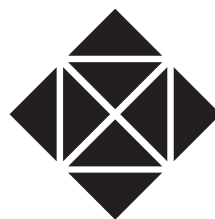


Roth  
IRA

SIMPLIFIER®

A Retirement  
Plan for  
Individuals



PACIFIC CAPITAL  
FUNDS

# Instructions for Opening Your Pacific Capital Funds Roth IRA

## I. INCLUDED IN THIS ROTH INDIVIDUAL RETIREMENT ACCOUNT (IRA) BOOKLET:

Roth IRA Application .....	Page 1
Roth IRA Automatic Investment Program Form .....	Page 5
Roth IRA Transfer or Conversion Request Form .....	Page 7
Roth IRA Custodial Account Agreement .....	Page 9
Disclosure Statement .....	Page 12

## II. TO OPEN YOUR PACIFIC CAPITAL FUNDS ROTH IRA

### Step 1 Complete, sign and date the enclosed Roth IRA Application

### Step 2 Complete the Automatic Investment Plan Form (if applicable)

If you would like to make regular investments (monthly, quarterly or annually) in this Roth IRA, please consider the Automatic Investment Plan. To take advantage of this convenient way to invest, simply fill out the Automatic Investment Plan Form along WITH the Roth IRA Application. Please remember to attach a voided check for this option.

### Step 3 Complete the Roth IRA Transfer or Conversion Request Form (if applicable)

If you are requesting a transfer or direct rollover of assets from an existing retirement plan, please complete the Roth IRA Transfer or Conversion Request Form along WITH the Roth IRA Application.

### Step 4 Send the Roth IRA Application to the Pacific Capital Funds

Detach and send the original Roth IRA Application, the Roth IRA Transfer or Conversion Request Form (if applicable), and the Automatic Investment Plan Form (if applicable), along with your contribution check(s) made payable to the Pacific Capital Funds at the address below.

### Step 5 Retain documents for your records

Keep a copy of the Application with the 5305-RA Plan Agreement, Disclosure Statement, and the Fund's prospectus (provided separately) for your records.

## III. DESIGNATION OF BENEFICIARY

You may designate a beneficiary to receive the Roth IRA funds upon your death. The space provided is to name primary and contingent beneficiaries. If more space is needed, you may attach a supplementary sheet. If you wish a more complicated type of designation of beneficiary, you should consult an attorney. Some state's laws require married individuals to name their spouse as beneficiary. Married individuals should consult with their tax advisor prior to designating someone other than their spouse. You may change your beneficiary at any time by writing to the Custodian. If any of your beneficiaries die before you, the deceased beneficiary's share will be reallocated among the surviving beneficiaries on a pro rata basis. If none of your beneficiaries survive you, or if the Custodian cannot locate your beneficiary after a reasonable search, any balance in the Roth IRA will be paid to your estate.

## IV. FEE INFORMATION

Annual account maintenance fee: \$15.00.

## V. REVOCATION INFORMATION

You have the right to revoke this Roth Individual Retirement Account (IRA) within seven days of receiving your disclosure statement. To revoke your Roth IRA simply notify the Pacific Capital Funds in person, in writing, or by telephone. Written notice must be sent by first-class mail and will be accepted as of the date your notice is postmarked.

## VI. SPECIAL INFORMATION REGARDING TRANSFERS AND DIRECT CONVERSIONS:

When you move assets in your Roth IRA from one financial organization to another **without** taking control of those assets, the movement is called a **TRANSFER**. There is no federal income tax withheld from transfer assets and there is no limit on the number of transfers you can do each year.

If eligible, you may convert assets to your Roth IRA. Both Traditional and SIMPLE IRA assets can be distributed in a **DIRECT CONVERSION** to a Roth IRA. If you choose to move these assets to your Roth IRA, you will generally have to pay taxes on the amount that you convert.

To facilitate a transfer or conversion, simply complete the Roth IRA Application along with the Roth IRA Transfer or Conversion Request Form and send to the Pacific Capital Funds address below.

The Custodian or its agents will deliver the Roth IRA Transfer or Conversion Request Form to your current financial organization or Employer, which will in turn send your transfer/conversion assets to fund this Roth IRA. The Roth IRA Transfer or Conversion Request Form may require a signature guarantee.



1. OWNER REGISTRATION (The information contained in this section is required to establish your Roth IRA)

Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_ SSN: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

State of Residence: \_\_\_\_\_

Daytime Phone: \_\_\_\_\_ Evening Phone: \_\_\_\_\_

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 as well.

Citizenship: [ ] U.S. Citizen [ ] Non-resident Alien (attach IRS form W-8. Dividends are subject to tax withholding.) [ ] Resident Alien

NOTE: For non-resident aliens, in addition to submitting an IRS Form W-8, the following is required: a taxpayer identification number, passport number, and country of issuance, alien identification card number and country of issuance of any other government-issued document evidencing nationality of residence.

[ ] Alien ID Card: \_\_\_\_\_ [ ] Passport: \_\_\_\_\_ [ ] Other: \_\_\_\_\_

Alternate Identification Number: \_\_\_\_\_ Issuing Body: \_\_\_\_\_ Country of Origin: \_\_\_\_\_

Are you or an immediate family member affiliated with or working for a member firm of a stock exchange or the National Association of Securities Dealers, Inc.?

