

# Traditional and SEP IRA | Establishment Documents

## **Items to complete and return via fax or mail (retain copies for your records)**

- Account Application
- Transfer/Rollover Request

## **Instruction sheets**

- Instructions for Opening an Account
- Instructions for Completing Transfer/Rollover Request

## **Items to review and retain for your records**

- IRA Custodial Account Agreement
- IRA Disclosure Statement
- Privacy Policy
- Service Schedule

## Traditional and SEP IRA Application

### IMPORTANT INFORMATION IMPORTANT INFORMATION ABOUT PROCEDURES OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each client who opens an account. When you open an account, we will ask for your name, physical address, date of birth, Social Security number, and other information that will allow us to identify you. We may also ask to see your driver's license or other forms of identification.

**Your signature and date are required on page 4.**

#### 1. PLAN INFORMATION (Check the appropriate box)

- IRA  Inherited IRA (Complete Inherited IRA section below and see instructions on page 9.)  
 Simplified Employee Pension (SEP) IRA

#### 2. ACCOUNT OWNER INFORMATION (\*Indicates a required field) DO NOT COMPLETE THIS SECTION FOR AN INHERITED IRA

\*First Name: \_\_\_\_\_ \*MI: \_\_\_\_\_ \*Last Name: \_\_\_\_\_

\*Social Security Number: \_\_\_\_\_ \*Date of Birth: \_\_\_\_\_

Gender:  Female  Male \*Citizenship:  U.S.  Other (specify) \_\_\_\_\_

*If applicable, enter name of referring organization, individual or promotion code below.*

Referral/Promo Code: \_\_\_\_\_

#### 3. COMPLETE THIS PORTION FOR AN INHERITED IRA ACCOUNT ONLY (\*Indicates a required field) An IRA Beneficiary Distribution Request form is required if the Deceased account is currently held at PENSICO Trust Company (PENSICO).

##### Deceased Account Owner

\*First Name: \_\_\_\_\_ \*MI: \_\_\_\_\_ \*Last Name: \_\_\_\_\_

\*Social Security Number: \_\_\_\_\_ \*Date of Birth: \_\_\_\_\_ \*Date of Death: \_\_\_\_\_

##### Beneficiary Name (the individual establishing this account)

\*First Name: \_\_\_\_\_ \*MI: \_\_\_\_\_ \*Last Name: \_\_\_\_\_

\*Social Security Number: \_\_\_\_\_ \*Date of Birth: \_\_\_\_\_

Gender:  Female  Male \*Citizenship:  U.S.  Other (specify) \_\_\_\_\_

\*Relationship to Deceased Account Owner:  Spouse  Non-Spouse  Trust†

†A PENSICO Trust Certification Form is required if this is a Trust Inherited IRA

#### 4. CONTACT INFORMATION (\*Indicates a required field)

\*Mailing Address (if PO Box, provide physical address below): \_\_\_\_\_

\*City: \_\_\_\_\_ \*State/Province: \_\_\_\_\_

\*Country: \_\_\_\_\_ \*Postal Code: \_\_\_\_\_

Residence Address (required if different from mailing address or if PO Box is provided above as Mailing Address):

City: \_\_\_\_\_ State/Province: \_\_\_\_\_

Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

\*Primary Phone: \_\_\_\_\_ Type:  Cell  Home  Business

Other Phone: \_\_\_\_\_ Type:  Cell  Home  Business

Email Address: \_\_\_\_\_

Your email address will be used to communicate information about your account. In addition, we will notify you via email when your statements and invoices are available to view electronically, you will need to register for online access to view these documents.

Please check box if you prefer to receive paper versions of your statement and invoices. Please be aware that there is a \$20 annual fee for paper statements. We will use your email to communicate information about your account.

**INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE**

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**5. INVESTMENT INFORMATION**

Please select all of the types of investments you plan to hold in your IRA account. This information will help PENSCO better serve the needs related to your investments. Selecting an asset type below is not intended as your instruction for a purchase or transfer and we understand that your intentions may change over the life of your account. Your account investment options are not limited to your selection(s) below.

 **Standard Assets**

Mutual Funds, Money Markets, Stocks/Bonds (including exchange traded LPs and ADRs), REITs (exchange traded), Annuities, Managed Accounts, Brokerage Accounts, Certificates of Deposit, Mortgage-Backed Securities, Warrants, Treasuries, Strips, Rights

**Alternative Assets**

- Real Property    Secured Notes (i.e. Trust Deeds/Mortgages)    Unsecured Notes (i.e. Loans to a person or Corporation)  
 Limited Partnerships/Limited Liability Companies    REITs (Non-exchange-traded and private)    Private Stock  
 Offshore Funds    Tax Liens    Foreign Securities

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**6. CHECK ENCLOSURE SUMMARY** (Contribution allocation)

Employer SEP Contribution      \$ \_\_\_\_\_  
Rollover Contribution            \$ \_\_\_\_\_  
IRA Contribution for 20\_\_\_\_      \$ \_\_\_\_\_  
IRA Contribution for 20\_\_\_\_      \$ \_\_\_\_\_  
**Total Enclosed**                    \$ \_\_\_\_\_

***Only complete this section if you are submitting your application by mail and enclosing a personal check.***

*(Make check payable to PENSCO Trust Company, and indicate in the memo section or on a separate sheet the tax year for each "regular" Traditional IRA contribution. If you are providing contributions for multiple accounts in one check, be sure to provide detailed instructions about how funds are to be allocated.)*

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**7. UNINVESTED CASH**

I have reviewed the Uninvested Cash section of the Account Agreement and Disclosures, and I hereby direct PENSCO to deposit all undirected and uninvested cash from any source, including but not limited to contributions, transfers, proceeds from asset sales and income and distributions from assets held in the custodial account, into deposit accounts at one or more Federal Deposit Insurance Corporation ("FDIC") insured banks selected by PENSCO. I acknowledge that the deposits at each bank will be insured by the FDIC up to the federal deposit insurance limits (currently \$250,000 per account holder) and that any amount in excess of the legal limit will not be insured by the FDIC. PENSCO shall seek to identify depository banks that are categorized as "well capitalized" institutions by the FDIC. However, I acknowledge and agree that PENSCO makes no representations or warranties as to the financial status of any depository bank or its ability to satisfy its obligations to the Account Owner and that the status of a depository bank as a "well capitalized" bank at any particular time does not mean that it will be so at any time in the future.

Interest earned on such cash balances, net of the Custodial Cash fee described in the Uninvested Cash section of the Account Agreement and Disclosures, shall be credited to the custodial account as of the end of each month. I understand and agree that my account is only eligible to earn interest in any month in which my account remains open on the interest crediting date and that any interest that may accrue on my account during a month that my account is closed prior to the interest crediting date will be paid to PENSCO as an additional fee. I also understand and agree that the fee may reduce the amount of net interest so paid to my account on a monthly basis to zero or a negligible amount. I further understand and agree that my account has a minimum cash requirement and that fees are applicable to accounts that fall below the required minimum, as outlined in the *Service Schedule*. I also understand and agree that PENSCO may require me to give at least 7 days notice of my intent to withdraw funds from my custodial account.

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**8. BENEFICIARY DESIGNATION**

I hereby designate the persons named herein as primary and contingent beneficiaries to receive my interest in this IRA according to the terms of the IRA Custodial Account Agreement, hereby revoking any such prior designations made by me. *(Attach additional sheets if necessary.)*

I understand that, under the terms of the Traditional IRA Custodial Account Agreement, upon my death, my surviving Primary Beneficiary(ies) each will be entitled to name their own beneficiary(ies) for any IRA assets to which each such Primary Beneficiary became entitled upon my death, that remain in the IRA upon the death of such Primary Beneficiary(ies). If any Primary Beneficiary dies before my death, the IRA will pass upon my death to my remaining Primary Beneficiary(ies), if any, based on their proportional interests as specified below. If all of my Primary Beneficiaries die before my death, the IRA will pass to the Contingent Beneficiary(ies) named below.

*The total percentage for each level of beneficiary, both primary and contingent, must equal 100%. For example: if you are designating 3 beneficiaries with rights to equal portions of the account, the amount should reflect 33.33%, 33.33% and 33.34%. If your beneficiary designation request for each level of beneficiary does not total 100%, PENSCO will correct any excess or short-fall percentage allocation by applying the ratio of the percentage actually allocated among the beneficiaries at each level.*

**An Account Owner's beneficiary designation must be on record with the Custodian prior to the Account Owner's death to be considered an effective designation**

**INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE**

**9. PRIMARY BENEFICIARY(IES)**

First Name: \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Percentage: \_\_\_\_\_% Relationship: \_\_\_\_\_

Social Security Number (required): \_\_\_\_\_

Residence Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_

Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

First Name: \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Percentage: \_\_\_\_\_% Relationship: \_\_\_\_\_

Social Security Number (required): \_\_\_\_\_

Residence Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_

Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

**10. CONTINGENT BENEFICIARY(IES) (in case of death of primary beneficiary)**

First Name: \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Percentage: \_\_\_\_\_% Relationship: \_\_\_\_\_

Social Security Number (required): \_\_\_\_\_

Residence Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_

Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

First Name: \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Percentage: \_\_\_\_\_% Relationship: \_\_\_\_\_

Social Security Number (required): \_\_\_\_\_

Residence Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_

Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

**11. SPOUSAL CONSENT (for use in community property states)**

**If applicable, this section must be signed and dated by the spouse of the Account Owner:**

1. If the Account Owner is married and has designated any Primary Beneficiary other than his/her spouse; and
2. If the Account Owner's plan includes or will include property in which his/her spouse possesses a community property interest or other type of property interest. *(As of this printing the community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin. Please consult with your legal advisor to ensure this satisfies the laws of your state.)*

I, the undersigned spouse of the Account Owner named above, hereby consent to and accept the beneficiary designation without regard to whether I survive or predecease my spouse.



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

\_\_\_\_\_  
Date

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**12. YOUR ACKNOWLEDGEMENT AND SIGNATURE**

I, the undersigned Participant (Account Owner) or Beneficiary in the case of an Inherited IRA, hereby establish an Individual Retirement Account (IRA) under the IRA Custodial Account Agreement, which is incorporated within this application by this reference. I designate PENSICO as Custodian of this IRA and make the following declarations.

I have read, understand and agree to all of the terms as set forth in the IRA Application, IRA Custodial Account Agreement, and the IRA Disclosure Statement (collectively, "Plan Documents,") and I have retained the Plan Documents, including a copy of this completed Application. I further specifically acknowledge that I have read, understand and agree to the Arbitration Statement that is part of the Plan Documents, and the *Service Schedule* that is available at the PENSICO web site at [www.pensico.com](http://www.pensico.com) and that PENSICO provided me with this document. I acknowledge that a minimum cash requirement may apply to my Account, as stated on the *Service Schedule*. If this requirement is not met, I understand additional fees may apply. I also understand that fees are not prorated upon establishment or termination, and I consent to have my conversations with PENSICO recorded.

*(Please complete, sign and return this Application with your contribution and applicable fee payment. Be sure to keep a copy for your records. Please print or type. All fields must be completed. If not applicable, please indicate by printing "N/A" or "None" where appropriate.)*



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Account Owner Signature

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Date (required)

When the plan has been accepted by PENSICO, the Account Owner will be sent an account establishment confirmation letter showing the account number and account information. Trading may be delayed until a PENSICO account number has been assigned and the account has been funded by the Account Owner.

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**13. ADDITIONAL STEPS REQUIRED TO COMPLETE YOUR ACCOUNT SET UP**

Once you receive your PENSICO account number, you must register your account for online access at [www.pensico.com](http://www.pensico.com) and complete the following steps within 7 days:

1. Securely provide credit or debit card information; all account owners are required to maintain a valid credit/debit card on file at all times.
2. Confirm your Fee Payment Preference. Your account Fee Payment Preference is currently set to automatically pay your account fees using available cash in your custodial account.
  - a. If you prefer to pay your account fees using cash from your custodial account, no further action is necessary.
  - b. If you prefer to pay your account fees using the credit/debit card maintained on file (as provided in Step 1), you may do so by updating your Fee Payment Preference.

Please see your Account Owner Agreement for more information on Billing and Fee Collection.

**To designate an Interested Party or Financial Representative, please complete and return the following pages.**

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**Upload forms to:**  
[www.pensico.com/upload](http://www.pensico.com/upload)

**Send mail to:**  
PENSICO  
P.O. Box 173859  
Denver, CO 80217-3859

**For express deliveries:**  
PENSICO  
1560 Broadway, Suite 400  
Denver, CO 80202

**Questions?**  
Call 1-866-818-4472

**Fax to:** 303-614-7038

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**For PENSICO Trust Company use only:**

**X**

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Authorized Signature

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Account Number (PENSICO Trust Company will complete)

**PENSICO does not provide investment advice, does not sell investments, and does not offer tax or legal advice. PENSICO does not evaluate, recommend or endorse any advisory firm or investment. Investments are not FDIC insured and are subject to risk, including the loss of principal.**

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**14. INTERESTED PARTY DESIGNATION**

Please complete the information below if you wish to authorize an individual other than your designated Financial Representative to receive information on your account.

I authorize the following individual to receive electronic statements and other account information from PENSICO Trust Company via written, telephone or electronic communications. I understand that this individual is not authorized to execute transactions on my behalf. I understand that this individual may not be a sponsor of or otherwise affiliated with an investment in my Account. It is my responsibility to review the assets in my Account to ensure compliance with this provision and to take steps to remove an Interested Party from my Account in the event of non-compliance.

**Interested Party Name**

First Name: \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

Firm Name: \_\_\_\_\_ Email Address: \_\_\_\_\_

Residence Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_

Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

\_\_\_\_\_  
Account Owner Signature for Interested Party Designation\_\_\_\_\_  
Date

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**15. FINANCIAL REPRESENTATIVE AUTHORIZATION**

PENSCO Trust Company (PENSCO) does not require that you designate a Financial Representative (FR) for your Account. If you wish to authorize an FR to act as your agent for your account, please complete the information below.

I agree that I, and not PENSCO and its related entities, am solely responsible for the actions of my FR in connection with my Account and any investments in my Account. I acknowledge and agree that I am solely responsible for selecting my FR, and that the FR is my agent and not the employee or agent of PENSCO or its related entities and is not affiliated with PENSCO and its related entities in any way.

I make the following FR designation subject to all applicable provisions of the Account Establishment Documents, including but not limited to the Terms and Conditions of Appointment of FR contained in the Additional Account Terms. I authorize this individual to execute transactions for my account, including but not limited to purchases, sales, and exchanges of investments for the Account. I also authorize my FR and, if applicable, my FR's broker-dealer to receive electronic statements and any other account information from PENSCO via written, telephone or electronic communications.

I affirm that this FR and his/her employees, staff, broker-dealer firm and any companies to which my FR or the aforementioned are associated is not a sponsor of or otherwise affiliated with any investment in my account. I agree that it is my responsibility to review any investments for my Account to ensure compliance with this provision and to remove my FR from my Account in the event of non-compliance. I acknowledge that it is my responsibility to monitor the actions of my FR to ensure compliance with all laws, rules and regulations and to remove my FR from my Account if he or she does not comply with the laws, rules and regulations that apply to my Account. I acknowledge and agree that PENSCO and its related entities are under no duty to investigate or inquire about my FR or any directions or instructions given by my FR. I further agree that PENSCO and its related entities will have no liability for any losses that may occur due to changes in market value of an investment or PENSCO's actions or inactions based on reliance on instructions from me or my FR.

**My Financial Representative's Name** (\*Your FR should be able to provide you with this information.)

First Name: \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_

My FR's Office Name is: \_\_\_\_\_ My FR's Broker-Dealer\* is: \_\_\_\_\_

My FR's Individual CRD Number\* is: \_\_\_\_\_ My FR's Firm CRD Number\* is: \_\_\_\_\_

My FR's Representative Number\* is: \_\_\_\_\_ My FR's Branch Number\* is: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_

Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Business Phone: \_\_\_\_\_ Cell: \_\_\_\_\_ Fax: \_\_\_\_\_

My FR's Email Address is: \_\_\_\_\_

I understand that I may revise this information at any time by giving written notice to PENSCO. I am aware that any change to my authorized FR will not cancel any instructions given by my FR prior to PENSCO receiving written notice of the change.



\_\_\_\_\_  
Account Owner Signature for Authorization of FR Date

**16. FINANCIAL REPRESENTATIVE CONSENT AND ACKNOWLEDGEMENT**

I, \_\_\_\_\_ (representative's name) hereby consent to my designation as Financial Representative by the Account Owner of the above-named IRA. I understand and acknowledge that, as Financial Representative, I will be acting as the authorized agent of the Account Owner and not as the agent of PENSCO. Additionally, I affirmatively represent to both the Account Owner and PENSCO that I will not make any statements or other communications to or with the Account Owner or any other party suggesting that I am acting as the agent of PENSCO for any purpose relating to this retirement account or to any investment.

I acknowledge that I am not, nor are any of my employees, staff, broker-dealer firm (if applicable) and any companies to which I or the aforementioned are associated is a sponsor of or otherwise affiliated with any investment in any account for which I am appointed as FR. I agree that it is my responsibility to ensure compliance with this provision and to remove myself as an FR in the event of non-compliance.

I acknowledge that, if I am associated with a member of FINRA or of certain financial exchanges (each an "Employer Member"), I may be required by applicable rules to notify such Employer Member of my affiliation to this Account. I acknowledge my responsibility to ensure that the Employer Member is provided with such information as is necessary to ensure compliance with applicable rules with respect to my activities in connection with this Account. I further acknowledge that it is a condition of my appointment by the Account Owner as FR to this Account that I comply with all laws, rules and regulations that apply to me and to this Account, and that if I do not, I understand that I may be removed as FR.



\_\_\_\_\_  
Financial Representative Signature Date

## Traditional and SEP IRA Transfer/Rollover Request

### IMPORTANT INFORMATION

This form is to be completed by an IRA Account Owner who wishes to make a transfer, rollover or direct rollover of all or a portion of his/her assets from an existing IRA plan to a PENSICO Trust Company (PENSICO) IRA. Please refer to the "Instructions for Traditional and SEP IRA Transfer/Rollover Request to complete this form.

### 1. IRA ACCOUNT OWNER INFORMATION

First Name: \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_

PENSICO Account Number: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_

Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Social Security Number: \_\_\_\_\_

Business Telephone Number: \_\_\_\_\_ Home Telephone Number: \_\_\_\_\_

### 2. CURRENT TRUSTEE/CUSTODIAN INFORMATION

*\*\*Please provide a copy of the most recent Account Statement from your current Trustee/Custodian.*

Custodian Name: \_\_\_\_\_

Contact Department: \_\_\_\_\_ Fax Number: \_\_\_\_\_

Current Trustee/Custodian Account Number: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_

Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Business Telephone Number: \_\_\_\_\_

### Document delivery method

*PENSICO will automatically default to fax if it is available. If faxes are not available, please choose one of the following.*

Overnight paperwork: Charge my account (please refer to the Service Schedule)

Overnight paperwork: Charge this overnight number \_\_\_\_\_  
Overnight provider \_\_\_\_\_

### 3. TRANSFER TYPE (account owner must check one)

To the delivering firm: I have amended my retirement plan or established a new plan, and I request that you transfer or rollover all or a portion of the assets or securities in my account (as directed on this form) to the successor trustee/custodian named below. I understand that to the extent any assets in my account are not readily transferable, with or without penalties, such assets may not be transferred within the time frames required by New York Stock Exchange Rule 412 or similar rule of the National Association of Securities Dealers or other designated examining authority. Unless otherwise indicated in the instructions contained herein, I authorize you to sell any nontransferable proprietary money market fund assets that are part of my account and transfer the resulting cash credit balance to the successor trustee/custodian. I understand that you will contact me with respect to the disposition of any other assets in my securities account that are not transferable. I authorize you to deduct any outstanding fees due from the credit balance in my account. If my account does not contain a credit balance or if the credit balance in the account is insufficient to satisfy any outstanding fees due, I authorize you to liquidate the assets in my account to the extent necessary to satisfy that obligation. If certificates or other instruments in my account are in your physical possession, I instruct you to transfer them in good deliverable form, including affixing any necessary tax waivers, to enable the successor trustee/custodian to transfer them to its name (or its nominee name) for the purpose of sale when and as directed by me. I understand that upon receiving a copy of this transfer instruction, you will cancel all open orders for my account on your books.

