

# Traditional IRA

A Retirement Plan  
for Individuals



Schwartz Value Fund  
P.O. Box 46707  
Cincinnati, Ohio 45246-0707  
(888) 726-0753

# INSTRUCTIONS FOR OPENING YOUR SCHWARTZ VALUE FUND TRADITIONAL IRA

## I. Included in this Booklet is:

- 1) A Traditional IRA Application, a Traditional Individual Retirement Custodial Account (IRS Form 5305-A), and a Traditional IRA Disclosure Statement.
- 2) A Request for Transfer to a Traditional IRA form. You may use this form to directly transfer your traditional IRA, SEP IRA, or SIMPLE IRA assets to your Schwartz Value Fund traditional IRA.
- 3) A Request for Direct Rollover to a Traditional IRA form. You may use this form to directly roll over eligible retirement plan assets to your Schwartz Value Fund traditional IRA.

## II. To Open Your Schwartz Value Fund Traditional IRA.

**Step 1** Complete the Traditional IRA Application.

**Step 2** If you are requesting a transfer of your traditional IRA assets or direct rollover of your eligible retirement plan assets to your Schwartz Value Fund traditional IRA, complete the applicable Request for Transfer to a Traditional IRA form or Request for Direct Rollover to a Traditional IRA form. The applicable form should be completed in addition to the Traditional IRA Application.

**Step 3** Send the completed forms back to Schwartz Value Fund.

**Step 4** Include a check for the amount of your Traditional IRA contribution.

**Step 5** Retain the remainder of this Booklet.

## III. Additional Documents

Applicable law or policies of Schwartz Value Fund may require additional documentation such as IRS Form W-9, *Request for Taxpayer Identification Number and Certification*.

## IV. For Additional Guidance

It is in your best interest to seek the guidance of a tax or legal professional before completing this Booklet. 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](http://www.irs.gov).

# FINANCIAL DISCLOSURE INFORMATION

## The Value of Your Traditional IRA Cannot be Reasonably Projected.

The value of your traditional IRA is solely dependent on the performance of your traditional IRA's investments such as mutual funds, stocks, bonds, and other securities and cannot be reasonably projected. The following information applies to your traditional IRA:

- 1. Earnings.** The method for computing and allocating the earnings on your traditional IRA investments may be found in the prospectus or similar materials applicable to your traditional IRA investments. The method may vary depending on the provider and type of the investments.
- 2. Investments.** The investments contained in your traditional IRA will be provided directly by us, through us, or by an entity registered as a broker-dealer.
- 3. Investment Fees.** Various fees may be applied to your traditional IRA investments. The investment fees may include redemption fees, sales commissions, management fees, and other assessments.
- 4. Traditional IRA Fees.** Your Traditional IRA annual maintenance fee is \$15.00.

# REVOCATION INFORMATION

You have the right to revoke this traditional IRA within seven days of receiving your disclosure statement. To revoke your traditional IRA notify:

Retirement Plan Services  
Schwartz Value Fund  
P.O. Box 46707  
Cincinnati, OH 45246-0707  
(888) 726-0753

You may notify Schwartz Value Fund in person, in writing, or by telephone. Written notice must be sent by first-class mail at the address listed above and will be deemed mailed on the date of the postmark.

# Traditional IRA Application



Schwartz Value Fund  
 P.O. Box 46707  
 Cincinnati, Ohio 45246-0707  
 (888) 726-0753

Please print or type.

**1 IRA OWNER INFORMATION**

Name .....

Address .....

State of Residence ..... Citizen or Permanent Resident of U.S.?  Yes  No If no, Country of Residence .....

Social Security Number (SSN) ..... Date of Birth .....

Daytime Phone Number ..... E-mail (optional) .....

**2 CONTRIBUTION INFORMATION**

**A. General Contribution Information**

Amount \$ .....

Contribution Date .....

Tax Year\* .....

**B. Contribution Type: (Select one)**

Regular/Spousal  Rollover from a Traditional, SEP, or SIMPLE IRA

Catch-Up (age 50 and older)  Rollover from an Eligible Retirement Plan\*\*

Simplified Employee Pension (SEP)  Direct Rollover from an Eligible Retirement Plan\*\*

Recharacterization  Transfer from a Traditional, SEP, or SIMPLE IRA

\*If tax year is not indicated, the current tax year will be selected.

\*\*Such as 401(k), 403(b), or pension plan.

**3 INVESTMENT INFORMATION**

Please indicate the amount you wish to invest in the Fund. Please make check payable to Schwartz Value Fund. A minimum initial investment of \$1,000.00 is required.

Schwartz Value Fund \$ .....

**4 DESIGNATION OF BENEFICIARY**

At the time of my death, the primary beneficiaries named below will receive my IRA assets. If all of my primary beneficiaries die before me, the contingent beneficiaries named below will receive my IRA assets. In the event a beneficiary dies before me, such beneficiary's share will be reallocated on a pro-rata basis to the other beneficiaries that share the deceased beneficiary's classification as a primary or contingent beneficiary. If all of the beneficiaries die before me, my IRA assets will be paid to my estate. If no percentages are assigned to beneficiaries, the beneficiaries will share equally. If the percentage total for each beneficiary classification does not equal 100 percent, any remaining percentage will be divided equally among the beneficiaries within such class. This designation revokes and supercedes all earlier beneficiary designations which may apply to this IRA.

**A. Primary Beneficiary**

Percentage	Name of Beneficiary	SSN or Taxpayer Identification Number	Relationship to IRA Owner	Beneficiary Date of Birth
.....%	.....	.....	.....	.....
.....%	.....	.....	.....	.....
.....%	.....	.....	.....	.....
Total 100%				

**B. Contingent Beneficiary**

Percentage	Name of Beneficiary	SSN or Taxpayer Identification Number	Relationship to IRA Owner	Beneficiary Date of Birth
.....%	.....	.....	.....	.....
.....%	.....	.....	.....	.....
.....%	.....	.....	.....	.....
Total 100%				

**5 SPOUSAL CONSENT**

..... (IRA Owner Initials) **I Am Married.** I understand that if I designate a primary beneficiary other than my spouse, my spouse must consent by signing below.

..... (IRA Owner Initials) **I Am Not Married.** I understand that if I marry in the future, I must complete a new Designation of Beneficiary form, which includes the spousal consent documentation.

I am the spouse of the IRA owner. Because of the significant consequences associated with giving up my interest in the 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 IRA owner's assets or property and any financial obligations for a community property state. In the event I have a legal interest in the IRA assets, I hereby give to the IRA owner such interest in the assets held in this IRA and consent to the beneficiary designation set forth in Section 4 of this form.