[ ] No [ ] Yes Name of Institution: \_\_\_\_\_

2. CONTRIBUTION INFORMATION

Date: \_\_\_\_\_ 5 Year Holding Period Start Year: \_\_\_\_\_

Account Type:

- [ ] Roth IRA
[ ] Spousal Roth IRA
[ ] I intend to keep this contribution in a separate account as a Roth Conversion IRA

Initial Contribution Type:

- [ ] Transfer\* (from Roth IRA)
[ ] Rollover\* (from Roth IRA)
[ ] Conversion (from Traditional IRA)
[ ] Recharacterization

Table with columns: Amount, Tax Year. Rows for Transfer, Rollover, Conversion.

\*Source of Funds: [ ] Roth IRA [ ] 1998 Roth Conversion IRA

[ ] Enclosed is a check for \$ \_\_\_\_\_.

[ ] The check for my Roth IRA is being mailed from another financial institution. I am enclosing a completed Roth IRA Transfer or Conversion Request Form.

[ ] I will call Pacific Capital Funds at 800-258-9232 for wire instructions.

3. INVESTMENT INFORMATION

If you wish to invest in more than one fund, be sure to indicate the amount you wish to invest in each fund. Please refer to the prospectus for minimum investment amounts.

Check one: [ ] Class A Shares [ ] Class C Shares

Table with columns: Fund, Amount. Lists various funds like New Asia Growth Fund, International Stock Fund, etc.

**3B. Rights of Accumulation**

The value of Pacific Capital Fund shares I already own, combined with the intended contribution amount of my Roth IRA may entitle me to a reduced sales charge. These holdings consist of:

Fund \_\_\_\_\_ Account Number \_\_\_\_\_

Fund \_\_\_\_\_ Account Number \_\_\_\_\_

Fund \_\_\_\_\_ Account Number \_\_\_\_\_

Purchases of Money Market Funds do not qualify towards rights of accumulations. See your prospectus for more details.

**3C. Letter of Intent**

You may qualify for a reduced sales charge by informing the Funds that you intend to make additional purchases. Additional purchases may include automatic investments, a transfer or direct rollover, or any subsequent purchases. Purchases MUST be made within the next 13 months.

I agree to the terms of the Letter of Intent set forth in the prospectus. Although I am not obligated to do so, I plan to invest over a 13-month period an aggregate amount of at least equal to that indicated below.

- \$50,000     \$100,000     \$250,000     \$500,000     \$1,000,000

Purchases of Money Market Funds do not qualify towards rights of accumulations. It is important to remember, when investing in an IRA, you are subject to certain annual investment limits. See your prospectus for more details.

**4. TELEPHONE EXCHANGE**

**This option will automatically be added unless indicated by checking the box below.** By accepting the TELEPHONE EXCHANGE privilege, I agree that neither the Fund(s), the Custodian, nor any of their agents will be liable for any loss, injury, damage or expense as a result of acting upon, and will not be responsible for the authenticity of, any telephone instructions. I agree to hold the Fund, Custodian and their agents harmless from any loss, claims or liability arising from its or their compliance with these instructions. I understand that this option is subject to the terms and conditions set forth in the prospectus, and that all telephone calls may be tape recorded.

No. I do not want telephone exchange privileges

**5. DESIGNATION OF BENEFICIARY**

I am NOT Married – I understand that if I become married in the future, I must complete a new IRA Designation of Beneficiary Form.

I am Married – I understand that if I choose to designate a primary beneficiary other than my spouse, my spouse must sign below.

This designation revokes all prior beneficiary designations made by me with respect to my interest in this Pacific Capital Funds Roth IRA. This designation shall be effective only if received by Pacific Capital Funds prior to my death. Neither Pacific Capital Funds, the Custodian nor any of its agents will be liable for any claims, loss, damage or expense arising out of, or in any manner connected with, a distribution pursuant to this completed Beneficiary Designation. If naming contingent beneficiaries, please attach a separate sheet. In the event of my death, please pay my Roth IRA balance to my primary beneficiary(ies). If no percentages are indicated, each primary beneficiary will receive equal shares of the Roth IRA.

Name	SSN or TIN	Relationship	Address	Percentage
_____	_____	_____	_____	_____ %
_____	_____	_____	_____	_____ %
_____	_____	_____	_____	_____ %

**Spousal Consent:** If you are married and the trust or your residence is located in a community property or marital property state and you have designated a primary beneficiary other than your spouse, your spouse must consent to the beneficiary designation as follows:

I am the spouse of the above-named Roth IRA holder. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. I understand that the beneficiary designation(s) indicated above impact my interest in this Roth IRA and I have been advised to see a tax professional regarding this decision. I hereby give the Roth IRA holder any interest I have in this Roth IRA and consent to the beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the Custodian or Investment Company.