Partial transfer       Complete transfer (close my entire account)

**INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE**



**4. TRANSFER/ROLLOVER OPTION**

Choose one below. For your selection, please provide specific asset instructions in section 6.

**Transfer IRA to IRA**

If applicable, choose one. For any option below, you must include a certified copy of the deceased Account Owner's death certificate.

**Inherited IRA:** Check box if this is a transfer of an inherited or beneficiary IRA. Subject to additional documentation and review.

**Non-Spouse Beneficiary:** Only for Non-Spouse Beneficiary Direct Rollover.

**Spousal Assumption:** Only for spouses who are the sole beneficiary of a plan owner.

**Indirect Rollover:** Rollover of Eligible Distribution Received Outright by Account Owner.

**Direct Rollover:**

Rollover of Eligible Business Retirement Plan Assets to Traditional IRA Rollover.

Trustee to Trustee Recharacterization of external Roth IRA to PENSICO Traditional IRA.  
(Your current custodian may have additional requirements to execute this transaction)

**5. LIST ALL STANDARD ASSETS TO BE TRANSFERRED**

USE ADDITIONAL PAPER IF NEEDED. PLEASE PROVIDE A COPY OF THE MOST RECENT ACCOUNT STATEMENT FROM YOUR CURRENT TRUSTEE/CUSTODIAN.

A. Cash/Money Market Funds	Specify "All" or \$ Amount	Wire Funds to PENSICO
		<input type="checkbox"/>

B. Mutual Funds	# of shares or "ALL"	Sell	or	Transfer In-Kind	Fund Account Number
		<input type="checkbox"/>	or	<input type="checkbox"/>	
		<input type="checkbox"/>	or	<input type="checkbox"/>	

C. Annuities	Value	Surrender	or	Change of Ownership	Contract (Policy Number)
		<input type="checkbox"/>	or	<input type="checkbox"/>	
		<input type="checkbox"/>	or	<input type="checkbox"/>	

D. Stocks or Bonds	# of shares or "ALL"	Sell	or	Transfer In-Kind	CUSIP or TICKER
		<input type="checkbox"/>	or	<input type="checkbox"/>	
		<input type="checkbox"/>	or	<input type="checkbox"/>	

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**6. ALTERNATIVE ASSET TRANSFER/ROLLOVER/CONVERSION OR LIQUIDATION INSTRUCTIONS:**

Only complete this section if you are transferring, rolling over, converting or liquidating assets from the resigning account. It is the responsibility of the current administrator/custodian to handle the re-registration of any investment the custodian is holding in your account (e.g., IRA, 401(k), profit-sharing plan, etc.) that you wish to move. If you have more than two investments in this account, please photocopy this section and complete it for each investment.

All investments are subject to an administrative review by PENSICO. Please provide the documents and/or PENSICO forms listed next to the investment type below to facilitate the administrative review. PENSICO will contact you if additional signatures or documents are required by the third party executing the transfer.

**Investment Type:** (choose one)

- Private Equity (Offering Materials and a copy of original subscription agreement)  Promissory Note (Unsecured Note Investment Authorization)
- Secured Note (Deed of Trust/Mortgage/Secured Note Investment Authorization)
- Tax Certificate (Tax Certificate Investment Authorization)  Real Estate (Real Estate Investment Authorization)
- Other: \_\_\_\_\_

**Transfer/rollover/conversion:**

- In-kind  Liquidate (please verify with your current custodian that the liquidation has occurred)

**Investment Name:** \_\_\_\_\_

Number of shares or percentage to be transferred: \_\_\_\_\_ Total current estimated dollar value: \$ \_\_\_\_\_

Percentage of Ownership: \_\_\_\_\_ %

**Company Information:** (for Private Equity, LPs and REITs only)

Company Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Company Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_ Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_ Company Website: \_\_\_\_\_

**Investment Type:** (choose one)

- Private Equity (Offering Materials and a copy of original subscription agreement)  Promissory Note (Unsecured Note Investment Authorization)
- Secured Note (Deed of Trust/Mortgage/Secured Note Investment Authorization)
- Tax Certificate (Tax Certificate Investment Authorization)  Real Estate (Real Estate Investment Authorization)
- Other: \_\_\_\_\_

**Transfer/rollover/conversion:**

- In-kind  Liquidate (please verify with your current custodian that the liquidation has occurred)

**Investment Name:** \_\_\_\_\_

Number of shares or percentage to be transferred: \_\_\_\_\_ Total current estimated dollar value: \$ \_\_\_\_\_

Percentage of Ownership: \_\_\_\_\_ %

**Company Information:** (for Private Equity, LPs, and REITs only)

Company Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Company Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Province: \_\_\_\_\_ Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_ Company Website: \_\_\_\_\_

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**7. ACCOUNT OWNER ACKNOWLEDGMENTS WITH REGARD TO INVESTMENTS TO BE TRANSFERRED OR ROLLED OVER**

- i. I understand that I am responsible, and PENSICO and its related entities are not responsible, for selecting and reviewing the above investment(s) and for determining the suitability, nature, value, risk, safety and merits of the investment(s) that I authorize PENSICO to hold in my Account.
- ii. I understand that PENSICO and its related entities are not related to or affiliated with the management or selling agent(s) of the investment(s) that I have directed PENSICO to hold for my account. I acknowledge that PENSICO has not reviewed, recommended or commented on the investment merits, risks, suitability or management of the asset(s) I have selected and I authorize PENSICO to process this transfer or rollover request. I therefore agree to release, indemnify, defend, and hold PENSICO and its related entities harmless from any claims arising out of such investment(s) or otherwise. I also understand and agree that PENSICO and its related entities will not be responsible to take any action should the investment noted herein become subject to default, including fraud, insolvency, bankruptcy, or other court order or legal process.
- iii. I agree that any dispute regarding my investment(s) shall be submitted to binding arbitration pursuant to the Commercial Rules of the American Arbitration Association and the terms of the Custodial Agreement. I understand that the prevailing party shall be entitled to recover all legal fees, reasonable costs and expenses and that these shall be in addition to any award of damage or any other relief to which the prevailing party is entitled.
- iv. I have consulted my own attorney and hereby represent that PENSICO may hold title to any Note and/or its collateral, where applicable. I hereby represent to PENSICO that I understand the risks involved with my deed of trust/mortgage/secured note investments, specifically that there may be liability above and beyond the amount of the investment in the collateral property (e.g., ad valorem property taxes on the property or liability arising under Environment Laws). The losses will include any losses caused by, or arising out of, the presence, on or about the Property, of any Hazardous Substances, or any person or entity complying or failing to comply with any Environment Law. The term "Environmental Law" means any law, rule, regulation, or ordinance relating to protection of the environment or human health. The term "Hazardous Substance" means any substance defined as hazardous or toxic, or otherwise regulated by any Environmental Law.
- v. I represent that my purchase of any investment(s) I am transferring to PENSICO was not a prohibited transaction as defined in the Internal Revenue Code and Department of Labor regulations.
- vi. I acknowledge that my investment(s) are not insured by the FDIC, are not an obligation of or guaranteed by PENSICO, and are subject to risk, including the possible loss of principal.
- vii. I understand all the routine real estate expenses (e.g., tax bills, insurance premiums, homeowner's association payments and utility bills) will automatically be paid from my account. I understand that sufficient funds must be held in my uninvested cash account to make the required payment at least 14 days prior to the payment's due date. If the funds are not available, I will be responsible for any interest or penalties incurred. Invoices for non-routine expenses (e.g., repairs and improvements) require specific Account Owner authorization prior to payment from the account.

viii. For real estate, I have made arrangements with the property manager designated on the Property Management Agreement. PENSICO will not be responsible for errors and omissions in the management agreement or for any actions taken by the property manager. For real estate, I understand that I must provide a real estate appraisal for any real estate transaction request I submit that will result in a taxable event (e.g., distribution.) I also acknowledge that on an annual basis, I will be asked to provide an updated valuation for each real estate investment within my account(s). Such annual valuation may be in the form of a comparative market analysis or other source deemed to be acceptable by the Custodian.

**8. AGE 70½ NOTICE** If you are subject to required minimum distributions (generally if you have attained age 70½ during the transfer year) and have not taken a minimum distribution from your prior Trustee/Custodian, please contact us for assistance regarding the calculation of your required amount. Please have the previous year-end value available.

I certify that I have read the applicable section for the transaction I have chosen, and I understand and agree to all terms.

**9. ACCOUNT OWNER'S SIGNATURE REQUIRED**

In the case of a transfer or direct rollover, the current Trustee/Custodian is authorized to send cash and/or assets to PENSICO as specified.

For the transfer of an inherited IRA, I certify that I am the sole beneficiary of the asset(s) requested and agree to hold PENSICO and its related entities harmless in the event that any other beneficiary makes a claim against this account.

In the case of a rollover, I understand it is my sole responsibility to determine the validity of any rollover contribution and to initiate and make such rollover deposit; I irrevocably elect to roll over the asset(s) in this transaction.

I hereby agree to indemnify and hold harmless PENSICO and its officers, directors, shareholders, agents employees, and PENSICO's related entities for any and all costs, obligations, losses, claims, damages and expenses (including reasonable attorneys' fees) related to or associated with this agreement.

**I acknowledge that there may be a minimum cash requirement, applicable to accounts containing alternative assets, disclosed in the Service Schedule. If this requirement is not met, I understand that additional fees may apply.**



\_\_\_\_\_  
Account Owner Signature

\_\_\_\_\_  
Date

*Note: Your current custodian may require that your signature be Medallion Signature Guaranteed. Please contact your current custodian for details of their requirements. A Medallion Signature Guarantee may generally be obtained from your brokerage firm, bank or other financial institution.*

**INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE**

**10. DELIVERY INSTRUCTIONS**

Please select how your current custodian should send funds to PENSICO.

**Check**

**Make checks payable to:**  
PENSICO Trust Company  
FBO (client's name), PENSICO Account Number  
P.O. Box 173859  
Denver, CO 80217-3859

**ACH**

**Incoming ACH Instructions:**  
**Citibank**  
ABA# 321171184  
To: PENSICO Trust Company  
Acct# 204869978  
For Further Credit to: PENSICO Account Number

**Wire**

**Wiring Instructions for Cash:**  
Citibank  
ABA# 321171184  
For Credit to: PENSICO  
A/C # 204869978  
For Further Credit to:  
Client's Full Name  
A/C # (Client's PENSICO Account Number)

**Overnight Delivery Address:**

PENSICO Trust Company  
FBO (client name)  
1560 Broadway Ste. 400  
Denver, CO 80202-3331

**Register Physical Securities,**

**Non-Networked Eligible Mutual Funds and Limited Partnerships:**

PENSICO Trust Company Custodian FBO (client name), IRA

P.O. Box 173859  
Denver, CO 80217-3859  
Tax ID Number 02-0526633

**DTC Eligible Securities:**

DTC #5998  
Agent ID #94099  
Institutional ID #94099  
FBO: Client Name and PENSICO Account Number

**Book-entry Government Securities** (including GNMA pool deliveries)

**VIA Federal wire as follows:**

FIFTH THIRD BANK  
ABA #042000314/Fifth Cin/1050  
FFC A/C#: 010034438545  
A/C Name: PENSICO Trust Company  
FBO: Client's name and PENSICO Account Number

**Register Networked Eligible**

**Mutual Funds to:**

NTC & Co.  
FBO (client name), PENSICO Account Number  
P.O. Box 173859  
Denver, CO 80217-3859

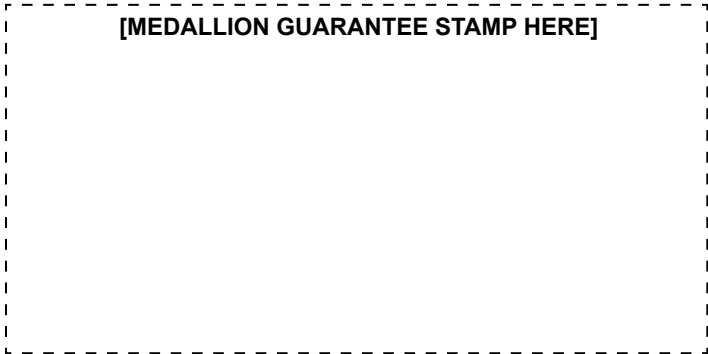
**Matrix Settlement and**

**Clearance Services NSCC # 5954**

**Tax ID Number 26-1356253**

**11. ACCEPTANCE BY PENSICO Trust Company** *(To be completed by PENSICO Trust Company)*

PENSICO Trust Company hereby accepts the appointment as Custodian of the assets listed. This acceptance is not to be construed as validation of any rollover or direct rollover contribution, if any. PENSICO Trust Company is exempt from backup withholding described in Section 3406(a) (1) (c) of the Internal Revenue Code.



\_\_\_\_\_  
PENSICO Trust Company Acceptance Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE**

**Upload forms to:**  
[www.pensico.com/upload](http://www.pensico.com/upload)

**Fax to:** 303-614-7038

**Send mail to:**  
PENSICO  
P.O. Box 173859  
Denver, CO 80217-3859

**For express deliveries:**  
PENSICO  
1560 Broadway, Suite 400  
Denver, CO 80202-3331

**Questions?**  
Call 1-866-818-4472



## Instructions for Opening an Account

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### IT'S IMPORTANT THAT YOU

Read and keep these Instructions, Additional Account Terms, Custodial Account Agreement and Disclosure Statement for your records, and make a copy of your completed Application before sending it to PENSCO Trust Company (PENSCO). All of these documents explain what you can expect from PENSCO as the Custodian and what is expected of you as an IRA Account Owner. They constitute your agreement with PENSCO for the Traditional IRA.

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### APRIL PLAN ESTABLISHMENT AND CONTRIBUTION DEADLINE

Your signed Application must be received by PENSCO in its offices on or before tax-filing due date, with no extensions (generally April 15th), in order for the IRA to be eligible to receive contributions for that tax year.

Contribution checks must also be postmarked to PENSCO on or before the Account Owner's tax-filing due date (with no extensions).

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### TRADITIONAL IRA OVERVIEW

All PENSCO plans are self-directed by you as the Account Owner. Please consult with tax and investment professionals at each step in the management of this Traditional IRA.

#### Traditional IRA

Use this form to establish a Traditional IRA if you wish to make regular annual cash contributions (deductible and/or non-deductible) to a Traditional IRA. You may also use this form to establish a Traditional IRA to receive spousal IRA contributions. Remember, both the husband and wife must each establish a separate IRA because spousal IRA contributions may not be combined in one IRA account.

You can also use this IRA to deposit eligible rollover contributions from a qualified business retirement plan or a rollover from another IRA. If you are making a rollover deposit of assets other than cash, please complete a PENSCO Traditional/Roth IRA Transfer/Rollover Form to provide details and to provide your written rollover designation. This form also provides the definition of a direct rollover.

#### SEP IRA

Use this form if you need to establish a Traditional IRA to receive employer contributions under a Simplified Employee Pension Plan ("SEP Plan"). In order for employer contributions to be considered valid, the employer must complete and sign an IRS Form 5305-SEP or a SEP prototype plan document before contributing to this IRA. If you establish this IRA to receive SEP contributions from your employer, you may also make regular Traditional IRA contributions to this same IRA.

Details such as contribution limits and deductibility are discussed in the IRA Custodial Account Agreement and Disclosure Statement included with these Plan Documents. If you have questions or require more detail, please consult with your tax or financial professional, or read IRA Publication 560.

#### Inherited IRA

Complete this section if you indicated that you are establishing a "Beneficiary (Inherited) IRA." The account owner information should be that of the original deceased account owner, including Name, Social Security Number (SSN) and date of birth. However, the account name should also include "FBO [beneficiary's name.]" The address should be that of the beneficiary. Please include the following with the establishment document.

- This IRA establishment form.
- A certified copy of the IRA Owner's Death Certificate.
- A completed Trust Certification form signed by the trustee of the trust if a trust is the beneficiary.
- A completed IRA Beneficiary Distribution Request form.

If the Decedent's IRA is held at another trustee/custodian, please also include the following:

- Documentation, i.e., copy of account statement or account application, verifying the type of IRA at the previous trustee/custodian (e.g., Traditional, Roth, SEP, SIMPLE, etc.).
- IRS Form 5498 (or year-end statement) from the previous trustee/custodian reporting previous year-end Fair Market Value.

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

## TRADITIONAL/SEP/ROTH IRA TRANSFER ROLLOVER INSTRUCTIONS

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### 1. IRA ACCOUNT OWNER INFORMATION

Please complete all information requested. If information does not match PENSCO Trust Company's (PENSCO's) records or is left blank, the form will be returned to you with an explanation regarding the discrepancy or for completion.

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### 2. CURRENT TRUSTEE/CUSTODIAN INFORMATION

Please complete the information requested and provide a copy of the most recent Account Statement from your current Trustee/Custodian.

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### 3. TRANSFER TYPE

Please check the box that is applicable to the type of transfer you are requesting.

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### 4. TRANSFER/ROLLOVER OPTION

Please read the following definitions and check the applicable option for your intended transaction.

- A. Transfer:** Describes the movement of assets directly between IRA Trustees/Custodians without distribution to the Account Owner, resulting in no tax forms being generated by either Trustee/Custodian.
- B. Inherited/Beneficiary IRA:** Describes the transfer of an IRA inherited by a non-spouse beneficiary that is transferring to an account in the name of the deceased for benefit of the named beneficiary. PENSCO requires additional documentation and review before this type of account may be transferred. Please contact PENSCO for more information.
- C. Non-spouse Beneficiary Direct Rollover:** Describes a movement of cash and/or assets that takes place directly between the Trustee/Custodian of a business retirement plan (such as profit sharing, money purchase, defined benefit etc.) or the administrator of a 403(a) or (b) annuity and the Trustee/Custodian of a Traditional Inherited IRA. The Traditional IRA must be established in the name of the deceased plan participant's name for the benefit of the non-spouse beneficiary. Distributions from this account are determined according to the timing of the rollover in relation to the date of death of the plan participant. Required distributions for the year of the transaction may not be rolled over to the Inherited IRA.
- D. Spousal Assumption:** If you are the designated spouse beneficiary of the Account Owner, you may elect to transfer or assume your spouse's IRA account as your own IRA. The regular IRA rules will apply as if the funds were originally contributed on your behalf (i.e., non-installment distributions taken prior to your reaching age 59½ will be subject to a 10% IRS penalty tax). If you do not already have an account with PENSCO, you will need to complete an IRA Application and return it with this completed form. You must include a certified copy of the deceased Account Owner's death certificate.
- E. Indirect Rollover:** Describes a cash and/or asset contribution to an IRA by an individual within sixty (60) days of receiving an eligible rollover distribution. To make an indirect rollover contribution, the individual must have received an eligible distribution outright. The individual may roll over all or any part of the actual amount received and, if the distribution was from a business retirement plan or 403(a) or (b) annuity (thus subject to the 20% federal income tax withholding), he/she may roll over up to 100% of the distribution by making up the 20% difference that was previously withheld.
- F. Direct Rollover:** Describes a movement of cash and/or assets that takes place directly between the Trustee/Custodian of a business retirement plan (such as profit sharing, money purchase, defined benefit, etc.), or the administrator of a 403(a) or (b) annuity, and the Trustee/Custodian of an IRA. By directly rolling over an eligible distribution to this PENSCO IRA (as opposed to receiving an outright distribution as described above under "rollover"), the individual can avoid the mandatory 20% federal income tax withholding imposed on such distributions.

#### Notice of Withholding on Distributions or Withdrawals From IRAs

This notice is required to be furnished to you by IRS regulations each time an IRA distribution is requested.

