

# Simplified Employee Pension Account (SEP) IRA Application Kit



2471 W. Horizon Ridge Parkway, Suite 100  
Henderson, NV 89052

P. 702.990.7892 / 888.990.7892  
F. 702.946.0136

SEP IRA Application Kit  
**TABLE OF CONTENTS**

---

How to Establish a Self-Directed SEP IRA Account.....	<b>3</b>
Privacy Policy .....	<b>4</b>
SEP Document (5305-SEP Form).....	<b>5-7</b>
SEP IRA Application.....	<b>8-10</b>
Request for Transfer or Conversion Form .....	<b>11-13</b>
Account Access Designation Form .....	14
Preferred Trust Company Agency Agreement .....	<b>15-16</b>
Preferred Trust Company Trust Account Agreement .....	<b>18-21</b>
Disclosure Statement .....	<b>22-24</b>

# How to Establish a Self-Directed SEP IRA

---

**Step 1:** Read the entire Self-Directed SEP IRA Application.

**Step 2:** Mark appropriate asset(s) on the **Fee Schedule** on page **5** as this will determine your Establishment Fee.

**Step 3:** Complete, sign, and date pages **5-8** of the **SEP IRA Application** and pages **16-17** of the **Agency Agreement**.

**Step 4:** Write a check payable to **Preferred Trust Company, LLC** for:

1. Your IRA contribution (if making one); and
2. Your **Establishment Fee** and **Annual Account Maintenance Fee** as shown in the Fee Schedule on page **5**. If your account will receive funds from an IRA transfer or rollover, your Establishment Fee and your Annual Account Maintenance Fee may be deducted from the transfer / rollover proceeds, provided that Preferred Trust Company receives these funds within 30-days of your account being established. Any fees owed after 30-days will be billed.

**Step 5:** If you would like to have your existing IRA funds transferred from another firm to your Preferred Trust Company IRA, or rolled over from an eligible employer-sponsored retirement plan, complete and sign the **Request for Transfer or Conversion** form on page **12-14**.

**Step 6:** Send completed, signed, and dated **Traditional IRA Application, Agency Agreement, Request for Transfer of Conversion** form (if applicable), and a **check (if applicable)** to the following address:

**Preferred Trust Company  
2471 W. Horizon Ridge Parkway, Suite 100  
Henderson, NV 89052**

**Step 7:** Retain pages **18-25** for your records. This is your copy of the Trust Account Agreement (Form 5305) and Disclosure Statement, that contain important information about your Preferred Trust Company Self-Directed IRA account.

**Step 8:** The **Account Access Form** must be filled out and returned to our office to process your request.

# Privacy Policy

---

Preferred Trust Company, LLC (“PTC”) is committed to safeguarding the non-public personal information that you provide us. This Privacy Policy describes how we handle and protect non-public personal information we collect about individuals such as you, who apply for or receive our products and services.

## Why and How We Collect Personal Information

When you open an account with PTC, we collect non-public personal information about you for business purposes, such as evaluating your financial needs, processing your requests and transactions, informing you about services that may be of interest to you, and providing customer service. Some of the information we collect may include any of the following:

- Information you provide to us on applications and other forms, such as your name, address, date of birth, social security number, occupation, assets, and income;
- Information about your transactions with us;
- Information you provide to us to verify your identity, such as a passport, or received from other entities not affiliated with PTC.

## How We Protect Information

We limit access to your non-public personal information to those employees who need to know in order to conduct our business, service your account, and help you achieve your financial objectives. Our employees are required to maintain and protect the confidentiality of your non-public personal information and must follow established procedures to do so. We maintain physical, electronic, and procedural safeguards to protect your non-public personal information. We do not rent or sell your name or non-public personal information to anyone. PTC does not disclose any non-public personal information about our customers or former customers to anyone.

## Disclosure to Non-Affiliated Third Parties

In order to support the financial products and services we provide to you, we may share the information described above with third-party service providers and joint marketers not affiliated with us, including, but not limited to:

- Companies under contract to perform services for us or on our behalf, such as vendors that prepare and mail statements and transaction confirmations or provide data processing, computer software maintenance and development, transaction processing and marketing services.

These companies acting on our behalf are required to keep your non-public personal information confidential.

In addition, we may disclose information to cooperate with regulatory authorities and law enforcement agencies to comply with subpoenas or other official requests, and as necessary to protect our rights or property.

## Accessing and Revisiting Your Personal Information

We strive to keep our customer files complete and accurate and in doing so, provide you reasonable access to any and all information we collect. Most of this information is contained in the account statements that you receive from us. We encourage you to review this information and notify us if you believe any information should be corrected or updated. If you have a question or concern about your non-public personal information or this privacy notice, please contact your PTC representative.

# SEP Document

(5305-SEP Form)

## Employer Information

Name of Employer

Employer Identification Number (EIN)

Address

Contact Name

Phone Number

## Employer Statement

The following information must be provided to all eligible employees before plan adoption is complete:

1. Traditional IRAs, other than the traditional IRAs into which employer SEP plan contributions will be made, may provide different rates of return and different terms concerning, among other things, transfers and withdrawals of funds from the IRAs.
2. In addition to the information provided to an employee in this document, the employer will furnish each participant, within 30 days of the effective date of any amendment to the SEP plan, a copy of the amendment and a written explanation of its effects.
3. The employer will give written notification to each participant of any employer contributions made under the SEP plan to that participant's IRA by the later of January 31 of the year following the year for which a contribution is made or 30 days after the contribution is made.

## Employee IRA Information

Name of Employee

SSN

*Future SEP plan contributions should be made to the following Traditional IRA with:*

Custodian Name

IRA Account Number

Custodian Contact Name

Custodian Phone Number

Custodian Address

In the event I am allowed to and do establish a traditional IRA with an IRA custodian other than the custodian identified herein to receive my future SEP plan contributions, I will notify you in writing and provide any necessary information as soon as possible following my establishment of the IRA. I agree to maintain a traditional IRA to accept future SEP plan contributions.

Employee's Signature

Date

**Simplified Employee Pension—Individual Retirement Accounts Contribution Agreement**

**Do not file with the Internal Revenue Service**

**(Under section 408(k) of the Internal Revenue Code)**

makes the following agreement under section 408(k) of the Internal Revenue Code and the instructions to this form.

(Name of Employer)

**Article I—Eligibility Requirements** (check applicable boxes - see instructions)

The employer agrees to provide discretionary contributions in each calendar year to the individual retirement account or individual retirement annuity (IRA) of all employees who are at least  years old (not to exceed 21 years old) and have performed services for the employer in at least  years (not to exceed 3 years) of the immediately preceding 5 years. This simplified employee pension (SEP)  includes  does not include employees covered under a collective bargaining agreement,  includes  does not include certain nonresident aliens, and  includes  does not include employees whose total compensation during the year is less than \$450\*.

**Article II—SEP Requirements** (see instructions)

The employer agrees that contributions made on behalf of each eligible employee will be:

- A. Based only on the first \$205,000\* of compensation.
- B. The same percentage of compensation for every employee.
- C. Limited annually to the smaller of \$41,000\* or 25% of compensation.
- D. Paid to the employee's IRA trustee, custodian, or insurance company (for an annuity contract).

Employer's Signature and Date

Name and Title

**Instructions**  
Section references are to the Internal Revenue Code unless noted.

**Purpose of Form**  
Form 5305-SEP (Model SEP) is used by an employer to make an agreement to provide benefits to all eligible pension (SEP) described in section 408(k).

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

For more information on SEPs and IRAs, see Pub 560 Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans), and Pub. 590, (Individual Retirement Arrangements (IRAs)).

**Instructions to the Employer**  
**Simplifies employee pension.** A SEP is a written arrangement (a plan) that provides you with an easy way to make contributions toward your employees' retirement income. Under a SEP, you can contribute to an employee's traditional individual retirement account or annuity (traditional IRA). You make contributions directly to an IRA set up by or for each employee with a bank, insurance company, or other qualified financial institution. When using Form 5305-SEP to establish a SEP, the IRA must be a Model traditional IRA established on an IRS form or a master or prototype traditional IRA for which the IRS has issued a favorable opinion letter. You may not make SEP contributions to a Roth IRA or a SIMPLE IRA. Making the agreement on Form 5305-SEP does not establish an employer IRA described in section 408(c).