Spouse's Signature \_\_\_\_\_

Date \_\_\_\_\_

Witness' Signature \_\_\_\_\_

Date \_\_\_\_\_

**6. SIGNATURES**

I understand the eligibility requirements for the type of Roth IRA deposit I am making and I state that I do qualify to make the deposit. I have received a copy of this Application, the 5305-RA Plan Agreement, and Disclosure Statement. I understand that the terms and conditions which apply to this Roth IRA are contained in this Application and the Plan Agreement. I agree to be bound by those terms and conditions. Within seven (7) days from the date I open this Roth IRA I may revoke it without penalty by mailing or delivering a written notice to the Investment Company, as agent for the Custodian.

I assume complete responsibility for determining that I am eligible for a Roth IRA each year that I make a contribution, ensuring that all contributions I make are within limits set forth by the tax laws, and the tax consequences of any contribution (including rollover contributions) and distributions.

I certify that I have received and read the current prospectus for the Pacific Capital Funds in which I am investing and understand its terms are incorporated in this application by reference. I certify that I have authority and legal capacity to make this purchase and that I am of legal age in my state of residence.

I understand that my account(s) will automatically have exchange privileges with other Pacific Capital Funds. I agree to read the prospectus for each fund into which exchanges are made. The terms, representations and conditions in this application will apply to any account established at a later date.

Neither Pacific Capital Funds nor any of its agents will be liable for any loss or expense for acting upon written or telephone instructions reasonably believed to be genuine and in accordance with the procedures described in the prospectus.

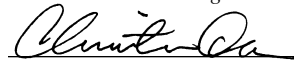
Any change to the information or authorizations set forth in this application will be made by me to Pacific Capital Funds in writing. Any such change will be effective at such time as Pacific Capital Funds has had a reasonable amount of time to act upon it.

I understand that neither Pacific Capital Funds nor any of its agents has provided any investment, tax or legal advice, and I have relied on my independent judgement or the judgement of the advisor I have selected with respect to the suitability or potential value of any security or order.

I certify under penalty of perjury that my Social Security number shown in this application is correct and my election to treat a contribution as a rollover (if applicable) is irrevocable. By signing this application, I authorize and appoint Fifth Third Bank to act as Custodian of my account. I indemnify Fifth Third Bank when making distributions in accordance with my beneficiary designation on file or the Custodial Account Agreement absent any such designation. I acknowledge that I have received a copy of the Application, 5305-RA Plan Agreement and Disclosure Statement. I have read all statements, which are incorporated in this application form by reference, and I agree to be bound by its Terms and Conditions.

\_\_\_\_\_  
*Roth IRA Owner's Signature*

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



\_\_\_\_\_  
*Fifth Third Bank  
38 Fountain Square Plaza  
Cincinnati, OH 45263*

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

Fifth Third Bank accepts this application and agrees to act as custodian of the account.

**A confirmation will be sent to you regarding the above transaction(s) and will serve as notification of the Custodian's acceptance.**

**7. BROKER DEALER USE ONLY**

Broker: Before filing out this section, please check with your Branch Manager to ensure a Pacific Capital Funds Dealer Agreement has been executed.

Dealer # \_\_\_\_\_ Dealer Name \_\_\_\_\_

Branch # \_\_\_\_\_ Branch Name \_\_\_\_\_

Rep # \_\_\_\_\_ Rep Name \_\_\_\_\_

\_\_\_\_\_  
*Rep Signature*

\_\_\_\_\_  
*Rep Phone Number*

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1. INSTRUCTIONS

The Pacific Capital Funds Automatic Investment Program ("the Program") allows you to automatically invest in a Pacific Capital Funds Roth IRA on a regular basis. The Program is provided at no additional cost to you. The minimum automatic investment amount is \$50 per transaction.

To participate in this convenient service, complete the following information, attach a voided check from the bank account from which you wish to debit and return the Roth IRA Application, Automatic Investment Form and voided check to the address referenced above. You may discontinue this service at any time upon written notice to Pacific Capital Funds. Please see prospectus for more details.

When the Program is implemented, all contributions will be coded as current year. It is important that you review the amounts invested to avoid the possibility of making excess contributions.

If you exchange shares from the fund(s) referenced below to another Pacific Capital Fund, the Automatic Investment Program will NOT automatically transfer to the new account. Please notify us at the time of exchange if this Program is to be transferred.

If a draft is returned by your bank for insufficient funds, account closed, check stopped, etc., the Automatic Investment Program will be discontinued. Any loss to the fund(s) as a result of this will be redeemed from your account with Pacific Capital Funds.

For any questions you may have, please call the Pacific Capital Funds at 800-258-9232.

2. OWNER INFORMATION

Name: \_\_\_\_\_ Social Security Number: \_\_\_\_\_

Account Number (if available): \_\_\_\_\_

3. AUTOMATIC INVESTMENT INFORMATION

Please have the amount(s) indicated below withdrawn from my bank account noted below and invested in the fund(s) listed below.

I would like the Program to begin: \_\_\_\_\_

Table with 3 columns: Fund, Amount, and Frequency. Includes options for monthly, quarterly, and annual investments on specific days (5th, 20th).