The distributions you receive from your retirement plan are subject to federal income tax withholding. You are liable for payment of federal income tax on the taxable portion of your distribution regardless of whether you elect to have tax withheld. The amount withheld will be based on your entire distribution. If you have provided PENSCO your residence address within the United States, you may elect not to have withholding apply. If you have not provided us with your residence address or if you have provided a residence address outside of the United States, withholding generally is required and you cannot elect out of withholding.

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## 5. STANDARD ASSETS

Complete this section if you are to transferring or rolling over any standard assets. This could include mutual funds, annuities, brokerage or managed accounts.

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## 6. ALTERNATIVE ASSETS

Complete this section to transfer or rollover any alternative assets. This would include any asset that would not be considered a standard investment. Examples consist of, but are not limited to, Real Estate, Secured and Unsecured Notes and shares of LLCs or Partnership in LPs.

\*\*\*To avoid delays in processing your request, at least one of these sections must be completed in its entirety. All assets that are to be transferred must be listed individually in its appropriate section. Please attach copies of account statements from the current Trustee/Custodian reflecting the assets to be transferred. If you have physical certificates in your possession, you must send the actual certificates in negotiable form to PENSCO with this document.

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## 7. ACCOUNT OWNER ACKNOWLEDGMENTS

Important acknowledgement statements. Please read in its entirety.

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## 8. AGE 70½

If you have attained age 70½ or older during the transfer year, you are required to take a minimum distribution. If you have not taken a minimum distribution from your prior Trustee/Custodian, please contact PENSCO's Client Services Department at 1-800- 962-4238 for assistance. Please have the previous year-end value available for calculation.

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## 9. ACCOUNT OWNER SIGNATURE

Your signature certifies that you have read the applicable section for the transaction you have chosen and understand and agree to all the terms thereunder. In the case of a transfer or direct rollover, the current Trustee/Custodian is authorized to send cash and/or assets to PENSCO as specified. In addition, you certify that the assets requested to be rolled over into your IRA qualify as a valid rollover contribution as defined in the Plan documents, including the requirement that deposit of such contribution is being made within 60 days after receipt by you of the eligible distribution. You understand the tax consequences of your plan and/or your contribution and the implications that this rollover contribution has on the five-taxable-year period for taking distributions from a Roth IRA. You further understand that the current Trustee/Custodian may issue a tax form to you representing the distributed value of these assets and that you must treat the transaction as a rollover contribution on your income tax return. You also agree to hold PENSCO and its related entities harmless in any way should the rollover be ineligible or invalid, or if it creates any tax implication to you.

You certify that you are aware of any and all penalties incurred by your request (if applicable) including, but not limited to, premature liquidation of any certificate of deposit or insurance product involved in this IRA rollover/conversion/transfer/recharacterization.

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## 10. DELIVERY OPTIONS

PENSCO will automatically default to fax if it is available. If faxes are not available to your current Trustee/Custodian, PENSCO will automatically overnight the instructions and your account may be charged unless alternative instructions are provided.

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## 11. ACCEPTANCE BY PENSCO

Do Not Complete. Completed by PENSCO for the acceptance of all assets listed and as Custodian. This acceptance is not to be construed as validation of any rollover or direct rollover contribution, if any. PENSCO Trust Company is exempt from backup withholding described in Section 3406(a) (1) (c) of the Internal Revenue Code.

Please make a copy of the completed form for your records.

## Traditional and SEP IRA Custodial Account Agreement

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**Custodian:** PENSICO TRUST COMPANY

1500 Broadway, Ste 400  
Denver, CO 80202-3308  
1-800-962-4238

PENSICO Trust Company (PENSICO) as Custodian hereby adopts this Traditional Individual Retirement Account with Stretch Provisions Custodial Account Agreement (the Plan) which is intended to follow IRS Form 5305-A, which provides a model Custodial Account Agreement that meets the requirements of Internal Revenue Code (IRC) Section 408 and has been preapproved by the IRS.

The Participant whose name and signature appears on the Traditional/SEP with Stretch Provisions Adoption Agreement is establishing an individual retirement account under Section 408(a) to provide for his/her retirement and for the support of his/her beneficiaries after death.

The Custodian named on the Adoption Agreement, has given the Participant the disclosure statement, attached hereto, required under Regulation Section 1.408-6.

The Participant has initially assigned the Custodial Account the sum indicated on the Adoption Agreement in cash.

**The Participant and the Custodian make the following agreement:**

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### 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 re-characterized contribution described in 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.

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### ARTICLE II

The Participant's interest in the balance in the Custodial Account is non-forfeitable.

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### 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 (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 Participant'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 Participant's entire interest in the Custodial Account must be, or begin to be, distributed not later than the Participant's required beginning date, April 1 following the calendar year in which the Participant reaches age 70½. By that date, the Participant 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 Participant or the joint lives of the Participant and his/her designated beneficiary.
3. If the Participant dies before his/her entire interest is distributed to him/her, the remaining interest will be distributed as follows:
  - (a) If the Participant dies on or after the required beginning date and:
    - (i) The designated beneficiary is the Participant'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 Participant'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 Participant 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 Participant as determined in the year of the Participant's death and reduced by 1 for each subsequent year.
  - (b) If the Participant 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 Participant's death. If, however, the designated beneficiary is the Participant's surviving spouse, then this distributions is not required to begin before the end of the calendar year in which the Participant would have reached age 70½. But, in such case, if the Participant'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 Participant's death.
4. If the Participant dies before his or her entire interest has been distributed and if the designated beneficiary is not the Participant'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 Participant'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 Participant reaches age 70½, is the Participant'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 Participant's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Participant'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 Participant's (or, if applicable, the Participant and spouse's) attained age (or ages) in the year.
- (b) The required minimum distribution under paragraph 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Participant's death (or the year the Participant 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 Participant specified in such paragraphs 3(a) and 3(b)(i).
- (c) The required minimum distribution for the year the Participant 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 Participant 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 Participant the reports prescribed by the IRS.

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## 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.

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## ARTICLE VII

This Custodial Account 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 below.

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## ARTICLE VIII – DEFINITIONS

The following words and phrases, when used herein, shall have the following meanings, unless a different meaning is required by the context:

**8.1 Account** means the account which the Custodian shall maintain for the Participant under the Plan.

**8.2 Beneficiary** means any first generation Beneficiary, any second generation Beneficiary and any next generation Beneficiary. See Article XI.

(a) **First Generation Beneficiary** means the person or persons designated in writing by the Participant or by the Plan, who is entitled to, or may become entitled to, receive benefits under the Plan upon the Participant's death.

(b) **Second Generation Beneficiary** means the person or persons designated in writing by the first generation Beneficiary or by the Plan, who is entitled to, or may become entitled to, receive benefits under the Plan upon the death of the first generation Beneficiary.

(c) **Next Generation Beneficiary** means the person or persons designated in writing by the second generation Beneficiary, by any prior next generation Beneficiary, or by the Plan, who is entitled to, or may become entitled to, receive benefits under the Plan upon the death of the second generation Beneficiary or a prior next generation Beneficiary.

**8.3 Code** means the Internal Revenue Code of 1986, as amended.

**8.4 Compensation** means earned income (as defined in Code Section 401(c)(2)). Compensation does not include any amount received as a pension or annuity and does not include any amount received as deferred compensation. Compensation includes any amount includible in the Participant's gross income under Code Section 71 with respect to a divorce or separation instrument described in subparagraph (A) of Code Section 71(b)(2). For purposes of this definition, Code section 401(c)(2) shall be applied as if the term trade or business for purposes of Code Section 1402 included service described in Code Section 1402 (c)(6). Compensation includes differential wage payments (as defined in Code Section 3401(h)(2)).

**8.5 Custodial Account** means all property of every kind held or acquired by the Custodian under this Plan.

**8.6 Custodian** means the Custodian named on the IRA Application.

**8.7 Participant** means the individual who executes an IRA Application to this Plan and who makes a deductible or nondeductible contribution (a regular IRA contribution), or on whose behalf contributions are made, as permitted by Code Section 219, to the Custodial Account, or who makes a Qualifying Rollover Contribution to the Custodial Account, or who transfers assets of another IRA or IRA annuity (as defined in Code Section 408) to the Custodial Account.

**8.8 Plan** means the individual retirement account established by the Participant, subject to acceptance by the Custodian, in the form of this Custodial Account Agreement (and all subsequent amendments), including the IRA Application under which the Participant has elected to participate in this Plan and any additional

Terms and Conditions applicable to the Plan.

**8.9 Qualifying Rollover Contribution** means a distribution amount which the Participant is permitted to roll over to the Plan under Code Section 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16).

**8.10** Throughout this Custodial Account Agreement, the masculine gender shall include the feminine, and the singular shall include the plural, as the context requires.

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## ARTICLE IX – PARTICIPANTS’ ACCOUNTS

The Custodian shall establish and maintain a separate Account in the name of the Participant and credit the Participant’s contributions to that Account. If a Participant wishes to make any combination of regular IRA contributions, SEP contributions and Qualifying Rollover Contributions, the Custodian shall accept each type of contribution for deposit into the same Account for the Participant unless the Participant directs the Custodian, by signing an additional IRA Application, to maintain a separate Plan in the Participant’s name for a specific type(s) of contribution(s). The interest of any Participant in the balance of his Account is at all times 100% nonforfeitable. Neither a Participant nor a Beneficiary shall assign or alienate any portion of the Participant’s Account or any benefit provided under the Plan, and the Custodian shall not recognize any such assignment or alienation.

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## ARTICLE X – DISTRIBUTION OF ACCOUNT

### 10.1 Participant’s Right To Withdraw

A Participant shall have the right to withdraw all or any part of his Account at any time upon written notice to the Custodian using a form acceptable to the Custodian. The Custodian shall make distributions under the Plan in cash or property, at the value reported by the Custodian at the time of such distribution.

### 10.2 Minimum Required Distribution – General Rules

- (a) To the extent not inconsistent with any other provision of the IRA Custodial Account Agreement to the contrary, the distribution of a Participant’s Account shall be made in accordance with the minimum distribution requirements of Code Section 408(a)(6) and the applicable regulations thereunder, the provisions of which are incorporated herein by reference. However, if distributions are made from an annuity contract purchased from an insurance company, distributions thereunder must satisfy the requirements of Q&A-4 of Treas. Reg. Section 1.401(a)(9)-6T, rather than this Section 10.2 and Section 10.3.
- (b) The required minimum distributions calculated for this Plan may be withdrawn from another IRA of the individual in accordance with Treasury Regulation Section 1.408-8(Q&A-9).

### 10.3 Required Distribution – Before Death

- (a) A Participant’s entire Account must be distributed or distribution must commence on or before the Required Beginning Date. The Required Beginning Date is April 1 of the calendar year immediately following the calendar year in which the Participant attains age 70½. The required minimum distribution for the year in which the Participant attains age 70½ must be made by April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
- (b) To satisfy the minimum required distribution rules, the Participant, in such form and at such time as may be

acceptable to the Custodian, may elect to have the balance in his Account distributed:

- (1) In a single sum payment; or
  - (2) In periodic payments over the appropriate distribution period.
- (c) The amount to be distributed each year, beginning with the calendar year in which the Participant attains age 70½ and continuing through the year of death, shall not be less than the quotient obtained by dividing the value of the Participant’s Account as of the end of the preceding year by the distribution period in the Uniform Lifetime Table in Treasury Regulation Section 1.401(a)(9)-9(Q&A-2), using the Participant’s age as of his birthday in the distribution year. However, if the Participant’s sole designated Beneficiary is the Participant’s surviving spouse and such spouse is more than 10 years younger than the individual, then the amount to be distributed shall not be less than the quotient obtained by dividing the value of the Participant’s Account as of the end of the preceding year by the longer of the distribution period in the Uniform Lifetime Table in Treasury Regulation Section 1.401(a)(9)-9 (Q&A-2), using the Participant’s age as of his birthday in the year, or the distribution period in the Joint and Last Survivor Table in Treasury Regulation Section 1.401(a)(9)-9(Q&A-3), using the ages as of the Participant’s and spouse’s birthdays in the year.
  - (d) If no such election is made by the Participant, an election shall be deemed to have been made by the Participant for periodic payments over the distribution period in the Uniform Lifetime Table in Treasury Regulation Section 1.401(a)(9)-9 (Q&A-2), using the Participant’s age as of his birthday in the year. Notwithstanding the above, if the Participant informs the Custodian in writing on a form acceptable to the Custodian that distribution to such Participant under this Section for any calendar year is to equal an amount less than is payable under an election or deemed election, if applicable, the Custodian shall comply with the Participant’s request. The Participant shall be responsible for computing the amount and form of the distribution required to be paid to him each year from his Account, for determining the date by which the amount shall be paid, and for timely providing this information to the Custodian in writing in a form acceptable to the Custodian. In the event such information is not provided, the Custodian may assume the Participant’s minimum distribution requirement for this Plan has been satisfied by distribution from another IRA.
  - (e) Even though distribution of the Account may have commenced pursuant to one of the above options, the Participant may receive a distribution of all or any portion of the balance in his Account upon written notice in a form acceptable to the Custodian.
  - (f) Distributions under this Section are considered to have begun on the Participant’s Required Beginning Date. If the Participant dies prior to the Required Beginning Date, distributions will not be considered to have begun under this Section.

### 10.4 Required Distribution – Upon Death

- (a) **Death On or After Required Beginning Date:** If the Participant dies on or after the Required Beginning Date, the remaining portion of the Participant’s Account shall be distributed to the Participant’s first generation Beneficiary at least as rapidly as under paragraph (a)(1), (a)(2) or (a)(3):

- (1) If the designated first generation Beneficiary is someone other than the Participant's surviving spouse, the remaining interest will be distributed over the remaining life expectancy of the designated first generation Beneficiary, with such life expectancy determined using the first generation Beneficiary's age as of his birthday in the year following the year of the Participant's death, or over the period described in paragraph (a)(3) below if longer.
  - (2) If the Participant's sole designated first generation Beneficiary is the Participant's surviving spouse, the remaining interest will be distributed over such spouse's life or over the period described in paragraph (a)(3) if longer. Any interest remaining after such spouse's death will be distributed over such spouse's remaining life expectancy determined using the spouse's age as of the spouse's birthday in the year of the spouse's death, or, if the distributions are being made over the period described in paragraph (a)(3) below, over such period.
  - (3) If there is no designated first generation Beneficiary or if this paragraph (a)(3) is applicable under paragraph (a) (1) or (a)(2) above, the remaining interest will be distributed over the Participant's remaining life expectancy determined in the year of the Participant's death.
  - (4) The amount to be distributed each year under this Section 10.4(a), beginning with the calendar year following the calendar year of the Participant's death, is the quotient obtained by dividing the value of the Participant's Account as of the end of the preceding year by the remaining life expectancy specified above. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9(Q&A-1). If distributions are being made to a surviving spouse as the sole designated first generation Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the first generation Beneficiary's or Participant's age in the year as specified in paragraph (a)(1), (a)(2) or (a)(3) above, and reduced by one for each subsequent calendar year.
- (b) Death Before Required Beginning Date:** If the Participant dies before the Required Beginning Date, the Participant's Account will be distributed at least as rapidly as under paragraph (b)(1), (b)(2) or (b)(3):
- (1) If the designated first generation Beneficiary is someone other than the Participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death, over the remaining life expectancy of the designated first generation Beneficiary, with such life expectancy determined using the first generation Beneficiary's age as of his birthday in the year following the year of the Participant's death, or, if elected, over the period described in paragraph (b)(3) below.
  - (2) If the Participant's sole designated first generation Beneficiary is the Participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death (or by the end of the calendar year in which the Participant would have attained age 70½, if later) over such spouse's life or, if elected, over the period described in paragraph (b)(3) below. If the surviving spouse dies before distributions are required to begin to the surviving spouse, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the second generation Beneficiary's remaining life expectancy determined using such second generation Beneficiary's age as of his birthday in the year following the year of the spouse's death, or, if elected, will be distributed over the period described in paragraph (b) (3) below. If the surviving spouse dies after distributions are required to begin, any remaining interest will be distributed over the spouse's remaining life expectancy determined using the spouse's age as of the spouse's birthday in the year of the spouse's death.
  - (3) If there is no designated first generation Beneficiary or if this paragraph (b)(3) is applicable under paragraph (b) (1) or (b)(2) above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Participant's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph (b) (2) above).
  - (4) The amount to be distributed each year under this Section 10.4(b) is the quotient obtained by dividing the value of the Participant's Account as of the end of the preceding year by the remaining life expectancy specified above. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9(Q&A-1). If distributions are being made to a surviving spouse as the sole designated first generation Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the first generation Beneficiary's age in the year as specified in paragraph (b)(1) or (b)(2) above, and reduced by one for each subsequent calendar year. (c) The value of the Account includes the amount of any outstanding rollover, transfer and recharacterization under Treasury Regulation Section 1.401-8(Q&A-7) and (Q&A-8).
- (d) Notwithstanding the above, if any first generation Beneficiary or (after the death of the first generation Beneficiary) the second generation Beneficiary informs the Custodian in writing on a form acceptable to the Custodian that distribution to such first generation Beneficiary or second generation Beneficiary under this Section for any calendar year is equal to an amount less than the minimum required above, the Custodian shall comply with the first generation Beneficiary's or second generation Beneficiary's request. The first generation Beneficiary or (after the death of the first generation Beneficiary) the second generation Beneficiary shall be responsible for computing the amount and form of the distribution required to be paid to him each year from the Plan, the date by which the amount should be paid, and for timely providing this information to the Custodian in writing in a form acceptable to the Custodian. In the event such information is not provided, the Custodian may assume the Beneficiary's minimum distribution requirement for this Plan has been satisfied by distribution from another IRA.

- (e) The Participant's designated first generation Beneficiary, for purposes of determining the minimum required distributions under Code Section 408(a)(6), will be an individual (or will be considered an individual under a qualifying trust as determined under Treasury Regulation Section 1.401(a)(9)-4(Q&A-5)) determined as of September 30 of the calendar year following the calendar year of the Participant's death, provided that no person may be added as a designated first generation Beneficiary after the Participant's date of death who was not designated as a first generation Beneficiary under the Plan or by the Participant as of the date of the Participant's death. If the sole designated first generation Beneficiary is the surviving spouse of the Participant, the surviving spouse's designated second generation Beneficiary will be determined as of September 30 of the calendar year following the calendar year of the surviving spouse's death. In addition, if a designated first generation Beneficiary dies between the date of the Participant's death and September 30 of the following calendar year, that designated first generation Beneficiary will be treated as the designated first generation Beneficiary for purposes of determining the minimum required distribution period. If a person other than an individual or a qualifying trust is designated as a first generation Beneficiary, the Participant will be treated as having no designated first generation Beneficiary for purposes of calculating minimum required distributions.
- (f) A surviving spouse will be treated as the sole designated first generation Beneficiary if the surviving spouse is the sole first generation Beneficiary at all times during the distribution year.

#### **10.5 Transfer of Assets To and From This Plan**

The Custodian is authorized to receive and add to the Custodial Account the assets of another IRA or an IRA annuity (described in Code Section 408) that are transferred to this Plan and which the Participant has determined are eligible for such transfer. The Participant may direct the Custodian in writing to transfer all or any portion of the Participant's Account to another individual retirement account established by or on behalf of the Participant provided that the trustee/custodian of that plan has provided written acceptance of such assets.

The Custodian shall have no responsibility for determining whether any transfer described in this Section 10.5 above complies with the requirements for a tax-free transfer or whether the custodian, other than the Custodian, or trustee of any IRA involved in such transfer is qualified to serve as such, or of any tax consequences or loss resulting from any attempted or completed transfer. The Custodian's transfer to, or acceptance of a transfer, under this Section 10.5 shall in no way constitute, or be deemed to be or relied upon as, any such determination, and the Custodian shall have no liability for any tax consequence or loss resulting from any such attempted or completed transfer.

