



**DUNHAM
TRUST COMPANY**

241 Ridge Street, Suite 100
Reno, Nevada 89501
(888) 438-6426

Roth Beneficiary IRA

.....

Individual Retirement Account

Custodial
(includes self-direction)



BUILDING RELATIONSHIPS THAT LAST GENERATIONS

You will need:

- 1) The attached IRA Application. Ensure you have the correct package for the type of IRA you are opening (Traditional, Roth, SEP, Beneficiary IRA, or Beneficiary Roth IRA).
- 2) Form 5305-SEP (if opening a SEP IRA).*
- 3) Either:
 - a. The N-share (Asset Allocation Program) New Account Application - OR -
Note to Financial Representative: *Be sure to check whether your Advisory Firm allows Discretionary or Non-Discretionary authority and download the appropriate form.*
 - b. The C-share New Account Application.
- 4) Custody Fee Schedule.
- 5) Request to Transfer to an IRA Form (if applicable).

To Open Your Dunham Funds IRA:

- 1) Complete the IRA Application. See *Designation of Beneficiary* explanation below.
- 2) Complete the applicable Asset Allocation Program (Class N) or New Account Application (Class C).
- 3) If you are requesting a transfer of IRA assets held at another financial institution to your Dunham Funds IRA, also complete the Request to Transfer to an IRA Form *and include a recent copy of your current IRA statement*. If you are funding this account with a direct rollover from a former employer's retirement plan, they may require you to complete alternative paperwork. Please contact the plan's administrator for appropriate transfer instructions.
- 4) Sign and date the Custody Fee Schedule form.
- 5) Include a copy of the death certificate (if opening a Beneficiary IRA).
- 6) Make copies and retain a copy of all documents for your records.
- 7) Return the all forms to your Financial Representative for signature.
- 8) If funding this new account by check, include a check for the amount of your IRA contribution (if applicable) made payable to:
Dunham Trust Company CFBO "account registration"
- 9) Please mail all checks to:

**Dunham Trust Company
c/o Dunham & Associates
P.O. Box 910309
San Diego, CA 92191**

Designation of Beneficiary

The space provided allows you to name primary and contingent beneficiaries. If more space is needed, you may attach a supplementary sheet. If you require a more complicated type of designation of beneficiary, you should consult your attorney. Some state's laws require married individuals to name their spouse as beneficiary. Married individuals should consult with their tax or financial professionals prior to designating someone other than their spouse. You may change your beneficiary at any time by contacting Dunham Trust Company in writing or submitting a Dunham Change of Beneficiary form.

Revocation Information

You have the right to revoke this Individual Retirement Account within seven (7) days of receiving your disclosure statement. To revoke your IRA account, simply notify Dunham Trust Company in writing. Written notice must be sent by first-class mail at the address listed below and will be accepted as of the date your notice is postmarked:

Dunham Trust Company
c/o Dunham & Associates
P.O. Box 910309
San Diego, CA 92191
800-442-4358

Additional Information

Some account types require additional information. Read the *New Accounts Guide* supplement to the N (Asset Allocation) & C-share program application to find what other documents you are required to submit.

* You should use Form 5305-SEP along with a Traditional IRA application to open a SEP IRA.

Dunham & Associates ("Dunham") is the marketing designation for Dunham & Associates Investment Counsel, Inc., and its affiliates, including Dunham Trust Company. Securities and investment advisory services offered through Dunham & Associates Investment Counsel, Inc., member FINRA/SIPC and a Registered Investment Advisor. Trust Services offered through Dunham Trust Company, a privately held trust company licensed and regulated by the state of Nevada, Department of Business and Industry, Financial Institutions Division.

ADDITIONAL INFORMATION

Purpose. This Organizer contains the forms necessary to establish a Roth beneficiary individual retirement account (IRA).

How to use this Roth Beneficiary IRA Organizer. The individual or entity establishing this Roth Beneficiary IRA must complete the Application page. The Roth Beneficiary IRA account holder must sign the document. The original signed copy of the Application should be kept by the custodian for its records. The Roth Beneficiary IRA account holder should receive a copy of the Application and keep the remaining contents of the Roth Beneficiary IRA Organizer. Community or marital property state laws may require spousal consent for nonspouse successor beneficiary designations.

Additional Documents. Applicable law or policies of the Roth Beneficiary IRA custodian may require additional documentation such as IRS Form W-9, *Request for Taxpayer Identification Number and Certification*.

For Additional Guidance. It is in your best interest to seek the guidance of a tax or legal professional before completing this document. For more information, refer to Internal Revenue Service (IRS) Publication 590, *Individual Retirement Arrangements (IRAs)*, instructions to your federal income tax return, your local IRS office, or the IRS's web site at www.irs.gov.

Relationship to Original Deceased Roth IRA Owner. Check the spouse option on the Roth Beneficiary IRA Application if either of the following applies: 1) you are the original deceased Roth IRA owner's surviving spouse, and you are the only beneficiary or 2) you are such surviving spouse, and one of multiple beneficiaries, and separate accounting applies. If not, check the nonspouse option.

FINANCIAL DISCLOSURE

The IRS requires us to provide you with a financial disclosure regarding the value of your Roth Beneficiary IRA. Because the value of your Roth Beneficiary IRA will be affected by any required minimum distributions you must take from the account, the value of your Roth Beneficiary IRA cannot be reasonably projected.

Projection Method—The Value of Your Roth Beneficiary IRA Cannot be Reasonably Projected.

