

# Roth 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 ROTH IRA

## I. Included in this Booklet is:

- 1) A Roth IRA Application, a Roth Individual Retirement Custodial Account (IRS Form 5305-RA), and a Roth IRA Disclosure Statement.
- 2) A Request for Transfer or Conversion to a Roth IRA form. You may use this form to request your current custodian/trustee to transfer your Roth IRA assets or convert your traditional IRA, SEP IRA, or SIMPLE IRA assets to your Schwartz Value Fund Roth IRA.

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

- Step 1** Complete the Roth IRA Application.
- Step 2** If you are requesting a transfer of your Roth IRA assets or a conversion of your traditional IRA assets to your Schwartz Value Fund Roth IRA, complete the applicable Request for Transfer or Conversion to a Roth IRA form. The applicable form should be completed in addition to the Roth IRA Application.
- Step 3** Send the completed forms back to Schwartz Value Fund.
- Step 4** Include a check for the amount of your Roth IRA contribution.
- Step 5** Retain the remainder of the 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 Roth IRA Cannot be Reasonably Projected.

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

- 1. Earnings.** The method for computing and allocating the earnings on your Roth IRA investments may be found in the prospectus or similar materials applicable to your Roth IRA investments. The method may vary depending on the provider and type of the investments.
- 2. Investments.** The investments contained in your Roth 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 Roth IRA investments. The investment fees may include redemption fees, sales commissions, management fees, and other assessments.
- 4. Roth IRA Fees.** Your Roth IRA annual maintenance fee is \$15.00.

# REVOCAION INFORMATION

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

# Roth 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\* .....  
 Tax Year of First Roth Contribution/Conversion .....

**B. Contribution Type (Select one)**  
 Regular/Spousal  Conversion from a Traditional or SEP IRA to a Roth IRA  
 Catch-up (age 50 and older)  Rollover from a SIMPLE IRA to a Roth IRA  
 Rollover from a Roth IRA  Recharacterization  
 Transfer from a Roth IRA

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

## 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 Roth IRA assets. If all of my primary beneficiaries die before me, the contingent beneficiaries named below will receive my Roth 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 Roth 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 Roth IRA.

**A. Primary Beneficiary**

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

**B. Contingent Beneficiary**

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

## 5 SPOUSAL CONSENT

..... **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  
 (IRA Owner Initials) includes the spousal consent documentation.

I am the spouse of the Roth IRA owner. Because of the significant consequences associated with giving up my interest in the Roth 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 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 Roth IRA assets, I hereby give to the Roth IRA owner such interest in the assets held in this Roth 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 Roth IRA agent. I assume sole responsibility for all consequences relating to my actions concerning this Roth 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 Roth Individual Retirement Custodial Account Agreement absent any such designation. I acknowledge that I have received the Roth IRA Disclosure Statement and the Roth 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 Roth 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 |

# 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 Your Roth IRA Documents.** This Internal Revenue Service (IRS) Forms 5305 series agreement for Roth IRAs, and any amendments or additional provisions to such agreement (the "Agreement") set forth the terms and conditions governing your Roth 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 Roth IRA rules in simpler language, and a financial disclosure.

**9.02 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 "Roth 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 Roth IRA, such third party will be your agent and will be considered "you" for purposes of this Agreement. Additionally, references to "Roth IRA" will mean the custodial account.

**9.03 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.

**9.04 Our Fees and Expenses.** We may charge reasonable fees and are entitled to reimbursement for any expenses we incur in establishing and maintaining your Roth 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 Roth 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 Roth 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.

**9.05 Amendments.** We may amend your Roth 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 Roth 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 Roth 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.

**9.06 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.

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

**9.08 Disqualifying Provisions.** Any provision of this Agreement that would disqualify the Roth IRA will be disregarded to the extent necessary to maintain the account as a Roth IRA.

**9.09 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.

**9.10 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 Roth IRA issues.

We are not responsible for determining whether your 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 Roth 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.