..... Date ..... ..... Date .....

## 6 SIGNATURES AND CERTIFICATIONS

I certify under the penalty of perjury that my social security number stated above is correct, that I am of legal age in my state of residence, and I agree that the designation of the tax year for my contribution and my election to treat a contribution as a rollover (if applicable) are irrevocable. By signing this Application, I hereby authorize and appoint U.S. Bank, N.A. to act as custodian of my account, and acknowledge that Ultimus Fund Solutions, LLC ("Ultimus") acts as its traditional IRA agent. I assume sole responsibility for all consequences relating to my actions concerning this traditional IRA. I indemnify the custodian and Ultimus against any and all claims and losses arising from my actions, including when they are taking distributions in accordance with my beneficiary designation on file, or in accordance with the Traditional Individual Retirement Custodial Account Agreement absent any such designation. I acknowledge that I have received the Traditional IRA Disclosure Statement and the Traditional Individual Retirement Custodial Account Agreement. I have read both, which are incorporated in this Application by reference, and I accept and agree to be bound by the terms and conditions contained in the Traditional Individual Retirement Custodial Account Agreement. A \$15.00 annual maintenance fee will be deducted from my account by U.S. Bank, N.A. I also certify that I have received and read any current prospectus that may apply. I understand that mutual fund shares are not obligations of or guaranteed by a bank, nor are they insured by the Federal Deposit Insurance Corporation (FDIC). I have not received any tax or legal advice from the custodian or its agent, and I will seek the advice of my own tax or legal professional to ensure my compliance with related laws.



Signature of IRA Owner

Date



Signature of U.S. Bank, N.A.

Date



Signature of Ultimus Fund Solutions, LLC

Date

## 7 DEALER INFORMATION

Dealer #

Dealer Name

Branch #

Branch Name

Rep #

Rep Name

Rep Signature

Rep Phone Number

# TRADITIONAL INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT

(Under section 408(a) of the Internal Revenue Code)

Form **5305-A** (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 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k), or a recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

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

## Article III.

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

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

## Article IV.

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.

2. The depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the depositor's required beginning date, April 1 following the calendar year in which the depositor reaches age 70½. By that date, the depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:

- (a) A single sum or
- (b) Payments over a period not longer than the life of the depositor or the joint lives of the depositor and his or her designated beneficiary.

3. If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

(a) If the depositor dies on or after the required beginning date and:

(i) the designated beneficiary is the depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

(ii) the designated beneficiary is not the depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

(iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the depositor as determined in the year of the depositor's death and reduced by 1 for each subsequent year.

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

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

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

4. If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the depositor's surviving spouse, no additional contributions may be accepted in the account.

5. The minimum amount that must be distributed each year, beginning with the year containing the depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:

(a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the depositor reaches age 70½, is the depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the depositor's designated beneficiary is

his or her surviving spouse, the required minimum distribution for a year shall not be more than the depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the depositor's (or, if applicable, the depositor and spouse's) attained age (or ages) in the year.

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

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

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

## Article V.

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

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

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

**Article VII.** This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the Application that accompanies this Agreement.

## Article VIII.

**8.01 Your IRA Documents.** The Internal Revenue Service (IRS) Forms 5305 series agreement for traditional IRAs, and any amendments or additional provisions to such agreement (the "Agreement") set forth the terms and conditions governing your individual retirement account (IRA) and your or, after your death, your 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.

**8.02 Definitions.** The IRS Forms 5305 series agreement contains a detailed definitions section. The definitions found in such section apply to this Agreement. The IRS refers to you as the depositor, and us as the custodian. References to "you," "your," and "IRA owner" will mean the depositor, 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. Additionally, references to "IRA" will mean the custodial account.

**8.03 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.

**8.04 Our Fees and Expenses.** We may charge reasonable fees and are entitled to reimbursement for any expenses we incur in establishing and maintaining your 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 IRA assets, and/or billed separately to you. Fees billed separately to you and paid by you may be claimed on your federal income tax return as miscellaneous itemized deductions. The payment of fees has no effect on your contributions. Additionally, we have the right to liquidate your 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.

**8.05 Amendments.** We may amend your 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 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 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.

**8.06 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, change in personal information,

or contributions 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.

- 8.07 Applicable Laws.** This Agreement will be construed and interpreted in accordance with the laws of, and venue in, our state of domicile.
- 8.08 Disqualifying Provisions.** Any provision of this Agreement that would disqualify the IRA will be disregarded to the extent necessary to maintain the account as an IRA.
- 8.09 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.
- 8.10 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 IRA issues.

We are not responsible for determining whether any contributions or distributions comply 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 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 beneficiary designations or divisions, including separate accounting, court orders, penalty exception determinations, or other similar situations.

#### 8.11 Investment of IRA Assets.

- (a) **Investment of Contributions.** We will invest IRA contributions 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 contribution, we will return or hold all or part of such contribution 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.
- (b) **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 IRA investments will be registered in our name or our nominee's name for the benefit of your 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 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.

- (c) **Investment Fees and Asset Liquidation.** Certain investment-related fees, which apply to your IRA, must be charged to your IRA and cannot be paid by you. We have the right to liquidate your IRA assets to pay fees and expenses, federal tax levies, or other assessments on your 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.

- (d) **Deposit Investments.** The deposit investments provided by us may include savings, share, and/or money market accounts, and various certificates of deposit (CDs).
- (e) **Non-Deposit Investments.** Non-deposit investments 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 investments we offer are subject to investment risks, including possible loss of the principal amount invested. Special disclosures concerning your investments will be provided to you.
- 8.12 Distributions.** Withdrawal requests must be in a format acceptable to us, and/or on forms provided by us. We may require you, or your beneficiary after your death, to elect a distribution reason, provide documentation, and provide a proper tax identification number before we process a distribution. These withdrawals may be subject to taxes, withholding, and penalties. 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 will be based on Treasury Regulations 1.401(a)(9) and 1.408-8 in addition to our then-current policies and procedures. The required minimum distribution regulations are described within the Disclosure Statement. In the event you, or your beneficiary after your death, fail to take a required minimum distribution we may do nothing, distribute your entire IRA balance, or distribute the amount of your required minimum distribution based on our own calculation.
- 8.13 Transfer and Rollover Contributions.** We may accept transfers, rollovers, and other similar contributions in cash or in kind from other IRAs and eligible retirement plans. Prior to completing such transactions 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.
- 8.14 Reports and Records.** We will maintain the records necessary for IRS reporting on this IRA. Required reports will be provided to you, or your 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.
- 8.15 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.
- 8.16 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 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. We reserve the right to retain IRA assets to pay any remaining fees or expenses. At the time of termination we may retain the sum necessary to cover any fees and expenses, taxes, or investment penalties. 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.
- 8.17 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 IRA.