The value of your Roth Beneficiary IRA cannot be reasonably projected because the value will be affected by any required minimum distributions you must take from the account. The fees and loss of earnings penalties previously listed are provided to help you understand the impact they could have on the future value of your Roth Beneficiary IRA. In addition, we are required to provide the following information as part of this financial disclosure:

- Earnings.** The method for computing and allocating the earnings on your Roth Beneficiary IRA investments may be found in the investments. The method may vary depending on the provider and type of the investments.
- Investments.** The investments contained in your Roth Beneficiary IRA will be provided directly by us, through us, or by an entity registered as a broker-dealer.
- Investment Fees.** Various fees may be applied to your Roth Beneficiary IRA investments. The investment fees may include termination or surrender fees, loss of earnings penalties, sales commissions, management fees, trustee fees, and other assessments.
- Roth IRA Fees.** Roth Beneficiary IRA Fees were previously disclosed. If necessary, the specified fees are computed as follows:

ROTH BENEFICIARY IRA FEES AND LOSS OF EARNINGS PENALTIES

Fees:

- None
- Roth IRA Establishment Fee \$ _____
- Annual Service/Administration Fee of \$ _____
or _____ % of assets will be charged at end beginning
of each year for purposes of this projection.
- Transfer Fee \$ _____
- Roth IRA Termination Fee \$ _____
- Other: _____ \$ _____ or _____ % of Assets
- Other: _____ \$ _____ or _____ % of Assets
- Other: _____
- Other: _____

Loss of Earnings Penalty (Check one):

- None 1-Month 3-Month 6-Month
- Other: _____
- Other: _____
- Other: _____

Roth Beneficiary IRA Application



DUNHAM TRUST COMPANY

241 Ridge Street, Suite 100
Reno, Nevada 89501
(888) 438-6426

1 ROTH BENEFICIARY IRA ACCOUNTHOLDER INFORMATION

| | | | |
|--|-------------------|--------------------------------|--|
| NAME, ADDRESS, CITY, STATE, AND ZIP | | ROTH IRA ACCOUNT (PLAN) NUMBER | |
| | | DAYTIME PHONE NUMBER | |
| | | | |
| SSN/TIN | E-MAIL (OPTIONAL) | DATE OF BIRTH | GENDER: <input type="checkbox"/> Male <input type="checkbox"/> Female |
| RELATIONSHIP TO ORIGINAL DECEASED ROTH IRA OWNER: <input type="checkbox"/> Spouse <input type="checkbox"/> Nonspouse | | | |

2 ACCOUNT INFORMATION

| | | | | |
|---|-------------------|--------|-------------------|---------------|
| A. GENERAL TRANSACTION INFORMATION: | INVESTMENT NUMBER | AMOUNT | CONTRIBUTION DATE | |
| | | \$ | | |
| B. ORIGINAL DECEASED ROTH IRA OWNER INFORMATION: | NAME | SSN | DATE OF BIRTH | DATE OF DEATH |
| | | | | |
| C. CONTRIBUTION TYPE: <input type="checkbox"/> Transfer from Roth IRA | | | | |

3 DESIGNATION OF SUCCESSOR BENEFICIARY

(To be completed by financial organization. If prohibited by state law, check the "do not" option.)
We do do not allow designation of successor beneficiaries. If no box is checked, we will allow designation of successor beneficiaries.

At the time of my death, the primary successor beneficiaries named below will receive my Roth Beneficiary IRA assets. If all of my primary successor beneficiaries die before me, the contingent successor beneficiaries named below will receive my Roth Beneficiary IRA assets. In the event a successor beneficiary dies before me, such beneficiary's share will be reallocated on a pro-rata basis to the other successor beneficiaries that share the deceased beneficiary's classification as a primary or contingent successor beneficiary. If all of the successor beneficiaries die before me, my Roth Beneficiary IRA assets will be paid to my estate. If no percentages are assigned to beneficiaries, or if the percentage total for any beneficiary classification exceeds 100 percent, the beneficiaries in that beneficiary classification will share equally. If the percentage total for each beneficiary classification is less than 100 percent, any remaining percentage will be divided equally among the beneficiaries within such class. This designation revokes and supercedes all earlier successor beneficiary designations which may apply to this Roth Beneficiary IRA.

A. Primary Successor Beneficiary

| PERCENTAGE | NAME OF SUCCESSOR BENEFICIARY | SSN OR TIN | RELATIONSHIP TO ROTH BENEFICIARY IRA ACCOUNTHOLDER |
|-------------------|-------------------------------|------------|--|
| % | | | |
| % | | | |
| % | | | |
| Total 100% | | | |

B. Contingent Successor Beneficiary

| PERCENTAGE | NAME OF SUCCESSOR BENEFICIARY | SSN OR TIN | RELATIONSHIP TO ROTH BENEFICIARY IRA ACCOUNTHOLDER |
|-------------------|-------------------------------|------------|--|
| % | | | |
| % | | | |
| % | | | |
| Total 100% | | | |

4 SPOUSAL CONSENT

Community or marital property state laws may require spousal consent for a nonspouse successor beneficiary designation. The laws of the state in which the financial organization is domiciled, the Roth Beneficiary IRA owner resides, the trust is located, the spouse resides, or this transaction is consummated should be reviewed to determine if such a requirement exists. Spousal consent for the successor beneficiary designation may also be required by financial organization policy.

I Am Married. I understand that if I designate a primary successor beneficiary other than my spouse and I live in a community or marital property state, I may need to obtain my spouse's consent to the beneficiary designation by signing below.

I Am Not Married. I understand that if I marry in the future, and reside in a community or marital property state, I may need to complete a new Designation of Beneficiary form, which includes the spousal consent documentation.