## 9.11 Investment of Roth IRA Assets.

- (a) **Investment of Contributions.** We will invest contributions and reinvest your Roth 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 Roth IRA income associated with your failure to provide appropriate investment direction.
- (b) **Directing Investments.** All investment direction must be in a format or manner acceptable to us. You may invest in any Roth 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 Roth IRA investments will be registered in our name or our nominee's name for the benefit of your Roth 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 Roth 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 Roth IRA, must be charged to your Roth IRA and cannot be paid by you. We have the right to liquidate your Roth IRA assets to pay fees and expenses, federal tax levies, or other assessments on your Roth 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.

**9.12 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 for your beneficiaries will be based on Treasury Regulations 1.408A-6, 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 a beneficiary, after your death, fails to take a required minimum distribution we may do nothing, distribute the entire IRA balance, or distribute the required minimum distribution based on our own calculation.

- 9.13 Spouse Beneficiary.** Notwithstanding Article V, a spouse beneficiary shall be permitted all the beneficiary options allowed under law or applicable regulations. If your surviving spouse is your sole beneficiary, your spouse may treat your Roth IRA as his/her own Roth IRA and would not be subject to the RMD rules.
- 9.14 Transfer and Rollover Contributions.** We may accept transfers, rollovers, and other similar contributions in cash or in kind from other IRAs. 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.
- 9.15 Reports and Records.** We will maintain the records necessary for IRS reporting on this Roth 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.
- 9.16 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.
- 9.17 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 Roth 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 Roth IRA fees or expenses. We reserve the right to retain Roth 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.
- 9.18 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 Roth 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 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the custodian must give the depositor, see **Pub. 590**, Individual Retirement Arrangements (IRAs).

## Definitions

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

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

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

## Specific Instructions

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

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

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

# ROTH IRA DISCLOSURE STATEMENT

**Right to Revoke Your Roth IRA.** With rare exception, you have the right to revoke this Roth individual retirement account (IRA) within seven days of receiving this Disclosure Statement. If you revoke your Roth IRA, we will return your entire Roth 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 a Roth IRA established with a recharacterized contribution.

You may revoke your Roth 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 Roth IRA, please call or write to us. Our telephone number, address, and a 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 Roth IRA.

**Definitions.** The IRS Forms 5305 series agreement for Roth 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 “Roth 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 Roth IRA, such third party will be considered your agent and, therefore, “you” for purposes of this Agreement. Additionally, references to “Roth 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 Roth IRA establishment documents. Your first reference for questions concerning your Roth 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).

## Roth 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 Roth IRA. Such documents are the “Agreement.”
- 2. Individual Benefit.** This Roth IRA must be for the exclusive benefit of you and, upon your death, your beneficiaries. The Roth 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 Roth IRA application you may designate any person(s) as your beneficiary to receive your Roth 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 Roth 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 Roth IRA assets will be paid to your estate. Your Roth 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 Roth 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, conversions, reconversions, or recharacterizations.
- 5. Roth IRA Custodian.** A Roth 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 a Roth IRA custodian.
- 6. Prohibition Against Life Insurance and Commingling.** None of your Roth 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 Roth IRA are not forfeitable.
- 8. Collectibles.** Generally, none of your Roth 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 Roth 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 Roth IRA distribution, in cash or in kind, to a Roth IRA. Rollovers to and from Roth IRAs are described in greater detail elsewhere in this Disclosure Statement.

**10. Required Minimum Distribution Rules For Beneficiaries.** The Roth 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 Roth IRA loses its tax exempt status as of the first day of the year. Subject to the Roth IRA ordering rules, you must include the fair market value of your Roth 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 Roth IRA as security for a loan, the portion pledged will be treated as a distribution to you, subject to the Roth IRA ordering rules, potentially 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 Roth IRA.

**14. State Laws.** State laws may affect your Roth IRA in certain situations, including beneficiary designations, agency relationships, consent, taxes, and reporting.

## Roth IRA Eligibility and Contributions.

**1. Regular or Annual Roth 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 Roth IRA if you have compensation (also referred to as earned income). The amount you may contribute may be limited based on your modified adjusted gross income (MAGI). The instructions to your federal income tax return will provide helpful information in determining your compensation and MAGI amounts.

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. Compensation does not include amounts converted from a traditional IRA to a Roth IRA.