#### **10.6 Transfer of Account Because of Divorce**

Notwithstanding Article IX, in the event the Participant and the Participant's spouse obtain a separation instrument, a final decree of divorce or dissolution of their marriage, the Participant may direct the Custodian in accordance with the Custodian's procedures and using a form acceptable to the Custodian to transfer the appropriate portion of the assets in the Participant's Account to the Participant's former spouse's IRA, provided the transfer is in accordance with the final decree of divorce, separation or the dissolution of marriage. It will be the Participant's, and not the Custodian's, responsibility

to ensure that the transfer instructions are in accordance with the terms of the decree of divorce, separation or dissolution of marriage.

#### **10.7 Separate Sub-accounts for Beneficiaries**

If more than one individual is designated as a first generation Beneficiary, separate sub-accounts may be established by each such first generation Beneficiary reflecting the first generation Beneficiary's interest in the Account, as such Account is determined as of the Participant's date of death (adjusted for any post-death contributions, distributions, gains or losses). If a first generation Beneficiary desires to use his or her own life expectancy to calculate required distributions, the separate account must be established by the last day of the calendar year following the calendar year of the Participant's death, as provided in Treasury Regulation Section 1.401(a)(9)-8(Q&A-2). In the event of the death of a first generation Beneficiary, separate sub-accounts may be established by one or more second generation Beneficiaries and, where applicable, by any next generation Beneficiaries. However, the Account assets must be distributed to second generation or next generation Beneficiaries over a period not to exceed the remaining life expectancy of the applicable first generation Beneficiary.

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### **ARTICLE XI – PARTICIPANT ADMINISTRATIVE PROVISIONS**

#### **11.1 Beneficiary Designation**

- (a) The Participant may from time to time designate, in writing, any person or persons (including a trust), contingently or successively, to whom the Custodian shall pay the Participant's Account on event of the Participant's death. The Custodian shall prescribe the form for the written designation of Beneficiary and, upon receipt of the completed form by the Custodian, it shall become effective on that date and shall revoke, in their entirety, all designations filed prior to that date by the Participant. The Participant's Beneficiary designation on record with the Custodian as of the date of death shall be considered the effective designation.
- (b) Upon the death of the Participant, the Participant's Account will be distributed to the Primary first generation Beneficiary designated by the Participant and alive on the date of the Participant's death, in accordance with Article X. If any Primary first generation Beneficiary survives the Participant, then all Contingent first generation Beneficiaries named by the Participant shall be disregarded and shall not be entitled to any payment from the Account. If all of the Primary first generation Beneficiaries die before the Participant, then the Participant's Account will be distributed to the Contingent first generation Beneficiary. If more than one first generation Beneficiary has been named in either the Primary or Contingent class of first generation Beneficiaries, then any death benefits payable to such class shall be paid pro rata to the first generation Beneficiaries within the class alive at the Participant's death unless the Participant specified otherwise at the time such Beneficiaries were named.
- (c) Any first generation Beneficiary may from time to time (but only after the death of the Participant) designate, in writing, any person or persons (including a trust), contingently or successively, to whom the Custodian shall pay the first generation Beneficiary's share of the remaining Participant's Account in the event of the first generation Beneficiary's death after the death of the Participant. The Custodian shall prescribe the form for the written designation of Beneficiary and, upon receipt of the completed form by the Custodian, it shall become effective on that date and shall revoke, in their entirety, all designations filed prior to that date by the

first generation Beneficiary. The Beneficiary designation on record with the Custodian as of the date of the first generation Beneficiary's death shall be considered the effective designation.

- (d) Any second generation Beneficiary may from time to time (but only after the death of the first generation Beneficiary who designated the second generation Beneficiary) designate, in writing, any person or persons (including a trust), contingently or successively, to whom the Custodian shall pay the second generation Beneficiary's share of the remaining Participant's Account in the event of the second generation Beneficiary's death.
- (e) Any next generation Beneficiary may from time to time (but only after the death of the second generation Beneficiary who designated the next generation Beneficiary) designate, in writing, any person or persons (including a trust), contingently or successively, to whom the Custodian shall pay the next generation Beneficiary's share of the remaining Participant's Account in the event of the next generation Beneficiary's death.
- (f) Any designation by any second generation Beneficiary or next generation Beneficiary under Section 11.1(d) or (e) above may be made only after the death of the first generation Beneficiary or second generation Beneficiary, respectively. The Custodian shall prescribe the form for the written designation of Beneficiary and, upon receipt of the completed form by the Custodian, it shall become effective on that date and shall revoke, in their entirety, all designations filed prior to that date by such person. The Beneficiary designation on record with the Custodian as of the date of any Beneficiary's death shall be considered the effective designation.
- (g) If a former spouse is the most-recently named beneficiary (named while still married), the designation will be deemed revoked upon divorce, unless the former spouse is re-designated after divorce.

#### **11.2 No Beneficiary Designation**

- (a) If a Participant fails to designate any Beneficiary in accordance with this Article XI, upon the death of the Participant, the Participant's primary first generation Beneficiary shall be deemed to be the Participant's spouse (if legally married to the Participant on the date of death), or, if there is no such spouse, the Participant's issue by right of representation, or if the Participant has no issue, to the Participant's estate.
- (b) If any first generation Beneficiary fails to designate a second generation Beneficiary in accordance with this Article XI, upon the death of the first generation Beneficiary after the death of the Participant, the second generation Beneficiary for such first generation Beneficiary's remaining interest in the Account shall be deemed to be the first generation Beneficiary's spouse (if legally married to the first generation Beneficiary on the date of death) or, if there is no such spouse, the estate of the first generation Beneficiary.
- (c) If any second generation Beneficiary fails to designate a next generation Beneficiary in accordance with this Article VI, upon the death of the second generation Beneficiary, the next generation Beneficiary for such second generation Beneficiary's remaining interest in the Account shall be deemed to be the second generation Beneficiary's spouse (if legally married to the second generation Beneficiary on the date of death) or, if there is no such spouse, the estate

of the second generation Beneficiary.

- (d) If any next generation Beneficiary fails to designate his or her own next generation Beneficiary in accordance with this Article XI, upon the death of the first next generation Beneficiary, the next generation Beneficiary for such first next generation Beneficiary's remaining interest in the Account shall be deemed to be the first next generation Beneficiary's spouse (if legally married to the first next generation Beneficiary on the date of death) or, if there is no such spouse, the estate of the first next generation Beneficiary.

#### **11.3 Treatment of IRA as IRA of Surviving Spouse**

If the Participant's surviving spouse is the sole designated Beneficiary, after the death of the Participant, the spouse may elect to treat the Account as the IRA of the surviving spouse. This election will be made upon written notice to the Custodian, using a form acceptable to the Custodian, and may be made at any time after the Participant's death. In such event, the assets of the deceased Participant's Account will be moved to an IRA in the name of the surviving spouse, rather than the surviving spouse maintaining an interest in the deceased Participant's Account as a first generation Beneficiary, and the distribution provisions of Article X will not apply. Alternatively, this election will be deemed to have been made if the surviving spouse makes a contribution to the Account of the deceased Participant or fails to take minimum required distributions as a first generation Beneficiary.

#### **11.4 Participant Information**

The Participant, or if the Participant is deceased, the Beneficiary, shall furnish the Custodian whatever information is necessary for the Custodian to prepare any report required under Code Section 408(i) and the Treasury Regulations issued under that Code Section. The Custodian may assume the truth of any statement made by the Participant/Beneficiary under the provisions of the IRA Application and any other information provided by the Participant/Beneficiary. The Custodian shall be under no duty of inquiry with respect to any statement made by the Participant/Beneficiary and shall have no liability with respect to any action taken in reliance upon any such statement. Any notice from the Custodian to any person provided for in this Plan shall be effective if sent by first class mail to such person at the person's last known address.

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## **ARTICLE XII – INVESTMENT OF CUSTODIAL ACCOUNT/ PARTICIPANT AND CUSTODIAN POWERS**

### **12.1 Investment Responsibility**

For purposes of this Plan and any applicable statutory rules, the Participant or his authorized agent is a fiduciary within the meaning of Code Section 4975(e)(3) with respect to the Participant's Account and the assets in his Account. The Custodian acts in a nondiscretionary capacity and does not act as a fiduciary with respect to the appointment of a Designated Representative or Financial Representative or the selection and retention of Plan investments. Subject to the Terms and Conditions of Appointment of Designated Representative or Financial Representative, the Participant has the sole authority, responsibility and discretion, fully and completely, to select and to direct the investment of all assets in his Account. The Participant accepts full and sole responsibility for the success or failure of any investment decision or selection made and for an investment's suitability to be held in Participant's account. The Participant also accepts full responsibility for instituting or defending against any action related to the protection

of any investment interest.

The Participant shall be responsible for ensuring that any documents relating to any investment are signed, recorded, genuine, legally enforceable and/or sufficient to give rise to a legal interest, including but not limited to title or a security interest. The Participant acknowledges that the Custodian shall have no duty or responsibility to take such actions. The Participant represents that if any investment in this Account is a security under applicable federal or state securities law, that such investment has been registered or is exempt from registration under federal and state securities laws; and the Participant releases and waives all claims against the Custodian and its agents for their role on carrying out the Participant's instructions with respect to such investment

In addition, the Participant shall be solely and fully responsible for ensuring proper payment of any taxes, tax or other penalties and other liabilities, and compliance with the Participant's reporting obligations, in connection with contributions to, disbursement from, or investments or transaction with respect to Account, and for the consequences of such payment (or nonpayment) or of any noncompliance with applicable reporting requirements. Among other things, it shall be the sole and full responsibility of the Participant:

- (a) to ensure that any contribution intended to be tax-deductible under Code Section 219 or any corresponding provision of state law is so deductible;
- (b) to ensure that account earnings intended by the Participant to be tax-deferred qualify for tax-deferred treatment;
- (c) to ensure that contributions intended as Qualifying Rollover Contributions or transfers, as the case may be, qualify as such;
- (d) to (1) determine if any investment or transaction directly or indirectly involving or relating to the Account or its assets or income may constitute a prohibited transaction, within the meaning of Code Section 4975; generate "unrelated business taxable income tax," as defined in the Code, for the Account; constitute a "listed transaction" or "reportable transaction," as defined in the Code and regulations or other pronouncements issued by the United States Treasury or Internal Revenue Service; provides for a rate of interest that is usurious; or otherwise result in adverse tax consequences to the Account, the Participant or any other person; and (2) take all corrective actions and comply with all applicable reporting requirements with respect to the foregoing;
- (e) for any year that the custodial account has unrelated business taxable income within the meaning of the Code, before deductions of more than one thousand dollars (\$ 1,000) (1) obtain (if not previously obtained) a taxpayer identification number from the Internal revenue Service for the custodial account, (2) to prepare or have prepared on behalf of the Account and submit to the Custodian fully completed federal, state and other tax return forms, including any requests for filing extensions, and any other documents required to be filed with the Internal Revenue Service or other agency in connection with such forms, at least five (5) business days before the filing deadline for each such form and (3) at the time such forms are submitted to the Custodian, to provide the Custodian with a written directive (or directive in another manner acceptable to the Custodian) authorizing and directing the Custodian to sign such forms on behalf of the custodial account and to pay from the custodial account to the Internal Revenue Service or other agency all amounts which the applicable form

reports are due to it; and

- (f) To ensure that all taxes and penalties are properly and timely paid and that all tax and other reporting requirements, other than those which under this Agreement the Custodian has expressly undertaken to satisfy, are properly and timely complied with. Notwithstanding the foregoing, the Custodian, in its sole discretion, may sell or liquidate assets in the Account, in reverse order of purchase of assets, to the extent necessary to satisfy any tax deficiency with respect to Account reported to the Custodian by the Internal Revenue Service, or of any liability properly chargeable to the Account.

Upon the death of the Participant, each Beneficiary assumes all rights, responsibilities and liabilities for investment of the Account that is passed to that Beneficiary. Throughout this Article XII, whenever "Participant" is used, "Beneficiary" shall be substituted, as appropriate, if the Participant has died.

### 12.2 Custodian Limitation on Liability

The Custodian's duties shall be limited to those expressly stated under this agreement or as imposed by the Code or other applicable law. The Custodian acts in a nondiscretionary capacity and has no fiduciary capacity or authority with respect to any matter involving the Plan or the Plan assets, including but not limited to 1) the appointment and retention of the Designated Representative or Financial Representative; 2) the selection and retention of Plan investments; and 3) the selection of Plan assets in order to make distributions from the Plan whether in cash or in kind. The Custodian shall not be liable for the acts or omissions of the Participant or his agent or of the sponsor of any investment. The Custodian shall not have any responsibility nor any liability for any loss of income or of capital, nor for any expense which the Custodian may incur, relating to any investment, or to the sale or exchange of any asset which the Participant or his authorized agent directs the Custodian to make. The Custodian will not act as an investment advisor to a Participant and shall not have any duty to question the Participant's or his authorized agent's directions regarding the purchase, retention or sale of any asset or appointment of agent. The Custodian shall not incur any liability by reason of any action taken or not taken by the Participant or his authorized agent resulting from the Custodian transmitting or not transmitting to the Participant or his authorized agent any information of any kind and from wherever derived concerning the authorized agent or concerning any investment. The Custodian shall not assume or incur any liability by reason of, or have any duty or responsibility to inquire into, or take action with respect to, any acts performed or not performed by the former Trustee/Custodian of any plan which has transferred all or any portion of its assets to the Custodian of this Account.

The Custodian shall render no tax, legal investment or other advice (and no statement, communication or other act by the Custodian or any of its employees or agents shall be deemed to constitute or may be relied upon as any such advice) with respect to any investment or transaction involving the Account.

PENSCO's "custodial duties" are limited to receiving Participant's funds or investment from Participant or their Designated Representative or Financial Representative, following Participant's or their Designated Representative or Financial Representative's reasonable written instructions and carrying out the ministerial duties set forth in this Custodial Agreement. PENSCO shall be authorized, and shall have the responsibility, only to follow the written instructions of the Participant and/or the Participant's Designated Representative or Financial Representative or as

expressly provided in this Custodial Agreement.

Participant acknowledges that it is the Participant's duty and responsibility to ensure that any documents relating to any investment are signed, recorded, genuine, legally enforceable and/or sufficient to give rise to a legal interest, including but not limited to title or a security interest. Participant acknowledges that PENSICO shall have no duty or responsibility to take such actions.

### 12.3 Custodian's Interim Responsibility

The Participant or the Participant's authorized agent shall direct the Custodian with regard to the investment of any cash in the Account. In the absence of specific direction from the Participant to invest cash in the Account, the Custodian will be deemed to have been directed by the Participant to deposit all uninvested cash with an FDIC-insured depository institution, and is authorized in the future to withdraw the full balance of such uninvested cash and deposit it with another FDIC-insured depository institution selected by the Custodian.

### 12.4 Custodian's Right Not to Follow Investment Directions

In addition, margin transactions and writing uncovered calls or puts are not permitted. Certain investments or classes of investments may pose administrative burdens to the Plan or Custodian, and therefore, the Custodian also reserves the right not to process or accept such investments. The decision not to act on investment directions that the Custodian deems burdensome for administrative reasons should in no way be construed as a fiduciary decision or a determination concerning the prudence, advisability, legality or consequences of investing in the asset.

### 12.5 Investment of Custodial Account

The Custodian, as Custodian of the Custodial Account assets entrusted to it under the Plan, shall not commingle the Trust with any other property it holds except in a common trust fund or common investment fund. Subject to the rules imposed by the Custodian, and in accordance with the investment or other directions given by the Participant or the Participant's authorized agent, the Custodian is authorized and empowered, but not by way of limitation, with the following powers, rights and duties:

- (a) To hold or invest any part or all of the Custodial Account in any asset permissible under law as an investment for an individual retirement account;
- (b) To manage, sell, contract to sell, grant options to purchase, convey, petition, divide, subdivide, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Custodial Account and otherwise deal with all property, real or personal, in such manner for such considerations and on such terms and conditions as are in accordance with the written direction the Custodian receives;
- (c) To borrow money, to lend money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge;
- (d) To have with respect to the Custodial Account all of the rights of an individual owner, including the power to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations and to exercise or sell stock subscriptions or conversion rights, provided the exercise of such powers is in accordance with and at the direction of the Participant;
- (e) To retain in cash so much of the Custodial Account as the Participant or his authorized agent directs, or as provided under Section 12.3, pending other instructions from the Participant or his authorized agent, and to deposit such

cash held in the Custodial Account in a savings instrument at a reasonable rate of interest with an FDIC-insured financial institution, and to withdraw the full balance of such uninvested cash and deposit it with another FDIC-insured depository institution selected by the Custodian.

- (f) To purchase and to hold annuity contracts and exercise all rights of ownership of the contracts.

### 12.6 Custodian's Powers

In accordance with the investment or other directions of the Participant or the Participant's authorized agent, the Custodian shall have the power or duty:

- (a) To hold any securities or other property in the Custodial Account in the name of the Custodian or its nominee, or in another form as it may deem best, with or without disclosing the Custodian relationship;
- (b) To retain any funds or property subject to any dispute without liability for the payment of interest and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes final adjudication, and to pay all reasonable expenses and attorney's fees which may be necessarily incurred by the Custodian with respect to the foregoing matter;
- (c) To charge against and pay from the Custodial Account all taxes of any nature levied, assessed or imposed upon the Custodial Account, and to pay all reasonable expenses and attorney's fees which may be necessarily incurred by the Custodian with respect to the foregoing matter;
- (d) To file any tax or information return required of the Custodian, and to pay any tax, interest or penalty associated with any such tax return;
- (e) To act pursuant to written blanket settlement authorization given by the Participant on transactions executed by his designated agent. The Custodian is authorized to honor all trade confirmations received from such agent;
- (f) To furnish or cause to be furnished to the Participant an annual calendar year report concerning the status of the Account and such information concerning required minimum distributions as is prescribed by the Commissioner of Internal Revenue, including a statement of the assets of the Custodial Account held at the end of the calendar year; and
- (g) To begin, maintain or defend any litigation necessary in connection with the administration of the Plan, except that the Custodian shall not be obliged or required to do so unless indemnified to its satisfaction.
- (h) To return any third party funds that can be shown to Custodian's satisfaction to have been sent in error or deposited to Participant account in error; and
- (i) To amend this Custodial Account Agreement consistent with provisions of applicable law. Notwithstanding the provisions of Article VII, the Participant irrevocably delegates to the Custodian the power to amend this Custodial Account Agreement without any prior consent of the Participant upon 30 days prior written notice to the Participant setting forth such amendment. If the Custodian does request the consent of the Participant for an amendment to this Custodial Account Agreement, the Participant will be deemed to have consented to such amendment unless the Participant responds in writing within 30 days of the mailing

of such request, indicating their refusal to consent.

### **12.7 Prohibited Transactions**

The Participant acknowledges that certain types of investments or transactions directly or indirectly involving or relating to the custodial account or its assets or income may (1) constitute prohibited transactions, within the meaning of Code section 4975, resulting in tax consequences to the Participant and/or other persons, (2) generate “unrelated business taxable income tax” as defined in the Code, for the custodial account, (3) constitute “listed transactions” or “reportable transactions,” as defined in the Code and regulations or other pronouncements issued by the United States Treasury or Internal Revenue Service, resulting in reporting requirements, and adverse consequences for failing to comply with any applicable reporting or other requirements, for the Participant and/or other persons, (4) provide a rate of interest that may be considered usurious, and/or (5) otherwise result in adverse tax consequences to the custodial account or the Participant. It is the Participant’s responsibility to determine and to consult his or her advisor as the participant deems necessary or advisable in order to determine whether an investment or transaction involving the custodial account or its assets or income does or ay constitute a prohibited transaction, generate unrelated business taxable income, constitute a listed or reportable transaction, provides a rate of interest that may be considered usurious, or results in any other tax or adverse consequence, and the consequences, requirements and obligations resulting therefrom. PENSICO and its related entities and their employees and agents shall not be responsible for making any such determination, or for not advising the Participant to make any such determination. PENSICO and its related entities shall not be held liable for losses, taxes, penalties or other consequences resulting from any custodial account investment or transactions that constitutes a prohibited transaction, generates unrelated business income taxable income, is a listed transaction or reportable transaction, or otherwise results in any adverse consequences to any person.