I am the spouse of the Roth Beneficiary IRA accountholder. Because of the significant consequences associated with giving up my interest in the Roth Beneficiary IRA, the custodian has not provided me with legal or tax advice, but has advised me to seek tax or legal advice. I acknowledge that I have received a fair and reasonable disclosure of the Roth Beneficiary IRA accountholder's assets or property and any financial obligations for a community property state. In the event I have a legal interest in the Roth Beneficiary IRA assets, I hereby give to the Roth Beneficiary IRA accountholder such interest in the assets held in this Roth Beneficiary IRA and consent to the successor beneficiary designation set forth in this Application.

Signature of Spouse _____ Date _____
 Signature of Witness (if required) _____ Date _____
 (Witness cannot be a successor beneficiary of this Roth Beneficiary IRA)

5 SIGNATURES

I certify that I am the Roth Beneficiary IRA accountholder or individual legally authorized to complete this form. I certify the accuracy of the information set forth in this form and I authorize this transaction. I acknowledge that I have received a copy of IRS Form 5305-RA, *Roth Individual Retirement Custodial Account*, a Disclosure Statement, and a Financial Disclosure. I agree to be bound by the terms and conditions found in the Agreement, including the Disclosure Statement, Financial Disclosure, and amendments thereto. I understand that I may revoke this Roth Beneficiary IRA on or before seven (7) days after the date of establishment. I assume full responsibility for any consequences associated with my actions concerning this Roth Beneficiary IRA. I indemnify and hold the Custodian harmless from any resulting liabilities arising from my actions. I acknowledge that the Custodian cannot provide, and has not provided, me with any tax or legal advice. I agree to consult with a tax or legal professional for guidance.

Signature of Roth Beneficiary IRA Accountholder _____ Date _____
 Signature of Custodian _____ Date _____

ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT

(Under section 408A of the Internal Revenue Code)

Form **5305-RA** (Rev. March 2002) Department of the Treasury Internal Revenue Service
The depositor and the custodian make the following agreement:

Do Not File with
Internal Revenue Service

Amendment

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 that accompanies this Agreement.

Article IX.

9.01 Beneficiary IRA Documents. This Internal Revenue Service (IRS) Forms 5305 series agreement for Roth IRAs, the disclosure statement, and any amendments or additional provisions to such agreement (the "Agreement") set forth in the terms and conditions governing your beneficiary individual retirement account (IRA) and your or, after your death, your successor beneficiary's relationship with us. Your Agreement will be accompanied by a disclosure statement, which sets forth various IRA rules in simpler language, and a financial disclosure.

9.02 Use of These Beneficiary IRA Documents. IRS Form 5305-RA was initially designed by the IRS for use by a depositor to establish his/her own IRA. Beneficiary IRAs are specifically permitted by the IRS; however, they are subject to certain special rules, which are described below and in the disclosure statement. The IRS has not created a form 5305 series agreement specifically designed for a beneficiary IRA. Therefore, the standard IRS Form 5305-RA is used as the basis for our agreement with you. However, certain provision of Articles I through VIII and the instructions of this IRS Form 5305-RA do not apply to you, as beneficiary of the depositor, or to your Beneficiary IRA. On the other hand, Articles III, IV, V.1, V.2, VI, and VIII generally apply to you in the same manner as provided for the depositor.

9.03 Definitions.

(a) "**Application**" means the Roth Beneficiary IRA Application, as signed by the beneficiary.

(b) "**Beneficiary**" means the individual or entity named by the depositor or a subsequent beneficiary as beneficiary of all or a portion of the depositor's Roth IRA and who is named as Beneficiary IRA Accountholder on the Application.

(c) "**Eligible Retirement Plan**" means employer-sponsored retirement plans such as qualified plans, tax-sheltered annuities, and certain IRC Section 457 plans of state and local governments.

(d) "**Depositor**" means the original IRA accountholder who established the Roth IRA and who has died.

(e) "**IRA**" means, unless otherwise specifically noted, the Roth custodial account established by the beneficiary by signing the Application, pursuant to the terms of the Agreement and Application.

(f) "**Custodian**" means the entity named as Custodian on the Roth Beneficiary IRA Application, and any successor.

References to "you," "your," and "Beneficiary IRA accountholder" will mean the beneficiary, and "we," "us," and "our" will mean the custodian. The terms "you" and "your" will apply to you. In the event you appoint a third party, or have a third party appointed on your behalf, to handle certain transactions affecting your IRA, such agent will be considered "you" for purposes of this Agreement. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular.

9.04 Contributions. Notwithstanding the provisions of Articles I and II, the only contributions permitted to this Beneficiary IRA are transfers from the original deceased owner's Roth IRA or transfers from an existing Roth beneficiary IRA to establish this Beneficiary IRA. If this Beneficiary IRA holds amounts previously in the depositor's Roth IRA, you may be able to make a trustee-to-trustee transfer from a Roth IRA inherited from the same depositor. No other contributions of any kind may be made to this Beneficiary IRA. Also, any other type of contribution by the depositor's surviving spouse is deemed to be an election to treat this Beneficiary IRA as his/her own.

9.05 Transfer Contributions. We may accept transfer contributions in cash or in kind from other beneficiary IRAs. Prior to completing such a transaction, we may require that you provide certain information in a format acceptable to us. In-kind contributions will be valued according to our policies and procedures at the time of the contribution.

9.06 Investment of IRA Assets.

(a) **IRA Investment Options.** In our capacity as your Beneficiary IRA custodian, we provide various options concerning types of investments and investment direction. At the time you established or amended your Beneficiary IRA we provided you with either of the following investment options: deposit investments only or self-directed investments. This section describes each of the options. We will provide you with any required disclosures concerning your specific investments.

(1) **Deposit Investments Only.** If your Beneficiary IRA allows for deposit investments only, the deposit investments provided by us will be limited to savings, share, and/or money market accounts, and various certificates of deposit (CDs).