**3. Limitations on Contributions.** The amount you can contribute depends on your MAGI for the tax year for which the contribution applies, your marital status, and your tax-filing status. The following chart shows how your MAGI and status affect your contribution limit. The greater your MAGI, the lesser the amount you may contribute.

| CONTRIBUTION CHART    |                   |                         |                            |
|-----------------------|-------------------|-------------------------|----------------------------|
| Modified AGI (MAGI)   | Single            | Married, Filing Jointly | Married, Filing Separately |
| Less than \$10,000    | Full Contribution | Full Contribution       | Phaseout                   |
| \$ 10,000 - \$ 95,000 | Full Contribution | Full Contribution       | No Contribution            |
| \$ 95,001 - \$109,999 | Phaseout          | Full Contribution       | No Contribution            |
| \$110,000 - \$150,000 | No Contribution   | Full Contribution       | No Contribution            |
| \$150,001 - \$159,999 | No Contribution   | Phaseout                | No Contribution            |
| \$160,000 or over     | No Contribution   | No Contribution         | No Contribution            |

IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, and the instructions to your federal income tax return also contain helpful calculation information.

**4. Contribution By Your Spouse.** If you are married and file a joint federal income tax return, 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 Roth IRA, and it cannot exceed the contribution limits applicable to regular Roth IRA contributions.

**5. Catch-up Contributions.** Catch-up contributions are Roth IRA contributions made in addition to any regular Roth 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.

- 6. Maximum Contribution Limits.** Your regular and catch-up Roth 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 Roth 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 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.
- 9. SEP or SIMPLE IRA Contributions.** Your employer may not make simplified employee pension (SEP) plan or Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA contributions to this Roth IRA.

**Nonrefundable Tax Credit.** You may be eligible to take a tax credit for your regular Roth 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 Roth IRAs.** There are a variety of transactions that allow you to move your retirement assets to and from Roth 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 Roth IRAs. We or the other financial organization involved in the transaction may require documentation for such activities.

- 1. Roth IRA-to-Roth IRA Transfers.** You may transfer all or a portion of your Roth IRA assets from one Roth IRA to another Roth IRA. A Roth IRA transfer means that the Roth IRA assets move from one Roth IRA to another Roth IRA in a manner that prevents you from cashing or liquidating the Roth IRA assets, or even depositing the assets anywhere except in the receiving Roth 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 Roth IRA assets.
- 2. Roth IRA-to-Roth IRA Rollovers.** A Roth IRA rollover is another way to move assets tax-free between Roth IRAs. You may roll over all or a portion of your Roth IRA assets by taking a distribution from a Roth IRA and recontributing it as a rollover contribution into the same or another Roth IRA. A rollover contribution is irrevocable. You must report your Roth IRA rollover to the IRS on your federal income tax return. Your contribution may only be designated as a rollover if the Roth IRA distribution is deposited within 60 calendar days following the date you receive the distributed assets. Any portion not rolled over will be subject to the Roth IRA ordering rules to determine income taxes and penalty taxes. 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 Roth IRA per 12 months. The distributing and receiving Roth IRA, including the Roth 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 a Roth IRA. The 12-month rule does not apply to rollovers related to first-time homebuyer distributions.
- 3. 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.

**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 traditional 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 all or a portion of 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 in Treasury Regulation 1.408A-5, Q&A 6(a) is required for recharacterization transactions.
- 3. Traditional IRA to Roth IRA Reconversions.** A reconversion 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.

**Movement of Assets Between Roth IRAs and Other Retirement Plans.**

- 1. Conversions from SIMPLE IRAs.** You may not convert assets from a SIMPLE IRA to a Roth 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.
- 2. No Rollovers or Conversions from Employer-Sponsored Eligible Retirement Plans (ERPs).** You may not roll over or convert assets distributed from employer-sponsored eligible retirement plans, such as 401(k), profit sharing, money purchase, Section 457(b) or tax-sheltered annuity plans.
- 3. Roth Contributions in ERPS after 2005.** If your employer has adopted a qualified Roth contribution program for its qualified plan as defined in IRC Sections 401(a) or 403(b), in tax years beginning after December 31, 2005, you may roll over Roth contributions, plus earnings, made to your employer's qualified plan if certain requirements are met. No other plan assets may be rolled over to your Roth IRA.