## IRS FORM 5305-A INSTRUCTIONS (Rev. 3-2002)

### General Instructions

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

#### Purpose of Form

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

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

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

### Definitions

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

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

#### Identifying Number

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

#### Traditional IRA for Nonworking Spouse

Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse.

Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse.

### Specific Instructions

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

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

# TRADITIONAL IRA DISCLOSURE STATEMENT

**Right to Revoke Your IRA.** With rare exception, you have the right to revoke this individual retirement account (IRA) within seven days of receiving this Disclosure Statement. If you revoke your IRA, we will return your entire IRA contribution without any adjustment for items such as sales commissions, administrative expenses, or fluctuation in market value. The exception to your right of revocation is that you may not revoke an IRA established with a recharacterized contribution.

You may revoke your 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.

If you have any questions or concerns regarding the revocation of your 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.

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

**Definitions.** The IRS Forms 5305 series agreement for traditional IRAs contains a detailed definitions section. The definitions found in such section apply to this Agreement. The IRS refers to you as the depositor, and us as the custodian. References to “you,” “your,” and “IRA owner” will mean the depositor, 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 third party will be considered your agent and, therefore, “you” for purposes of this Agreement. Additionally, references to “IRA” will mean the custodial account.

**For Additional Guidance.** It is in your best interest to seek the guidance of a tax or legal professional before completing any IRA establishment documents. Your first reference for questions concerning your 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](http://www.irs.gov).

## IRA Restrictions and Approval.

- 1. IRS Form 5305 or 5305-A Agreement.** This Disclosure Statement and the IRS Forms 5305 series agreement, amendments, and additional provisions, set forth the terms and conditions governing your traditional IRA. Such documents are the “Agreement.”
- 2. Individual Benefit.** This IRA must be for the exclusive benefit of you, and upon your death, your beneficiaries. The IRA must be established in your name and not in the name of your beneficiary, living trust, or another party or entity.
- 3. Beneficiary Designation.** By completing the appropriate section on the corresponding IRA application you may designate any person(s) as your beneficiary to receive your 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 IRA custodian prescribes for this purpose. If there is no 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 IRA assets will be paid to your estate. Your IRA custodian may rely on the latest 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 IRA assets under a subsequently filed designation or for any other reason.
- 4. Cash Contributions.** Regular or annual IRA contributions must be in cash, which may include a check, money order, or wire transfer. It is within our discretion to accept in-kind contributions for rollovers, transfers, or recharacterizations.
- 5. 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.
- 6. Prohibition Against Life Insurance and Commingling.** None of your IRA assets may be invested in life insurance contracts, or commingled with other property, except in a common trust fund or common investment fund.
- 7. Nonforfeitable.** The assets in your IRA are not forfeitable.
- 8. Collectibles.** Generally, none of your 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 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).
- 9. Tax-Free Rollovers.** You may be eligible to make a rollover contribution of your IRA distribution, in cash or in kind, to an IRA or

employer-sponsored eligible retirement plan. Rollovers to and from IRAs and eligible retirement plans are described in greater detail elsewhere in this Disclosure Statement.

- 10. Required Minimum Distribution Rules.** Your IRA is subject to the required minimum distribution rules summarized in this Agreement.
- 11. No Prohibited Transactions.** If you engage in a prohibited transaction, the IRA loses its tax exempt status as of the first day of the year. You must include the fair market value of your 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.
- 12. No Pledging.** If you pledge all or a portion of your 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, and may be subject to the 10 percent premature-distribution penalty tax.
- 13. 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 IRA.
- 14. State Laws.** State laws may affect your IRA in certain situations, including deductions, beneficiary designations, agency relationships, consent, taxes, tax withholding, and reporting.

## IRA Eligibility and Contributions.

- 1. Regular or Annual IRA Contribution.** An annual contribution, commonly referred to as a regular contribution, is your contribution for the tax year, and is based on your and/or your spouse’s compensation.
- 2. Compensation for Eligibility.** You are eligible to contribute to your IRA if you are younger than age 70½ during the entire tax year for which your contribution applies, and you have compensation (also referred to as earned income).

Common examples of compensation include wages, salary, tips, bonuses, and other amounts received for providing personal services, and earned income from self-employment. Compensation does not include earnings and profits from property such as dividends, interest, or capital gains, or pension, annuity, or deferred compensation plan amounts. Your compensation includes any taxable alimony or separate maintenance payments you may receive under a divorce decree or separate maintenance agreement.

- 3. Contribution By Your Spouse.** If you are married, file a joint federal income tax return, and are younger than age 70½ during the entire tax year, your spouse may make a contribution on your behalf for that tax year if you and/or your spouse have compensation. This contribution must be made into your IRA, and it cannot exceed the contribution limits applicable to regular IRA contributions.
- 4. Catch-up Contributions.** Catch-up contributions are IRA contributions made in addition to any regular IRA contributions. You are eligible to make catch-up contributions if you meet the eligibility requirements for regular contributions and you attain age 50 by the end of the taxable year for which a catch-up contribution is being made.
- 5. SEP or SIMPLE IRA Contributions.** Your employer may make simplified employee pension (SEP) plan contributions to this IRA in addition to your own regular IRA contributions. Your employer is responsible for verifying the SEP eligibility requirements and determining the SEP contribution amount. This IRA cannot accept Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA contributions from your employer.
- 6. Maximum Contribution Limits.** Your regular and catch-up IRA contributions are limited to the lesser of 100 percent of your and/or your spouse’s compensation or the dollar amounts set forth on the following chart.

Contribution Tax Year	Regular Contribution Limit	Catch-up Contribution Limit
2002	\$3,000	\$ 500
2003	\$3,000	\$ 500
2004	\$3,000	\$ 500
2005	\$4,000	\$ 500
2006	\$4,000	\$1,000
2007	\$4,000	\$1,000
2008	\$5,000	\$1,000
2009	\$5,000 + COLA*	\$1,000

\*Beginning in 2009, the regular IRA contribution limit may be increased by cost-of-living adjustments (COLAs).

- 7. Contribution Deadline.** You may make regular and catch-up IRA contributions any time for a taxable year up to and including your federal income tax return due date, excluding extensions, for that taxable year. The due date for most taxpayers is April 15.
- 8. Roth IRA and Traditional IRA Contribution Limit.** Your combined regular and catch-up traditional IRA and Roth IRA contributions may not exceed the maximum contribution limits set forth in the previous chart.