- When not to use Form 5305-SEP.** Do not use this form if you:
- 1. Currently maintain any other qualified retirement plan. This does not prevent you from maintaining another SEP.
  - 2. Have any eligible employees for whom IRAs have not been established.
  - 3. Use the services of leased employees (described in section 414(n)).
  - 4. Are a member of an affiliated service group (described in section 414(m)), a controlled group of corporations (described in section 414(b)), or trades or businesses under common control (described in sections 414(c) and 414(o)), unless all eligible employees of all the members of such groups, trades, or businesses participate in the SEP.
  - 5. Will not pay the cost of the SEP contributions. Do not use Form 5305-SEP for a SEP that provides for elective employee contributions even if the contributions are made under a salary reduction agreement. Use Form 5305A-SEP, or a nonmodel SEP.

**Note.** SEPs permitting elective deferrals cannot be established after 1996.

**Eligible employees.** All eligible employees must be allowed to participate in the SEP. An eligible employee is any employee who: (1) is at least 21 years old, and (2) has performed "service" for you in at least 3 of the immediately preceding 5 years. You can establish less restrictive eligibility requirements, but not more restrictive ones.

Service is any work performed for you for any period of time, however short. If you are a member of an affiliated service group, a controlled group of corporations, or trades or businesses under common control, service includes any work performed for any period of time for any other member of such group, trades, or businesses.

**Excludable employees.** The following employees do not have to be covered by the SEP: (1) employees covered by a collective bargaining agreement whose retirement benefits were bargained for in good faith by you and their union, (2) nonresident alien employees who did not earn U.S. source income from you, and (3) employees who received less than \$450\* in compensation during the year.

**Contribution limits.** You may make an annual contribution of up to 25% of the employee's compensation or \$41,000\*, whichever is less. Compensation, for this purpose, does not include employer contributions to the SEP or the employee's compensation in excess of \$205,000\*. If you also maintain a salary reduction SEP, contributions to the two SEPs together may not exceed the smaller of \$41,000\* or 25% of compensation for any employee.

You are not required to make contributions every year, but when you do, you must contribute to the SEP-IRAs of all eligible employees who actually performed services during the year of the contribution. This includes eligible employees who die or quit working before the contribution is made.

Contributions cannot discriminate in favor of highly compensated employees. Also, you may not integrate your SEP contributions with, or offset them by, contributions made under the Federal Insurance Contributions Act (FICA).

If this SEP is intended to meet the top-heavy minimum contribution rules of section 416, but it does not cover all your employees who participate in your salary reduction SEP, then you must make minimum contributions to IRAs established on behalf of those employees.

**Deducting contributions.** You may deduct contributions to a SEP subject to the limits of section 404(h). This SEP is maintained on a calendar year basis and contributions to the SEP are deductible for your tax year with or within which the calendar year ends. Contributions made for a particular tax year must be made by the due date of your income tax return (including extensions) for that tax year.

**Completing the agreement.** This agreement is considered adopted when:

- IRAs have been established for all your eligible employees;
- You have completed all blanks on the agreement form without modification; and
- You have given all your eligible employees the following information:

- 1. A copy of Form 5305-SEP
- 2. A statement that traditional IRAs other than the traditional IRAs into which employer SEP contributions will be made may provide different rates of return and different terms concerning, among other things, transfers and withdrawals of funds from the IRAs.
- 3. A statement that, in addition to the information provided to an employee at the time the employee becomes eligible to participate, the administrator of the SEP must furnish each participant within 30 days of the effective date of any amendment to the SEP, a copy of the amendment and a written explanation of its effects.
- 4. A statement that the administrator will give written notification to each participant of any employer contributions made under the SEP to that participant's IRA by the later of January 31 of the year following the year for which a contribution is made or 30 days after the contribution is made.

Employers who have established a SEP using Form 5305-SEP and have furnished each eligible employee with a copy of the completed Form 5305-SEP and provided the other documents and disclosures described in *Instructions to the Employer and Information for the Employee* are not required to file the annual information returns, Forms 5500 or 5500-EZ for the SEP.

However, under Title I of the Employee Retirement Income Security Act of 1974 (ERISA), this relief from the annual reporting requirements may not be available to an employer who selects, recommends, or influences its employees to choose IRAs into which contributions will be made under the SEP, if those IRAs are subject to provisions that impose any limits on a participant's ability to withdraw funds (other than restrictions imposed by the Code that apply to all IRAs). For additional information on Title I requirements, see the Department of Labor regulation at 29 CFR 2520.104-48.

#### Information for the Employee

The information below explains what a SEP is, how contributions are made, and how to treat your employer's contributions for tax purposes. For more information, see Pub. 590.

**Simplified employee pension.** A SEP is a written arrangement (a plan) that allows an employer to make contributions toward your retirement. Contributions are made to a traditional individual retirement account/annuity (traditional IRA). Contributions must be made to either a Model traditional IRA executed on an IRS form or a master or prototype traditional IRA for which the IRS has issued a favorable opinion letter.

An employer is not required to make SEP contributions. If a contribution is made, however, it must be allocated to all eligible employees according to the SEP agreement. The Model SEP (Form 5305-SEP) specifies that the contribution for each eligible employee will be the same percentage of compensation (excluding compensation greater than \$205,000\*) for all employees.

Your employer will provide you with a copy of the agreement containing participation rules and a description of how employer contributions may be made to your IRA. Your employer must also provide you with a copy of the completed Form 5305-SEP and a yearly statement showing any contributions to your IRA.

All amounts contributed to your IRA by your employer belong to you even after you stop working for that employer.

**Contribution limits.** Your employer will determine the amount to be contributed to your IRA each year. However, the amount for any year is limited to the smaller of \$41,000\* or 25% of your compensation for that year. Compensation does not include any amount that is contributed by your employer to your IRA under the SEP. Your employer is not required to make contributions every year or to maintain a particular level of contributions.

**Tax treatment of contributions.** Employer contributions to your SEP-IRA are excluded from your income unless there are contributions in excess of the applicable limit. Employer contributions within these limits will not be included on your Form W-2.

**Employee contributions.** You may make regular IRA contributions to an IRA. However, the amount you can deduct may be reduced or eliminated because, as a participant in a SEP, you are covered by an employer retirement plan.

**SEP participation.** If your employer does not require you to participate in a SEP as a condition of employment, and you elect not to participate, all other employees of your employer may be prohibited from participating. If one or more eligible employees do not participate and the employer tries to establish a SEP for the remaining employees, it could cause adverse tax consequences for the participating employees.

An employer may not adopt this IRS Model SEP if the employer maintains another qualified retirement plan. This does not prevent your employer from adopting this IRS Model Sep and also maintaining an IRS Model SEP and also maintaining an IRS Model Salary Reduction SEP or other SEP. However, if work for several employers, you may be covered by a SEP of one employer and a different SEP or pension or profit-sharing plan of another employer.

**SEP-IRA amounts - rollover or transfer to another IRA.** You can withdraw or receive funds from your SEP-IRA if, within 60-days of receipt, you place those funds in the same or another IRA. This is called a "rollover" and can be done without penalty only once in any one-year period. However, there are no

restrictions on the number of times you may make "transfers" if you arrange to have these funds transferred between the trustees or the custodians so that you never have possession of the funds.

**Withdrawals.** You may withdraw your employer's contribution at any time, but any amount withdrawn is includible in your income unless rolled over. Also, if withdrawals occur you reach age 59½, you may be subject to a tax on early withdrawal.

**Excess SEP contributions.** Contributions exceeding the yearly limitations may be withdrawn without penalty by the due date (plus extensions) for filing your tax return (normally April 15), but are includible in your gross income. Excess contributions left in your SEP-IRA after that time may have adverse tax consequences. Withdrawals of those contributions may be taxed as premature withdrawals.

**Financial institution requirements.** The financial institution where your IRA is maintained must provide you with a disclosure statement that contains the following information in plain; nontechnical language:

1. The law that relates to your IRA.
2. The tax consequences of various options concerning your IRA.
3. Participation eligibility rules, and rules on the deductibility of retirement savings.
4. Situations and procedures for revoking your IRA, including the name, address, and telephone number of the person designated to receive notice of revocation. This information must be clearly displayed at the beginning of the disclosure statement.
5. A discussion of the penalties that may be assessed because of the prohibited activities concerning your IRA.
6. Financial disclosure that provides the following information:
  - a. Projects value growth rates of your IRA under various contribution and retirement schedules, or describes the method of determining annual earnings and charges that may be assessed.
  - b. Describes whether, and for when, the growth projections are guaranteed, or a statement of the earnings rate and the terms on which the projections are based.
  - c. States the sales commission for each year expressed as a percentage of \$1,000.

In addition, the financial institution must provide you with a financial statement each year. You may want to keep these statements to evaluate your IRA's investment performance.