**Roth IRA Distributions.** You or, after your death, your beneficiary, may take a Roth IRA distribution at any time. Income and penalty taxes may be avoided by taking qualified distributions.

- 1. Qualified Distributions.** A qualified distribution is a distribution which is made after the expiration of the five-year holding period and as the result of certain events. The five-year holding period begins with the first year for which you made any regular Roth IRA contribution, or the first year in which you made a conversion from a traditional IRA to any Roth IRA. The events, which will create a qualified distribution after the expiration of the five-year holding period are as follows:
  - a. Distributions made on or after the date on which you attain age 59½;
  - b. Distributions made to your beneficiary upon your death;
  - c. Distributions attributable to your being disabled; and
  - d. Qualified first-time homebuyer distributions.
- 2. Nonqualified Distributions and the Ordering Rules.** If your distribution is not a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income for federal income tax purposes. Additionally, for each conversion done while you are younger than age 59½, a separate five-year holding period will be applied solely for determining if you owe a 10 percent premature-distribution penalty. The ordering rules for Roth IRAs determine what portion of your distribution will be subject to income and penalty taxes. The ordering rules, which take into account all of your Roth IRAs, state that your assets will be deemed distributed in the following order by



type: 1) regular or annual contributions; 2) taxable conversion contributions made to any Roth IRA beginning with your first conversion; 3) nontaxable conversion contributions made to any Roth IRA beginning with your first conversion; and 4) your earnings. All of your assets within a certain type must be removed before you may move on to the next asset type.

- 3. 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 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.
- 4. Distributions of Unwanted Roth IRA Contributions by Tax-Filing Date.** You may withdraw all or a portion of your regular and catch-up Roth IRA contribution and attributable earnings in the same manner as an excess contribution. However, you cannot apply your unwanted contribution as a regular Roth 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.

#### **Required Minimum Distributions.**

- 1. After Age 70½.** There are no required minimum distributions (RMDs) from your Roth IRA when you reach age 70½. Furthermore, you cannot satisfy any RMDs for your traditional IRAs or SIMPLE IRAs by taking a distribution from any of your Roth IRAs.
- 2. Failure to Withdraw an RMD.** If your beneficiary does not withdraw an RMD by his/her required distribution date, he/she will owe a 50 percent excess accumulation penalty tax on the amount not withdrawn. Your beneficiary can always take more than his/her RMD in any year but no additional amounts can be credited to a subsequent year's RMDs.

**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 Roth IRA within a five year period.

- 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 Roth 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 Roth IRA has at least one designated beneficiary.

An RMD for your beneficiaries will generally be calculated by dividing the previous year-end adjusted balance in your Roth IRA by this single life expectancy factor.

- 2. Designated Beneficiary.** A designated beneficiary is any named beneficiary who has an interest in your Roth 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 Roth IRA or completely disclaim their interests in your Roth 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 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 Roth IRA on the determination date, your Roth 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 Roth IRA beneficiary, the beneficiaries of the qualified trust are treated as the beneficiaries of your Roth IRA for purposes of determining designated beneficiaries and the appropriate life expectancy period after your death.

- 3. Death With No Designated Beneficiary.** If you die and your Roth IRA is treated as having no designated beneficiary, your named beneficiaries will be required to completely withdraw your Roth IRA assets by the end of the fifth year following your death year.
- 4. 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, he/she can postpone commencement of his/her RMDs until the end of the year in which you would have attained age 70½. If your spouse is the only designated beneficiary, he/she can treat your Roth IRA as his/her own Roth IRA after your death. 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 Roth IRA.

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

- 5. Separate Accounting.** Our policies may permit separate accounting to be applied to your Roth 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.