(2) **Self-Directed IRA Investments.** If your Beneficiary IRA is self-directed, you may invest your IRA assets in deposit investments as well as in various non-deposit investments. Non-deposit investments may include investments in property, annuities, mutual funds, stocks, bonds, and government, municipal and U.S. Treasury securities, and other similar investments. Most, if not all, of the non-deposit investments we offer are subject to investment risks, including possible loss of the principal amount invested.

(b) **Investment of Inherited IRA Amounts.** We will invest your inherited Beneficiary IRA amounts and reinvest your IRA assets as directed by you based on our then-current investment policies and procedures. If you fail to provide us with investment direction for a transferred amount, we will return or hold all or part of such transfer based on our policies and procedures. We will not be responsible for any loss of IRA income associated with your failure to provide appropriate investment direction.

(c) **Directing Investments.** All investment directions must be in a format or manner acceptable to us. You may invest in any IRA investments that you are qualified to purchase, and that we are authorized to offer and do offer at the time of the investment selection, and that are acceptable under the applicable laws governing retirement plans. Your Beneficiary IRA investments will generally be registered in our name or our nominee's name (if applicable) for the benefit of your Beneficiary IRA. Specific investment information may be provided at the time of the investment.

Based on our policies, we may allow you to delegate the investment responsibility of your Beneficiary IRA to an agent by providing us with written notice of delegation in a format acceptable to us. We will not review or guide your agent's decisions, and you are responsible for the agent's actions or failure to act. We are not responsible for directing your investments, or providing investment advice, including guidance on the suitability or potential market value of various investments. For investments in securities, we will exercise voting rights and other similar rights only at your direction, and according to our then-current policies and procedures.

(d) **Investment Fees and Asset Liquidation.** Certain investment-related fees, which apply to your Beneficiary IRA, must be charged to your Beneficiary IRA and cannot be paid by you. We have the right to liquidate your Beneficiary IRA assets to pay fees and expenses, federal tax levies, or other assessments on your Beneficiary IRA. If you do not direct us on the liquidation, we will liquidate the assets of our choice and will not be responsible for any losses or claims that may arise out of the liquidation.

9.07 Distributions. Withdrawal requests must be in a format acceptable to us, and/or on forms provided by us. We may require you, or your successor beneficiary after your death, to elect a distribution reason, provide documentation, and provide a proper tax identification number before we process a distribution. Distributions will generally be in cash or in kind based on our policies. In-kind distributions will be valued according to our policies at the time of the distribution.

Required minimum distributions (RMDs) from this account, regardless of source, will be based on Internal Revenue Code (IRC) Section 401(a)(9)(B) with the exception of the "at-least-as-rapidly" rule in Section 401(a)(9)(B)(i), Treasury Regulation Sections 1.401(a)(9), 1.408A-6, and 1.408-8, additional IRS guidance, and our then-current policies and procedures. The RMD rules are described within the Disclosure Statement. In the event you, or your successor beneficiary after your death, fail to take an RMD, we may do nothing, distribute your entire Beneficiary IRA balance, or distribute an amount based on our calculation.

You are ultimately responsible for determining your beneficiary RMD as well as for the consequences of taking more or less than the required amount. We may choose to estimate your beneficiary RMD; however, we are not required to provide you with such an estimate. If we provide you with an estimated RMD, we will do so based on factors we assume to be correct. Because the ultimate responsibility for calculating the RMD is yours, we recommend you seek guidance from your tax or legal professional regarding your RMD calculation and the taxation of distributions.

9.08 Successor Beneficiary Designations. If we allow successor beneficiary designations, the beneficiary of your Beneficiary IRA will be the person or persons listed on the Application as successor beneficiaries (or other beneficiary designation form approved by us) and received by us prior to your death. If no successor beneficiary survives you (or if no valid successor beneficiary designation is on file with us), your successor beneficiary will be your estate.

9.09 Amendments. We may amend your Beneficiary IRA in any respect and at any time, including retroactively, to comply with applicable laws governing retirement plans and the corresponding regulations. Any other amendments shall require your consent, by action or no action, and will be preceded by written notice to you. Unless otherwise required, you are deemed to automatically consent to an amendment, which means that your written approval is not required for the amendment to apply to the Beneficiary IRA. In certain instances the governing law or our policies may require us to secure your written consent before an amendment can be applied to the Beneficiary IRA. If you want to withhold your consent to an amendment, you must provide us with a written objection within 30 days of the receipt date of the amendment.

9.10 Notice and Delivery. Any notice mailed to you will be deemed delivered and received by you, five days after the postmark date. This fifth day following the postmark is the receipt date. Notices will be mailed to the last address we have in our records. You are responsible for ensuring that we have your proper mailing address. Upon your consent, we may provide you with notice in a delivery format other than by mail. Such formats may include various electronic deliveries. Any notice, including terminations, transfers, or change in personal information mailed to us will be deemed delivered when actually received by us based on our ordinary business practices. All notices must be in writing unless our policies and procedures provide for oral notices.

9.11 Additional Provisions. Additional provisions may be attached to, and made a part of, this Agreement by either party. The provisions must be in writing, agreed to by us, and in a format acceptable to us.

9.12 Disqualifying Provisions. Any provision of this Agreement that would disqualify the Beneficiary IRA will be disregarded to the extent necessary to maintain the account as a beneficiary IRA.

9.13 Interpretation. If any question arises as to the meaning of any provision of this Agreement, then we shall be authorized to interpret any such provision, and our interpretation will be binding upon all parties.

9.14 Applicable Laws. This Agreement will be construed and interpreted in accordance with the laws of, and venue in, our state of domicile.