**Paperwork Reduction Act Notice.** You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	1 hr., 40 min.
Learning about the law or the form	1 hr., 35 min.
Preparing the form	1 hr., 41 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W: CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224. Do not send this form to this address. Instead, keep it with your records.

# SEP IRA Application

## 1. IRA Owner Information

Last Name	First Name	Initial
SSN	DOB (MM/DD/YY)	
Address		
City	State	Zip Code
Phone Number	Email	

## 2. Contribution Type

- |                                                                        |                                                                  |
|------------------------------------------------------------------------|------------------------------------------------------------------|
| <input type="radio"/> Regular / Spousal                                | <input type="radio"/> Transfer from a Traditional IRA or SEP IRA |
| <input type="radio"/> Rollover from an Eligible Retirement Plan        | <input type="radio"/> Catch-Up (age 50 and older)                |
| <input type="radio"/> Rollover from a Traditional IRA or SEP IRA       | <input type="radio"/> Beneficiary IRA                            |
| <input type="radio"/> Direct Rollover from an Eligible Retirement Plan | <input type="radio"/> Recharacterization                         |

### FOR INTERNAL USE ONLY - General Contribution Information

Contribution Date	Amount \$	Account Number	Establishment Fee
-------------------	-----------	----------------	-------------------

## 3. Designation of Beneficiary

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

### A. Primary Beneficiary

Percentage	Name of Beneficiary	SSN or Taxpayer Identification Number	Relationship to IRA Owner	Beneficiary Date of Birth (MM/DD/YY)
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Total 100%

### B. Contingent Beneficiary

Percentage	Name of Beneficiary	SSN or Taxpayer Identification Number	Relationship to IRA Owner	Beneficiary Date of Birth (MM/DD/YY)
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/> %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Total 100%

of

## 4. Spousal Consent

**I am Married.** I understand that if I designate a primary beneficiary other than my spouse, my spouse must consent by signing below.

(IRA Owner Initials)

**I am Not Married.** I understand that if I marry in the future, I must complete a new Designation of Beneficiary form, which includes the spousal consent documentation.

(IRA Owner Initials)

I am the spouse of the IRA owner. Because of the significant consequences associated with giving up my interest in the IRA, the Custodian has not provided me with legal or tax advice, but has advised me to seek legal or tax advice. I acknowledge that I have received a fair and reasonable disclosure of the IRA owner's assets or property and any financial obligations for a community property state. In the event I have a legal interest in the IRA assets, I hereby give to the IRA owner such interest in the assets held in this IRA and consent to the beneficiary designation set forth in Section 3 of this form.

Date

Signature of IRA Owner Spouse (if applicable)

## 5. Signatures

I certify that the information provided by me on this Application is accurate, and that I have received a copy of the Fee Schedule, Form 5305 (*Individual Retirement Trust Account*), and Disclosure Statement. I agree to be bound by the terms and conditions found in the Agency and Trust Account Agreement, and Disclosure Statement, and amendments thereto. I assume sole responsibility for all consequences relating to my actions concerning this IRA. I understand that I may revoke this IRA on or before seven (7) days after the date of establishment. I have not received any financial, tax or legal advice from the custodian, and will seek the advice of my own tax or legal professional to ensure my compliance with related laws. I release and agree to hold the IRA Custodian harmless against any and all claims or losses arising from my actions.

### Important Information About Procedures for Opening a New Account

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

**A PHOTO COPY OF A GOVERNMENT ISSUE ID (drivers license, passport, state issued or military identification) MUST BE PROVIDED.**

Date

Signature of IRA Owner

Date

Signature of Custodian

## 6. Authorized Agent

Complete the information below to authorize an Individual/Financial Representative to act as the Authorized Agent for your account.

Individual/Financial Representative Name	<input type="text"/>		
Company / Broker Dealer Affiliation	<input type="text"/>		
Mailing Address	<input type="text"/>		
City	<input type="text"/>	State	<input type="text"/>
		Zip Code	<input type="text"/>
Phone Number	<input type="text"/>	Email	<input type="text"/>

I understand that I may revise this information at any time by giving written notice to Preferred Trust Company. I am aware that any changes to these authorizations will not cancel any instructions given by the Authorized Agent until receiving written notice of the changes by the account owner.

I hereby designate the above mentioned Authorized Agent subject to all applicable terms and provisions stated in the Agency Agreement. I authorize this Individual/Investment Representative to execute asset transactions for my account, including but not limited to purchases, sales and exchanges. I also authorize this Individual/Financial Representative to receive statements and other account information from Preferred Trust Company via written, telephonic or electronic communications. I agree that Preferred Trust Company is under no duty to investigate or inquire about any directions or instructions given by my Authorized Agent. I further agree that Preferred Trust Company will have no liability for any losses occurring due to changes in market value of an asset or because Preferred Trust Company acted in reliance on instructions from me or my Authorized Agent.

<input type="text"/>	Date	<input type="text"/>
----------------------	------	----------------------

Signature of IRA Owner

### Authorized Agent Consent and Acknowledgement *(Individual / Financial Representative must sign below to activate authorization.)*

I hereby consent to my designation as Authorized Agent on the above-named IRA. I understand and acknowledge that as the Authorized Agent, I will be acting agent of the Account Owner and not as the agent of Preferred Trust Company. Additionally, I affirmatively represent to both the Account Owner and Preferred Trust Company that I will not make any statements or other communications to or with the Account Owner suggesting that I am acting as the agent of Preferred Trust Company for any purpose relating to this retirement account.

<input type="text"/>	Date	<input type="text"/>
----------------------	------	----------------------

Authorized Agent Signature

### Interested Party Designation

Complete the information below if you wish to authorize an individual to receive information on your account.

I authorize the following individual to receive statements and any other account information from Preferred Trust Company via written, telephone or electronic communications. I understand that this individual is not authorized to execute transactions on my behalf.

Interested Party Name	<input type="text"/>		
Mailing Address	<input type="text"/>		
City	<input type="text"/>	State	<input type="text"/>
		Zip Code	<input type="text"/>
Phone Number	<input type="text"/>	Email	<input type="text"/>

<input type="text"/>	Date	<input type="text"/>
----------------------	------	----------------------

Account Owner Signature for Interested Party Designation

# Request for Transfer or Conversion Form

for Traditional, Roth, SIMPLE, and SEP IRAs

## 1. IRA Owner Information

Last Name	<input type="text"/>	First Name	<input type="text"/>	Initial	<input type="text"/>
SSN	<input type="text"/>	DOB (MM/DD/YY)	<input type="text"/>		
Address	<input type="text"/>				
City	<input type="text"/>	State	<input type="text"/>	Zip Code	<input type="text"/>
Phone Number	<input type="text"/>	Email	<input type="text"/>		

## 2. Type of Transaction (See Additional Information included with this form.)

### A. Transfer: (check one)

Traditional IRA to a Traditional IRA     Roth IRA to a Roth IRA     SIMPLE IRA to a SIMPLE IRA

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

### B. Conversion: (check one)

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

- Required minimum distributions cannot be converted to a Roth IRA.

- If Applicable, the required minimum distribution  has or  has not been satisfied for this distribution year prior to this transfer. If not, the transferee custodian/trustee may require additional documentation.

- SIMPLE IRA funds cannot be transferred to a traditional IRA or converted to a Roth IRA for two years following the date of the initial SIMPLE contribution.

## 3. Transferor (Current) Custodian/Trustee Information (Attach a copy of a current statement, if applicable.)

My current custodian/trustee (transferor), , should transfer/convert the assets identified in the

Transfer/Conversion Instructions section.

Transferor Address	<input type="text"/>				
City	<input type="text"/>	State	<input type="text"/>	Zip Code	<input type="text"/>
Transferor Phone Number	<input type="text"/>	Transferor Account Number	<input type="text"/>		

## 4. Transfer/Conversion Instructions (See Additional Information included with this form.)

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

### A. Payment Amount (check one):

My entire balance.

A portion of my balance \$

### B. Payment Schedule and Investment

Immediately liquidate investments and send cash proceeds.

Send investments in-kind.

### C. Delivery Instructions: Make wire/check payable to or certificate registration in the name of **Preferred Trust Company, LLC** as custodian for the

Traditional     Roth     SIMPLE     SEP    IRA FBO

## 5. Withholding Election (For Conversions Only. See IRS Form W-8BEN if you are a foreign person.)

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

I elect **not** to have Federal income tax withheld from my distribution.

I elect to have 10% Federal income tax withheld from my distribution.

of

**5. Withholding Election** (For Conversions Only. See IRS Form W-8BEN if you are a foreign person.) Continued ...

I want the following **additional** dollar amount \$ , or additional percentage  withheld from each distribution.