### **12.8 Delegation of Custodian Powers**

The Custodian may designate or employ any person or persons to carry out any powers or responsibilities of the Custodian. The limitations on the duties of the Custodian under this Custodial Agreement or otherwise shall also apply to all such persons.

### **12.9 Separate Accounting for Sub-accounts**

To the extent that one or more sub-accounts are established by the Custodian under the Account as directed by the Beneficiary, any investment income or losses on the assets in each subaccount will be allocated directly to such subaccount (subaccount income/ losses will not be allocated to different sub-accounts).

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## **ARTICLE XIII – FEES AND EXPENSES OF THE CUSTODIAN**

The Participant shall be charged by the Custodian for its services under this Plan in accordance with the Custodian’s current service fee schedule (Service Schedule) applicable to the Plan. The Custodian may receive a service fee from a depository bank, mutual fund or other investment sponsor for necessary administrative services that the Custodian performs incident to the establishment and maintenance of records for any account and the Participant acknowledges and agrees to the Custodian’s receipt of such amounts. If the Participant dies before distribution of his entire Account, the Beneficiary shall assume responsibility for all fees and expenses associated with this Account, and shall be covered by this Article XIII as if the Beneficiary was the Participant.

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## **ARTICLE XIV – TERMINATION**

### **14.1 Termination by Participant**

The Participant shall have the right, at any time, to terminate the Custodial Account created under this agreement. The Plan shall terminate upon the first to occur of the following:

- (a) The date determined by the Participant’s written notice given to the Custodian at least 60 days prior to termination;
- (b) Upon the written request of the Participant to terminate the Plan after the Custodian has distributed all assets in the Participant’s Account; or
- (c) On the date the Participant’s Plan ceases to be an individual retirement account within the meaning of Code Section 408(a). As soon as administratively practicable after this date, the Custodian shall distribute all of the assets in the Custodial Account in single sum payment to the Participant subject to Section 14.2. The Plan will not be considered terminated if the Custodian has not authorized the removal of assets from the Plan.

### **14.2 Resignation or Removal of Custodian**

The Custodian may resign at any time with or without cause upon written notice to the Participant. Resignation will take effect 30 days after the date the notice is sent, unless a successor Trustee/ Custodian is duly appointed before that date. The Custodian may be removed at any time with or without cause by the Participant on 60 days’ written notice to the Custodian. Such effective date may be changed upon written mutual agreement. To be effective, the Participant’s notice of removal of the Custodian must include notice of the appointment of a successor Trustee/Custodian and a written acceptance of such appointment by the successor Trustee/ Custodian. If by the effective date of either the Custodian’s resignation or removal or such longer time as the Custodian may agree to, the Participant has not appointed a successor Trustee/ Custodian which has duly accepted such appointment, the Custodian shall terminate the Plan, which shall be effective by distributing all assets in the Participant’s Account in a single sum in cash or in kind to the Participant, subject to the Custodian’s right to reserve funds as provided below. Upon the resignation or removal of the Custodian, the Custodian shall be entitled to deduct from the Custodial Account such reasonable amount as it deems necessary to provide for expenses in the settlement of its account, the amount of compensation due to it, and any taxes or other sums chargeable against the Custodial Account for which it may be liable. If the Custodial Account is not sufficient for such purposes, the Custodian shall have the right to a settlement of its account, which, at the option of the Custodian, may be by judicial settlement in an action the Custodian institutes in a court of competent jurisdiction; or by a settlement agreement between the Custodian and the Participant (or Beneficiary if the Participant has died). Upon settlement under this Section 14.3, all right, title and interest of the Custodian in the assets of the Custodial Account shall vest in the successor Trustee/Custodian. At that time, all future liability of the Custodian shall terminate under the Plan; provided, however, the Custodian shall execute, acknowledge and deliver all documents and written instruments necessary to transfer and convey the right, title and interest in the assets of the Custodial Account to the successor Trustee/Custodian.

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## **ARTICLE XV – SUCCESSOR TRUSTEE/CUSTODIAN**

In the event the Custodian merges, reorganizes, is acquired or changes it’s name, the surviving entity will become the trustee or custodian of the IRA provided that it is authorized to serve in that capacity pursuant to the Code.



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## ARTICLE XVI – MISCELLANEOUS

### 16.1 No Responsibility for Participant Action

The Custodian shall not have any obligation or responsibility with respect to any act of, or failure to act, on the part of a Participant or his duly authorized agent, or, if the Participant is deceased, on the part of the Beneficiary or his duly authorized agent. The Custodian or the Participant or the Beneficiary may waive any notice required to be received by it under this Plan and, in the case of any written notice or election required under this Plan, the Custodian may accept such notice or election in any form (including electronically) approved by the Custodian for such notice or election.

### 16.2 Custodial Account Not Guaranteed

The Custodian does not in any way guarantee the Custodial Account from loss or depreciation. The liability of the Custodian to make any payment from the Custodial Account at any time and all times is limited to the then available assets of the Custodial Account.

### 16.3 Non-Deposit Investments Not Insured By the FDIC

The Participant acknowledges that non-deposit investments, such as, but not limited to, stocks, bonds, mutual funds, notes, real property and private placements, of the custodial account are not insured by the Federal Deposit Insurance Corporation and are subject to investment risks, including the loss of principal.

### 16.4 Conflicting Claims

In the event that conflicting claims arise, or in the reasonable opinion of the Custodian Account, the Custodian may, in its discretion, cause a court action to be filed with respect to the Account (or portion thereof) in accordance with applicable law and the other provisions of this Custodial Agreement. The Custodian shall in no way be liable to any person for any diminution in value of the Account or any asset, or of any loss to any person, as a result of any such action which the Custodian in good faith causes to be filed.

### 16.5 Miscellaneous

In lieu of the custodian's signature below, acceptance and execution of this agreement by the Custodian is evidenced by the custodian's establishment of a Custodial account for the Participant.

### 16.6 Successors

The Plan shall be binding upon all persons entitled to benefits under the Plan, their respective heirs and legal representatives and upon the Custodian and its successors.

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## UNINVESTED CASH

Pursuant to the Uninvested Cash section of the Traditional IRA Establishment Document, the Account Owner directs PENSICO to deposit all undirected and un-invested cash into deposit accounts at one or more Federal Deposit Insurance Corporation (FDIC) insured banks selected by PENSICO. The Account owner acknowledges that the deposits at each bank will be insured by the FDIC up to the federal deposit insurance limits (currently \$250,000 per accountholder) and that any amount in excess of the legal limit will not be insured by the FDIC. PENSICO shall seek to identify depository banks that are categorized as "well capitalized" institutions by the FDIC. However, the Account owner acknowledges and agrees that PENSICO makes no representations or warranties as to the financial status of any depository bank or its ability to satisfy its obligations to the Account owner and that the status of a depository bank as a "well capitalized" bank at any particular time

does not mean that it will be so at any time in the future.

The fee paid to PENSICO shall be deducted from interest earned on cash balances prior to the crediting of such interest to the Account Owner's custodial account at the end of each month. The account is only eligible to earn interest if it is open as of the interest crediting date and any interest earned on my account during a month that an account is closed prior to the interest crediting date will be paid to PENSICO as an additional fee. The fee is charged as a percentage, as determined in the discretion of PENSICO from time to time (the "percentage"), but not to exceed a maximum per annum rate of 3.50% of the average daily balance of custodial account cash as described in the Un-Invested Cash section above. The actual amount of the fee paid to PENSICO will vary depending on the level of the cash balance held by the Account owner in the custodial account on a daily basis and the percentage charged by PENSICO on the cash balance from time to time. The fee may reduce the amount of net interest so paid to the Account owner on a monthly basis to zero or a negligible amount. The fee will not be charged against the principal balance of cash held by the Account owner in the custodial account.

PENSICO reserves the right to effect changes to its Service Schedule upon thirty (30) days' prior written notice to the Account Owner, with the exception of the fee which will vary from time to time based on the cash balance held by the Account owner in the custodial account and for which the percentage charged by PENSICO may be changed at any time without notice except that an increase in the maximum per annum rate for the percentage charged by PENSICO will be made only upon thirty (30) days' prior written notice to the Account Owner.

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## TELEPHONE TRADING AND RECORDED PHONE LINE AUTHORIZATION

By signing the IRA Application, the account owner authorizes PENSICO to honor eligible transaction requests it receives by telephone from the Account Owner or his/her designated Financial Representative (including employees and staff of the FR).

PENSICO reserves the right not to honor transaction requests by telephone if there are not sufficient funds or shares in the Account, or if PENSICO receives incomplete information to process the requested transaction. PENSICO will not be liable for any loss, expense or cost arising out of any telephone instructions that are processed pursuant to this procedure.

PENSICO has automatic telephone recording equipment on certain telephone lines used by its employees who take or process trading requests and client inquiries. By signing the IRA Application, the Account Owner gives PENSICO consent to record and play back such calls as necessary for business purposes, and he/she acknowledges that recorded phone line conversations are the property of PENSICO. Recorded phone line conversations are the property of PENSICO and will be maintained at the sole discretion of PENSICO.

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## BENEFICIARY DESIGNATION AND DISTRIBUTIONS

If the Account Owner is married, and his or her spouse possesses a community property interest in the Account, the Account Owner must have their spouse's consent to name anyone but the spouse as primary beneficiary. He or she must complete the spousal consent section of the Traditional IRA Application.

If the Account Owner does not make a beneficiary designation, the IRA will be distributed according to the default provisions of the

## Traditional IRA Custodial Account Agreement.

If the Account Owner dies, and there is a balance that remains in his or her Traditional IRA, the Account will be distributed to the Account Owner's designated primary beneficiary(ies), or, if deceased, to their designated contingent beneficiary(ies). The Account owner may designate as many beneficiaries as he or she wishes; use a separate sheet of paper if necessary.

Upon the Account Owner's death, the Account Owner's beneficiary or beneficiaries may take distributions from the IRA over their life expectancies (provided they make the election to do so by December 31 of the year following the year of death of the Account Owner), and the Account Owner's beneficiaries (the first generation beneficiaries) may designate their own beneficiaries (the second generation beneficiaries) to receive the remaining amounts upon the death of the first generation beneficiaries.

After the death of the Account Owner, if there are multiple beneficiaries and each desire to use their own life expectancy to calculate amounts that must be distributed; each beneficiary must establish a separate account pursuant to the terms described in the Custodial Account Agreement and pursuant to Treasury Regulation 1.401(a)(9)-8 (Q&A-2). An Account Owner's beneficiary designation must be on record with the Custodian prior to the Account Owner's death to be considered an effective designation.

If an Inherited IRA is being established, these terms apply to the beneficiary establishing the Inherited IRA.

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### INTERESTED PARTY (INFORMATION ONLY) DESIGNATION

The Account Owner may authorize an additional person (other than the Account Owner, Designated Representative, or his/her FR) to receive Account information and electronic statements ONLY. PENSCO will not accept purchase or sale instructions from an Interested Party.

Individuals who are designated as an Interested Party by the Account Owner may not be a sponsor of or otherwise affiliated with an investment in the Account. It is the responsibility of the Account Owner and the Interested Party to review the assets for the Account to ensure compliance with this provision and to take steps to remove an Interested Party from the Account in the event of non-compliance.

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### FINANCIAL REPRESENTATIVE INFORMATION AND AUTHORIZATION

The Account Owner should complete this section if he or she chooses to designate a financial representative (FR), who the Account owner authorizes to execute transactions for the Traditional IRA according to the "Terms and Conditions of Appointment of Financial Representative" below.

The FR must separately consent to his or her designation as the Account Owner's agent, and acknowledge that he or she will be acting solely as the Account Owner's Agent and not as the agent of PENSCO.

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### TERMS AND CONDITIONS OF APPOINTMENT OF FINANCIAL REPRESENTATIVE

By execution of the Application, the named FR (if any) has been designated subject to the following terms and conditions:

1. The Account Owner, and not PENSCO, is responsible for the actions of the FR. The FR is the authorized agent of the Account Owner and is not an employee or agent of PENSCO. The Account Owner acknowledges that PENSCO does not require

that the Account Owner appoint an FR, does not recommend the appointment or retention of any specific FR, does not make any representations regarding his/her compliance with securities laws or registration requirements, and is not affiliated with the FR in any way.

2. The FR (which includes the FR's employees and staff) is authorized to provide transaction instructions to PENSCO for the Account and to direct PENSCO to perform transactions for the Account on behalf of the Account Owner. Such direction may include, but is not limited to, making or receiving payment pursuant to the FR's investment directions or upon receipt of transaction confirmations.
3. The FR may remove himself or herself upon written notice to PENSCO.
4. PENSCO shall be fully protected in relying on and acting on any notice, instruction, direction or approval received from the FR. PENSCO shall be under no duty to make any investigation or inquiry with respect to any notice, instruction, direction or approval received from the FR, or to investigate or take any action with respect to the FR.
5. The Account Owner may remove his or her FR by providing written notice to PENSCO on a form acceptable to PENSCO; however, the removal of an FR shall not have the effect of canceling any notice, instruction, direction or approval from that FR received by PENSCO before PENSCO receives written notice of the removal of the FR.
6. The Account Owner may designate a new FR by providing written notice to PENSCO on a form provided by PENSCO; however, PENSCO shall not rely on or act on any notice, instruction, direction or approval from the new FR received by PENSCO before PENSCO receives the written notice of the new designation of the FR.
7. PENSCO shall reflect the name and business address of the Account Owner's designated FR on each quarterly Account statement and shall assume that the FR information reflected on the Account statement is accurate unless the Account Owner and/or the FR notifies PENSCO in writing of the discrepancy.
8. If the FR is associated with a broker-dealer firm or financial exchange, PENSCO may make information about Account activity available to the broker-dealer or exchange to assist them with their supervisory responsibilities required under applicable rules and regulations.
9. The FR and his/her employees, staff, broker-dealer firm, and any companies to which the aforementioned are associated, may not sponsor or otherwise be affiliated with the investments purchased within the Account. It is the responsibility of the Account Owner and the FR to perform a review of the investments for the Account to ensure compliance with this provision and to take necessary steps to remove the FR from the Account in the event of non-compliance.
10. It is the Account Owner's responsibility to review the actions of the FR to ensure compliance with all laws and regulations and to remove the FR if he or she does not comply with the laws, rules and regulations that apply to the Account or to the terms of the Account.

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### TERMS AND CONDITIONS OF DESIGNATED REPRESENTATIVE/AUTHORIZED INTERESTED PARTY

1. The Participant, by providing such information in any form or manner that is otherwise acceptable to PENSCO, may designate a representative ("Designated Representative") through whom

PENSCO shall be authorized to accept investment instructions for the custodial account and/or designate or identify a person (“Authorized Interested Party”) who shall be authorized to access custodial account information, but who shall not be authorized to give investment instructions. The Participant (and not PENSCO) shall be responsible for investigating, selecting, instructing and monitoring the Designated Representative or Authorized Interested Party, and to perform whatever investigation or due diligence as may be appropriate before selecting, designating or retaining the Designated Representative or Authorized Interested Party. The Designated Representative or Authorized Interested Party shall be the authorized agent of the Depositor and shall not be treated for any purpose as an employee, agent or affiliate of PENSCO, or as controlled, approved, recommended or endorsed by PENSCO. PENSCO shall have no duty to, and shall not supervise or monitor the Designated Representative or any investment transactions the Designated Representative instructs PENSCO to make. PENSCO may construe any and all investments and transactions requested or directed by the Designated Representative, whether written, or oral, as having been duly authorized by the Participant if the Participant has appointed a Designated Representative for the custodial account. PENSCO is authorized to notify the Designated Representative of any investment instructions(s) received from the Participant; unless the Participant specifically notifies PENSCO NOT to do so in writing, or PENSCO is prohibited from doing so by law. PENSCO will not be responsible for any consequences of such notification. The Participant may remove a Designated Representative or Authorized Interested by written notice to PENSCO, provided, however, that removal of a Designated Representative shall not have the effect of cancelling any notice, instruction, direction or approval received by PENSCO from the removed Designated Representative before PENSCO has received written notice of removal of the Designated Representative and has had a reasonable opportunity to implement such cancellation.

2. If the Participant designates a Designated Representative who is a registered investment advisor (RIA), these additional provisions shall apply: The Custodian may accept instructions from the Designated Representative who is an RIA for investment and other transactions concerning the Account as having been duly authorized by the Account Holder, whether pursuant to any power of attorney, investment management agreement or similar document or instrument pursuant to which the Participant has given authority to the RIA with respect to assets such as the custodial account. The Custodian may rely on and implement such instructions from a Designated Representative who is an RIA without obtaining, reviewing or requiring such Designated Representative to provide a copy of any power of attorney, investment management agreement or similar document signed by the Account Owner, and without determining the existence or scope of any restrictions on the authority of the Designated Representative. PENSCO may rely on any communication from any employee of the Designated Representative who is an RIA as having been delivered on behalf of the Designated Representative and shall have no obligation or duty to investigate or determine whether that employee was authorized to deliver these instructions. The Participant agrees that the provisions of this paragraph and any other provisions relating to a Designated Representative who is an RIA shall apply as well to any other person that the Participant may designate as a Designated Representative if such person is not an RIA but is a regulated person or entity, such as a bank, savings and loan, broker-dealer or other financial institution, with appropriate

modifications to the language to reflect the substitution of the type of regulated entity (e.g., “bank”) for “RIA: in the relevant provision.

3. If the Participant appoints a Designated Representative who is an RIA, the Participant agrees that PENSCO may communicate with the Designated Representative as the principal point of contact with respect to all matters concerning the custodial account and that PENSCO shall have no obligation to copy the Account Owner on its communications with the Designated Representative. The Participant also authorizes PENSCO to provide copies of all correspondence, reports and statements with respect to the custodial and any related information about the custodial account to a Designated Representative who is an RIA.

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## **PENSCO TRUST COMPANY AGENTS**

PENSCO may engage agents and organization, including but not limited to its related entities for the purposes of performing administrative or other custodial-related services in connection with the custodial account or this Custodial Agreement. The limitation on the duties of PENSCO to the Participant under this Custodial Agreement or otherwise shall also apply to each agent or organization so engaged.

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## **GOVERNING LAW**

Except to the extent governed by or subject to the requirements of the Code or other applicable federal law, or preempted by federal law, the Custodial Agreement shall be governed by and construed and administered under the laws of the State of New Hampshire, without giving effect to any state’s choice of law provisions.

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## **CONFIDENTIALITY AND SECURITY**

PENSCO restricts access to non-public personal information about the Participant and the custodial account to those employees, vendors and agents who need to know that information to provide products or services to the custodial account. Your information may also be shared to respond to court orders and legal investigations. PENSCO’s Information Security controls, processes and account access security are considered proprietary information. PENSCO maintains physical, electronic, and procedural safeguards that comply with federal standards to guard the Participant’s nonpublic information. Access to account information is provided only to authorized parties after written or verbal requests successfully pass authentication. It is the client’s and his/her representative’s obligation to promptly report suspected or actually security breach activity. Delayed reporting may limit PENSCO’s liability.

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## **ADMINISTRATIVE FEASIBILITY**

Basic guidelines for this policy are set by the IRS. Other investment restrictions are determined by PENSCO for administrative purposes. PENSCO reserves the right not to honor any investment instruction if adequate information has not been provided or if PENSCO cannot meet special administrative requirements of the investment. PENSCO does not recommend or comment on the investment merits or management of any investment. PENSCO does not conduct due diligence and it does not review investments for their merits, suitability or legality for investment in an IRA. PENSCO may, for its own administrative purposes, review investment materials and it may or may not maintain copies of such review material. Account Owners are responsible for obtaining, reviewing and keeping copies for their own use, any prospectus, offering memorandum, purchase agreement or other material for

investments they direct that PENSICO purchase in an IRA.

Certain assets have been identified as “alternative,” and are subject to special maintenance (holding) and re-registration fees. Please refer to the Service Schedule for more information on the types of investments PENSICO permits in client Accounts, and to see the fees associated with each type of investment.