9.15 Representations and Indemnity. You represent that any information you and/or your agents provide to us is accurate and complete, and that your actions comply with this Agreement and applicable laws governing retirement plans. You understand that we will rely on the information provided by you, and that we have no duty to inquire about or investigate such information. We are not responsible for any losses or expenses that may result from your information, direction, or actions, including your failure to act. You agree to hold us harmless, to indemnify, and to defend us against any and all actions or claims arising from, and liabilities and losses incurred by reason of your information, direction, or actions. Additionally, you represent that it is your responsibility to seek the guidance of a tax or legal professional for your Beneficiary IRA issues.

We are not responsible for determining whether any transfer or distribution complies with this Agreement and/or the federal laws governing retirement plans. We are not responsible for any taxes, judgments, penalties or expenses incurred in connection with your Beneficiary IRA, or any losses that are a result of events beyond our control. We have no responsibility to process transactions until after we have received appropriate direction and documentation, and we have had a reasonable opportunity to process the transactions. We are not responsible for interpreting or directing successor beneficiary designations or divisions, including separate accounting, available beneficiary distribution options, court orders, penalty exception determinations, qualified trust determinations, or other similar situations.

9.16 Our Fees and Expenses. We may charge reasonable fees and are entitled to reimbursement for any expenses we incur in establishing and maintaining your Beneficiary IRA. We may change the fees at any time by providing you with notice of such changes. We will provide you with fee disclosures and policies. Fees may be deducted directly from your Beneficiary IRA assets, and/or billed separately to you. Additionally, we have the right to liquidate your Beneficiary IRA assets to pay such fees and expenses. If you do not direct us on

the liquidation, we will liquidate the assets of our choice and will not be responsible for any losses or claims that may arise out of the liquidation.

9.17 Reports and Records. We will maintain the records necessary for IRS reporting on this Beneficiary IRA. Required reports will be provided to you, or your successor beneficiary after your death, and the IRS. If you believe that your report is inaccurate or incomplete you must notify us in writing within 30 days following the receipt date. Your investments may require additional state and federal reporting.

9.18 Termination. You may terminate this Agreement without our consent by providing us with a written notice of termination. A termination and the resulting distribution or transfer will be processed and completed as soon as administratively feasible following the receipt of proper notice. At the time of termination we may retain the sum necessary to cover any fees and expenses, taxes, or investment penalties.

9.19 Our Resignation. We can resign at any time by providing you with 30 days written notice prior to the resignation date, or within five days of our receipt of your written objection to an amendment. In the event you materially breach this Agreement, we can terminate this Agreement by providing you with five days prior written notice. Upon our resignation, you must appoint a qualified successor custodian or trustee. Your Beneficiary IRA assets will be transferred

to the successor custodian or trustee once we have received appropriate direction. Transfers will be completed within a reasonable time following our resignation notice and the payment of your remaining IRA fees or expenses. At the time of our resignation we may retain the sum necessary to cover any fees and expenses, taxes, or investment penalties. We reserve the right to retain IRA assets to pay any remaining fees or expenses. If you fail to provide us with acceptable transfer direction within 30 days from the date of the notice, we can transfer the assets to a successor custodian or trustee of our choice, distribute the assets to you in kind, or liquidate the assets and distribute them to you in cash.

9.20 Successor Organization. If we merge with, purchase, or are acquired by, another organization, such organization, if qualified, may automatically become the successor custodian or trustee of your Beneficiary IRA.

Beneficiary IRAs are permitted by the IRS; however, they are subject to certain rules, which are described above and in the disclosure statement. The IRS has not created a form 5305 series agreement specifically designed for a beneficiary IRA. Therefore, the standard IRS Form 5305-RA is used as the basis for our agreement with you. However, certain provisions of Articles I through VIII and the instructions of this IRS Form 5305-RA do not apply to you, as beneficiary of the depositor, or to your Beneficiary IRA.

IRS FORM 5305-RA INSTRUCTIONS (Rev. 3-2002)

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 59 1/2 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.

ROTH BENEFICIARY IRA DISCLOSURE STATEMENT

Right to Revoke Your Beneficiary IRA. You have the right to revoke this individual retirement account (IRA) within seven days of receiving this Disclosure Statement. If you revoke your Beneficiary IRA, we will return to you the entire amount transferred to the IRA without any adjustment for items such as sales commissions, administrative expenses, or fluctuation in market value. You do not have the right to revoke upon amendment of this Agreement.

You may revoke your Beneficiary IRA by providing us with written notice. The revocation notice may be mailed by first-class mail, or hand delivered to us. If your notice is mailed by first-class, postage pre-paid mail, the revocation will be deemed mailed on the date of the postmark. (Note that the assets you receive from us upon revocation of this Beneficiary IRA will not be eligible to be rolled over or deposited into any other beneficiary IRA, but instead will be reported as a distribution to you and will be subject to taxation.)

If you have any questions or concerns regarding the revocation of your Beneficiary IRA, please call or write to us. Our telephone number, address, and contact name, to be used for communications, can be found on the application that accompanies this Disclosure Statement and Internal Revenue Service (IRS) Forms 5305 series agreement.

Right to Disclaim. You may disclaim your interest in this Beneficiary IRA subject to the following requirements. To be eligible to disclaim, you must be a natural person of legal age and under no other legal disability and must not have received a distribution of any part of the Beneficiary IRA at the time the disclaimer is received by us (except for the required minimum distribution for the year of the decedent's death).

Alternatively, a disclaimer may be executed by (i) your duly-appointed legal guardian or conservator if you are a minor or under other legal disability or (ii) your duly-appointed personal representative.

The disclaimer must be made in writing and must be executed personally by you (*or a duly-appointed legal guardian, conservator or personal representative acting on your behalf*) and acknowledged before a notary public. The disclaimer must state that your entire interest in the Beneficiary IRA is disclaimed or must specify what portion thereof is disclaimed.