**Tax Deductions.** Tax deductions apply only to your regular and catch-up IRA contribution amount, and the deduction may never exceed your maximum regular and catch-up contribution amount for the contribution year. Your deduction depends on whether you and your spouse (if applicable) are active participants, and your modified adjusted gross income (MAGI). Your MAGI is your adjusted gross income from your federal income tax return for the contribution year with certain subtractions and additions. For more information on MAGI, see the instructions to your federal income tax return or IRS Publication 590, *Individual Retirement Arrangements (IRAs)*.

1. **Active Participant.** You could be an active participant in one of the following employer-sponsored retirement plans:
  - a. a qualified pension, profit sharing, 401(k), money purchase pension, employee stock ownership plan, or stock bonus plan;
  - b. a SEP plan;
  - c. a SIMPLE IRA or SIMPLE 401(k) plan;
  - d. a qualified annuity plan of an employer;
  - e. a tax-sheltered annuity plan for employees of certain tax-exempt organizations or public schools;
  - f. a Section 501(c)(18) trust;
  - g. an H.R. 10 or Keogh plan (for self-employed individuals); or
  - h. a plan established by the United States, a state, or political subdivision of the state or by an agency or instrumentality of such entity (excluding certain Section 457 plans).

For assistance in determining whether you (or your spouse) are an active participant, see your employer or a tax or legal professional. IRS Form W-2, *Wage and Tax Statement*, as provided by your employer, should indicate whether you are an active participant.

2. **Deduction Limits.** If you are not an active participant, your entire regular contribution to your IRA is generally deductible. Your marital status may affect your deduction amount. If you are an active participant, the amount you can deduct depends on your MAGI for the tax year for which the contribution applies. The following chart shows how your active participant status and tax filing status and MAGI affect your deduction. If you are an active participant, the greater your MAGI, the lesser the amount you may deduct.

MAGI PHASEOUT RANGES								
Tax Year	Filing Status							
	Single, Active Participant		Married, Filing Jointly, Active Participant		Married, Filing Separately, Active Participant		Married, Filing Jointly, Not an Active Participant, but Spouse is	
	Low End	High End	Low End	High End	Low End	High End	Low End	High End
2002	\$34,000	\$44,000	\$54,000	\$64,000	\$0	\$10,000	\$150,000	\$160,000
2003	\$40,000	\$50,000	\$60,000	\$70,000	\$0	\$10,000	\$150,000	\$160,000
2004	\$45,000	\$55,000	\$65,000	\$75,000	\$0	\$10,000	\$150,000	\$160,000
2005	\$50,000	\$60,000	\$70,000	\$80,000	\$0	\$10,000	\$150,000	\$160,000
2006	\$50,000	\$60,000	\$75,000	\$85,000	\$0	\$10,000	\$150,000	\$160,000
2007	\$50,000	\$60,000	\$80,000	\$100,000	\$0	\$10,000	\$150,000	\$160,000

3. **Deduction Calculation.** If your MAGI is equal to or is less than the applicable Low End number in the chart based on your tax-filing status, then you may deduct your entire regular and catch-up IRA contribution. If your MAGI meets or exceeds the High End number, you may not deduct any portion of your contribution. If your MAGI is between the Low End and High End numbers, which is the phaseout range, see your tax or legal professional for assistance in determining your deduction amount. IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, and the instructions to your federal income tax return also contain helpful calculation information.

4. **For Married Couples.** If you are married and file a joint federal income tax return, the MAGI Phaseout Ranges chart sets forth phaseout amounts based on you and your spouse as active participants, and if only one of you is an active participant. If you are married, filing a joint federal income tax return, and you are not an active participant but your spouse is, your phaseout range is \$150,000 to \$160,000. If you are married and filing a separate federal income tax return and you or your spouse is an active participant, your phaseout range will be \$0 to \$10,000.

5. **Nondeductible Contributions.** You may make nondeductible contributions to your IRA if you are not able to, or choose not to, deduct your contributions. You report nondeductible contributions to the IRS on IRS Form 8606, *Nondeductible IRAs and Coverdell ESAs*, which is attached to your federal income tax return for the year of the contribution. Failure to report nondeductible contributions, or the overstatement of nondeductible contributions, may result in IRS penalties.

**Nonrefundable Tax Credit.** You may be eligible to take a tax credit for your regular IRA contributions. The credit is available for tax years 2002 through 2006. The credit is equal to a percentage of your qualified contributions up to \$2,000. The credit cannot exceed \$1,000 for any tax

year, and is in addition to any deduction that may apply. To be eligible for the tax credit, you must be age 18 or older by the end of the applicable tax year, not a dependent of another taxpayer, not a full-time student, and satisfy certain restrictions on distributions.

**Moving Assets To and From IRAs.** There are a variety of transactions that allow you to move your retirement assets to and from IRAs in cash or in kind based on our policies. We have sole discretion on whether we will accept, and how we will process movements of assets to and from IRAs. We or the other financial organization involved in the transaction may require documentation for such activities.

1. **IRA-to-IRA Transfers.** You may transfer all or a portion of your traditional IRA assets from one traditional IRA to another traditional IRA. An IRA 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 transfers. You may be required to complete a transfer authorization form prior to transferring your IRA assets.

2. **IRA-to-IRA Rollovers.** An IRA rollover is another way to move assets tax-free between IRAs. You may roll over all or a portion of your IRA assets by taking a distribution from an IRA and recontributing it as a rollover contribution into the same or another IRA. A rollover contribution is irrevocable. You must report your IRA rollover to the IRS on your federal income tax return. Your contribution may only be designated as a rollover if the IRA distribution is deposited within 60 calendar days following the date you receive the distributed assets. The 60-day period may be extended to 120 days for a first-time homebuyer distribution where there is a delay or cancellation in the purchase or construction of the home. You are limited to one rollover per IRA per 12 months. The distributing and receiving IRA, including the IRA assets rolled over, are subject to this 12-month rule. The 12-month period begins on the day after you receive a distribution that will be properly rolled over into an IRA. The 12-month rule does not apply to rollovers related to first-time homebuyer distributions.

3. **Rollovers and Transfers from SIMPLE IRAs.** You may not roll over or transfer assets from a SIMPLE IRA to a traditional IRA until two years have passed since the date on which you first participated in an employer's SIMPLE, which is the initial contribution date. If you participated in SIMPLEs of different employers, the initial contribution date and two-year period are determined separately for SIMPLE IRA assets from each employer.