I elect to have \$  or  % State income tax withheld from my distribution (if applicable).

**6. Signatures**

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

<input type="text"/>	<input type="text"/>
Signature of IRA Owner	Date

**BROKERAGE:** In the case of a transfer from a brokerage account, the transferring firm may require signature authorization including but not limited to, signature guarantee, medallion guarantee or some other form of necessary stamp. These guarantees help protect against fraud. Most banks and brokerage firms can provide one. Please contact the transferring firm for clarification

For Bank Use: Medallion Signature Guarantee Stamp  
(For Securities or Non-FDIC Instructions Only)

Signature of Custodian

Date

For Bank Use: Medallion Signature Guarantee Stamp  
(For Securities or Non-FDIC Instructions Only)

## Additional Information

**Purpose.** The Request for Transfer or Conversion to an IRA for Traditional, Roth, or SIMPLE IRAs form is designed to assist you in transferring or converting assets from one individual retirement arrangement (IRA) to another IRA. This form does not allow for cost and penalty-free SIMPLE IRA transfers from a designated financial institution (DFI). Your DFI will require additional documentation, such as an election form.

**Additional Documents.** A transfer can avoid income and penalty taxes. A conversion by transfer is a taxable event that avoids penalty taxes. For your transfer or conversion to be successful, additional contribution and distribution documentation may be required by your IRA's custodian.

**For Additional Guidance.** It is in your best interest to seek the guidance of your tax or legal professional before completing this document. For more information refer to Internal Revenue Service (IRS) Publication 590-Individual Retirement Arrangements, IRS Publication 505-Tax Withholding and Estimated Tax, instructions to your federal income tax return, your local IRS office, or the IRS's website at [www.irs.gov](http://www.irs.gov).

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

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

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

**Required Minimum Distribution (RMD).** IRA owners who are age 70½ or older must satisfy an annual RMD. The penalty for failing to take the annual RMD for any distribution year is a 50% excise tax on the amount not distributed. RMDs cannot be converted to a Roth IRA. Although the rules permit you to transfer your RMD, it must still be satisfied by the required distribution date.

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

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

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

**Nonperiodic Payments - 10% Withholding.** Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Your IRA custodian must withhold at a flat 10% rate from your IRA distributions unless you choose not to have federal income tax withheld. You can choose not to have income tax withheld from a nonperiodic payment by using IRS Form W-4P or an appropriate substitute form and providing your correct tax identification number (TIN). Generally, your choice to have income tax withheld or not will apply to any later distribution from your IRA. You may also specify an additional amount that you want withheld.

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

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

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

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

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

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

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

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

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

## Account Access Designation Form

Thank you for choosing Preferred Trust Company, LLC as your IRA custodian. As soon as all required account documents have been received and processed by our office, your Preferred Trust Company IRA account will be open.

By selecting Preferred Trust Company as your custodian you have the opportunity to view your account holdings and transactions at anytime by logging on to our website at [www.preferredtrustcompany.com](http://www.preferredtrustcompany.com). Simply return this form at your earliest convenience with your preferred method of viewing your account. If you select web access, we will send a correspondence through the mail providing you a unique User ID and Password with instructions to access your account on the web.

It is our unwavering commitment to provide clients the flexibility to select investments that complement their investment portfolios as well as the timely funding of investments and unparalleled customer service.

If you have any questions regarding your account please contact us at 702.990.7892 or 888.990.7892.

Thank you for choosing Preferred Trust Company, we look forward to assisting you with all of your self-directed IRA needs.

Please fill out your information, check your designation below and return this form to our office.

Last Name	<input type="text"/>	First Name	<input type="text"/>	Initial	<input type="text"/>
Address	<input type="text"/>				
City	<input type="text"/>	State	<input type="text"/>	Zip Code	<input type="text"/>
email	<input type="text"/>				

I do not wish to view my account via the web.

Please provide me with web access.

<input type="text"/>	
Client Printed Name	
<input type="text"/>	<input type="text"/>
Client Signature	Date

## PREFERRED TRUST COMPANY AGENCY AGREEMENT

By entry into this Agency Agreement ("the Agreement"),  ("Depositor") agrees to be bound by the terms contained herein upon the creation of an Individual Retirement Trust Account ("Account") established with Preferred Trust Company, LLC, a Nevada limited liability corporation ("Custodian"). Depositor intends to deposit liquid funds with Custodian and direct that such liquid funds be used to purchase Securities (as defined in the Trust Account Agreement) as instructed by the Depositor.

1. Custodian's responsibilities, more specifically described in the Trust Account Agreement and Disclosure Statement, include the duty to safely keep the liquid funds and invested assets purchased on behalf of Depositor, to collect and receive income and principal on behalf of the Depositor, and to make disbursements from the Account as directed by Depositor in accordance with the Trust Account Agreement.
2. By executing this Agency Agreement and by entry into the Trust Account Agreement, Depositor acknowledges that Custodian has no responsibility for the performance of the invested assets held in Depositor's Account. Depositor further acknowledges that investment involves risk, and that Depositor is solely responsible for determining the suitability, nature, prudence, value, viability, risk, safety, legality, tax consequences and merit of, and to perform any "due diligence" or other investigation with respect to, any particular investment strategy or transaction involving Account assets.
3. The Depositor hereby specifically acknowledges that cash in the Depositor's Individual Retirement Trust Account, which the Depositor has not directed to be invested, will temporarily be placed in an interest bearing account of Custodian's choosing. Until such time as the Depositor gives instructions as to how the funds should be invested, Depositor hereby acknowledges that any interest accruing on monies not currently invested shall be disbursed to Depositor's account at a rate of 0.25 percent per annum. Depositor also acknowledges that such rate is not fixed and may be subject to fluctuation. Any accrued interest in excess of the monies disbursed to the Depositor's account shall be recognized by Preferred Trust Company, LLC as income. Preferred Trust Company, LLC shall be entitled to retain this income net of related service fees.
4. Custodian shall not take any investment action or invest or disburse any monies or invested assets except upon direction of the Depositor. Depositor shall communicate all directions expressed or implied to the Custodian. In addition, the Depositor understands and agrees that the Custodian will not be required to take any action regarding the Account except as the Depositor directs or confirms in writing.
5. The Custodian shall have no liability in connection with any transaction for the disposition, acquisition, transfer or investment of any of the funds or invested assets which the Depositor initiates through any other person or entity other than the Custodian.
6. The Custodian agrees to perform its duties under this Agency Agreement in good faith and with reasonable care. In no event shall the Custodian, its officers, directors, affiliates, subsidiaries or employees be held liable under this Agency Agreement, except for gross negligence or willful misconduct. Neither the Custodian, nor its officers, directors, nor employees, shall be liable for any loss arising out of any action taken, or failure to act, at the direction of the Depositor. The Custodian shall not be responsible or liable in any way for the sufficiency, correctness, genuineness, validity, form or execution of any document not prepared by the Custodian, or for the identity, authority, or rights of any person other than the Custodian executing or delivering such document. The Custodian shall act only as the Depositor's agent under this Agency Agreement. The Custodian shall not be responsible to any third party, named or unnamed, in the performance of its duties.
7. The Custodian shall be compensated in accordance with a fee schedule which shall be provided to the Depositor upon opening an account with Custodian. Fee Schedule is subject to change at the discretion of the Custodian and without notice to the Depositor. Moreover, the Custodian shall be entitled to reasonable compensation for any services rendered which are not listed on the fee schedule.
8. Under federal law, the Depositor has the right to receive a copy of the broker/dealer's confirmation, free of charge, within five (5) business days after the Custodian receives confirmation of any Securities transaction on behalf of the Depositor.
9. The Custodian is required by law to disclose to companies whose Securities are held pursuant to this Agency Agreement, upon their request, the Depositor's name, address and holding of that company's Securities, unless the Depositor objects to such disclosure.
10. If Custodian is requested or required by law or by legal, administrative or regulatory process to disclose any of Depositor's personal information, Custodian information, Custodian will promptly notify Depositor of such request or requirement so that Depositor may seek an appropriate protection order and /or relief.
11. The Custodian shall have a first lien on the Account and on all papers and money held by the Custodian under this Agency Agreement, for the Custodian's compensation, if any, and for any costs, liability, expense, or counsel fees that Custodian may incur with regard to the Account. In addition, the Depositor grants to the Custodian the separate right to deduct from the Depositor's Account amounts owed to the Custodian, immediately as they become due.
12. The Depositor does hereby acknowledge that if any third party notifies the Custodian alleging a problem relating to disbursement of any of the invested assets or funds, the Custodian is authorized to hold any such invested assets or funds pending the receipt of a written agreement executed by all involved parties or final court order. The Custodian is authorized, at its exclusive discretion, to file suit in interpleader and obtain a court order requiring such parties to interplead and litigate their claims and rights amongst themselves.
13. The Custodian may consult with legal counsel, specialists, advisors, or other persons of the Custodian's own choosing in connection with any questions as to this Agency Agreement or the Custodian's duties relating to the Account. Such persons shall represent the Custodian only and the Custodian shall incur no liability in acting in accordance with the opinion and instructions of such person. The Depositor shall reimburse the Custodian for all fees, including attorneys' fees, and costs associated with such consultation.