To be effective, the disclaimer must be irrevocable and both executed by you and received by us after the date of the depositor's death but not later than nine (9) months after the depositor's death. If you have any questions regarding disclaiming this Beneficiary IRA, please call or write us. You may also wish to consult with your tax or legal professional regarding the consequences of a disclaimer.

This Disclosure Statement. This Disclosure Statement provides you, or your successor beneficiaries after your death, with a summary of the rules and regulations governing this Beneficiary IRA.

Definitions. The IRS Form 5305 series agreement for Roth IRAs contains a detailed definitions section. The definitions found in such section apply to this Agreement. References to "you," "your," and "Beneficiary IRA account holder" will mean the beneficiary, and "we," "us," and "our" will mean the custodian. In the event you appoint a third party, or have a third party appointed on your behalf to handle certain transactions affecting your Beneficiary IRA, such third party will be considered your agent and, therefore, "you" for purposes of this Agreement. "IRA" means, unless otherwise specifically noted, the Roth custodial account established by the beneficiary by signing the Application, pursuant to the terms of the Agreement and Application.

For Additional Guidance. It is in your best interest to seek the guidance of a tax or legal professional before completing any beneficiary IRA establishment documents. Your first reference for questions concerning your Beneficiary IRA should be the IRS Forms 5305 series agreement, any additional provisions or amendments to such document, and this Disclosure Statement. For more information, you can also refer to IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, instructions to your federal income tax return, your local IRS office, or the IRS's web site at www.irs.gov.

IRA Restrictions and Approval.

- 1. IRS Form 5305-R or 5305-RA Agreement.** This Disclosure Statement and the IRS Forms 5305 series agreement, amendments, and additional provisions, set forth the terms and conditions governing your Beneficiary IRA. Such documents are the "Agreement."
- 2. Individual Benefit.** This Beneficiary IRA must be for the exclusive benefit of you, and upon your death, your successor beneficiaries. The Beneficiary IRA must be established in the name of the depositor, for your benefit as beneficiary.
- 3. Successor Beneficiary Designation.** If we allow you to name successor beneficiaries, you may complete the appropriate section on the corresponding Beneficiary IRA application and designate any person as your successor beneficiary to receive your Beneficiary

IRA assets upon your death. You may also change or revoke an existing designation in such manner and in accordance with such rules as your Beneficiary IRA custodian prescribes for this purpose. If there is no successor beneficiary designation on file at the time of your death, or if none of the beneficiaries on file are alive at the time of your death, your Beneficiary IRA assets will be paid to your estate. Your Beneficiary IRA custodian may rely on the latest successor beneficiary designation on file at the time of your death, will be fully protected in doing so, and will have no liability whatsoever to any person making a claim to the Beneficiary IRA assets under a subsequently filed designation or for any other reason.

- 4. IRA Custodian.** An IRA custodian must be a bank, federally insured credit union, savings and loan association, trust company, or other entity, which is approved by the Secretary of the Treasury to act as an IRA custodian.
- 5. Prohibition Against Life Insurance and Commingling.** None of your Beneficiary IRA assets may be invested in life insurance contracts, or commingled with other property, except in a common trust fund or common investment fund.
- 6. Nonforfeitable.** The assets in your Beneficiary IRA are not forfeitable.
- 7. Collectibles.** Generally, none of your Beneficiary IRA assets may be invested in collectibles, including any work of art, rug, or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property. If we allow, you may invest your Beneficiary IRA assets in the following coins and bullion: certain gold, silver, and platinum coins minted by the United States; a coin issued under the laws of any state; and any gold, silver, platinum, and palladium bullion of a certain fineness, and only if such bullion is held by us. For additional guidance on collectibles, see Section 408(m) of the Internal Revenue Code (IRC).
- 8. Required Minimum Distribution Rules.** Your Beneficiary IRA is subject to the required minimum distribution rules. Different rules apply in different situations and you are responsible for determining which rules apply to your Beneficiary IRA. A summary of the required minimum distribution rules are described later in this Disclosure Statement.
- 9. No Prohibited Transactions.** If you engage in a prohibited transaction, the Beneficiary IRA loses its tax exempt status as of the first day of the year. You must include the fair market value of your Beneficiary IRA as of that first day in your gross income for the year during which the prohibited transaction occurred, and pay all applicable taxes and penalties.
- 10. No Pledging.** If you pledge all or a portion of your Beneficiary IRA as security for a loan, the portion pledged will be treated as a distribution to you, and the taxable portion will be included in gross income.
- 11. IRS Approval of Form.** This Agreement includes an IRS Forms 5305 series agreement. This IRS document has been approved by the IRS. This approval is not a determination of its merits, and not an endorsement of the investments provided by us, or the operation of the Beneficiary IRA.
- 12. State Laws.** State laws may affect your Beneficiary IRA in certain situations, including successor beneficiary designations, agency relationships, consent, taxes, tax withholding, and reporting.

Eligibility to Establish a Beneficiary IRA. You may establish a beneficiary IRA with this Agreement to hold amounts received as a direct or successor beneficiary from the Roth IRA of a depositor.

Separate Beneficiary IRA Accounts. You are required to maintain this Beneficiary IRA separate from your own individual IRAs and from any other beneficiary IRAs that you may inherit from other decedents. If you are the surviving spouse of the depositor and the sole beneficiary of the IRA with unlimited rights to withdraw amounts from the IRA, you may elect to treat this IRA as your own IRA or to maintain it as a beneficiary IRA. If you elect to treat it as your own IRA, the rules described in this Disclosure Statement generally will not apply to you and you will be treated as the IRA owner. A surviving spouse will be deemed to have treated the Beneficiary IRA as his/her own if any contributions (including rollover contributions) are made to the Beneficiary IRA or if any required minimum distribution as a beneficiary for a year is not taken. If you are the surviving spouse of the depositor and you have elected to treat or have been deemed to have treated this Beneficiary IRA as your own, you agree to notify us of such circumstance and we recommend that you execute a new IRA agreement with us. If no such agreement is executed, the provisions of Articles I through VIII of this Agreement, the relevant provisions of Article IX of this Agreement, and the provisions of IRS Publication 590 shall govern your Beneficiary IRA.