Account Name \_\_\_\_\_ Fund Account Number (if known) \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

4. BANK AUTHORIZATION

I/we authorize you to pay and charge my/our account checks drawn on my/our account payable to the order of Pacific Capital Funds. I/we agree that your rights in respect to each check shall be the same as if it were a check drawn on you and personally signed by me/us. I/we agree that you will be fully protected in honoring any such checks. If any such checks are dishonored, you shall be under no liability whatsoever. Pacific Capital Funds agree to indemnify you from any loss that may arise from the execution, issuance and payment of any checks drawn for Pacific Capital Funds Automatic Investment Program. Pacific Capital Funds will not indemnify you against any loss resulting from your payment of a check drawn against insufficient funds.

Checking Savings ABA Routing Number: \_\_\_\_\_

Bank Name \_\_\_\_\_ Account Number \_\_\_\_\_

Bank Address \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_ Signature (if joint account) \_\_\_\_\_ Date \_\_\_\_\_

IMPORTANT - ATTACH A VOIDED CHECK HERE

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# ROTH IRA TRANSFER OR CONVERSION REQUEST FORM

P.O. Box 182130, Columbus, OH 43218-2130, 800-258-9232

## 1. GENERAL INFORMATION

Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_ SSN: \_\_\_\_\_  
 Street Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_  
 Daytime Phone: \_\_\_\_\_ Evening Phone: \_\_\_\_\_

## 2. TRANSFER/CONVERSION REQUEST

Name of present Custodian or Trustee: \_\_\_\_\_  
 Street Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_  
 Account Number: \_\_\_\_\_ Contact Name: \_\_\_\_\_ Contact Phone Number: \_\_\_\_\_

This is a: (check one)

- Transfer from another Roth IRA
- Conversion from a Traditional IRA
- Conversion from a SIMPLE IRA\*

\*SIMPLE IRA funds cannot be combined with regular IRA funds within two years of initial participation in the SIMPLE IRA.

## 3. CONVERSION ELIGIBILITY (FOR ELIGIBILITY QUESTIONS 1 THROUGH 5 NEED TO BE ANSWERED NO OR NA)

- 1 **INCOME RESTRICTION** – will your modified gross income in the year of distribution exceed \$100,000?  YES  NO  NA
- 2 **TAX RETURN RESTRICTION** – if you are married, are you and your spouse filing separate Federal income tax returns for the year in which the distribution occurs?  YES  NO  NA
- 3 **70% CONVERSION RESTRICTION** – if you are age 70% or older in this calendar year, does the conversion contribution contain any amounts which constitute a required minimum distribution?  YES  NO  NA
- 4 **RECONVERSION RESTRICTION** – if this is a reconversion of a prior conversion, is it within the same taxable year as the prior conversion or, if later, within 30 days of recharacterizing the prior conversion?  YES  NO  NA
- 5 **TWO YEAR RESTRICTION** – if this is a conversion from a SIMPLE IRA, has it been less than two years since you first participated in a SIMPLE IRA plan sponsored by your employer?  YES  NO  NA

**Caution:** Limits may apply to the number of reconversions that can be made for tax purposes.

## 4. CONVERSION INSTRUCTIONS (COMPLETE ONLY FOR A CONVERSION FROM AN IRA)

**WITHHOLDING ELECTION:** Form W-4P/OMB No. 1545-0074 (see page 2 of this form for the withholding notice information. If you are a nonresident alien, do not complete this section.)

- Withhold Federal income tax at a rate of \_\_\_\_\_% (not less than 10%) from the amount withdrawn.  
Withhold state tax at a rate of \_\_\_\_\_% from the amount withdrawn (complete only as applicable).
- Effective \_\_\_\_\_, I elect not to have Federal income tax withheld. I understand that I am still liable for the payment of Federal income tax on the amount received. I also understand that I may be subject to Federal income tax penalties under the estimated tax payment rules if my payments of the estimated tax and withholding are insufficient.

## 5. ASSET HANDLING INSTRUCTIONS

Asset Description	Quantity to be Transferred/Converted	Liquidate Immediately	Liquidate at Maturity	Transfer/Directly Convert in Kind
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* Please make check payable to: Pacific Capital Funds, FBO (Investor's Name), IRA.

Mail to: Pacific Capital Funds, P.O. Box 182130, Columbus, OH 43218-2130.

This transfer/direct conversion  will  will not close the IRA.

## 6. INVESTMENT INSTRUCTIONS

- This is a new Roth IRA. My Roth IRA Application (including my investment selections) is attached.
- I have an existing Roth IRA. Please invest the proceeds of the transfer/conversion as follows:

Fund Name	Account Number	Percent
_____	_____	_____
_____	_____	_____
_____	_____	_____

## 7. SIGNATURE AND CERTIFICATION

- CONVERSION:** I have read and understand the conversion rules and conditions on both pages of this form and I have met the requirements for making a conversion. Due to the important tax consequences of converting funds or property over to a Roth IRA, I have been advised to see a tax advisor. I assume full responsibility for this conversion transaction and will not hold the Custodian or Trustee liable for any adverse consequences that may result. I hereby irrevocably designate this contribution of the funds and/or property indicated above as a conversion contribution.
- TRANSFER:** I authorize the transfer of the assets in the manner described above and certify that all of the information provided by me is correct and may be relied upon by the Custodian or Trustee. I understand that I am responsible for determining my eligibility to transfer within the limits set forth by tax laws, related regulations and plan agreements. I assume responsibility for any tax consequences or penalties that may apply to the transfer of my assets and agree that the Custodian or Trustee shall in no way be responsible.