14. The Custodian shall be under no duty to become involved in any legal proceeding with respect to the Account, except to the extent that Custodian is adequately compensated and indemnified for all related expenses and for all costs and liabilities to its satisfaction.
15. This Agency Agreement may be terminated by either party, at any time, with ten (10) days written notice to the other. Any notice must be delivered or mailed first class, postage prepaid, to the address shown on this Agency Agreement, and any change of such address must be made in writing and delivered or mailed to the other party. Upon termination of this Agency Agreement, the Depositor shall pay to the Custodian any and all amounts owed to the Custodian for compensation, reimbursement of costs and expenses and indemnification within five (5) days of such termination. The Custodian shall then distribute the assets of the Account to the Depositor. Any acts which the Custodian does in good faith prior to receiving actual notice of termination shall be valid and binding upon the Depositor, and the Custodian shall incur no liability for them.
16. The Depositor warrants that the Depositor is a United States Citizen. The Depositor further warrants that the Depositor will update all documentation and information required by the Custodian to perform its agency duties under this Agency Agreement.
17. **Important Information About Procedures for Opening a New Account**  
  
To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. What this means to you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.
18. This Agency Agreement may be amended solely by Custodian and only by written amendment to the Depositor signed by both parties.
19. The laws of the State of Nevada shall govern the validity of this Agency Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties created herein. The parties do hereby consent to the exercise of jurisdiction by the state and federal courts in Clark County, Nevada and waive any objection to venue.
20. Annual statements will be provided to the Depositor upon request.

**CUSTODIAN:**

Preferred Trust Company, LLC

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

2471 W. Horizon Ridge Parkway, Suite 100  
Henderson, NV 89052

**DEPOSITOR:**

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

SSN: \_\_\_\_\_

**TERMS OF PREFERRED TRUST COMPANY**

**INDIVIDUAL RETIREMENT ARRANGEMENT TRUST ACCOUNT AGREEMENT**

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

FORM 5305-A (Rev. March 2002 Department of the Treasury Internal Revenue Service)

WITNESSETH:

WHEREAS, The Depositor (as hereinafter defined) desires to provide for his or her retirement and for the support of his or her beneficiaries upon his or her death; and

WHEREAS, to accomplish this purpose, Depositor desires to establish an Individual Retirement Arrangement, as described in Section 408 of the Internal Revenue Code of 1986, as amended ("Code"), and has made applications ("Application") for the opening of an Individual Retirement Arrangement with Preferred Trust Company, LLC ("Custodian"), a Nevada limited liability company.

NOW, THEREFORE, as of the date the Application is accepted by the Custodian, there is transferred, assigned, and conveyed to Custodian by or on behalf of Depositor an initial contribution in cash or investment assets, as shown on such Application and/or Transfer form, this Individual Retirement Arrangement is established, and the following is agreed to by and between Depositor and Custodian. For purposes of this Trust Account Agreement, the person making application for the establishment of this Trust Account and making contributions thereto shall be referred to as the ("Depositor").

ARTICLE I

1.1 **Definitions.** For all purposes hereunder, the following definitions shall apply:

1. Roth Conversion IRA is a Roth IRA that accepts only IRA Conversion Contributions made during the same year;
2. IRA Conversion Contribution is an amount rolled over, transferred or considered transferred from a non-Roth IRA to a Roth IRA. A non-Roth IRA is an Individual Retirement Arrangement or annuity described in Section 408(a) or 408(b), other than a Roth IRA.
3. Adjusted Gross Income ("AGI") shall be determined as provided in Section 408(c)(3) of the Code and shall not include IRA Conversion Contributions.
4. Security shall mean an investment instrument, other than an insurance policy or fixed annuity, issued by a corporation, government, or other organization which offers evidence of debt or equity. For the sole purpose of this agreement, Trust Deed shall be deemed as a Security.

1.2 **Additional Contributions.** Custodian may accept additional contributions in cash by or on behalf of Depositor, during a taxable year of the Depositor except as limited by Section 1.3 hereto.

1.3 **Contribution Limitations.** Except in the case of a rollover contribution as described in Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3), 457(e)(16), or 408A(e), an employer contribution to a simplified employee pension plan as described in Section 408(k), or a recharacterized contribution described in Section 408(d)(6) or an IRA conversion contribution.

The Custodian will accept cash contributions only up to the maximum amount permitted by law, which is currently \$4,000 for tax year 2007 and \$5,000 for 2008 and thereafter. For individuals 50 years of age or older, that contribution limit is increased by \$1,000 for 2007 (\$5,000) and \$1,000 (\$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. A Depositor's non-working spouse may also establish an IRA and make similar contributions (Spousal IRA).

1.4 **Roth IRA Limitations.** If this Trust Account is designated as a Roth IRA, then under current law:

1. The annual contribution limit described in Article I, Sec. 1.2 is gradually eliminated for higher income levels. For a single depositor, the annual contribution is phased out between AGI of \$95,000 and \$110,000; for a married depositor filing jointly, between AGI of \$150,000 and \$160,000; and for a married depositor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the Custodian will not accept IRA conversion contributions in a tax year if the Depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the Depositor is married and files a separate return. AGI is defined in Section 408A(c)(3) and does not include IRA Conversion Contributions.
2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.

ARTICLE II

The Trust Account established hereby is established for the exclusive benefit of the Depositor or his or her beneficiaries, and the Depositor shall be the sole owner of the Trust Account. The interest of the Depositor in the balance in his or her Trust Account shall at all times be non-forfeitable and non-assignable.

ARTICLE III

No part of the funds held in the Trust Account shall be invested in life insurance contracts, nor may the assets of the Trust Account be commingled with other property, except in a common trust fund or common investment fund (within the meaning of Section 408(a)(5) of the Code). No part of the Trust Account funds shall be invested in collectibles (within the meaning of Section 408(m) of the Code).

ARTICLE IV

4.1 **Form of Distributions for Traditional Individual Retirement Trust Accounts; Minimum Distribution Requirements; No Withholding.** As noted in Section 9.2, the amount of the initial contribution and each additional contribution credited to the Depositor's Trust Account shall be applied at Depositor's request for the purchase of Securities allowable by Custodian.

1. Notwithstanding any provision of this Agreement to the contrary, the distribution of the Depositor's interest in the Trust Account shall be made in accordance with the following requirements, as well as the Agency Agreement, and shall otherwise comply with Section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
  
2. The Depositor's entire interest in the Trust Account must be, or begin to be, distributed no later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the trust account distributed in:
  - (a) A single sum, or
  - (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiaries.
  
3. If the Depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
  - (a) If the Depositor dies on or after the required beginning date and:
    - i. The designated beneficiary is the Depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or if distributions are being made over the period in paragraph (a)(iii) below, over such period.
    - ii. The designated beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
    - iii. There is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduce by 1 for each subsequent year.
  - (b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:
    - i. The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above ( but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the Depositor's death. If, however, the designated beneficiary is the Depositor's surviving spouse, then the distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.
    - ii. The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
  
4. If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the account.
  
5. The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" (RMD) and is determined as follows:
  - (a) The RMD under paragraph 2(b) for any year, beginning with the year the Depositor reaches age 70½ is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations Section 1.401 (a)(9)-9 of the Code. However, if the Depositor's designated beneficiary is his or her surviving spouse, the RMD for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations Section 1.401(a)(9)-9. The RMD for a year under this paragraph (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.
  - (b) The RMD under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached 70½ if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations Section 1.401(a)(9)-9) of the individual specified paragraphs (a) and 3(b)(i).
  - (c) The RMD for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The RMD 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 traditional IRA, in accordance with the regulations under Section 408(a)(6).

#### 4.2 Form of Distributions for Roth Individual Retirement Trust Accounts: Minimum Distribution Requirements.

1. If the Depositor dies before his or her entire interest is distributed to him or her and the Depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with the following:

- (a) If there is a beneficiary elected, the remaining interest will be distributed, starting by the end of the calendar year following the year of the Depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the Depositor.
  - (b) If there is not a beneficiary elected, the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations Section 1.401(a)(9)-9) of the designated beneficiary using the attained age of the beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.
3. If the Depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the Depositor.