4. **Rollovers from Employer-Sponsored Eligible Retirement Plans.** If certain requirements are met, you may directly or indirectly roll over assets from an eligible retirement plan, sponsored by your employer, into your IRA. Your plan administrator or employer is responsible for determining the amount of your assets in its eligible retirement plan that are eligible for rollover to an IRA or other eligible retirement plan.

a. **Eligible Retirement Plan.** IRC Section 402(c)(8)(B) defines eligible retirement plans. Such plans include traditional IRAs and employer-sponsored retirement plans such as qualified plans, tax-sheltered annuities, and certain IRC Section 457 plans of state and local governments.

b. **Eligible Distribution.** Not all distributions from an employer-sponsored eligible retirement plan are eligible for rollover to an IRA. The most common distributions, which are not eligible for rollover, include required minimum distributions, defaulted loans, substantially equal periodic payments as defined in IRC Section 402(c)(4)(A), distributions to nonspouse beneficiaries, and hardship distributions. Your employer determines which assets may not be rolled over, and must provide you with an IRC Section 402(f) notice of taxation, which explains the tax issues concerning distributions.

c. **Direct Rollover.** A direct rollover moves eligible retirement plan assets from your employer-sponsored eligible retirement plan to your IRA in a manner that prevents you from cashing or liquidating the plan assets, or even depositing the assets anywhere except in the receiving IRA. A direct rollover is reported to the IRS but, if properly completed, the transaction is not subject to tax or penalty. There are no IRS limitations, such as the 60-day period or 12-month rule, on direct rollovers.

d. **Indirect Rollover and Withholding.** An indirect rollover begins with a plan distribution made payable to you. If you receive distributions during the tax year totaling more than \$200, your employer is required to withhold 20 percent on the taxable portion of your eligible rollover distribution as a prepayment of federal income taxes on distributions. You may make up the 20 percent withholding from your own funds at the time you deposit the distribution into an IRA. If the 20 percent is not made up at the time you deposit your distribution into an IRA, that portion is generally treated as taxable income. If you are younger than age 59½, you are subject to a 10



percent premature-distribution penalty tax on the taxable amount of the distribution that is not rolled over, unless a penalty tax exception applies. Your distribution is only eligible to be contributed to an IRA during the 60 days following your receipt of a plan distribution. Your decision to contribute the assets to the IRA as a rollover contribution is irrevocable. The 12-month rule does not apply to rollovers from employer-sponsored eligible retirement plans. State withholding may apply to eligible rollover distributions.

**e. Separate or Conduit IRA.** In certain cases, it may be to your benefit to make the rollover contribution into a separate or conduit IRA. Conduit IRAs can provide individuals with a means of tracking IRA assets from different sources, which may be subject to certain restrictions or favorable tax treatment.

**5. Waiver of the 60-Day Period.** The Secretary of the Treasury may waive the 60-day period for completing rollovers in certain situations such as casualty, disaster, or other events beyond the reasonable control of the individual who is subject to the 60-day period.

**6. Traditional IRA to Employer-Sponsored Eligible Retirement Plans.** You may directly or indirectly roll over a taxable distribution from your IRA to an employer-sponsored eligible retirement plan which accepts rollover contributions. Nontaxable or nondeductible IRA assets may not be rolled over into employer-sponsored eligible retirement plans. You can generally roll over, to employer-sponsored eligible retirement plans, only the aggregate taxable balance in all of your traditional IRAs and SIMPLE IRAs. The 12-month rule does not apply to these rollovers.

#### **Movement of Assets Between Traditional and Roth IRAs.**

**1. Traditional IRA to Roth IRA Conversions.** You are eligible to convert all or a portion of your traditional IRA assets to Roth IRA assets if your MAGI, as defined in the instructions to your federal income tax return, is not more than \$100,000 for the year of the IRA distribution. Your conversion assets (excluding prorated nondeductible contributions) are subject to federal income tax. Your conversion must be reported to the IRS. The 10 percent premature-distribution penalty tax does not apply to conversions. The 12-month rule does not apply to conversions. If you are married and are filing a separate federal income tax return, you are not eligible to convert your traditional IRA assets to a Roth IRA.

**2. Traditional IRA and Roth IRA Recharacterizations.** You may recharacterize, or choose to treat all or a portion of your regular and catch-up traditional IRA contribution as a regular Roth IRA contribution. Similarly, you may recharacterize your regular and catch-up Roth IRA contribution as a regular traditional IRA contribution. You may cancel a conversion through a recharacterization of all or a portion of the amount converted from a traditional IRA to a Roth IRA. A recharacterization election is irrevocable. You must complete a recharacterization no later than your federal income tax-filing due date, including extensions, for the year you make the initial contribution. If you timely file your federal income tax return, you may still recharacterize as late as October 15 for calendar year filers. Recharacterizations must occur by transfer, which means that the assets, adjusted for gains and losses on the recharacterized amount, must be transferred into another IRA. The recharacterized contribution is treated as though you deposited it into the second IRA on the same day you actually deposited it in the first IRA. Recharacterization transactions are reported to the IRS. The election to recharacterize may be completed on your behalf after your death. A written notice of recharacterization, as defined by Treasury Regulation 1.408A-5, Q&A 6(a), is required for recharacterization transactions.

**3. Traditional IRA to Roth IRA Reconversions.** A reversion occurs when all or a portion of traditional IRA assets previously converted to a Roth IRA are recharacterized back to a traditional IRA and then converted again. After recharacterizing a conversion, you cannot reconvert until the later of: (1) the beginning of the year following the year the amount was converted, or (2) the end of the 30-day period following the day of the recharacterization. In other words, you cannot reconvert in the same year as the first conversion. Reconversion transactions are reported to the IRS.

**IRA Distributions.** You or, after your death, your beneficiary may take an IRA distribution, in cash or in kind based on our policies, at any time. However, depending on the timing and amount of your distribution you may be subject to income taxes and/or penalty taxes.

**1. Removal of Excess Contributions.** You may withdraw all or a portion of your excess contribution and attributable earnings before your federal income tax return due date, including extensions, for the taxable year for which you made the contribution. The excess contribution amount distributed will not be taxable, but the attributable earnings on the contribution will be taxable in the year in which you made the contribution and may be subject to the 10 percent premature-distribution penalty tax. In certain situations, you may treat your excess as a regular and catch-up IRA contribution for the next year. If you timely file your federal income tax return, you may still remove your excess contribution, plus attributable earnings, as late as October 15 for calendar year filers.

#### **2. Distributions of Unwanted IRA Contributions by Tax-Filing Date.**

You may withdraw all or a portion of your regular and catch-up IRA contribution and attributable earnings in the same manner as an excess contribution. However, you cannot apply your unwanted contribution as a regular IRA contribution for a future year. The unwanted contribution amount distributed will not be taxable, but the attributable earnings on the contribution will be taxable in the year in which you made the contribution, and may be subject to the 10 percent premature-distribution penalty tax. If you timely file your federal income tax return, you may still remove your unwanted contribution, plus attributable earnings, as late as October 15 for calendar year filers.