\_\_\_\_\_  
*Signature of Individual*


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

\_\_\_\_\_  
*Signature Guarantee*

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

## 8. ACCEPTANCE

Fifth Third Bank agrees to accept Custodianship and the transfer/conversion described above for the Pacific Capital Funds Roth IRA established on behalf of the above-named individual. Fifth Third Bank accepts its appointment as successor Custodian of the above Roth IRA and agrees to accept the assets being transferred/converted.



\_\_\_\_\_  
*Authorized Signature – Fifth Third Bank*

## WITHHOLDING NOTICE INFORMATION

**Basic Information About Withholding From Pensions and Annuities** – Generally, Federal income tax withholding applies to payments made from pension, profit sharing, stock bonus, annuity and certain deferred compensation plans, IRAs and commercial annuities.

**Purpose of Form W-4P** – Unless you elect otherwise, Federal income tax will be withheld from payments from Individual Retirement Accounts (IRAs). You can use Form W-4P, or a substitute form, such as that contained on this form, furnished by the Custodian or Trustee to instruct your Custodian or Trustee to withhold NO tax from your IRA payments (or to revoke this election). This substitute form should be used only for distributions from IRAs which are payable on demand.

**Nonperiodic Payments** – Payments from IRAs that are payable upon demand are treated as nonperiodic payments for Federal income tax purposes. Generally, nonperiodic payments must have income tax withheld at a rate not less than 10 percent.

You can elect to have no income tax withheld from a nonperiodic payment (IRA payment) by filing Form W-4P or a substitute form with the Custodian or Trustee and checking the appropriate box on that form. Your election will remain in effect for any subsequent distribution unless you change or revoke it.

A U.S. citizen or resident alien may not waive withholding on any distribution delivered outside of the U.S. or its possessions. Distributions to a nonresident alien are generally subject to a tax-withholding rate of 30 percent. A reduced withholding rate, including exemption, may apply if there is a tax treaty between the nonresident alien's country of residence and the United States, and the nonresident alien submits Form W8-BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, or satisfies the documentation requirements as provided under the regulations.

For more information, please see Publication 505, *Tax Withholding and Estimated Tax*, and Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, available from most IRS offices.

**Caution:** Remember that there are penalties for not paying enough tax during the year, through either withholding or estimated tax payments. New retirees should see Publication 505. It explains the estimated tax requirements and penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your IRA using Form W-4P.

**Revoking the Exemption from Withholding** – If you want to revoke your previously filed exemption from withholding, file another Form W-4P with the Custodian, or Trustee and check the appropriate box on that form.

**Statement of Income Tax Withheld from Your IRA** – By January 31 of next year, you will receive a statement from your Custodian or Trustee showing the total amount of your IRA payments and the total Federal income tax withheld during the year. Copies of Form W-4P will not be sent to the IRS by the Custodian or Trustee.

# ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

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

FORM (REV. MARCH 2002)

The Depositor named on the Application is establishing a Roth Individual Retirement Account under section 408A to provide for his or her retirement and for the support of his or her beneficiaries after death.

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

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

The Depositor and the Custodian make the following agreement:

## ARTICLE I

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

## ARTICLE II

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a single Depositor, the annual contribution is phased out between adjusted gross income (AGI) of \$95,000 and \$110,000; for a married Depositor filing jointly, between AGI of \$150,000 and \$160,000; and for a married Depositor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the Custodian will not accept IRA Conversion Contributions in a tax year if the Depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the Depositor is married and files a separate return. Adjusted gross income is defined in section 408A(c)(3) and does not include IRA Conversion Contributions.

2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.

## ARTICLE III

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

## ARTICLE IV

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).

2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

## ARTICLE V

1. If the Depositor dies before his or her entire interest is distributed to him or her and the Depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated beneficiary, in accordance with (b) below:

(a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the Depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the Depositor.

(b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.

2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the designated beneficiary using the attained age of the beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.

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

## ARTICLE VI

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

2. The Custodian agrees to submit to the IRS and Depositor the reports prescribed by the IRS.

## ARTICLE VII

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

## ARTICLE VIII

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

## ARTICLE IX

9.01 *Definitions:* In this part of this Agreement (Article IX), the words "you" and "your" mean the Depositor, the words "we," "us" and "our" mean the Custodian. "Code" means the Internal Revenue Code, "Regulations" means the Treasury Regulations, "Fund(s)" means the mutual funds, offered by the Investment Company, that are used as investments within this Roth IRA, and "Investment Company" means the financial organization, mutual fund company or other entity named on the Application at which the Roth IRA is established.

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

9.03 *Representations and Responsibilities:* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us, or action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your Roth IRA. We have no duty to determine whether your contributions or distributions comply with the Code, Regulations, rulings or this Agreement. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We shall not be responsible for losses of any kind that may result from directions, actions or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act by your authorized agent. You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

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

To the extent written instructions or notices are required under this Agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

9.04 *Service Fees:* We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) for maintaining your Roth IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with

the administration of your Roth IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your Roth IRA at our discretion. We reserve the right to change a fee or charge any additional fee upon 30 days notice to you that the fee will be effective. Fees such as sub-transfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this Roth IRA.