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## **PENSICO TRUST COMPANY VALUATION REPORTING POLICY**

Each account statement the Account Owner receives reflects the reported value of the account assets, all transactions that have been processed by PENSICO and all fees (if any) that have been charged. PENSICO reports the value of account assets as accurately as possible using the resources available to it. The Values listed on the PENSICO account statement may differ from values listed on related brokerage account or other asset sponsor statements.

Individual values for securities that have publicly-quoted prices are reported based solely on such quoted prices, which are obtained from a quotation service or other source generally available to the public. PENSICO does not guarantee the accuracy of prices obtained from quotation services or other sources, or the length of availability of such prices.

Values for alternative assets are generally reported at their original offering price to investors. PENSICO classifies alternative assets into two types: equity and debt. Assets that PENSICO has classified as alternative equities include, but are not limited to, non-service-priced private partnership or limited liability company interests, private common and preferred stock and private real estate investment trusts. Assets that PENSICO has classified as alternative debt include, but are not limited to, mortgages/ deeds of trust, corporate and private partnership notes and other private debt offerings. Information regarding whether an alternative asset has been classified as equity or debt is available upon request.

On an annual basis (or more frequently if requested), PENSICO requests updated valuation information from such persons as asset sponsors, general partners or managing members of private partnership or limited liability company interests, officers of private corporations and sponsors of other assets it has classified as alternative equities. PENSICO will normally adjust the reported value of an alternative equity asset if the general partner, officer or sponsor provides PENSICO with an updated value. If it does not receive an updated value from the general partner, officer or sponsor, PENSICO may require that the Account Owner obtain and provide to PENSICO an updated value from the asset sponsor, or provide an independent appraisal for their asset. If the Account Owner fails to provide this information, PENSICO may require the Account Owner to remove the asset from their account by transfer or distribution. If the Account Owner does not remove the asset from the Account as directed, PENSICO may distribute the asset to the Account Owner at the last reported value or resign and distribute the entire Account to the Account Owner. PENSICO does not request updated valuation (or outstanding loan balance) information for assets it has classified as alternative debt. However, PENSICO will normally adjust the reported value (or outstanding loan balance) of an alternative debt asset if it receives updated valuation (or outstanding loan balance) information from the Servicing Agent or from the alternative debt asset sponsor. For alternative debt assets that, according to PENSICO’s records have passed their maturity date, PENSICO may require the asset sponsor, Servicing Agent or Account Owner to provide information to show the current status of the asset. If PENSICO does not receive this information when requested, PENSICO may distribute the asset to the Account Owner at the last reported value or resign and distribute the entire Account

to the Account Owner. PENSICO does not conduct appraisals of assets and does not seek to verify the prices or values provided to it. The reported value of any asset may differ materially from its actual value. PENSICO does not guarantee the accuracy of reported values or whether the Account Owner will be able to obtain the reported value in the event of a sale, redemption or surrender.

Values reported as N/A indicate that either: 1) PENSICO has become aware of an event that has occurred making the previous valuation doubtful, such as a bankruptcy filing or appointment of receiver, 2) PENSICO has received information from the asset sponsor, or an independent appraisal from a third party to indicate that the asset has no value, or 3) A security generally has a publicly-quoted price, but PENSICO has received a “no-bid” indication from a third party quotation service. Valuation information or other information provided or reported by PENSICO should not be used as a basis for making, retaining or disposing of an asset. Please refer to reports (or other information) provided by brokers, general partners, corporate officers or other asset sponsors (or contact these sources directly) with regard to the current operation and status of any chosen asset(s). The frequency with which PENSICO updates prices depends upon the asset type and the frequency with which asset sponsors provide updated valuation information. This means that a price might be updated monthly, quarterly, semiannually, annually or on the specific date the updated valuation information was received. This may also mean that, while the number of shares or other information regarding an asset has been updated, the price may not have been updated.

**Note:** Mutual funds and other assets sometimes pay dividends or distribute income on or shortly before quarter-end. Such transactions generally will not be reflected on the Account Statement until the quarter in which PENSICO receives payment or confirmation from the asset sponsor verifying the transaction and share position. Please keep this in mind when reviewing the Account Owner security positions and account value.

A total value for all your assets (by category) is listed in the “Account Summary” portion of your statement. Your Account Statement (and the reported values therein) should not be used as the basis for making, retaining or disposing of an asset.

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## **STATEMENT REVIEW PERIOD**

Please review each Account statement carefully, and be sure the activity and balances on your PENSICO Account statement are accurate. The Account Owner must report any discrepancies to PENSICO in writing within 90 days of the date of the Account statement. If we do not receive the Account Owner’s written objections within the stated period, PENSICO shall be relieved of all liability for the report, act or procedure reflected on the statement.

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## **NOTICE AND CHANGE OF ADDRESS**

Any required notice regarding this Traditional IRA will be considered effective when PENSICO mails it to the last address of the intended recipient that we have in our records. Any notice given to PENSICO will be considered effective when received. The Account Owner must notify us of any change in address in writing.

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## **INDEMNIFICATION AND LIMITATION OF LIABILITY**

This section shall apply to you, as the Account Owner, to your named beneficiary(ies) and any subsequent beneficiary(ies). All references to the Account Owner in this section include the beneficiary(ies) upon the death of the Account Owner and any subsequent beneficiary(ies).

The Custodian shall have no liability for any loss or diminution of

the IRA assets resulting from the changes in the market value of an asset; or resulting from reliance or action taken in reliance upon notice, instruction, direction or approval received from an Account Owner, the Designated Representative, or the FR; or by reason of any exercise or failure to exercise investment direction authority by an Account Owner or by the FR; or by reason of the Custodian's refusal to act in accordance with any exercise of investment direction by an Account Owner or the FR; or for any failure of the FR or asset sponsor to comply with any laws or registration requirements; or by reason of any other act or failure to act by an Account Owner or by the designated FR; or by reason of any prohibited transaction or IRA disqualification occurring as a result of any action taken or not taken by the Custodian in reliance on direction from an Account Owner or the FR.

The Account Owner waives and will hold the Custodian harmless from any and all claims including but not limited to damages, court costs, legal fees and costs of investigation arising as a result of changes in the market value of any asset; resulting from reliance or action taken in reliance upon notice, instruction, direction or approval received from an Account Owner or the DR or FR; or by reason of any exercise or failure to exercise investment direction authority by an Account Owner or by the DR or FR; or by reason of the Custodian's refusal to act in accordance with any exercise of investment direction by an Account Owner or the DR or FR; or for any failure of the DR or FR or asset sponsor to comply with any laws or registration requirements; or by reason of any other act or failure to act by an Account Owner, the Designated Representative, or by the FR; or by reason of any prohibited transaction or Traditional IRA disqualification occurring as a result of any action taken or not taken by the Custodian in reliance on direction from an Account Owner or the DR or FR.

The Account Owner, and upon the death of the Account Owner, the Beneficiary, agrees to defend, indemnify and hold harmless PENSICO, its related entities, their employees, directors, shareholders, officer, agents and representatives, and any successors or assigns of the foregoing, from and against any and all damages, losses, liabilities, claims, actions, costs and expenses, including but not limited to attorneys' fees, court costs and witness fees, that PENSICO and its related entities or any of such persons may be subject to, incur or pay out, based on, as a result of, arising out of or otherwise related in any way to:

- (a) Any act of PENSICO or its related entities or any such person with respect to the custodial account;
- (b) Any claim, suit, action or liability that may be alleged or asserted against PENSICO or its related entities or any such person in connection with any investment made by PENSICO or with respect to any act taken by PENSICO or its related entities or any such person pursuant to any direction from the Participant, the Designated Representative or the FR for failing to act in the absence of any such direction;
- (c) The investment or any transaction involving any custodial account asset by PENSICO or any claims or allegations relating to any such investment or transaction; or
- (d) Any lawsuit, action, arbitration, formal inquiry or other legal proceeding in which PENSICO or its related entities or any such person is named as a party (except for any action in which PENSICO or its related entities is named as a defendant by the Participant alleging a breach of this Custodial Agreement by PENSICO).

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## **CONFIRMATIONS DELIVERY POLICY**

The Account Owner agrees to receive confirmations for trades

processed by PENSICO in the form of periodic statements which detail trading transactions. The Account Owner further understands that he/she may receive a duplicate broker/dealer confirmation or a written notification of a particular mutual fund or other publicly-traded investment transaction at no additional cost.

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## **ARBITRATION**

The Account Owner hereby agrees that all claims and disputes of every type and matter between the Account Owner and PENSICO, including but not limited to claims in contract, tort, common law claims or alleged statutory violations, shall be submitted to binding arbitration pursuant to the Commercial Rules of the American Arbitration Association; when the total damages by all claimants in an Arbitration Demand exceed \$75,000 the proceedings and hearings in the case shall take place only in Denver, Colorado; when the total damages by all claimants in an Arbitration Demand are \$75,000 or less, the arbitration proceedings and hearings in the case shall take place only in the city with a United States District Court nearest to the residence of one or more of the Account Owner(s). To the extent not preempted by federal law, Colorado law (including without limitation Colorado statutes governing arbitration proceedings) shall control during the arbitration. The Account Owner expressly waives any right he/she may have to institute or conduct litigation or arbitration in any other forum or location, or before any other body, whether individually, representatively or in another capacity. Arbitration is final and binding on the parties. An award rendered by the arbitrator(s) may be confirmed in any court having jurisdiction over the parties. In an arbitration the parties are entitled to a fair hearing, but arbitration procedures are simpler and more limited than rules applicable in court. The arbitrator's award is not required to include factual findings or legal reasoning, and any party's right to appeal or to seek modification of rulings by the arbitrator is strictly limited.

The Account Owner agrees to the Arbitration Statement above and to the Indemnification of Custodian contained in the plan documents. The indemnification obligation specifically applies to claims brought by the Custodian.

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## **ACCOUNT VALUE MINIMUM REQUIREMENT**

Accounts requesting a distribution or transfer must retain a minimum cash value as stated in the Service Schedule or in an asset PENSICO deems liquid in addition to the total amount due for invoiced fees. If the Account Owner's distribution/transfer request would leave the account with less than the required balance, the account may be automatically closed and the termination fee will apply.

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## **BILLING AND FEE COLLECTION**

- (a) In consideration for services under this IRA Custodial Account Agreement, PENSICO shall be paid the fees specified on the applicable Service Schedule, the provisions of which are incorporated into these Additional Account Terms. Such fees may include, but are not limited to, account establishment, account maintenance, account termination and other account administrative fees as identified in the applicable Service Schedule, as well as processing fees and Custodial Cash service fees. Account establishment fees shall be paid by the Account Owner at the time a completed and executed IRA Application is submitted to PENSICO. Account administration, account termination, custodial processing services and other account administrative fees ("custodial fees") shall be paid either by deducting cash from the custodial account or by charging

the debit/credit card on file, or by any other acceptable payment method that may be offered by PENSICO in the future. The Custodial Cash fee paid to PENSICO shall be deducted from interest earned on cash balances prior to the crediting of such interest to the Account Owner's custodial account at the end of each month. The Custodial Cash fee is charged as a percentage, as determined in the discretion of PENSICO from time to time (the "percentage"), but not to exceed a maximum per annum rate of 3.50% of the average daily balance of custodial account cash as described in the Un-Invested Cash section above. The actual amount of the Custodial Cash fee paid to PENSICO will vary depending on the level of the cash balance held by the Account Owner in the custodial account on a daily basis and the percentage charged by PENSICO on the cash balance from time to time. The Custodial Cash fee may reduce the amount of net interest so paid to the Account Owner on a monthly basis to zero or a negligible amount. The Custodial Cash fee will not be charged against the principal balance of cash held by the Account Owner in the custodial account. See the Terms for Un-Invested Cash section for more details regarding un-invested custodial cash and the Custodial Cash fee. The account is only eligible to earn interest if it is open as of the interest crediting date, and any interest that may accrue during a month that an account is closed prior to the interest crediting date will be paid to PENSICO as an additional fee.

PENSICO reserves the right to effect changes to its Service Schedule, including an increase in the maximum percentage that may be charged for Custodial Cash fees, upon thirty (30) days' prior written notice to the Account Owner, with the exception of the Custodial Cash fee percentage which will vary from time to time based on the cash balance held by the Account Owner in the custodial account and for which the percentage charged by PENSICO may be changed at any time without notice if it does not exceed the maximum percentage. A reduction in the maximum percentage for the Custodial Cash fee may also be made by PENSICO at any time without notice.

Fees will continue to accrue and be payable even if the Account contains no assets from which PENSICO can collect amounts owed by the Account Owner.

- (b) PENSICO may charge the Account Owner, and/or the custodial account, and shall be reimbursed by the Account Owner or the custodial account, for any reasonable expense incurred by PENSICO in connection with any account services or activities that PENSICO determines are necessary or advisable, or which are expressly directed by the Account Owner, and which are not included in the services provided by PENSICO for its normal fees. PENSICO will only pay expenses relating to the external administration of a specific investment held in the custodial account, such as property tax or association fees, from cash available in the custodial account and will not advance such expenses on behalf of the Account Owner if cash is unavailable.

Examples of the foregoing include, but are not limited to, attorney's fees and other legal costs and expenses (including, without limitation, filing and other court fees; arbitration; mediation; investigation; expert witness; and court reporter fees and similar expenses): (1) in defense of, or otherwise on behalf of, the custodial account or the Account Owner's interest therein in any arbitration, litigation, investigation or

request by a governmental or regulatory agency, involving or relating to the custodial account or any of its assets or transactions; or (2) in defense of PENSICO, if PENSICO is named together with the Account Owner or the custodial account in any proceeding involving the Account Owner or the custodial account. PENSICO may establish a reasonable reserve from the assets of the custodial account with which to pay its compensation or expenses for administration.

- (c) Within thirty (30) days of establishment of a custodial account, the Account Owner shall furnish PENSICO with the cardholder name, card number and expiration date ("Information") of a valid credit card or bank/debit card ("debit/credit card"). (See PENSICO's website at [www.pensico.com](http://www.pensico.com) for a list of acceptable card account issuers.) The cardholder shall authorize PENSICO to charge the card account on file for custodial fees and expenses in accordance with this Billing and Fee Collection section. The Account Owner must maintain valid debit/credit card Information on file at all times. If such debit/credit card Information expires or otherwise ceases to be valid, the Account Owner shall immediately provide PENSICO with valid replacement debit/credit card Information, and authorize PENSICO to charge such replacement debit/credit card for custodial fees and expenses in accordance with this Billing and Fee Collection section.
- (d) Account Owners may elect to pay their custodial fees using available cash in their custodial account, or by charging the debit/credit card Information on file (the "Fee Payment Preference"). Fees will first be satisfied by cash held as prepayment of fees, if any. If there is no cash held as prepaid fees, PENSICO will attempt to satisfy fees using the method selected as the Fee Payment Preference. If PENSICO is not able to satisfy the payment of fees using the selected Fee Payment Preference, satisfaction of custodial fees will be attempted using any other available means, including by using available cash in the custodial account.
- (e) In the event that an Account Owner has selected a Fee Payment Preference of charging the debit/credit card on file, and PENSICO's attempt to charge the debit/credit card fails for any reason, including but not limited to, card expiration or temporary "holds" placed on the card by the card issuer, and PENSICO is able to satisfy the outstanding fees using available cash in the custodial account pursuant to section (d) above, PENSICO may, at its sole discretion, decline any request to make subsequent attempts to charge the credit/debit card on file or other card as provided by the Account Owner for such fees and to reimburse the custodial account in the amount of such fees.

For any Account Owner request to reimburse the custodial account for fees collected from available cash in the situation described above (where the Fee Payment Preference was set to charge the debit/credit card on file, but where such attempt failed, and available cash in the custodial account was used to satisfy such fees) in favor of making payment with unqualified funds (funds from outside of the custodial account), PENSICO may, at its sole discretion, accept a check to pay the fees under these circumstances, and PENSICO will not make a subsequent attempt to charge the credit/debit card on file or to charge any other credit/debit card provided by the Account Owner for such fees.

- (f) If any custodial fees remain outstanding for more than 45 days, and all available payment methods have been attempted to satisfy such fees, PENSCO may attempt to satisfy any such unpaid fees by liquidating investments in the custodial account, in order of the most liquid to least liquid as PENSCO determines in its sole discretion, as necessary to satisfy the balance of the outstanding fees plus an amount equal to up to one year's estimated custodial fees, as well as any other costs associated with such liquidation, including but not limited to all expenses charged by asset sponsors, and the Liquidation Fee set forth on the Service Schedule. The prior quarter's fees, plus applicable annual custodial fees, shall be used as the basis for the estimation of one year's custodial fees.
- (g) If custodial fees remain outstanding after 45 days, after reasonable attempts have been made to satisfy such fees with other available means, PENSCO may notify the Account Owner in writing of its intent to resign as Custodian and distribute its assets to the Account Owner if fees are not satisfied within 30 days from the date of such notification. PENSCO may employ a collection agency to recover all unpaid fees and expenses.
- (h) In the event of an overdraft in the custodial account, PENSCO shall provide the Account Owner with written notice to immediately either pay PENSCO or deposit funds in the custodial account to remedy such overdraft. Upon failure of the Account Owner to pay outstanding fees and expenses, or to remedy an overdraft in the custodial account within the time specified, following a 30-day notice period, PENSCO may resign as Custodian and distribute the account assets to Account Owner. PENSCO may employ a collection agency to recover all unpaid fees, expenses, and overdrafts.
- (i) The Account Owner hereby relieves PENSCO of any liability for claims for costs, taxes, penalties and extra fees resulting from the failure of the Account Owner to pay any assessed fees in a timely manner and from any consequent actions taken by PENSCO. The Account Owner understands and agrees he or she is responsible for reporting any inaccuracy of all assessed account fees and must report any inaccuracies within 45 days of the Fee Statement date.
- (j) For any charge made to a credit/debit card that the Account Owner wishes to dispute, the Account Owner shall direct the dispute to PENSCO. If after a review of the dispute, PENSCO agrees that the charge or portion thereof should be refunded, such refund will be processed in a timely manner.
- (k) Accounts holding \$200 or less in cash, and no other assets, will be closed, and the cash balance will be paid to PENSCO as an Account Termination Fee as set forth in the Service Schedule.
- (l) Certain fees set forth on the Service Schedule may continue to apply after notification to an Account Owner of their account closure. Examples of such fees may include, but are not limited to: research/special services fees (including trailing dividends and other payments to the custodial account post-closure), check/wire fees, requests for copies of records and other miscellaneous fees that are attributable to work performed by PENSCO related to the custodial account, but performed after the account has closed. Any fees that remain unpaid after the custodial account is closed will be subject to collections and payment according to the terms outlined in this Billing and Fee Collection section.

**Debit/credit card charges should not be disputed directly with the card issuer.** Doing so may result in a charge-back to PENSCO, which will in turn result in an immediate debit to the un-invested cash in the custodial account in an amount equal to the charged back amount. Should the un-invested cash in the custodial account be insufficient to cover the charge-back, the outstanding balance of the charge-back will be assessed to the custodial account and the Account Owner will be notified. Satisfaction of the assessed fee amount will be subject to the terms of this Billing and Fee Collection section.

## Traditional and SEP IRA Disclosure Statement

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This report summarizes the requirements for the Individual Retirement Account (IRA), to which the Participant contributes and to which an employer may contribute on the Participant's behalf under a simplified employee pension. The details under which the IRA is governed are specified by law and as covered in the IRA Custodial Account Agreement. This Disclosure Statement is only a summary of the rules. This report does not include explanatory information specifically related to the requirements of the simplified employee pension (SEP).