#### **Federal Income Tax Status of Your Roth IRA.**

- 1. No Deduction for Contributions.** Roth IRA contributions are not deductible on your federal income tax return at any time.
- 2. Tax-free Earnings.** The earnings, including gains and losses, on your Roth IRA contributions accumulate tax-deferred. At the time of your distribution, the earnings will be free from federal income tax if your distribution is a qualified distribution.
- 3. Taxation of Distributions.** The taxation of your Roth IRA distribution, which is not rolled over, is dependent upon whether your distribution is a qualified distribution and is subject to the ordering rules. Roth IRA distributions are not subject to federal income tax withholding. You may be subject to state or local taxes on your Roth IRA distributions.
- 4. No Special Tax Treatment.** Roth 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 Roth 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 Roth 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 Roth IRA. After your death, beneficiaries should pay careful attention to the rules for the disclaiming any portion of your Roth IRA under IRC Section 2518.

**Annual Statements.** Each year we will furnish you and the IRS with statements reflecting the activity, including rollovers, conversions, and recharacterizations, in your Roth 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 Roth IRA contributions, for the year. IRS Form 1099-R reflects your Roth IRA distributions for the year.

**Federal Tax Penalties and IRS Form 5329.** Several tax penalties may apply to your various Roth 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 Roth IRA before reaching age 59½, you are subject to a 10 percent premature-distribution penalty tax on the taxable portion of the distribution and certain converted assets distributed during the five-year holding period. However, certain exceptions apply. Exceptions to the 10 percent penalty tax include: the qualified distributions reasons previously listed, distributions due to 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. Additional exceptions include distributions taken during the five year holding period as a result of your attaining age 59½, death, disability, or a first-time home purchase. 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 Roth 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 Roth 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 an RMD that is not distributed to your beneficiary by its deadline is subject to a 50 percent excess accumulation penalty tax. The IRS may waive this penalty upon proof of reasonable error and that reasonable steps were taken to correct the error, including remedying the shortfall.

FURTHER INFORMATION REGARDING ROTH IRAS CAN BE OBTAINED FROM ANY DISTRICT OFFICE OF THE IRS. ASK FOR PUBLICATION 590.

# Request for Transfer or Conversion to a Roth 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 TRANSACTION (See Additional Information included with this form.)

Complete A or B.

- A. **Transfer:**  Roth IRA to a Roth IRA  
 B. **Conversion:**  Traditional IRA to a Roth IRA  SEP IRA to a Roth IRA  SIMPLE IRA to a Roth IRA

- Required minimum distributions cannot be converted to a Roth IRA.
- SIMPLE IRA funds cannot be converted to a Roth IRA for two years following the date of the initial SIMPLE contribution.

## 3 TRANSFEROR CUSTODIAN/TRUSTEE REQUEST

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

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

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

Complete my transfer/conversion 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) Roth IRA.

## 5 ACCEPTANCE

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

## 6 WITHHOLDING ELECTION (See IRS Form W-8BEN if you are a foreign person.)

The instructions to Form W-4P (Withholding Certificate) are included in the Additional Information section of this form.

Form **W-4P**  
 Department of the Treasury  
 Internal Revenue Service  
 OMB No. 1545-0074

- I elect **not** to have Federal income tax withheld from my IRA distribution.  
 I elect to have 10 percent Federal income tax withheld from my IRA distribution.  
 I want the following **additional** dollar amount (\$.....), or **additional** percentage (.....%) withheld from each IRA distribution.  
 I elect to have \$ ..... or ..... % State income tax withheld from my IRA distribution (if applicable).

## 7 SIGNATURES

I certify that I have established a Roth 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 or convert my IRA assets as set forth in this form. 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 understand I should seek the guidance of a tax or legal professional with regard to this decision. I indemnify and agree to hold the custodian/trustee harmless against any liabilities. I assume full responsibility for the consequences of this transfer or conversion decision. The custodian/trustee agrees to accept these funds as a transfer or conversion.

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

## ADDITIONAL INFORMATION

**Purpose.** The Request for Transfer or Conversion to a Roth IRA form is designed to assist you in transferring assets between Roth IRAs or converting assets from a traditional individual retirement account (IRA), SEP IRA, or SIMPLE IRA to a Roth IRA.

**Additional Documents.** For your transfer or conversion 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 a 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, IRS Publication 505—Tax Withholding and Estimated Tax, 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.