Beneficiary IRA Contributions. The only contributions permitted to this Beneficiary IRA are transfers from the original deceased owner's Roth IRA or transfers from an existing Roth beneficiary IRA to establish this Beneficiary IRA. If this Beneficiary IRA holds amounts previously in the depositor's Roth IRA, you may be able to make a trustee-to-trustee transfer from a Roth IRA inherited from the same depositor. No other contributions of any kind may be made to this Beneficiary IRA. Also, any other type of contribution by the depositor's surviving spouse is deemed to be an election to treat this Beneficiary IRA as his/her own.

There is no authority in the IRC, IRS regulations, or other guidance to make a direct rollover from a deceased plan participant's designated Roth account (which is part of either an IRC Section 401(k) or 403(b) plan) to a Roth beneficiary IRA.

Trustee-to-Trustee Transfers. A trustee-to-trustee transfer is a transfer of assets from one IRA custodian/trustee to another IRA custodian/trustee, without the assets being distributed to you. A trustee-to-trustee transfer means that the IRA assets move from one IRA to another IRA in a manner that prevents you from cashing or liquidating the IRA assets, or even depositing the assets anywhere except in the receiving IRA. Transfers are not taxable or reportable, and the IRS does not impose timing or frequency restrictions on these transfers. You may be required (by us or the other financial organization involved) to complete a transfer authorization form or other documentation prior to transferring your Beneficiary IRA assets. Any trustee-to-trustee transfer will be subject to our policies. We have sole discretion on whether we will accept, and how we will process, movements of assets to and from IRAs.

IRA Distributions. You, or after your death your successor beneficiary, may take an IRA distribution in cash or in kind based on our policies, at any time. However, your distribution may be subject to income taxes if it is not a qualified distribution.

1. **Qualified Distribution.** A qualified distribution is a distribution made from a beneficiary IRA after the expiration of the depositor's five-year holding period.
2. **Five-Year Holding Period.** The five-year holding period begins with the earlier of: 1) the first year the depositor made any regular Roth IRA contribution, 2) the first year the depositor made a conversion from a traditional IRA to any Roth IRA, 3) the first year the depositor made a rollover of designated Roth account assets to any Roth IRA, or 4) the first year the depositor made a rollover or direct rollover to any Roth IRA of eligible retirement plan assets.
3. **Ordering Rules.** If your distribution is not a qualified distribution, any earnings you withdraw from this Beneficiary IRA will be included in your gross income for federal income tax purposes. The ordering rules for Roth IRAs determine what portion of your distribution will be subject to income taxes. The ordering rules, which take into account all of the depositor's Roth IRAs, state that the assets will be deemed distributed in the following order by type: 1) regular or annual contributions, 2) conversion contributions, and 3) earnings. All assets within a certain type must be removed before moving on to the next asset type. IRS Form 8606, *Nondeductible IRAs*, has been specifically designed to assist with determining the ordering rules. You must calculate the taxable and nontaxable amount separately for your individual Roth IRAs and for this Beneficiary IRA, as well as any other beneficiary IRAs that you may inherit from other decedents. You must complete IRS Form 8606 each year you take a distribution that is not a qualified distribution and attach the form to your tax return for that year to validate the nontaxable portion of your Beneficiary IRA distributions reported for that year. Due to the complexities that may exist when there are multiple Roth IRAs, you should seek the guidance of your tax or legal professional for assistance in determining the taxable portion of a distribution that is not a qualified distribution.
4. **Tax-Free Distributions to Charities.** If you have attained age 70 1/2 you may make tax-free IRA distributions directly from your beneficiary IRA to a qualified charitable organization. Tax-free distributions are limited to \$100,000 per year and only apply to distributions made through December 31, 2007.

Required Minimum Distributions - Generally. You must take certain required minimum distributions (RMDs) from your Beneficiary IRA. The RMD rules that apply to your Beneficiary IRA may vary and depend on factors such as whether you are the surviving spouse of the depositor and the identity of any other beneficiaries of the depositor's IRA. You are responsible for determining which rules apply to your Beneficiary IRA.

1. **Separate Accounts.** Our policies may permit separate accounting rules to be applied. If there are other beneficiaries of the depositor's IRA, the RMD rules may (if the other requirements are satisfied) be applied using your life expectancy (and not the life expectancy of

the oldest designated beneficiary) if you establish your own Beneficiary IRA by December 31 of the year following the year in which the depositor died. If our policy permits separate accounting, the separate account rules must be applied in accordance with Treasury Regulation 1.401(a)(9)-8, Q&A 2 and 3.

2. **Distributions of Less than the RMD Amount.** Any portion of your RMD that is not distributed to you by its deadline is subject to a 50 percent excess accumulation penalty tax, which is in addition to any federal, state or local taxes. The IRS may waive this penalty upon your proof of reasonable error and that reasonable steps were taken to correct the error, including remedying the shortfall. The federal penalty tax is reported and remitted to the IRS by completing IRS Form 5329, *Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts*, and attaching the form to your federal income tax return.
3. **Distributions of More than the RMD Amount.** If you take an IRA distribution in a year that is more than the RMD amount, you will not receive any credit toward any RMD due to you in a subsequent year.
4. **Successor Beneficiary.** A successor beneficiary receives any of your Beneficiary IRA assets that remain after your death. Distribution of any assets that remain after your death is made in accordance with Article V of the Agreement. Also, any amount over the RMD cannot be rolled back into this or another Roth beneficiary IRA.