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### A. REVOCATION OF ACCOUNT

The Participant may revoke the IRA at any time within seven days after he has executed the IRA Application. Upon revocation, the Custodian will return to the Participant the current fair market value of the amount contributed to the IRA without penalty, service charge or administrative expense. Contributions will be returned plus establishment fees without adjustment for such items as sale commissions or administrative expenses. To revoke the IRA, the Participant must personally deliver or mail a written notice of revocation to the Custodian postmarked within seven days of executing the IRA Application. Mail the notice by first class mail to the Custodian:

PENSICO Trust Company  
P.O. Box 173859  
Denver, CO 80217-3859

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### B. STATUTORY REQUIREMENTS

An IRA must satisfy certain requirements of the Internal Revenue Code. The IRA Custodial Account Agreement incorporates those requirements. In brief, the Internal Revenue Code requires that the IRA be governed by a written instrument; the Custodian, except in the case of a rollover contribution, will accept only cash contributions; with certain limited exceptions, only a bank or trust company may act as Trustee/Custodian of the IRA; no investment be made in life insurance contracts; no investment be made in collectibles (within the meaning of Internal Revenue Code Section 408(m), except as permitted by Internal Revenue Code Section 408(m) (3)); the Participant's interest in the IRA be nonforfeitable at all times; with certain exceptions, the Participant's IRA not be commingled with other property; and distribution of the Participant's interest in the IRA be made under specific guidelines.

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### C. CONTRIBUTIONS BY THE PARTICIPANT

#### 1. Eligible Participant

Any individual who has compensation and who will not have reached age 70½ by the end of the year is eligible to establish an IRA even though the individual is an active participant in an employer-sponsored retirement plan. Section 8.4 of the IRA Custodial Account Agreement defines the term compensation.

#### 2. Time of Contribution/Establishing of IRA

In order to make an IRA contribution for a particular taxable year, the Participant must send his contribution in cash postmarked to the Custodian not later than the individual's tax filing date (without extensions) for that year. An individual may establish a new IRA for a particular taxable year by signing an IRA Application and return-

ing it to the Custodian, so that it is received on or before the due date of the individual's tax return for that taxable year, excluding extensions.

#### 3. General Contribution Limitations

For taxable years beginning in 2014, the amount is the lesser of \$5,500 or 100% of compensation. The \$5,500 contribution limit may be adjusted for cost-of-living as explained below in Section 5; however, in no case may the contribution exceed 100% of compensation.

In the case of a married couple filing a joint return for taxable years beginning in 2014, up to \$5,500 can be contributed to each spouse's IRA, even if one spouse has little or not taxable compensation so long as the combined IRA contribution does not exceed 100% of the combined compensation of both spouses.

An individual cannot make contributions to his IRA for the year he reaches 70½ or any later year. However, for any year he has compensation, he can continue to make contributions of up to \$5,500 (for taxable year 2014), to a spousal IRA until the year his spouse reaches age 70½.

#### 4. Catch-Up Contributions

An eligible Participant, who has turned age 50 before the close of the taxable year, may contribute an additional \$1,000 to his IRA.

#### 5. Cost of Living Adjustments

The \$5,500 contribution limit may be increased by a dollar amount equal to the cost-of-living adjustment (determined under Internal Revenue Code Section 219(g)(8)(b) for the calendar year in which the taxable year begins) multiplied by the \$5,500 contribution limit and rounded down to the next lowest multiple of \$500.

#### 6. General Deduction Limitations

A contribution to the IRA may or may not be fully deductible for Federal income tax purposes. However, these deduction limits do not affect the allowable contributions (see paragraph 9 below).

For a single individual who is not considered an "active participant" in a retirement plan (see paragraph C(7)), or for a married couple filing jointly or separately where neither spouse is an active participant, each individual's allowable contribution for the year will be deductible, regardless of AGI (see paragraph C(8)) or filing status. Go to paragraph C(9) if the contribution is fully deductible.

For a single taxpayer who is considered an active participant, or for a married couple filing jointly where both spouses are active participants:

- (a) each individual's IRA contribution will be deductible if AGI falls below the Threshold Level (see paragraph C(8));
- (b) if AGI falls within the Applicable Phaseout Range from C(8), each individual's contribution will be partially deductible;
- (c) if AGI is over the Applicable Phaseout Range, no deduction will be permitted. [Note: Consult IRS Publication 590 or a tax advisor for a full discussion of the rules for married couples filing separately.]

For a married couple filing jointly where one spouse is an active



participant and one is not, the spouse who is an active participant uses the Applicable Phaseout Ranges table from paragraph C(8) to determine whether or not his individual contribution is fully deductible. The spouse who is not an active participant may make a fully deductible contribution if combined AGI for 2015 is \$183,000 or less for the year. The deduction is eliminated when combined AGI is \$193,000 or more, and is phased out within those two limits using the formula in paragraph C(8).

### 7. Active Participant

An individual is an active participant for a year only if he is considered to be covered by a retirement plan, regardless of whether or not his spouse, if married, is considered an active participant. An individual is covered by a retirement plan for a year if the employer or union has a retirement plan under which money is added to his account or the individual is eligible to earn retirement credits. Form W-2 for the year, starting with the 1987 tax year, should indicate plan active participation status.

### 8. Adjusted Gross Income (AGI)

If an individual is an active participant, he must look at Adjusted Gross Income for the year (if the couple files a joint tax return, use combined AGI) in determining to what extent an IRA contribution is deductible. The individual's tax return will show how to calculate AGI for this purpose. For these purposes, a taxpayer is not considered married for any year if the taxpayer and his spouse (a) did not live together at any time during the taxable year, and (b) did not file a joint return for the taxable year. If a Participant is at or below a certain AGI level, called the Threshold Level, he is treated as if he were not an active participant and therefore can make a deductible contribution under the same rules as a person who is not an active participant.

If the individual is single, the Threshold Level for 2015 is \$61,000 and, the Threshold Level if the individual is married and files a joint return is \$98,000. If the individual is married but files a separate tax return, the Threshold Level for 2015 and beyond is \$0.

When AGI reaches the applicable Threshold Level for the tax year, the deduction is gradually phased out until it is eliminated for Participants with AGI above the Applicable Phaseout Range in effect for that year. Within the individual's Applicable Phaseout Range, the individual will be limited in amount. The amount by which AGI exceeds the Threshold Level (AGI minus the Threshold Level) is called Excess AGI.

Applicable Phaseout Ranges		
Year	Single Taxpayer	Married Couples Filing Joint Returns
2014	\$60,000 - \$70,000	\$96,000 - \$116,000
2015	\$61,000 - \$71,000	\$98,000 - \$118,000

For Years after 2015, the applicable phase out ranges in the above table will be adjusted for Cost of Living Adjustments as determined by Internal Revenue Code Section 219(g)(8)(B).

The Maximum Allowable Deduction Limit is \$5,500 plus any catch-up contributions and/or cost-of-living adjustments. The deduction limit for each Spousal IRA also is reduced for AGI above the applicable dollar amount.

The maximum allowable deduction limit may be adjusted for Cost of Living Adjustments as determined by Internal Revenue Code Section 219(b)(5)(D)(i)(II).

An individual can calculate the deductible portion of his IRA contribution—the "Deduction Limit"—as follows:

$$\frac{\$10,000 - \text{Excess AGI}}{\$10,000} \times \text{Maximum Allowable Deduction Limit} = \text{Deduction Limit}$$

**Example 1:** Ms. Smith, a single person, is an active participant and has an AGI of \$65,555 for 2015. She calculates the deductible portion of her IRA contribution as follows:

- Her AGI is \$65,555
- Her Threshold Level is \$61,000 for 2015
- Her Excess AGI is (AGI - Threshold Level) or (\$65,555 - \$61,000) = \$4,555
- Her Maximum Allowable Deduction is \$5,500

So, her IRA deduction limit is:

$$\frac{\$10,000 - \$4,555}{\$10,000} \times \$5,500 = \$3,994.75 \text{ (rounded to } \$3,990.00)$$

So, \$2,220.00 of her \$5,500 contribution will be deductible in 2015.

**Example 2:** Mr. and Mrs. Young file a joint tax return. Each spouse earns more than \$5,500 and both are active participants. They have a combined AGI of \$99,125 for 2015. They may each contribute to an IRA and calculate their deductible contributions to each IRA as follows:

- Their AGI is \$99,125
- Their Threshold Level is \$98,000 for 2015
- Their Excess AGI is (AGI - Threshold Level) or (\$99,125 - \$98,000) = \$1,125
- The Maximum Allowable Deduction for each spouse is \$5,500

So, each spouse may compute his or her IRA deduction limit as follows:

$$\frac{\$20,000 - \$1,125}{\$20,000} \times \$5,500 = \$5,190.62 \text{ (rounded to } \$5,190.00)$$

**Example 3:** Mr. and Mrs. Olde file a joint tax return. George Olde is an active participant, while Marge Olde is not. The couple has combined AGI for 2015 of \$195,000. Neither can make a 2015 deductible IRA contribution.

Now assume those same facts but combined AGI is \$185,000.

No portion of George's 2015 contribution will be deductible because AGI is over the Phaseout Range for active participants. However, Marge may calculate the deductible portion of her 2015 contribution as follows:

- Combined AGI is \$185,000
- Threshold Level is \$183,000 for Marge
- Excess AGI is (AGI - Threshold Level) or (\$185,000 - \$183,000) = \$2,000

$$\frac{\$10,000 - \$2,000}{\$10,000} \times \$5,500 = \$4,400$$

So, \$4,400 of Marge's \$5,500 contribution is deductible while \$0 of George's contribution is deductible.

## 9. Nondeductible Annual Contributions

Even if the individual may not make a fully deductible contribution, he may still make the maximum allowable contribution to the IRA. The amount of the contribution which is not deductible will be a nondeductible contribution to the IRA. An individual may also choose to make a contribution nondeductible even if he could have deducted part or all of the contribution. Interest or other earnings on the IRA contribution, whether from deductible or nondeductible contributions, will not be taxed until taken out of the IRA and distributed to the Participant. A Participant may make nondeductible contributions to an IRA regardless of his AGI and the threshold limits described in Sections C(6) and C(8), provided that the maximum IRA contribution limits described in Sections C(3) and C(4) are met.

If the individual makes a nondeductible contribution to an IRA, he must report the amount of the nondeductible contribution to the IRS as a part of his tax return for the year, using Form 8606 attached to the Form 1040. It is the Participant's responsibility to maintain records of the amount of his IRA contributions that are nondeductible contributions for all years; the Custodian does not maintain records of the amount of nondeductible contributions made to the IRA.

An individual may make a contribution up to the applicable limit at any time during the year, without having to know how much will be deductible. When the individual fills out his tax return, he then may figure out how much is deductible. If some portion of the contribution is not deductible, the individual may decide either to withdraw the nondeductible amount, or to leave it in the IRA and designate that portion as a nondeductible contribution on his tax return. If the individual decides to remove the nondeductible portion, it must be withdrawn before the tax filing deadline (plus extensions) and the amount withdrawn must include any earnings on such amount. The earnings are treated as income in the year in which the contribution was made and are subject to a 10% penalty tax if applicable. See paragraph F(2) below. Distributions of nondeductible contributions that are paid out after the tax-filing deadline, including extensions, are subject to the taxation rules for regular distributions. See paragraph G(1).

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## D. ROLLOVER CONTRIBUTION BY THE PARTICIPANT

### 1. Eligible Participant

An individual is eligible to establish a rollover IRA with the Custodian if the contribution the Participant wishes to make satisfies the definition of Qualifying Rollover Contribution. Unlike the rules relating to deductible IRA contributions, an eligible Participant may establish a rollover IRA with the Custodian even if he does not have any compensation or income other than the funds with which the Participant wishes to establish the rollover IRA. The Qualifying Rollover Contribution may consist of cash and/or property, including, in the case of a qualified retirement plan, the proceeds from the sale of property received.

### 2. No Contribution Limitation

There is no limit on the amount of the rollover contribution an eligible Participant may make to the IRA.

### 3. Qualifying Rollover Contribution

Under Section 8.9 of the IRA Custodial Account Agreement, Qualifying Rollover Contribution means a contribution which constitutes (a) an eligible rollover distribution from a qualified retirement plan (including an annuity plan and including after-tax contributions from a qualified retirement plan), (b) a distribution from an individual retirement account, (c) an eligible rollover distribution from a tax-

sheltered annuity, (d) the redemption proceeds of an IRA retirement bond, (e) a distribution of all or part of the accumulated deductible employee contributions held under a qualified plan, or (f) an eligible rollover distribution from a governmental deferred compensation plan under Internal Revenue Code Section 457. In addition to the definitional requirements of the Qualifying Rollover Contribution, the Participant must make the contribution of the property (including the cash) representing the Qualifying Rollover Contribution to the IRA within 60 days of the Participant's receipt of the property and cash, if any, from the plan; or, in the case of a direct rollover, must instruct the distributing Trustee/ Custodian to move the assets directly to the IRA "(The IRS may, but it is not required to, waive this 60-day requirement in very limited situations, such as where a casualty or disaster prevented the Participant from making the contribution within the 60-day period.). Any property (other than cash) the Participant contributes to the rollover IRA must be the same property the Participant received in the distribution, or in the case of a qualified retirement plan, the cash proceeds from the sale of such property. To the extent a Participant contributes only a part of a Qualifying Rollover Contribution to his IRA or to another plan accepting rollovers, the Participant must report the balance as ordinary income in the taxable year in which the distribution was made.

## 4. IRA Rollover or Conduit Individual Retirement Account

Under prior law, the purpose of a conduit individual retirement account was to enable an individual who has received an eligible rollover distribution from a qualified retirement plan to deposit/roll over the amount of the distribution to the qualified retirement plan of a subsequent employer. Of course, the subsequent plan must accept rollovers. A conduit individual retirement account is an account that holds only rollover contributions from a qualified retirement plan or other employer-sponsored plan (and the individual does not make any contributions to the IRA other than these rollover contributions).

Any distribution from the IRA that otherwise would be taxable to the individual is an eligible rollover distribution that may be contributed in a rollover to a qualified retirement plan, a tax-sheltered annuity, a governmental deferred compensation plan or to another IRA (if these plans accept rollovers from IRAs that are not conduit IRAs). Nondeductible contributions to the IRA and after-tax contributions rolled into the IRA may not be rolled over to a qualified retirement plan, a tax-sheltered annuity or a governmental deferred compensation plan.

While rollovers may be accepted by a qualified retirement plan or other employer-sponsored plan from an IRA that is not a conduit IRA, the Participant should consider whether maintaining a conduit (separate) IRA for each rollover contribution from a qualified retirement plan or other employer-sponsored plan may be advisable in order for the Participant to easily track his different rollovers to the IRAs. Consult the Account Owner tax advisor for more information.

## 5. Rollover to another IRA 12-Month Rule

Beginning in 2015, an individual may make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs they own. This limit will be calculated by aggregating all the IRAs owned by an individual (including SEP and Simple IRAs as well as traditional and Roth IRAs), effectively treating them as one IRA for purposes of this rule.

- Trustee-to-trustee transfers between IRAs are not subject to this rule.
- Rollovers from traditional to Roth IRAs (conversions) are also excluded.

*Transition Rule for 2014 Distributions* - IRA distributions rolled over anytime during in 2014 are not taken into account with regard to the 12-month rule for distributions in 2015, provided that the 2015 distributions and rollover involves different IRAs than those involved in the 2014 rollover.

Individuals should use trustee to trustee transfers to move funds between IRAs to preserve their ability to do a rollover when absolutely necessary.

#### **6. Custodian's Acceptance of the Rollover Contribution**

Before making a rollover contribution to this IRA, the Participant should consult his tax advisor not only with respect to the technical requirements of such rollovers but also with respect to the economics of the rollover. The Custodian emphasizes that it assumes no responsibility to determine whether the Participant's contribution to the IRA satisfies the definition of Qualifying Rollover Contribution.

#### **7. Rollover of Exxon Valdez Settlement Income**

Qualified taxpayers who receive Exxon Valdez settlement income may contribute all or part of the amount received to an eligible retirement plan, including a Roth IRA. You may contribute up to \$100,000 less contributions of settlement income made in prior tax years. Any Exxon Valdez settlement income that you contribute to your Roth IRA will be included in your taxable income for the year the qualified settlement income was received, and it will be considered part of the basis in your Roth IRA (which is not taxable when distributed). Please see IRS Publication 590 for more information.

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### **E. TAX STATUS OF ACCOUNT/REPORTING**

#### **1. Approved Form**

This IRS form 5305-A Model IRA document has been pre-approved as to form by the Internal Revenue Service (IRS). The Participant should not consider the IRS pre-approval as to form as a determination by the IRS of the merits of the IRA.

#### **2. Account Tax Exempt/Required Reporting**

Under an IRS IRA model document plan, the Participant's IRA is tax-exempt. Accordingly, unless the Participant's IRA loses its tax-exempt status, the earnings within the IRA accumulate without reduction for Federal income tax. Other parts of this Disclosure Statement explain the income tax consequences of distributions from the IRA to the Participant or to the Participant's beneficiary.

A Participant will report distributions from (and contributions to) the IRA on his Federal tax Form 1040. Nondeductible IRA contributions are reported on Form 8606 attached to his Form 1040.

A Participant must report any special IRA penalty tax on Form 5329 as an attachment to Form 1040 for the taxable year of the penalty. Special IRA penalty taxes which require the filing of Form 5329 are the excise tax on excess contributions, the penalty tax for taking certain distributions to the Participant prior to attaining age 59½, and the tax on the failure to take distribution of the minimum amount by a Participant who has attained age 70½.

#### **3. State Income Tax**

Though the Participant's IRA is exempt from Federal income tax, the Participant should consult with his tax advisor regarding proper reporting of IRA earnings and contributions for state income tax purposes.

#### **4. Unrelated Business Taxable Income**

If the Participant's IRA conducts an active trade or business, or invests in a partnership or limited liability company (LLC) taxed as

a partnership that conducts an active trade or business, or if the IRA or a partnership or LLC taxed as a partnership in which the IRA realizes investment gains through debt-financing, the IRA may have "unrelated business taxable income." Unrelated business taxable income, net of any allowable deductions, in excess of \$1,000 in any year may be taxable to your IRA. Applicable taxes are an expense of the IRA and must be paid with IRA funds. Subject to the contributions rules and limits discussed above, the Participant may be able to contribute funds to the IRA to pay taxes in order to avoid liquidation of an asset. For any year that the IRA has unrelated business taxable income, before deductions, of more than \$1,000, (1) the Participant must obtain a tax identification number from the Internal Revenue Service for the IRA, (2) the Participant must prepare or have prepared on behalf of the IRA and submit to the Custodian fully completed federal, state and other tax return forms, including requests for filing extensions (if applicable), and any other documents required to be filed with the Internal Revenue Service or other agency in connection with such forms, at least five (5) business days before the filing deadline for each such form and (3) at the time such forms are submitted to the Custodian, the Participant must provide the Custodian with a written directive (or directive in another manner acceptable to The Custodian) authorizing and directing the Custodian to sign such forms on behalf of the IRA and to pay to the Internal Revenue Service or other agency all amounts which the applicable form reports are due to it. The Custodian is not responsible for preparing any required return or form. The Custodian may, at its sole discretion, liquidate any assets in the Participant's IRA to pay such taxes. If the Custodian is notified of a tax deficiency by the Internal Revenue Service or other agency, assets will be liquidated in reverse order of purchase.

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### **F. OPERATION AND SPECIAL LIMITATIONS ON THE IRA**

#### **1. Excess Contribution**

In the event a Participant makes an excess contribution during a taxable year (i.e., a contribution which exceeds the allowable limitations, a contribution by a Participant who attained age 70½ before the close of the taxable year, a contribution which does not satisfy the law's requirements for rollover contributions, or a transfer from any other IRA to this IRA that does not comply with applicable laws), the Custodian will refund the excess upon request. There are two rules which govern the return to the Participant of an excess contribution. First, the Participant need not include the refund of the excess contribution in income if: (a) the Participant receives the refund by the date (including extensions) prescribed by law for filing the Participant's income tax return for the taxable year of the excess contribution; (b) the Participant does not take a deduction for the amount of the excess contribution; and (c) the Participant receives with the refund the net income attributable to the excess contribution. The Participant must report this net income in the taxable year in which he made the excess contribution.