**Conversion.** A conversion is a reportable movement of assets from a traditional IRA or SIMPLE IRA to a Roth IRA.

**In Kind.** If an IRA contains stocks, bonds, mutual fund shares, or other types of property, it may be possible to move such property to an IRA without liquidation. This type of "in kind" transfer or conversion would require that the property be re-registered in the name of the transferee custodian/trustee for the benefit of your IRA. The transferee's policies, charters, or applicable law may prevent the transfer of property. Time deposits and savings accounts are not transferable.

**Two-Year Rule.** SIMPLE IRA funds cannot be converted to a Roth IRA within a two-year period that begins on the date of the initial contribution to your SIMPLE IRA. SIMPLE IRA funds converted 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 over from certain employer-sponsored eligible 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.

**Withholding of Federal Income Tax.** Generally, federal income tax withholding applies to your IRA distributions. The method and rate of withholding depends on (a) the type of distribution you receive, (b) whether the distribution is delivered outside the United States or its possessions, and (c) whether you (or your beneficiary after your death) are a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a Roth IRA are nontaxable and, therefore, not subject to withholding. Because your tax situation may change from year to year, you may want to change your withholding election each year. You can change the amount to be withheld by using IRS Form W-4P or an appropriate substitute form.

**Nonperiodic Payments—10% Withholding.** Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Your IRA custodian/trustee must withhold at a flat 10% rate from your IRA distributions unless you choose not to have federal income tax withheld. You can choose not to have income tax withheld from a

nonperiodic payment by using IRS Form W-4P or an appropriate substitute form and providing your correct tax identification number (TIN). Generally, your choice to have income tax withheld or not will apply to any later distribution from your IRA. You may also specify an additional amount that you want withheld.

**Caution.** *If you do not provide your correct TIN, your IRA custodian/trustee cannot honor your request not to have income tax withheld and must withhold 10% of the payment for federal income tax.*

**Choosing Not to Have Income Tax Withheld.** You (or in the event of death, your beneficiary or estate) can choose not to have income tax withheld from your payments by using Form W-4P or an appropriate substitute form. For an estate, the election to have no income tax withheld may be made by the executor or personal representative of the decedent. The executor/representative must provide the estate's TIN/employer identification number (EIN).

**Caution.** *There are penalties for not paying enough federal income tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see IRS Publication 505, Tax Withholding and Estimated Tax. It explains the estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your IRA using Form W-4P or an appropriate substitute form.*

**Changing Your "No Withholding" Choice.** If you previously chose not to have income tax withheld and you now want 10% withholding, write "Revoked" next to the checkbox on line 1 of IRS Form W-4P and provide a copy to your IRA custodian/trustee. To the extent you want a greater amount withheld, complete a new Form W-4P or an appropriate substitute form for your IRA custodian/trustee.

**Payments to Foreign Persons and Payments Outside the United States.** Unless you are a nonresident alien, withholding (in the manner described above) is required on any nonperiodic payments that are delivered to you outside the United States or its possessions. You cannot choose not to have income tax withheld on Form W-4P. See IRS Publication 505, *Tax Withholding and Estimated Tax* for additional details.

In the absence of a tax treaty exemption, nonresident aliens, nonresident alien beneficiaries, and foreign estates generally are subject to a 30% withholding tax under IRC Section 1441 on the taxable portion of a nonperiodic pension or annuity payment that is from U.S. sources. However, most tax treaties provide that private pensions and annuities are exempt from withholding and tax. Also, payments from certain pension plans are exempt from withholding even if no tax treaty applies. See IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and IRS Publication 519, *U.S. Tax Guide for Aliens*, for details. A foreign person should submit IRS Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, to the IRA custodian/trustee before receiving any payments. The Form W-8BEN must contain the foreign person's TIN.

If you are a foreign person who has provided an IRA custodian/trustee with IRS W-8BEN, the IRA custodian/trustee will furnish a statement to you on IRS Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*, by March 15 of next year.

**State Withholding.** Your state may allow or require state income tax withholding on any taxable distribution.

**Local Withholding.** Your local governing authority may allow or require local income tax withholding on any taxable distribution.