The Code also requires that federal income taxes be withheld from all distributions from an Individual Retirement Arrangement, unless the account owner elects to not have any such taxes subtracted from the distribution. By entry into this Trust Account Agreement, Depositor does hereby elect to have no federal income taxes withheld from or with respect to any distribution of benefits hereunder.

#### ARTICLE V

- 5.1 **Distribution of Securities During Life of Depositor.** Depositor may elect, upon delivery of written notice to Custodian on forms provided by the Custodian, to have his or her entire Trust Account balance distributed to him or her, in which event Custodian shall assign its interest in the Securities to Depositor within 30 days of its receipt of such notice from Depositor.
- 5.2 **Disposition of Distribution.** Except in the case of Depositor's death or disability (as defined in Section 72(m)(7) of the Code) or attainment of age 59½, before distributing an amount from the Trust Account, Custodian shall receive from Depositor a declaration of Depositor's intention on forms provided by the Custodian as to whether the amount distributed is to be rolled over or contributed to an IRA established for the benefit of Depositor or held in Depositor's name.

#### ARTICLE VI

- 6.1 **Depositor-Custodian Cooperation.** The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by Sections 408(i) and 408A(d)(3)(E), Regulations Sections 1.408-5 and 1.408-6 or other guidance published by the IRS.
- 6.2 **Reports to IRS and Depositor.** Custodian agrees to submit reports to the Internal Revenue Service and Depositor at such time and in such manner and containing such information as is prescribed by the Internal Revenue Service.

#### ARTICLE VII

- 7.1 **Internal Revenue Code Compliance.** This agreement will be amended to comply with the provisions of the Code and related regulations and other published guidance as needed.
- 7.2 **Amendments.** Custodian further reserves the right to amend all or any part of this Agreement upon 30 days written notice to Depositor, in any manner which would not disqualify the Agreement from complying with the applicable provisions of Section 408 of the Code and Treasury Regulations promulgated thereunder, provided that, notwithstanding any other articles which may be added hereto or incorporated herein, the provisions of Articles I through III and this sentence shall be controlling. Furthermore, any such additional article shall be wholly invalid, if inconsistent, in whole or in part, with the applicable provisions of Section 408 of the Code and Treasury Regulations promulgated thereunder.
- 7.3 **Revocation.** The Depositor shall have the option to revoke this Trust Account Agreement by mailing or delivering a written notice of revocation. If such notice is mailed, it shall be deemed mailed as of the date of postmark or the date of certification or registration (if sent via certified or registered mail).

#### ARTICLE VIII

- 8.1 **Separate Accounts.** Custodian agrees to a separate accounting for the interest of each Depositor.
- 8.2 **Common Fund.** The assets of Depositor will be held in the Trust Account for the account of the Depositor. The Custodian is authorized to invest in Securities authorized by the Custodian as directed by the Depositor. Earnings or payments received by the Custodian upon the redemption of Securities will be invested only as directed by the Depositor as hereinafter set for in Article IX.

#### ARTICLE IX

- 9.1 **Investment Discretion.** Custodian shall have no discretion to direct the investment of Depositor's Trust Account or any other aspect of the business administration of the Trust Account and is authorized only to acquire and hold those particular investments as hereinafter specified.
- 9.2 **Purchase of Securities.** The amount of each contribution credited to a Depositor's Trust Account shall be applied to the purchase of Securities as directed by Depositor, at the price and in the manner in which such Securities are then offered.

9.3 **Reinvestment of Earnings.**

1. Proposed distributions from Securities to be received by Custodian with respect to the Securities held in the Depositor's Trust Account (hereinafter referred to as Earnings) may (subject to the specific provisions of the Security) at Depositor's election on (i) forms provided by the Custodian, or (ii) the subscription agreement for the Securities executed by the Depositor, be reinvested by the Custodian in additional Securities which shall be credited to such Depositor's account.
2. All Securities acquired pursuant to the provisions of this Section 9.3 shall be held in the Trust Account until distributed to Depositor in accordance with the provisions of this Agreement.

9.4 **Sale or Redemption of Securities.** Subject to specific restrictions under applicable Federal and State laws for each Security, at any time and from time to time, Depositor may, by written notice in form acceptable to Custodian, direct Custodian to sell or tender Securities held in his or her Trust Account for redemption by the issuing entity and further direct that the payments, less any applicable fees, received by the Custodian with respect to any such sale or redemption be (a) distributed to the Depositor, or (b) applied to investment in such other IRA established for the benefit of Depositor as Depositor may elect.

9.5 **Voting Rights.** Custodian shall deliver or cause to be delivered to Depositor all notices, prospectuses, supplements, financial statements, ballots, proxies, and proxy solicitations material relating to the Securities held hereunder. Custodian shall not vote any of the Securities held hereunder, except as in accordance with the written instructions of Depositor.

9.6 **Prohibitions on Investments.** Notwithstanding the foregoing provisions of this Article IX, Custodian shall be prohibited from investing in:

1. Any "disqualified person," as defined in Section 4975(e)(2) of the Code; and
2. Any investment which, by the terms of its organizational documents, by operation of law or otherwise, is prohibited from distributing Securities to investors, therein such that Custodian is prevented from making distributions to the Depositor in compliance with Section 408(a)(6) of the Code and Treasury Regulations promulgated thereunder.

ARTICLE X

10.1 **Bookkeeping and Records.** Custodian shall keep accurate and detailed records pertaining to each Trust Account with respect to contributions, receipts, investments, earnings, distributions, disbursements and all other applicable transactions hereunder. Custodian shall provide to Depositor at least annually a Designation of Beneficiary Form and such other forms as Custodian may deem reasonably necessary in its discretion to administer the Depositor's Trust Account in accordance with the terms of this Agreement. On or before the 30<sup>th</sup> day of the first month following the close of Depositor's taxable year (or after Custodian's resignation or removal as provided hereinafter), Custodian shall file with Depositor a written report reflecting all transactions effected by it during the year or such other appropriate period. In the absence of the filing in writing with Custodian by Depositor of exceptions or objections to any report within 30 days after mailing such report, Depositor shall be deemed to have approved such report and Custodian shall be released, relieved and discharged from all liability to anyone with respect to all matters set forth in such report.

10.2 **Trust Service Charges: Taxes and Fees**

1. The initial fee and annual charges by the Custodian for its services under this Agreement shall be in accordance with the published fee schedule established by the Custodian from time to time and such charges shall be payable upon Custodian's acceptance of this Agreement and on January 1 of each year during the term of this Agreement thereafter. At the election of Depositor on forms provided by the Custodian, such annual fee shall be offset against the payment of January earnings to otherwise be made to the Custodian with respect to the shares in Depositor's account, if any, and if no earnings are paid in January of any year during the term of this Agreement (or if Depositor does not elect an automatic offset), Depositor shall pay such fee to Custodian immediately upon being invoiced therefore.
2. At such time as Depositor shall direct the distribution or transfer of his or her entire Trust Account balance, there may be imposed an exit fee, established from time to time by the Custodian, which Custodian may offset against amounts otherwise distributable to Depositor, or, if such distribution or transfer is to be made in Securities only, Depositor shall pay such exit fee, if any, to Custodian immediately upon being invoiced therefore.
3. Depositor hereby specifically acknowledges that failure to pay any annual fee which may be established hereunder may result in the termination of Depositor's account by Custodian, and that Custodian shall have the right to offset against (i) future payments of Earnings made with respect to the Shares in the Depositor's account or (ii) distributions or transfers from the Depositor's account, both to the extent of any unpaid fees, including the exit fee, if any, payable hereunder.
4. All income or other taxes of any kind whatsoever that may be levied or assessed upon or in respect to the Trust Account, any transfer taxes incurred in connection with the investment and reinvestment of the assets of the Trust Account, and all other administrative expenses incurred by Custodian in the performance of its duties, including fees for legal services rendered to Trust, shall be paid from the assets of Depositor's Trust Account.
5. Depositor hereby acknowledges specifically that upon the distribution of the Securities to Depositor, Depositor shall be taxed with respect to the fair market value of the Securities distributed and that it is not anticipated that any cash will be distributed to Depositor or his or her designated beneficiaries to satisfy the liability for any such taxes.

