

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

- E. **QUALIFIED RESERVIST DISTRIBUTIONS** – If you are a qualified reservist called to active duty, you may be eligible to take penalty-free distributions from your IRA and recontribute those amounts to an IRA generally within a two-year period from your date of return. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.
- F. **CHARITABLE DISTRIBUTIONS** – If you are age 70½ or older, you may make tax-free distributions of up to \$100,000 per year directly from your IRA to certain charitable organizations. Special tax rules may apply. This provision applies to distributions during tax years 2008 and 2009, or until such later time as extended by Congress. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.
- G. **HEARTLAND DISASTER RELATED TAX RELIEF** – If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified disaster recovery assistance distributions include IRA distributions made on or after specified dates for each disaster, and before January 1, 2010 to a qualified individual. For more information on this tax relief, refer to IRS Publication 4492-B, *Information for Affected Taxpayers in the Midwestern Disaster Area*.
  1. **10 Percent Penalty Exception on Qualified Distributions** – Qualified disaster recovery assistance distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
  2. **Taxation May be Spread Over Three Years** – If you received qualified disaster recovery assistance distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
  3. **Repayment of Qualified Disaster Recovery Assistance Distributions** – You may roll over qualified disaster recovery assistance distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.

## Fee Schedule (please retain for your records)

### Retirement Fees

Annual Custodial Maintenance Fee <sup>1</sup>		\$40.00 Per Account <sup>2</sup>
Roth Conversion Fee <sup>3</sup>		\$25.00 Per Conversion
Account Termination Fee <sup>4</sup>		\$95.00 Per Account <sup>5</sup>
Alternative Investment Fees <sup>6</sup>	Subscription Fee	\$50.00 Per Purchase
	Redemption Fee	\$50.00 Per Position
	Re-registration Fee	\$50.00 Per Position
	Annual Special Product Fee	\$35.00 Per Position
	UBTI Filing Fee	\$100.00

### Commission Disclosure Statement

Brokerage commissions are considered a cost of the security and are not billed separately. These costs must be paid for with assets from the account and cannot be paid for outside of the account according to the Internal Revenue Code.

<sup>1</sup> The Annual Custodial Maintenance Fee will be invoiced annually and charged in arrears. The Annual Custodial Maintenance Fee may be waived for accounts that are valued at \$250,000 or more on the last day of the prior year. The values of Alternative Investments are not considered for the purpose of this valuation. The fee is payable in the month of the first anniversary of the opening of your account and each subsequent anniversary thereafter. An invoice for the fee will be sent to you. Timely payment of this fee will avoid charges being deducted from the balance of your account. LPL has the right to liquidate any assets to collect any amount past due.

<sup>2</sup> For Optimum Market Portfolio advisory and brokerage accounts, the Annual Custodial Maintenance Fee will be \$10.00 Per Account. For Optimum Market Portfolios brokerage accounts, such fee may not be waived for accounts valued at \$250,000 or more and may be payable on an anniversary date other than as described above.

<sup>3</sup> Fee will be assessed to the Traditional, SEP or SIMPLE IRA at time of conversion.

<sup>4</sup> This fee is in addition to the Annual Custodial Maintenance Fee and other LPL fees.

<sup>5</sup> LPL reserves the right to close and collect fees for any account that falls below the amount required for closing fees.

<sup>6</sup> The issuing party, transfer agent or general partner may require additional fees.