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

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

You will select the type of investment for your Roth IRA assets, provided, however, that your selection of investments shall be limited to those types of investments that the Investment Company is authorized to offer and does in fact offer for investment in Roth IRAs. We shall reinvest all dividends or capital gains associated with the Fund(s) into the same shares of Fund(s) within your Roth IRA. We shall not have any responsibility over investment decisions with respect to the Roth IRA investments, nor shall we be held liable with respect to any losses that may occur on the account.

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

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

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

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

9.07 *Termination of Agreement, Resignation, or Removal of Custodian:* Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your Roth IRA to another financial organization. If you do not complete a transfer of your Roth IRA within 30 days from the date

we mail the notice to you, we have the right to transfer your Roth IRA assets to a successor Roth IRA custodian or trustee that we choose in our sole discretion, or we may pay your Roth IRA to you in a single sum. We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

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

- any fees, expenses or taxes chargeable against your Roth IRA;
- any penalties associated with the liquidation of an investment in your Roth IRA, including but not limited to, contingent deferred sales charges.

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

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

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

9.09 *Amendments:* We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.

9.10 *Withdrawals or Transfers:* All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.

You are not required to take a distribution from your Roth IRA at age 70%. At your death, however, your beneficiary(ies) must begin taking distributions in accordance with Article V and Section 9.06 of this Agreement. We will make no distributions to you from your Roth IRA until you provide us with a written request for a distribution on a form provided by or acceptable to us.

9.11 *Transfers from Other Plans:* We can receive amounts transferred to this Roth IRA from the custodian or trustee of another Roth IRA as permitted by the Code. We reserve the right not to accept any transfer.

9.12 *Liquidation of Assets:* We have the right to liquidate assets in your Roth IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties or surrender charges properly chargeable against your Roth IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree not to hold us liable for any adverse consequences that result from our decision.

9.13 *Restrictions on the Fund:* Neither you nor any beneficiary may sell, transfer or pledge any interest in your Roth IRA in any manner whatsoever, except as provided by law or this Agreement.

The assets in your Roth IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.

9.14 *What Law Applies:* This Agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this Agreement, the law of our domicile shall govern.

If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision. We reserve the right to interpret any provision in this Agreement and you agree that our interpretation shall be binding.

## General Instructions

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

### Purpose of Form

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

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

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

### Definitions

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

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

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

## Specific Instructions

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

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

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

# DISCLOSURE STATEMENT

## RIGHT TO REVOKE YOUR ROTH IRA

You have the right to revoke your Roth IRA within seven (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 Roth IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Investment Company, as agent for the Custodian, at the address listed on the Application.

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

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

## REQUIREMENTS OF A ROTH IRA

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

B. **MAXIMUM CONTRIBUTION** – The total amount you may contribute to a Roth IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$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 Traditional IRA (i.e., an IRA subject to the limits of Internal Revenue Code (Code) sections 408(a) or 408(b)), the maximum contribution to your Roth IRAs is reduced by any contributions you make to your Traditional 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.

Your Roth IRA contribution is further limited if your modified adjusted gross income (MAGI) equals or exceeds \$150,000 if you are a married individual filing a joint income tax return, or equals or exceeds \$95,000 if you are a single individual. Married individuals filing a joint income tax return with MAGI equaling or exceeding \$160,000 may not fund a Roth IRA. Single individuals with MAGI equaling or exceeding \$110,000 may not fund a Roth IRA. Married individuals filing a separate income tax return with MAGI equaling or exceeding \$10,000 may not fund a Roth IRA. The MAGI limits described above are subject to cost-of-living increases for tax years beginning after 2006.

If you are married filing a joint income tax return and your MAGI is between the applicable MAGI phaseout range for the year, your maximum Roth IRA contribution is determined as follows: (1) Begin with the appropriate MAGI phase-out maximum for the applicable year and subtract your MAGI from it; (2) divide the result by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the year, including catch-up contributions if you are age 50 or older. For example, if you are age 30 and your MAGI is \$155,000, your maximum Roth IRA contribution for 2002 is \$1,500. This amount is determined as follows: [(\$160,000 minus \$155,000) divided by \$10,000] multiplied by \$3,000.

If you are single and your MAGI is between the applicable MAGI phaseout for the year, your maximum Roth IRA contribution is determined as follows: (1) Begin with the appropriate MAGI phase-out maximum for the applicable year and subtract your MAGI from it; (2) divide the result by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the year, including catch-up contributions if you are age 50 or older. For example, if you are age 30 and your MAGI is \$98,000, your maximum Roth IRA contribution for 2002 is \$2,400. This amount is determined as follows: [(\$110,000 minus \$98,000) divided by \$15,000] multiplied by \$3,000.

C. **CONTRIBUTION ELIGIBILITY** – You are eligible to make a regular contribution to your Roth IRA, regardless of your age, if you have compensation and your MAGI is below the maximum threshold. Your Roth IRA contribution is not limited by your participation in a retirement plan, other than a Traditional IRA.