- 10.3 **Resignation or Removal of Custodian.** Custodian may resign at any time upon 30 days notice in writing to the Depositor and may be removed by the Depositor at any time upon 30 days notice in writing to the Custodian. Upon the resignation or removal of Custodian, the Depositor shall appoint a successor Custodian, which shall be a bank as defined in Section 408(n) of the Code and Treasury Regulations promulgated thereunder. Upon receipt by Custodian of written acceptance of such appointment by the Successor Custodian, Custodian shall transfer and pay over to such Successor Custodian the assets of the Depositor's Trust Account and deliver all records pertaining thereto. Custodian is authorized, however, to reserve such sum of money as it may deem advisable for payment of all its costs and expenses or for payment of any other liabilities constituting a charge on or against the assets of the Trust Account or on or against the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the Successor Custodian. The Successor Custodian shall hold the assets paid over to it under the same terms as contained herein. If within 30 days after the Custodian's resignation or removal, the Depositor has not appointed a Successor Custodian which has accepted such appointment, the Custodian shall appoint Successor Custodian itself.
- 10.4 **Indemnification of Custodian.** Custodian shall be under no duties whatsoever except such duties as are specifically set forth in this Agreement and no implied covenant or obligation shall be read into this Agreement against Custodian. Custodian shall have no obligation to make payments beyond the period elected under Article IV hereof. In the performance of its duties, Custodian shall only be liable for its own negligent willful misconduct. In accepting contributions and making distributions hereunder, Custodian may rely solely on the accuracy of all facts and representations supplied or made at any time by Depositor. Depositor shall have the sole authority and responsibility for enforcement or defense of the terms and conditions of this Agreement. Custodian shall not be required to prosecute, defend or respond to any action or any judicial proceeding relating to the Depositor's Trust Account, unless it has previously received Depositor's indemnification satisfactory to it in form and substance. Depositor shall, at all time, fully indemnify and save harmless the Custodian from any liability, except liability arising from the negligence or willful misconduct of Custodian.
- 10.5 **Interpretation.** Except as provided in the Employee Retirement Income Security Act of 1974, as amended, (ERISA) this Agreement shall be interpreted and shall be administered according to the laws of the State of Nevada.

**PREFERRED TRUST COMPANY**

**DISCLOSURE STATEMENT**

This Disclosure Statement of Preferred Trust Company, LLC ("Custodian") is required to be furnished in connection with the establishment of an Individual Retirement Arrangement pursuant to applicable Treasury Regulations.

The Preferred Trust Company, LLC Individual Retirement Trust Account Agreement ("the Agreement") contains provisions for investing and administering the funds and assets held on behalf of the person who establishes the Custodial Account ("Depositor"). This Disclosure Statement is being provided to you to inform you of the basic rules and federal tax considerations concerning an Individual Retirement Arrangement (IRA). You are the Depositor and, as such, you are responsible for all decisions concerning the Account. Please read this Disclosure Statement carefully to ensure that you understand the legal requirements that must be met to maintain a qualified IRA. As Preferred Trust Company, LLC does not act as a tax, legal or investment advisor for your Account, you should consult your own accountant, lawyer, or investment advisor if you have questions regarding the Account, the Custodian's responsibilities, or any tax consequences to you under local, state or federal laws.

**Right to Revoke Within Seven Days.** You may cancel your Account within seven (7) calendar days after the Account Agreement is signed by you and accepted by the Custodian. The Custodian will refund any amounts you have contributed for your Account, with adjustment for such items as sales commissions, administrative expenses or fluctuations in market value. To revoke your Account, you must send a signed written notice stating that you wish to do so. Mail your notice of revocation to Preferred Trust Company, LLC with postmark no later than the seventh calendar day of the cancellation period. Notice of revocation shall be deemed mailed as of the date of postmark or the date of certification or registration (if sent via certified or registered mail).

The following is a brief description of the Account. The description is not comprehensive, and, therefore, reference should be made to the terms of the Preferred Trust Company, LLC Individual Retirement Trust Account Agreement in its entirety.

1. **Who can open an IRA?** Any individual who is not over 70½ years of age and who received compensation for services rendered, including earned income or a self-employed individual as defined in Section 401(c)(1) of the Internal Revenue Code of 1986, as amended (the "Code") during the taxable year can use the Account to open an IRA. If both husband and wife are eligible, each can make contributions to his or her own IRA.

A person making a rollover contribution as described hereinafter is also eligible.

2. **How much can be contributed each year?** Except in limited circumstances, cash contributions cannot exceed \$4,000 for tax year 2007 and \$5,000 for 2008 and thereafter. For individuals 50 years of age or older, the contribution limit is \$5,000 for 2007 and \$6,000 for 2008 and thereafter. A Depositor's non-working spouse may also establish a separate account and make similar contributions in the same taxable year (Spousal IRA). For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any. Such IRA contributions are generally fully deductible if your adjusted gross income (AGI) is below certain levels. The deductible amount of your contribution to the Account is further reduced by your contributions to other IRAs for the year in questions. Annual contributions to your Account must be made in cash.

3. **Roth IRA Limitations.** In addition to the limitation to contributions set forth in paragraph 2 above, if your Account is designated as a Roth IRA, the limits on contributions shall be reduced to the extent your AGI for the taxable year of your contribution exceeds certain levels; i.e. if you are single, the annual contribution is phased out between AGI of \$95,000 and \$110,000; if you are married and file jointly, between AGI of \$150,000 and \$160,000; and if you are married filing separately, between AGI of \$0 and \$10,000). Moreover, if your Roth IRA is designated as a "Roth Conversion IRA", that is, a Roth IRA that accepts only amounts rolled over, transferred or considered transferred from an Individual Retirement Account or annuity described in Sections 408(a) or 408(b) of the Code, then no contributions other than such rollovers, transfers or deemed transfers can be made if your AGI for such tax years exceeds \$100,000 or if you are married and file separately. Roth IRA contributions are not tax deductible.

4. **Non-Forfeitable and Non-Assignable Interest.** The interest of each Depositor in his or her Account balance is non-forfeitable and may not be assigned or alienated, provided, however, that the Depositor may transfer all or part of his or her interest to a spouse or former spouse under a divorce or separation instrument, consisting of (a) a decree of divorce or separate maintenance or a written instrument incident to such a divorce; or (b) a written separation agreement; or (c) a decree (not described in clause (a), above) requiring a spouse to make payments for the support or maintenance of the other spouse. Any interest so transferred shall be treated as an IRA for the benefit of the spouse or former spouse.

5. **No Life Insurance Contracts or Collectibles.** No part of the funds or monies held within the Account may be invested in life insurance contracts or collectibles.

6. **Investments in Securities.** All contributions made by the Depositor to the Account will be applied to the purchase of Securities (as defined in the Trust Account Agreement) as directed in writing by the Depositor and approved by the Custodian, at the price and in the manner in which such Securities are then being offered.

Distributions from Securities to be received by the Custodian with respect to the Securities held in the Depositor's Account (hereinafter referred to as "Earnings") may, at Depositor's election pursuant to the Reinvestment Plan offered by a specific Security, be reinvested by the Custodian in additional shares/units of a Security pursuant to Section 9.3 of the Trust Account Agreement.

Earnings which are not reinvested in Securities will, at the Depositor's direction, be distributed to the Depositor or transferred to the Custodian or Custodian of another IRA established for the benefit of Depositor.

7. **Lifetime Distributions.** The Depositor may direct the distribution of shares in his or her Account at any time. However, an additional tax of ten percent (10%) is imposed on all distributions (including amounts deemed distributed as the result of a prohibited loan or use as security for a loan) made before Depositor has attained the age of 59½, unless the distribution is made as a result of death or disability, or unless a rollover contribution is made with the distribution within a statutorily prescribed timeframe.

8. **Settlement; Minimum Distribution Requirement.** If you are the owner of a Traditional IRA, you must start receiving distributions from your IRA by April 1 of the year following the year in which you reach age 70½ (the required beginning date). The minimum distribution amount is figured by dividing the account balance as of the close of business on December 31 of the preceding year by the applicable distribution period or life expectancy.

Any distribution from the Account must be included in the Depositor's gross income on his or her federal income tax return for the tax year in which the Securities are received at the fair market value of the Securities. Except in certain limited circumstances where the Depositor has made nondeductible contributions to the Account or to any other IRA established for his or her benefit, or where the Account has been designated as a Roth IRA, the fair market value of all distributions of cash and property from an IRA will be taxable as ordinary income to the Depositor. Upon a distribution of Securities from your Account, you will incur income tax based on the fair market value of the Securities with no cash distribution from which to pay such liability.

If the amount distributed is less than the minimum amount required to be distributed during any year, an excise tax equal to fifty percent (50%) of the excess of the minimum required to be distributed over the amount actually distributed shall be paid by the Depositor.