RMD Rules for Designated Beneficiaries. If you are a designated beneficiary (as defined below) of the depositor, you will generally have until December 31 of the year following the depositor's year of death to begin RMDs. Exceptions exist for a surviving spouse who is the sole beneficiary of the depositor's IRA and for any beneficiary who must distribute or chooses to distribute the beneficiary IRA share within a five-year period.

1. **Distribution Rules In General.** Beneficiary IRA accountholders may use a single life expectancy method to satisfy these RMDs unless they elect the five-year rule. The five-year rule requires you to completely withdraw your Beneficiary IRA assets by the end of the fifth year following the year in which the depositor died. The single life expectancy factor, using the IRS's single life table, will be determined by using the age on December 31 of the oldest designated beneficiary, unless multiple beneficiaries exist and separate accounting applies. This initially-determined factor is reduced by one for each subsequent year's calculation.
2. **Designated Beneficiary.** A designated beneficiary is generally any individual beneficiary who is named as of the date of death and has an interest in the depositor's IRA on the determination date, which is September 30 of the year following the year in which the depositor died. Any beneficiary who completely distributes his/her/its interests in the depositor's IRA or completely disclaims his/her/its interests in the depositor's IRA, under IRC Section 2518, by the determination date will not be considered when designated beneficiaries are determined. Any beneficiary who dies after the depositor's death but before the determination date will still be considered for the sake of determining the distribution period. If any named beneficiary that is not an individual, such as an estate or charity, has an interest in the depositor's IRA on the determination date, and separate accounting does not apply, the depositor's IRA will be treated as having no designated beneficiary, and your Beneficiary IRA may be subject to the rules described below.
3. **Qualified Trust Beneficiary.** If the depositor named a qualified trust, which is defined in Treasury Regulation 1.401(a)(9)-4, Q&A 5, as his/her IRA beneficiary, the beneficiaries of the qualified trust are treated as the beneficiaries of the depositor's IRA for purposes of determining designated beneficiaries and the appropriate life expectancy period after the depositor's death. We may require documentation of qualified trust status.

RMD Rules If A Named Beneficiary Is Not A Designated Beneficiary. If any beneficiary that has an interest in the depositor's IRA on the determination date is not an individual (such as an estate, charity or nonqualified trust), the following RMD rules will apply to your Beneficiary IRA, even if you are an individual. (However, if there are multiple beneficiaries and separate accounting applies, the application of the RMD rules described under this heading may not apply to you as an individual.)

If the depositor's IRA is treated as having no designated beneficiary, you will be required to completely withdraw your Beneficiary IRA assets by the end of the fifth year following the year in which the grantor died. Yearly distributions are not required.

RMD Rules for Spouse Beneficiaries. If you are the only beneficiary of the depositor's IRA, or if there are multiple beneficiaries and separate accounting applies, and you are the depositor's surviving spouse, you may use your age each year to determine the life expectancy factor for calculating that year's RMD. If you are the only beneficiary, or if there are multiple beneficiaries and separate accounting applies, you, as surviving spouse, can postpone commencement of RMDs until the end of the year in which the depositor would have attained age 70 1/2.

If you are the only beneficiary of the depositor's IRA, or if there are multiple beneficiaries and separate accounting applies, you can treat your share of the depositor's IRA as your own IRA after the depositor's death. However, this option is not available if a qualified trust is named as beneficiary of the depositor's IRA, even if you are the sole beneficiary of the trust.

As a spouse beneficiary, you could take a distribution of your share of the beneficiary IRA and roll it over to a Roth IRA of your own.

RMD Rules for Successor Beneficiaries. In general, successor beneficiaries must use the same distribution method as that of the previous beneficiary. For the year of the previous beneficiary's death the successor beneficiary should take the previous beneficiary's undistributed death year RMD. A spouse that is a successor beneficiary does not have the option to treat the account as his/her own, or the option to complete a rollover to his/her own Roth IRA.

If the depositor's spouse is the sole designated beneficiary through the determination date, and if the spouse beneficiary dies before payments were required to begin, the successor beneficiaries of the spouse beneficiary may be treated as nonspouse designated beneficiaries for purposes of determining the method of distribution.

Federal Income Tax Status of Distributions.

1. **Taxation.** The earnings portion of a beneficiary IRA distribution that is not a qualified distribution will be taxed as income in the year distributed. These distributions are not subject to federal income tax withholding but may be subject to state or local taxes.
2. **Tax-Free Earnings.** Earnings, including gains and losses, on your Beneficiary IRA will accumulate tax-deferred and will be free from federal income taxes if taken as part of a qualified distribution.

Estate and Gift Tax. The designation of a successor beneficiary to receive Beneficiary IRA distributions upon your death will not be considered a transfer of property for federal gift tax purposes. Upon your death, the value of all assets remaining in your Beneficiary IRA will usually be included in your gross estate for estate tax purposes, regardless of the named beneficiary or manner of distribution. There is no specific estate tax exclusion for assets held within a beneficiary IRA.

Annual Statements. Each year we will furnish you and the IRS (to the extent required) with statements reflecting the activity and balance in your Beneficiary IRA. You and the IRS will receive IRS Forms 5498, *IRA Contribution Information, and 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.* IRS Form 5498 or an appropriate substitute indicates the fair market value of the account at year end. IRS Form 1099-R reflects your IRA distributions for the year.

By January 31 of each year, you will receive a report of your fair market value as of the previous calendar year end.