D. **CATCH-UP CONTRIBUTION** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your Roth IRA. The maximum additional contribution is \$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 Roth IRA is nonforfeitable.
- G. **ELIGIBLE CUSTODIANS** – The Custodian of your Roth IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- H. **COMMINGLING ASSETS** – The assets of your Roth IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- I. **LIFE INSURANCE** – No portion of your Roth IRA may be invested in life insurance contracts.
- J. **COLLECTIBLES** – You may not invest the assets of your Roth 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 Roth IRA investments.
- K. **BENEFICIARY PAYOUTS** – 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. The entire amount remaining in your account will, at the election of your beneficiary(ies), either
  1. be distributed by December 31 of the year containing the fifth anniversary of your death, or
  2. be distributed over the remaining life expectancy of your designated beneficiary(ies).

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

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

- L. **WAIVER OF 2009 BENEFICIARY PAYMENT** – No beneficiary life expectancy payments are required from an inherited Roth IRA for calendar year 2009. If the five year rule applies to a Roth IRA with respect to any decedent, the five year period is determined without regard to calendar year 2009. For example, if a Roth IRA owner died in 2007, the beneficiary's five year period ends in 2013 instead of 2012.

## INCOME TAX CONSEQUENCES OF ESTABLISHING A ROTH IRA

- A. **CONTRIBUTIONS NOT DEDUCTED** – No deduction is allowed for Roth IRA contributions, including transfers, rollovers and conversion contributions.
- B. **CONTRIBUTION DEADLINE** – The deadline for making a Roth IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar year taxpayer, and you make your Roth IRA contribution on or before 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 Roth IRA contributions. This credit may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are

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

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

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

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

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

E. **TAXATION OF DISTRIBUTIONS** – The taxation of Roth IRA distributions depends on whether the distribution is a qualified distribution or a nonqualified distribution.

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

- attainment of age 59½,
- disability,
- the purchase of a first home, or
- death.

For example, if you made a contribution to your Roth IRA for 1998, the five-year period for determining whether a distribution is a qualified distribution is satisfied as of January 1, 2003.

2. **Nonqualified Distributions** – If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income and, if you are under age 59½, may be subject to an early distribution penalty. However, when you take a distribution, the amounts you contributed annually to any Roth IRA account and any military death gratuity or Servicemembers' Group Life Insurance (SGLI) payments that you rolled over to a Roth IRA, will be deemed to be removed first, followed by conversion contributions made to any Roth IRA on a first-in, first-out basis. Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual contributions, military death gratuity or SGLI payments, and your conversions.

F. **REQUIRED MINIMUM DISTRIBUTIONS** – You are not required to take distributions from your Roth IRA at age 70½ (as required for Traditional and SIMPLE IRAs). However, your beneficiary(ies) is generally required to take distributions from your Roth IRA after your death. See the section titled *Beneficiary Payouts* in this Disclosure Statement regarding beneficiary's(ies') required minimum distributions.

G. **ROLLOVERS AND CONVERSIONS** – Your Roth IRA may be rolled over to another Roth IRA of yours, may receive rollover contributions, or may receive conversion contributions provided that all of the applicable rollover or conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your Roth IRA from another Roth IRA. Conversion is a term used to describe the movement of Traditional IRA or SIMPLE 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. **Roth IRA to Roth IRA Rollovers** – Funds distributed from your Roth IRA may be rolled over to a Roth IRA of yours if the requirements of Code section 408(d)(3) are met. A proper Roth IRA to Roth IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another Roth IRA to Roth IRA rollover from the distributing Roth IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months. Roth IRA assets may not be rolled over to other types of IRAs (e.g., Traditional IRA, SIMPLE IRA).

2. **Traditional IRA to Roth IRA Conversions** – If your MAGI 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.

3. **SIMPLE IRA to Roth IRA Conversions** – If your MAGI 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 savings incentive match plan for employees of small employers (SIMPLE) IRA(s) into your Roth IRA(s), provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. 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 SIMPLE IRA. The amount of the conversion from your SIMPLE IRA to your Roth IRA shall be treated as a distribution for income tax purposes and is includible in your gross income. Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.

4. **Rollovers of Roth Elective Deferrals** – Roth elective deferrals distributed from a 401(k) cash or deferred arrangement or 403(b) tax-sheltered annuity may be rolled into your Roth IRA.

5. **Rollovers from Employer-Sponsored Retirement Plans** – Distributions taken from your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan after December 31, 2007 may be rolled over to your Roth IRA. If you are a spouse, nonspouse, or qualified trust beneficiary who has inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan, you may be eligible to directly roll over the assets to an inherited Roth IRA. The inherited Roth IRA is subject to the beneficiary distribution requirements. Roth IRA conversion rules, as described above, will apply to rollovers by beneficiaries or plan participants, including the requirement to include the taxable portion in income in the year distributed.

6. **Beneficiary Rollovers from 401(k) or 403(b) Plans Containing Roth Elective Deferrals** – If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased 401(k) or 403(b) plan participant who had made Roth elective deferrals to the plan, you may directly roll over the Roth elective deferrals, and their earnings, to an inherited Roth IRA. The Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements.