The second rule relates to a return of an excess contribution after the due date (including extensions) for filing the Participant's income tax return for the taxable year of the excess contribution. In this instance, the Participant need not include the refund of the excess contribution in income if: (a) the contribution was not a rollover contribution (there is a special rule for excess rollover contributions); (b) the aggregate of contributions for the taxable year of the excess contribution does not exceed the applicable limits for the taxable year; and (c) the Participant did not take a deduction for the excess amount for the taxable year for which he made the excess contribution, or amends his income tax return to eliminate the deduction.

Under this second rule, the net earnings do not accompany the refund. See paragraph 2 below.

In the case of an excess rollover contribution, the Participant need not include the refund of the excess contribution in gross income to the extent the amount of the excess contribution was attributable to his reasonably relying on erroneous information the law required the Participant's employer or other party to furnish the Participant as respects the determination of the amount of a Qualifying Rollover Contribution.

## 2. Penalty Tax for Excess Contributions

Contributions to the Participant's IRA in excess of the limits discussed above will be subject to a 6% nondeductible penalty (excise) tax under Code section 4973. The Participant must pay this tax for each year the excess remains in the IRA. However, if the excess contribution and all its income are returned to the Participant before the due date (including extensions) for filing the Participant's income tax return for the year for which the excess contribution was made, the 6% tax will not be assessed. The income earned on the excess contribution is taxable as income and will be treated as earned and taxable in the tax year for which the excess contribution was made. If the Participant does not withdraw the excess contribution by this deadline, the Participant can still avoid or reduce the 6% excess contribution tax for future years by withdrawing the excess contribution from the IRA before the end of the future tax year or, alternatively, by treating the excess as an IRA contribution for that future year, if eligible for that year. The excess contribution returned will not be subject to income tax or the 10% premature distribution penalty discussed below. The Participant is required to file IRS Form 5329 for any year for which a tax is due because of an excess contribution.

## 3. Penalty Tax for Premature Distribution

A distribution from your IRA before you reach age 59½ is subject to a nondeductible federal penalty tax, unless one of the exceptions discussed below is applicable. The amount of the penalty tax is 10% of the taxable amount distributed (which will still be subject to ordinary income tax in the year distributed). There is no federal penalty tax if a distribution is made:

- Following your death or your becoming disabled at any age;
- To effect a timely rollover to another IRA;
- To correct an excess contribution before the due date of the Participant's tax return;
- To pay medical expenses which exceed 7.5% of the Participant's adjusted gross income;
- To pay for health insurance if the Participant is unemployed and has received federal or state unemployment compensation for at least 12 months;
- As part of a series of substantially equally periodic payments (made at least annually) over the Participant's life expectancy or the joint life expectancies of the Participant and the Participant's beneficiaries;
- To pay "qualified higher education expenses" of the Participant, the Participant's spouse or the Participant's child or grandchild;
- To correct an excess rollover contribution which was caused by erroneous tax information supplied by the Participant's employer on which the Participant reasonably relied;
- As a "qualified reservist distribution". A "qualified reservist distribution" is a distribution the Participant took from an IRA or elec-

tive deferrals (and earnings) that the Participant made under an employer-sponsored plan while the Participant was called to or on active duty for at least 180 days or for an indefinite period.

- The Participant is required to file IRS Form 5329 for any tax year for which this 10% penalty is due.

## 4. No Borrowing on Account

The Participant may not utilize the IRA for any purpose other than retirement benefits. The Participant may not borrow any portion of his IRA. If the Participant does so, the IRA will lose its tax-exempt status and the Participant must include the entire IRA balance in his gross income for the taxable year in which the borrowing occurs.

The premature distribution penalty tax will also be waived if the distribution is a qualified reservist distribution, as defined in the Internal Revenue Code. In general, a qualified reservist distribution is a distribution made to an individual who is ordered or called to active armed service duty after September 11, 2001 for at least 180 days or indefinitely.

The use of the IRA as security for a loan will result in a deemed distribution of the IRA to the extent of the portion used as security. This deemed distribution would subject the Participant to current income taxation and, unless the Participant has attained 59½, to the 10% penalty tax on the taxable portion of the IRA deemed distributed.

## 5. Nonforfeitable Interest

The Participant's interest in his IRA is nonforfeitable.

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## G. RETIREMENT BENEFITS

### 1. Federal Tax Aspects of Distribution

Retirement funds accumulated in an IRA are taxable to the Participant when distributed, as determined under the formula explained below. The special qualifying lump sum distribution treatment afforded certain types of retirement plans is not available for an IRA distribution, even if the original contribution to the IRA was a rollover contribution which would have qualified for that special treatment if the Participant had not rolled over the lump sum distribution. Because nondeductible IRA contributions are made using income which has already been taxed (that is, they are not deductible contributions), the portion of an IRA distribution which is deemed to consist of nondeductible contributions will not be taxed again when received by the individual. For example, if you make any nondeductible IRA contributions, each distribution from the Account Owner's IRA will consist of a nontaxable portion (return of nondeductible contributions) and a taxable portion (return of deductible contributions, if any, and account earnings). Thus, you may not take a distribution which is entirely tax-free. The following formula is used to determine the nontaxable portion of distributions for a taxable year.

$$\frac{\text{Remaining Nondeductible Contributions}}{\text{Year-end total IRA account balances}} \times \frac{\text{Requested Distribution}}{\text{Distribution}} = \text{Nontaxable Portion}$$

To figure the year-end total IRA balances, treat all IRAs as a single IRA. This includes all regular IRAs, as well as simplified employee pension (SEP) IRAs and rollover IRAs. Distributions taken during the year also must be added back.

Year	Deductible	Nondeductible
2013	\$1,800	0
2014	\$1,000	\$1,000
2015	\$900	\$2,100
TOTAL	\$3,700	\$3,100

**Example:** An individual makes the following contributions to his or her IRAs:

- Deductible Contributions: \$3,700
- Nondeductible Contributions: \$3,100
- Earnings on IRAs: \$500
- Total Account Balance of IRAs as of 12/31/2015: \$7,300 (including distributions in 2015)

In 2015 the individual takes a distribution of \$3,000. The non-taxable portion of the distribution for 2015 is figured as follows:

$$\frac{\$3,100}{\$7,300} \times \$3,000 = \$1,274$$

Thus, \$1,274 of the \$3,000 distribution in 2015 will not be included in the individual's taxable income. The remaining \$1,726 will be taxable for 2015.

## 2. Required Distributions During the Participant's Lifetime

Distributions from the IRA must begin not later than a Participant's Required Beginning Date which is April 1 following the calendar year in which the Participant reaches age 70½. The Participant may choose to receive the funds in his account in a single sum or in installments. In the event the Participant chooses installment payments, each installment payment after the Required Beginning Date must be at least equal to the required minimum distribution amount.

The required minimum distribution amount, beginning with the calendar year the Participant reaches age 70½ and continuing through the year of the Participant's death, is obtained by dividing the value of the IRA as of the end of the preceding year by the distribution periods in the Uniform Lifetime Table found in the IRS Treasury Regulations, using the Participant's age on his birthday in the distribution year. However, if the Participant's only beneficiary is the Participant's spouse, then the minimum distribution amount is obtained by dividing the value of the IRA as of the end of the preceding year by the longer of the distribution period in the Uniform Lifetime Table, using the Participant's age on his birthday in the year, or the distribution period in the Joint and Last Survivor Table in the IRS Treasury Regulations, using the ages as of the Participant's and spouse's birthdays in the year.

## 3. Required Distributions After the Participant's Death

Upon the death of the Participant, distribution to the Participant's designated beneficiary generally must begin by December 31 following the year in which the Participant dies. Generally, the required minimum distribution amount for a beneficiary will be determined by dividing the beneficiary's interest in the IRA as of the end of the preceding year by the appropriate number in the Single Life Table found in the IRS Treasury Regulations corresponding to the beneficiary's age in the year following the year of the Participant's death and reduced by one for each subsequent calendar year. If distributions to the Participant's beneficiary have not begun by De-

ember 31 following the year in which the Participant died, the entire account must then be distributed by December 31 of the year containing the fifth anniversary of the Participant's death.

If the Participant dies before his Required Beginning Date, distributions to the Participant need not begin by December 31 following the year the Participant died, so long as the entire account is distributed by December 31 of the year containing the fifth anniversary of the Participant's death.

Please consult the Account Owner's tax advisor and see the IRA Custodial Account Agreement for details of these distribution rules, including the special rules that apply if the beneficiary is the Participant's surviving spouse.

Under this Plan, a surviving spouse may elect to treat the account as his or her own IRA if that election is made in writing to the Custodian. Alternatively, this election will be deemed to have been made if the surviving spouse makes a contribution to the account of the deceased Participant or fails to take minimum required distributions as a Beneficiary.

## 4. Minimum Distribution

If retirement distributions are not made at or before the time required, the law imposes a nondeductible 50% penalty tax on the difference between the required minimum distribution amount and the actual distribution. The recipient of the distribution must pay this penalty tax. For example, assume that the required minimum distribution amount for a Participant for a year after he reaches age 70½ is calculated to be \$10,000, but at the request of the Participant the Custodian made distribution to the Participant of only \$4,000 for that year. The law would impose a nondeductible penalty tax on the Participant of \$3,000 (50% x (\$10,000 - \$4,000)). If the underpayment of the required amount is due to reasonable error and reasonable steps are taken to remedy the error, the Internal Revenue Service may waive the penalty for the taxable year for the underpayment.

A Participant may also calculate the required amount for each of his IRAs and take those amounts from any one or more of his IRAs.

## 5. Federal Gift Tax/Estate Tax

The Participant's designation of a beneficiary for his IRA does not constitute a gift for Federal gift tax purposes. The balance in a Participant's IRA at the time of the Participant's death is includible in his gross estate for Federal estate tax purposes.

## H. PROHIBITED TRANSACTIONS

An IRA can lose its exemption from federal income tax if the individual establishing the IRA or a beneficiary engages in a "prohibited transaction" if any other "disqualified person" engages in a prohibited transaction with the IRA, he or she will be subject to an excise tax equal to 15% of the amount involved each year until the transaction is corrected. Prohibited transactions generally include any direct or indirect:

- (a) Sale, exchange or lease of any property between the IRA and a disqualified party;
- (b) Lending of money or any other extension of credit between the IRA and a disqualified person;
- (c) Furnishing of goods, services or facilities between the IRA and a disqualified person;

- (d) Transfer to or use for the benefit of a disqualified person of the income or assets of the IRA;
- (e) Act by a disqualified person who is a fiduciary whereby he or she deals with the income or assets of the IRA in his or her own interest or for his or her own account; or
- (f) Receipt of any consideration by any disqualified person who is an IRA fiduciary in connection with a transaction involving the income or assets of the IRA.

In general, a “disqualified person” includes the individual establishing the IRA, certain members of his or her family, any person who is a fiduciary or who provides services to the IRA, and certain related partnerships (and certain of their partners and employees), corporation (and certain of their shareholders, officers, directors and employees), and trusts and estates (and certain of their beneficiaries). If the IRA loses its tax exemption because the Participant (or the Participant’s beneficiary) engaged in a prohibited transaction, the fair market value of the IRA assets (net of any nondeductible contributions remaining in the IRA) as of the first day of the year of the transaction must be included in the gross income for the taxable year in which the loss of exemption occurs. If this takes place before the Participant has attained age 59 ½, the Participant will also be subject to the 10% premature distribution penalty tax, discussed above, on the amount so included in gross income unless there is an applicable exception. If the Participant pledges any part of the IRA as a security for a loan, the part so pledged will be treated as a distribution in the taxable year in which the pledging occurs, and will be taxed accordingly.

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#### **I. TAX ADVICE**

The Disclosure Statement together with the Custodial Account Agreement should answer most questions concerning the IRA, but this should not be construed as tax advice. If a Participant has additional questions regarding IRAs, he should consult his tax advisor. Also, the Participant may obtain additional information regarding IRAs from any District Office of the Internal Revenue Service.

See in particular [IRS Publication 590](#).

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#### **J. ADMINISTRATIVE EXPENSE**

The IRA Custodial Account Agreement provides that the Custodian will receive reasonable annual compensation for the administration of the Participant’s IRA. The Custodian may change its Service Schedule upon 30 days’ written notice to the Participant. A Custodian’s Service Schedule is printed with the Traditional IRA Application and is available upon request.

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#### **K. INVESTMENT OF THE IRA AND FINANCIAL DISCLOSURE**

As stated in Article XII of the IRA Custodial Account Agreement, the assets of the IRA will be invested only in accordance with directions from the Participant (or the beneficiary after the Participant’s death) or his duly authorized agent. The Custodian of the Model IRA does not offer investment advice to the Participant or the beneficiary. The investments available include a wide range of assets. The assets of the IRA at any given time may contain one or more of the permitted assets depending on which investments the Participant or beneficiary has selected. It is therefore impossible to estimate the value of the IRA assets of the Participant at any given future point in time. Identification of an investment category as administratively feasible, or not administratively feasible, does not constitute a determination by the Custodian of the prudence or advisability of the investment nor does the Custodian provide investment advice or recommend or evaluate the merits or suitability of any investment.

## FACTS

### WHAT DOES PENSICO TRUST COMPANY DO WITH YOUR PERSONAL INFORMATION?

#### Why?

Financial Companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal Law also requires us to tell you how we collect, share, and protect your personal information. Please read the notice carefully to understand what we do.

#### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and account balances
- Account transactions and payment history
- Assets and investment experience

When you are *no longer* our customer, we continue to share your information as described in this notice.

#### How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons PENSICO Trust Company chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does PENSICO Trust Company Share?	Can you limit this sharing?
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes –</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share

#### Questions?

go to [www.pensico.com](http://www.pensico.com)

## Who we are

Who is providing this notice?	PENSCO Trust Company
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## What we do

How does PENSCO Trust Company protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does PENSCO Trust Company collect my personal information?	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>• open an account or deposit money</li> <li>• provide account information or give us your contact information</li> <li>• direct us to buy or direct us to sell your securities</li> <li>• use your credit or debit card</li> </ul>
Why can't I limit all sharing?	Federal law give you the right to limit only <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>

## Definitions

<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>PENSCO Trust Company has one affiliate, PENSCO, LLC, a nonfinancial company.</i></li> </ul>
<b>Nonaffiliates</b>	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>PENSCO Trust Company does not share with nonaffiliates so they can market to you.</i></li> </ul>
<b>Joint marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>• <i>PENSCO Trust Company does participate in joint marketing, however, we do not share your non-public information with them.</i></li> </ul>



## PENSICO Service Schedule

<b>BASIC COSTS</b>	
<b>Account Establishment</b>	\$50
<b>Quarterly Account Administration<sup>1</sup></b> Per account, based on total account value (TAV)	
\$0—\$79,999	\$100.00
\$80,000—\$99,999	\$50.00 + .0625% of TAV
\$100,000—\$499,999	\$62.50 + .05% of TAV
\$500,000—\$999,999	\$150.00 + .0375% of TAV
\$1,000,000+	\$275.00 + .025% of TAV
<b>Asset Custodial Processing Services</b>	
Quarterly asset maintenance <sup>2</sup> (per asset)	
Real property, promissory notes and mortgages	\$12
All other assets <sup>3</sup>	Free
Purchases and sales	
Alternative assets (except foreign real estate)	Free
Foreign real estate <sup>4</sup>	\$1,000
<b>Distribution and Transfer Costs</b>	
Asset transfer in	Free
Partial account transfer out (per transfer to another institution)	\$100
Partial distribution requests	\$8
Full account closure	\$225 + \$50 per asset

<b>OTHER COSTS</b>					
ACH	Free	Paper statement <sup>5</sup>	\$20	Returned check	\$30
Wire	\$30	Roth conversion	Free	Safekeeping <sup>7</sup>	\$40
Check	Free	Roth re-characterization	\$150	Late payment <sup>8</sup>	\$25
Cashier's check	\$75	Minimum cash balance <sup>6</sup>	\$25	Account reopen	\$275
Overnight mail	\$18	Custom research, special services billed at \$75/hr			
Notary	\$10				

The Account Owner can choose to pay service charges with a credit/debit card, bank account (ACH) or with cash from the account. Registered Account Owners can update their payment preferences online at [www.pensico.com](http://www.pensico.com).

<sup>1</sup> The account administration cost is billed quarterly in arrears based on the total account value on the last business day of the calendar quarter.

<sup>2</sup> The quarterly asset maintenance cost is assessed on asset holdings as of the last business day of each calendar quarter.

<sup>3</sup> Other alternative assets include but are not limited to LPs, LLCs, non exchange traded REITs, corporate debt and tax liens.

<sup>4</sup> Foreign real estate fee applies to all foreign real estate purchases, sales or re-registrations of real property, with the exception of transactions made through a domestic entity (such as an LLC).

<sup>5</sup> Paper statement costs are billed annually at the end of the first quarter in the calendar year (March 31). Accounts opened during the year will be billed at account opening for the remaining quarters for that calendar year.

<sup>6</sup> Minimum average daily cash balance of \$500 must be maintained. The minimum cash balance fee is assessed quarterly based on the average daily cash balance for the quarter.

<sup>7</sup> Safekeeping cost is per asset document package, billed annually in advance, in the quarter in which the asset is accepted.

<sup>8</sup> The late payment cost is billed in any quarter in which any costs are outstanding after forty-five (45) calendar days following the end of the prior calendar quarter.

**INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE**

## **ADDITIONAL DISCLOSURES REGARDING SERVICE COSTS**

PENSCO shall charge a Custodial Cash fee that will be deducted from interest earned on cash balances prior to the crediting of such interest to the Account Owner's Custodial Account at the end of each month. The Account is only eligible to earn interest if it is open as of the interest crediting date, and any interest that may accrue on the Account during a month that the Account is closed prior to the interest crediting date will be paid to PENSCO as an additional fee. The Custodial Cash fee is charged as a percentage, as determined by the discretion of PENSCO from time to time, but not to exceed a maximum per annum rate of 3.50% of the average daily balance of Custodial Account cash. See the Un-Invested Cash and Terms for Un-Invested Cash sections of your Account Owner Agreement for more information about the Custodial Cash fee.

PENSCO reserves the right to effect changes to this Service Schedule, including an increase in the maximum percentage that may be charged for Custodial Cash fees, upon thirty (30) days' prior written notice to the Account Owner, with the exception of the Custodial Cash fee percentage, which will vary from time to time based on the cash balance held by the Account Owner in the Custodial Account and for which the percentage charged by PENSCO may be changed at any time without notice if it does not exceed the maximum percentage. A reduction in the maximum percentage for the Custodial Cash fee may also be made by PENSCO at any time without notice. See the Un-Invested Cash and Terms for Un-Invested Cash sections of your Account Owner Agreement for more information about the Custodial Cash fee.

Service charges will continue to accrue and be payable even if the Account contains no assets from which PENSCO can collect amounts owed by the Account Owner.

The Account Owner is responsible for reporting any inaccuracy of all assessed Account service charges and must report any inaccuracies within 45 days of the Account Services Summary date.

Accounts holding \$200 or less in cash and no other assets may be closed at PENSCO's sole discretion, and the cash balance will be paid to PENSCO in lieu of full Account closure.

PENSCO may charge the Account Owner, and/or the Custodial Account, and shall be reimbursed by the Account Owner or the Custodial Account for any reasonable expense incurred by PENSCO in connection with any Account services or activities that PENSCO determines are necessary or advisable, or which are expressly directed by the Account Owner, and which are not included in the services provided by PENSCO for its normal fees. See the Account Owner Agreement for more details.

All outstanding Account service charges must be satisfied prior to the completion of an asset transfer out or an Account closure.

Certain service charges in this Schedule may apply after notification of Account closure. Examples include: research/special services charges, such as trailing dividends, check/wire service charges, and requests for copies of records. Service charges that remain unpaid after Account closure will be subject to collections and payment according to the terms of the Account Owner Agreement.

PENSCO does not provide investment advice, does not sell investments, and does not offer tax or legal advice. PENSCO does not evaluate, recommend or endorse any advisory firm or investment. Investments are not FDIC insured and are subject to risk, including the loss of principal.