#### **3. Distribution of Nondeductible and Nontaxable Contributions.**

If any of your traditional IRAs or SIMPLE IRAs contain nondeductible contributions or rollovers of nontaxable distributions from employer-sponsored eligible retirement plans, any distributions you take from any of your traditional IRAs or SIMPLE IRAs, that are not rolled over, will return to you a proportionate share of the taxable and nontaxable balances in all of your traditional IRAs and SIMPLE IRAs at the end of the tax year of your distributions. IRS Form 8606, *Nondeductible IRAs and Coverdell ESAs*, has been specifically designed to calculate this proportionate return. You must complete IRS Form 8606 each year you take distributions under these circumstances, and attach it to your tax return for that year to validate the nontaxable portion of your IRA distributions reported for that year.

#### **Required Minimum Distributions For You.**

**1. After Age 70½.** Your first required minimum distribution (RMD) must be taken by April 1 following the year you attain age 70½, which is your required beginning date. Second year and subsequent distributions must be taken by December 31 of each such year. An RMD is taxable in the calendar year you receive it.

**2. Distribution Calculations.** Your RMD will generally be calculated by dividing your previous year-end adjusted balance in your IRA by a factor from the uniform lifetime table provided by the IRS. This table is indexed to your age attained during a distribution year. This table is used whether you have named a beneficiary and regardless of the age or type of beneficiary you may have named. However, if for any distribution year, you have as your only named beneficiary for the entire year, your spouse, who is more than ten years younger than you, the uniform lifetime table will not be used. To calculate your RMD for that year you will use the ages of you and your spouse at the end of that year to determine a joint life expectancy factor from the IRS's joint and last survivor table. This will be the case even if your spouse dies or you become divorced during that year.

**3. Failure to Withdraw an RMD.** If you do not withdraw your RMD by its required distribution date, you will owe a 50 percent excess accumulation penalty tax on the amount not withdrawn. You can always take more than your RMD in any year but no additional amounts can be credited to a subsequent year's RMD.

**4. Multiple IRAs.** If you have more than one traditional IRA or SIMPLE IRA you must calculate a separate RMD for each one. You may, however, take the aggregate total of your RMDs from any one or more of your personal traditional IRAs or SIMPLE IRAs.

**5. No Rollovers of RMDs.** An RMD must be satisfied before you can roll over any portion of your IRA account balance. The first distributions made during a year will be considered RMDs and can be satisfied through aggregation with your other traditional IRAs or SIMPLE IRAs. Any RMD that is rolled over will be fully taxable and considered an excess contribution until corrected.

**6. Transfers of RMDs.** Transfers are not considered distributions. You can transfer any portion of your traditional IRA or SIMPLE IRA at any time during the year provided you satisfy your aggregate RMDs before the end of the distribution year.

**RMDs For Your Beneficiaries.** Your beneficiaries will generally have until December 31 of the year following your death year to begin RMDs. Exceptions exist for your surviving spouse who is your only beneficiary and for any beneficiary who must distribute or chooses to distribute his/her share of your traditional IRA within a five-year period. If your death occurs on or after your required beginning date, your beneficiaries must withdraw any or your RMD that you had not received during the year of your death.

**1. Distribution Calculations In General.** Most beneficiaries will use a single life expectancy method to satisfy these RMDs unless they elect the five-year rule. The five-year rule requires your beneficiary to completely withdraw your IRA assets by the end of the fifth year following your death year. 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. This initially determined factor is reduced by one for each subsequent year's calculation.

This general rule applies, if your IRA has at least one designated beneficiary, whether your death occurs before or on or after your required beginning date. However, if you die on or after your required beginning date, your remaining life expectancy, determined in your death year and reduced by one in each subsequent year, may be used to determine the distribution each year. This is true only if your remaining life expectancy is longer than the beneficiary's life expectancy that

same year, determined in the year after your death and reduced by one in each subsequent year.

- 2. Designated Beneficiary.** A designated beneficiary is any named beneficiary who has an interest in your IRA on the determination date, which is September 30 of the year following your death year. Named beneficiaries who completely distribute their interests in your IRA or completely disclaim their interests in your IRA, under IRC Section 2518, will not be considered when designated beneficiaries are determined. Named beneficiaries who die after your 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 your IRA on the determination date, your IRA will be treated as having no designated beneficiary.

If you name a qualified trust, which is defined in Treasury Regulation 1.401(a)(9)-4, Q&A 5, as your IRA beneficiary, the beneficiaries of the qualified trust are treated as the beneficiaries of your IRA for purposes of determining designated beneficiaries and the appropriate life expectancy period after your death.

- 3. Death Before Your Required Beginning Date With No Designated Beneficiary.** If you die before your required beginning date and your IRA is treated as having no designated beneficiary, your named beneficiaries will be required to completely withdraw your IRA assets by the end of the fifth year following your death year.
- 4. Death On or After Your Required Beginning Date With No Designated Beneficiary.** If you die on or after your required beginning date and your IRA is treated as having no designated beneficiary, RMDs will continue to your named beneficiaries over your remaining single expectancy as determined in your death year. Once determined, this life expectancy factor will be reduced by one for each subsequent year of the distribution period.
- 5. Spouse Beneficiary.** If your spouse is your only designated beneficiary on the determination date, he/she will use his/her age each year to determine the life expectancy factor for calculating that year's RMD. If your spouse is the only designated beneficiary and you die before your required beginning date, your surviving spouse can postpone commencement of his/her RMDs until the end of the year in which you would have attained age 70½. If you die on or after your required beginning date, your surviving spouse will use the longer of his/her single life expectancy, determined each year after the death year using his/her attained age, or your remaining single life expectancy determined in your death year and reduced by one each subsequent year.

If your spouse is the only designated beneficiary, he/she can treat your IRA as his/her own IRA after your death. This can only happen after any of your remaining RMD amount for the year of your death has been distributed. This is not available to your surviving spouse if he/she is the sole beneficiary of a qualified trust that is named as beneficiary of your IRA.

Your spouse beneficiary could take a distribution of his/her share of your IRA and roll it over to an IRA of his/her own.

- 6. Beneficiaries Naming Successor Beneficiaries.** Our policy may allow your beneficiaries to name their own successor beneficiaries to your IRA. A successor beneficiary would receive any of your IRA assets that remain after your death and the subsequent death of your beneficiaries. This distribution would be in accordance with Article IV.3 of the Agreement, and would not allow a successor beneficiary to calculate RMDs based on his/her own life expectancy.
- 7. Separate Accounting.** Our policies may permit separate accounting to be applied to your IRA for the benefit of your beneficiaries. If permitted, separate accounting must be applied in accordance with Treasury Regulation 1.401(a)(9)-8, Q&A 2 and 3. If applied, separate accounting will affect the beneficiary RMD rules above.