9. **Prohibited Transactions.** Generally, a prohibited transaction is any improper use of Account by you, your beneficiary, or any disqualified person. Disqualified persons include your fiduciary and members of your family (spouse, ancestor, lineal descendant). The following are examples of prohibited transactions:

1. Borrowing money from your Account.
2. Selling property to your Account.
3. Receiving unreasonable compensation for managing your Account.
4. Using your Account as security for a loan.
5. Buying property for personal use (present or future) with IRA funds.

For these purposes, a fiduciary includes anyone who does any of the following:

1. Exercises any discretionary authority or discretionary control in managing your IRA or exercises any authority or control in managing or disposing of its assets.
2. Charges to provide investment advice with respect to your IRA, or has any authority or responsibility to do so.
3. Has any discretionary authority or discretionary responsibility in administering your IRA.

10. **Excess Contributions.** An Excess Contribution is any amount contributed to your IRA for the year that exceeds the smaller of:

1. Your taxable compensation for the year; or
2. The allowable contribution limit as defined by the Internal Revenue Service.

The taxable compensation limit applies whether your contributions are deductible or nondeductible. Contributions for the year you reach age 70½ and any later year are also Excess Contributions. An Excess Contribution could be the result of your contribution, your spouse's contribution, your employer's contribution, or an improper rollover contribution.

In general, if the Excess Contributions for a year are not withdrawn by the date your tax return for the specified year is due (including extensions), you are subject to a six percent (6%) tax each year on excess amounts that remain in your IRA at the end of that tax year. The tax cannot be more than six percent (6%) of the value of your IRA as of the end of that tax year.

11. **IRS Approval.** The Account has been approved in its current form for use by the Internal Revenue Service (IRS). The IRS approval is a determination only as to the form of the Account and does not represent a determination of the qualification of the Account.

12. **Records.** The Custodian of the Account will keep accurate and detailed records pertaining to the Account with respect to contributions, receipts, investments, earnings, distributions and disbursements.

13. **Accounting by Custodian.** On or before the 30<sup>th</sup> day of the first month following the close of the Depositor's taxable year, the Custodian will file with the Depositor a written report reflecting all transactions in his or her Account during the year. In the absence of the filing in writing with the Custodian by the Depositor of exceptions or objections to such report within 30 days after the mailing thereof, the Depositor will be deemed to have approved such report and the Custodian will be released from all liability with respect to matters set forth in such report.

14. **Resignation and Removal of Custodian.** The Custodian may resign at any time upon 30 days notice to the Depositor and may be removed by the Depositor at any time upon 30 days notice to the Custodian, whereupon the assets in the Account will be transferred to a Successor Custodian as appointed by the Depositor or to such other person or entity as may be directed by the Depositor.

15. **Amendments.** Any agreements with the Custodian of the Account may be amended from time to time, and will be amended to comply with the Code and Treasury Regulations published thereunder.

16. **Deduction for Contributions.** Contributions made by or on behalf of the Depositor may be deductible up to the lesser of \$4,000 (\$4,500 if over age 50) or the Depositor's total compensation or earned income includible in his or her gross income for the taxable year, provided that the Depositor is not an active participant in a qualified employee pension benefit plan. If the Depositor is an active participant in such a qualified plan, a full deduction is only permitted if the AGI (filing as an individual) or the AGI of the Depositor and his or her spouse (filing jointly) is less than those amounts set forth in Section 3. The deduction limit is phased out as AGI increases, and no deduction is permitted for a Depositor (filing as an individual) or for a Depositor and his or her spouse (filing jointly) if AGI exceeds the upper limits set forth in Section 3.

17. **Exempt Status of IRA.** IRAs are exempt from income taxation. Accordingly, there will be no tax imposed on any earnings or other income, including realized capital gains, held in an IRA until distribution is made to the Depositor in accordance with the terms of the IRA.

18. **Rollover Contributions.** Generally, a rollover is a tax-free distribution to you of cash or other assets from one retirement plan to another retirement plan. The contribution to the second retirement plan is called a "rollover contribution". You can roll over amounts from the following plans into a Traditional IRA: 1) a Traditional IRA; 2) an employer's qualified retirement plan for its employees; 3) a deferred compensation plan of a state or local government (Section 457 Plan); or 4) a tax sheltered annuity (Section 403 Plan).

You cannot deduct a rollover contribution, but you must report the rollover distribution on your tax return. Subject to required withholding, you generally must make the rollover contribution by the 60th day following the day you receive the distribution from your Traditional IRA or your employer's plan. If you make a tax-free rollover of any part of a distribution from a Traditional IRA, you cannot, within a one (1) year period, make a tax-free rollover of any later distribution from the same IRA.

19. **Taxation on Distributions of Securities.** Generally, the proceeds from an IRA (other than a Roth IRA) are fully taxable when distributed. IRA distributions are not eligible for capital gains treatment, or the special forward averaging rules applicable to lump sum distributions, from qualified employee pension benefit plans. Further, as noted above, the Code requires mandatory distributions from an IRA (other than a Roth IRA) when the beneficiary attains age 70½. For distributions made in the form of Securities only, rather than cash, you will recognize income equal to the fair market value of such distribution while receiving either no cash or only a limited amount of cash with which to satisfy the income tax liability attributable to such distribution.
- Further, the Code requires that each Depositor make an election as to whether federal income taxes shall be withheld from distributions made from the account.
20. **Tax Aspects of Reinvestment.** Under Section 9.3 of the Trust Account Agreement, earnings may, at the Depositor's discretion and subject to the Reinvestment Plan (if any) of a Security, be reinvested in Securities. Generally, there will be no tax effect to the Depositor in the event of such reinvestment.
21. **Roth IRAs.** The Depositor is allowed to make contributions to a Roth IRA after he or she reaches the age 70½ as long as the Depositor has earned income.
- Like regular IRAs, Roth IRAs are exempt from income taxation, and, therefore, there would be no tax imposed on any earnings held in a Roth IRA. Further, distributions from a Roth IRA are not included in a taxpayer's gross income and are not subject to a ten percent (10%) early withdrawal tax, if such distributions are made on or after the date on which an individual attains age 59½, or because of the individual's death or disability and such amounts have been held in the Roth IRA for a minimum period of five (5) years. Rollover contributions from an existing IRA are permitted to a newly established Roth IRA or an existing IRA can be converted into a Roth IRA. Any amounts rolled over or amounts subject to a conversion election will be taxable to the Depositor.
- The holder of a Roth IRA need not take mandatory distributions by April 1 of the calendar year in which he or she attains age 70½, and the "incidental death benefit rules" under the Code do not apply to Roth IRAs.
22. **Federal Estate and Gift Tax Considerations.** All of the value of an Account owner's IRA balance will be included in his or her gross estate for federal estate tax purposes. If, however, your beneficiary is your spouse, then an unlimited estate tax marital deduction may result in the fair market value of your Account balance not to be subject to regular estate tax. Also, your beneficiary may claim a deduction for income tax purposes for the amount of estate tax attributable to the inclusion of the fair market value of the Account in the Depositor's gross estate. Generally, naming a beneficiary and any distributions from your Account to your beneficiary are not considered a gift subject to federal gift tax.
23. **Fees.** A fee schedule will be distributed to the Depositor upon the establishment of an Account.
24. **Account Growth.** The growth in value of the Account is neither guaranteed nor projected.
25. **Life Insurance.** No portion of a Depositor's contribution will be attributable to the cost of life insurance. Any portion of a deposit used to purchase life insurance is not deductible in any year in which it is made.
27. **When IRS Form 5329 must be filed.** You must file Form 5329 (Return for Individual Retirement Arrangement Taxes) with your federal income tax return for any tax year in which you owe: a) the 6% penalty tax for an excess contribution (in excess of the limitations set forth above); b) the 10% penalty tax for a premature distribution (prior to age 59½); or c) the 50% penalty tax for failing to take the required minimum distribution after you reach 70½.
28. **When IRS Form 8606 must be filed.** You must file Form 8606 (Nondeductible IRA Contributions, IRA Basis and Nontaxable IRA Distributions) with your federal income tax return for any tax year in which you: a) make a nondeductible contribution to any of your IRAs, b) take a withdrawal from an IRA if nondeductible contributions had been made, or c) otherwise affect your IRA's tax-free status.
29. **IRS can provide more information.** For more information about IRAs, obtain a copy of IRS Publication 590, (Individual Retirement Arrangements (IRAs)) or contact any district office of the Internal Revenue Service.
30. **Tax Advice.** This Disclosure Statement does not constitute tax advice. Therefore, you should consult your own accountant, lawyer, or investment advisor regarding your Account.

Client signature	Date