7. **Rollover of Military Death Benefits** – If you receive or have received a military death gratuity or a payment from the Servicemembers' Group Life Insurance (SGLI) program, you may be able to roll over the proceeds to your Roth IRA. The rollover contribution amount is limited to the sum of the death benefits or SGLI payment received, less any such amount that was rolled over to a Coverdell education savings account. Proceeds must be rolled over within one year of receipt of the gratuity or SGLI payment for deaths occurring on or after June 17, 2008. For deaths occurring between October 7, 2001 and June 17, 2008, proceeds may be rolled over no later than one year from June 17, 2008. Any amount that is rolled over under this provision is considered nontaxable basis in your Roth IRA.

8. **Qualified HSA Funding Distribution** – If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free HSA funding distribution from your Roth IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*.

9. **Rollovers of Settlement Payments from Bankrupt Airlines** – If you are a qualified airline employee who has received an airline settlement payment from a commercial airline carrier under the approval of an order of a Federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007, you are allowed to roll over any portion of the proceeds into your Roth IRA by the later of 180 days after receipt of such amount, or June 21, 2009. To obtain more information on this type of rollover, you may wish to visit the IRS website at [www.irs.gov](http://www.irs.gov).

10. **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).

11. **Written Election** – At the time you make a proper rollover or conversion to a Roth IRA, you must designate in writing to us, your election to treat that contribution as a rollover or conversion. Once made, the election is irrevocable.

H. **TRANSFER DUE TO DIVORCE** – If all or any part of your Roth IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's Roth IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another Roth IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Roth IRA to another.

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. **SPOUSAL ROTH IRA** – If you are married and have compensation, you may contribute to a Roth IRA established for the benefit of your spouse, regardless of whether or not your spouse has compensation. You must file a joint income tax return for the year for which the contribution is made. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

The amount you may contribute to your Roth IRA and your spouse's Roth 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 Roth IRA. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

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

B. **GIFT TAX** – Transfers of your Roth IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.

C. **SPECIAL TAX TREATMENT** – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to Roth IRA distributions.

D. **INCOME TAX TREATMENT** – Any nonqualified withdrawal of earnings from your Roth IRA may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your Roth IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.

E. **PROHIBITED TRANSACTIONS** – If you or your beneficiary engage in a prohibited transaction with your Roth IRA, as described in Code section 4975, your Roth IRA will lose its tax-deferred or tax-exempt status, and you must generally include the value of the earnings in 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 Roth IRA: (1) taking a loan from your Roth IRA; (2) buying property for personal use (present or future) with Roth IRA funds; or (3) receiving certain bonuses or premiums because of your Roth IRA.

F. **PLEDGING** – If you pledge any portion of your Roth IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and may be included in your gross income for the taxable year in which you pledge the assets to the extent it represents earnings.

## FEDERAL TAX PENALTIES

A. **EARLY DISTRIBUTION PENALTY** – If you are under age 59½ and receive a nonqualified Roth IRA distribution, an additional tax of 10 percent will generally apply to the amount includible in income in the year of the distribution. If you are under age 59½ and receive a distribution of conversion amounts within the five-year period beginning with the year in which the conversion occurred, an additional tax of 10 percent will generally apply to the amount of the distribution. The additional tax of 10 percent will generally not apply if a distribution is 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).

B. **EXCESS CONTRIBUTION PENALTY** – An additional tax of six percent is imposed upon any excess contribution you make to your Roth IRA. This additional tax will apply each year in which an excess remains in your Roth IRA. An excess contribution is any amount that is contributed to your Roth IRA that exceeds the amount that you are eligible to contribute.

C. **EXCESS ACCUMULATION PENALTY** – As previously described, your beneficiary(ies) is generally required to take certain required 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 Roth IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

B. **ADDITIONAL INFORMATION** – You may obtain further information on Roth IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting [www.irs.gov](http://www.irs.gov) on the Internet.

C. **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 Roth IRA. Qualified distributions include Roth 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.

D. **QUALIFIED RESERVIST DISTRIBUTIONS** – If you are a qualified reservist called to active duty, you may be eligible to take penalty-free distributions from your Roth 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.

- E. **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 Roth 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.
- F. **HEARTLAND DISASTER RELATED TAX RELIEF** – If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your Roth IRA. Qualified disaster recovery assistance distributions include Roth IRA distributions made on or after specified dates for each disaster, and before January 1, 2010 to a qualified individual. 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.

#### **FINANCIAL DISCLOSURE**

The value of your Roth IRA will be solely dependent upon the performance of any investment instrument chosen by you to fund your Roth IRA. Therefore, no projection of the growth of your Roth IRA can reasonably be shown or guaranteed.

There are certain fees and charges connected with the investments you may select for your Roth IRA. Such fees and charges may include sales commissions, investment management fees, distribution fees, set up fees, annual maintenance fees, and surrender or termination fees. To find out what fees apply, read the prospectus or contract which will describe the terms of the investment you choose. We reserve the right to change any of the above fees after notice to you, as provided in your Roth IRA Agreement.

The method for computing and allocating annual earnings (interest, dividends, etc.) on your investments will vary with the nature and issuer of the investment chosen. Please refer to the prospectus or contract of the investment(s) of your choice for the method(s) used for computing and allocating annual earnings.