**Transitional RMD Rules for 2002 and 2003.** For the 2002 distribution calendar year an IRA owner, or his/her beneficiaries if the IRA owner is deceased, can choose to apply the IRS's final RMD regulations issued in 2002, the 2001 proposed regulations, or the 1987 proposed regulations to determine RMDs. The final regulations as summarized in this Agreement must be used for distribution calendar years after 2002.

Beneficiaries who had elected or defaulted to the five-year rule for a death that occurred prior to January 1, 2003, may switch to the life expectancy rule if any amounts that would have been required under the life expectancy rule for all distribution years before 2004 are distributed by the earlier of the end of the five-year period or December 31, 2003.

## Federal Income Tax Status of Distributions.

- 1. Taxation.** IRA distributions which are not rolled over will be taxed as income in the year distributed except for the portion of your aggregate SIMPLE IRA and traditional IRA distributions that represents your nondeductible contributions and/or nontaxable rollover amounts. You may also be subject to state or local taxes and withholding on your IRA distributions.
- 2. Earnings.** Earnings, including gains and losses, on your IRA will not be subject to federal income taxes until they are considered distributed.
- 3. Ordinary Income Taxation.** Your taxable IRA distribution is usually included in gross income in the distribution year. IRA distributions are not eligible for special tax treatments, such as ten year averaging, that may apply to other employer-sponsored retirement plan distributions.

**Estate and Gift Tax.** The designation of a beneficiary to receive 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 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 an IRA. After your death, beneficiaries should pay careful attention to the rules for the disclaiming any portion of your IRA under IRC Section 2518.

**Federal Income Tax Withholding.** IRA distributions are subject to federal income tax withholding unless you or, upon your death, your beneficiary affirmatively elect not to have withholding apply. The required federal income tax withholding rate is 10 percent of the distribution. Upon your request for a distribution, by providing IRS Form W-4P or an appropriate substitute, we will notify you of your right to waive withholding or elect to have greater than 10 percent withheld.

**Annual Statements.** Each year we will furnish you and the IRS with statements reflecting the activity in your IRA. You and the IRS will receive IRS Forms 5498 and 1099-R. IRS Form 5498 or an appropriate substitute indicates the fair market value of the account, including IRA contributions, for the year. 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. If applicable, you will also receive a report concerning your annual RMD.

**Federal Tax Penalties and IRS Form 5329.** Several tax penalties may apply to your various IRA transactions, and are in addition to any federal, state, or local taxes. Federal penalties and excise taxes are generally reported and remitted to the IRS by completing IRS Form 5329, and attaching the form to your federal income tax return. The penalties may include any of the following taxes:

- 1. Premature-Distribution Penalty Tax.** If you take a distribution from your IRA before reaching age 59½, you are subject to a 10 percent premature-distribution penalty tax on the taxable portion of the distribution. However, certain exceptions apply. Exceptions to the 10 percent penalty tax are distributions due to death, disability, first-time home purchase, eligible higher education expenses, medical expenses exceeding a certain percentage of adjusted gross income, health insurance premiums due to your extended unemployment, a series of substantially equal periodic payments, IRS levy, and traditional IRA conversions. Properly completed rollovers, transfers, recharacterizations, and conversions are not subject to the 10 percent penalty tax.
- 2. Excess Contribution Penalty Tax.** If you contribute more to your IRA than you are eligible to contribute, you have created an excess contribution, which is subject to a 6 percent excise tax. The excise tax applies each year that the excess contribution remains in your IRA. If you timely file your federal income tax return, you may still remove your excess contribution, plus attributable earnings, as late as October 15 for calendar year filers.
- 3. Excess Accumulation Penalty Tax.** Any portion of a RMD that is not distributed by its deadline is subject to a 50 percent excess accumulation penalty tax. 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.

# Request for Transfer to a Traditional IRA



Schwartz Value Fund  
 P.O. Box 46707  
 Cincinnati, Ohio 45246-0707  
 (888) 726-0753

## 1 IRA OWNER INFORMATION

Name .....  
 Address .....  
 Social Security Number ..... Date of Birth .....  
 E-mail (optional) ..... Daytime Phone Number .....

## 2 TYPE OF TRANSFER

Select One:

Traditional IRA to a Traditional IRA     
  SEP IRA to a Traditional IRA     
  SEP IRA to a SEP IRA     
  SIMPLE IRA to a Traditional IRA

- If applicable, the required minimum distribution  has or  has not been satisfied for this distribution year prior to this transfer. If not, the transferee custodian/trustee may require additional documentation.
- SIMPLE IRA funds cannot be transferred to a traditional IRA for two years following the date of the initial SIMPLE contribution.

## 3 TRANSFEROR CUSTODIAN/TRUSTEE REQUEST

My IRA custodian/trustee (transferor), ....., should transfer the assets identified in the Transfer Instructions section.

Transferor Address .....  
 Transferor Phone Number ..... Transferor IRA Account Number .....

## 4 TRANSFER INSTRUCTIONS (See Additional Information included with this form.)

Complete my transfer as directed. **Note:** Penalties and market fluctuation may affect the distribution amount.

A. **Payment Amount** (select one):

- My entire IRA balance.
- A portion of my IRA balance. \$ .....

B. **Payment Schedule and Investments** (select one):

- Immediately liquidate all investments and send cash proceeds.
- Liquidate the investments as identified below:

Account Number or Investment	Dollar Amount or Number of Shares	Transaction Date
.....	\$ ..... or ..... shares	.....
.....	\$ ..... or ..... shares	.....
.....	\$ ..... or ..... shares	.....
.....	\$ ..... or ..... shares	.....
.....	\$ ..... or ..... shares	.....

Other .....

C. **Delivery Instructions**

- (1) Transferee IRA Account Number .....
- (2) Make check payable to Schwartz Value Fund (Investor Name) traditional IRA.

## 5 ACCEPTANCE

The custodian/trustee signing below agrees to accept custodianship/trusteeship, and the transferring assets described above, for the Schwartz Value Fund traditional IRA established on behalf of the above-named IRA owner.

## 6 SIGNATURES

I certify that I have established a traditional IRA with Schwartz Value Fund, of which U.S. Bank, N.A. is the transferee custodian/trustee. I certify that the information contained on this form is true and correct. I direct the transferor custodian/trustee to transfer my IRA assets as set forth in this form. I understand I should seek the guidance of a tax or legal professional with regard to this decision. I understand that if I establish a separate conduit account, it is my responsibility to keep my conduit account separate from my other accounts. I understand that my custodian/trustee cannot provide legal advice. I indemnify and agree to hold the custodian/trustee harmless against any liabilities. I assume full responsibility for the consequences of this transfer decision. The custodian/trustee agrees to accept these funds as a transfer.

..... Date      ..... Date  
 Signature of IRA Owner      Signature of Transferee Custodian/Trustee

## ADDITIONAL INFORMATION

**Purpose.** The Request for Transfer to a Traditional IRA form is designed to assist you in the movement of assets, which is not reported to the IRS, from one individual retirement account (IRA) to another IRA. This form does not allow for cost- and penalty-free SIMPLE IRA transfers from a designated financial institution (DFI). Your DFI will require additional documentation, such as an election form.

**Additional Documents.** A transfer can avoid income and penalty taxes but, to be successful, additional contribution and distribution documentation may be required by your IRA's custodian/trustee.

**For Additional Guidance.** It is in your best interest to seek the guidance of your tax or legal professional before completing this document. Your first reference should be the IRA agreement and disclosure statement you received upon establishing your IRA or amendments provided by your custodian/trustee. For more information refer to Internal Revenue Service (IRS) Publication 590—Individual Retirement Arrangements, instructions to your federal income tax return, your local IRS office, or the IRS's web site at [www.irs.gov](http://www.irs.gov).

**Terms.** A general understanding of the following terms may be helpful in completing your transactions.

**Required Minimum Distribution (RMD).** IRA owners who are age 70½ or older must satisfy an annual RMD. The penalty for

failing to take the annual RMD for any distribution year is a 50 percent excise tax on the amount not distributed. Although the rules permit you to transfer your RMD, it must still be satisfied by the required distribution date.

**Two-Year Rule.** SIMPLE IRA funds cannot be transferred to a traditional IRA within a two-year period that begins on the date of the initial contribution to your SIMPLE IRA. SIMPLE IRA funds transferred or rolled over during the two-year period are subject to an additional 25 percent excise tax. You may, however, roll over or transfer a SIMPLE IRA to a SIMPLE IRA within the two-year period.

**Conduit IRA.** Retirement funds originally rolled from certain employer-sponsored retirement plans may have been maintained in a separate "conduit IRA" not commingled with any other types of IRA contributions. Check with your tax or legal professional to determine if you need to continue to maintain these funds in a separate conduit IRA when they are transferred to a different custodian/trustee.

**SEP IRA.** An employer makes its simplified employee pension (SEP) plan contributions to each eligible employee's traditional IRA.

# Request for Direct Rollover to a Traditional IRA



Schwartz Value Fund  
 P.O. Box 46707  
 Cincinnati, Ohio 45246-0707  
 (888) 726-0753

## 1 IRA OWNER INFORMATION

Name .....

Address .....

Social Security Number ..... Date of Birth ..... Daytime Phone Number .....

## 2 DIRECT ROLLOVER REQUEST

The plan administrator of my employer's plan should send the assets identified in the Direct Rollover Instructions section.

Name of Employer .....

Name of Employer's Plan .....

Plan Administrator Address .....

Plan Account Number ..... Plan Administrator Phone Number .....

## 3 DIRECT ROLLOVER INSTRUCTIONS (See Additional Information included with this form.)

Complete my direct rollover as indicated. **Note:** Penalties and market fluctuation may affect the distribution amount.

### A. Payment Amount (select one)

- My entire plan balance.
- A portion of my plan balance. \$ .....

### B. Payment Schedule and Investments (select one)

- Immediately liquidate all investments and send cash proceeds.
- Liquidate the investments as identified below:

<u>Account Number or Investment</u>	<u>Dollar Amount or Number of Shares</u>	<u>Transaction Date</u>
.....	\$ ..... or ..... shares	.....
.....	\$ ..... or ..... shares	.....
.....	\$ ..... or ..... shares	.....
.....	\$ ..... or ..... shares	.....
.....	\$ ..... or ..... shares	.....

Other .....

### C. Delivery Instructions

- (1) IRA Account Number .....
- (2) Make check payable to Schwartz Value Fund (Investor Name) traditional IRA.

## 4 ACCEPTANCE

The custodian/trustee signing below agrees to accept custodianship/trusteeship, and the direct rollover assets described above, for the Schwartz Value Fund traditional IRA established on behalf of the above-named IRA owner.

## 5 SIGNATURES

I certify that I have established a traditional IRA with Schwartz Value Fund, of which U.S. Bank, N.A. is the custodian/trustee. I certify that the information contained on this form is true and correct. I direct the plan administrator to send my assets as set forth in this form. I understand that my direct rollover is irrevocable. I understand I should seek the guidance of a tax or legal professional with regard to this decision. I understand that if I establish a separate conduit account, it is my responsibility to keep my conduit account separate from my other accounts. I understand that my custodian/trustee cannot provide legal advice. I indemnify and agree to hold the custodian/trustee harmless against any liabilities. I assume full responsibility for the consequences of this direct rollover decision.

.....  
 Signature of IRA Owner ..... Date .....  
 .....  
 Signature of Custodian/Trustee ..... Date .....

## ADDITIONAL INFORMATION

**Purpose.** The Request for Direct Rollover to a Traditional IRA form is designed to assist you in moving assets from your eligible retirement plan to your traditional individual retirement account (IRA). Eligible retirement plans include qualified plans under Internal Revenue Code (IRC) Section 401(a) [which include Section 401(k) plans], tax-sheltered annuities under IRC Section 403(b), and deferred compensation plans under IRC Section 457(b).

**Additional Documents.** Eligibility for a direct rollover will be determined by your employer or its plan administrator. For your direct rollover to be successful, your employer's plan and/or your IRA's custodian/trustee may require additional documentation.

**For Additional Guidance.** It is in your best interest to seek the guidance of your tax or legal professional before completing this document. For additional assistance, refer to your employer's plan document, the summary plan description you received when you

entered the plan, or the notice of taxation you received when you became eligible for a distribution. For more information, refer to Internal Revenue Service (IRS) Publication 590–Individual Retirement Arrangements, IRS Publication 560–Retirement Plans for Small Business, your local IRS office, or the IRS's web site at [www.irs.gov](http://www.irs.gov).

**Terms.** A general understanding of the following terms may be helpful in completing your transactions.

**Direct Rollover.** A direct rollover avoids federal income tax withholding and, though similar to an IRA-to-IRA transfer, is reported to the IRS. Your employer or the plan administrator of your employer's eligible retirement plan can inform you of your eligibility to roll your retirement assets directly to your traditional IRA.