

# Traditional, Roth and SEP IRA

## Custodial Account Agreements and Disclosure Statements

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# Traditional/SEP Individual Retirement Custodial Account Agreement

Form 5305-A under Section 408(a) of the Internal Revenue Code  
IRS Form (Rev. April 2017)



This Traditional Individual Retirement Custodial Agreement (the "Agreement") is made between Equity Trust Company ("Custodian") and each individual (hereinafter called the "Depositor", "Account Holder" or "IRA Owner") who executes an Application for the purpose of establishing a Traditional IRA Custodial Account under Section 408(a) of the Internal Revenue Code of 1986, as amended. Articles I through VII are the required provisions found in Form 5305-A and, as permitted, Custodian has added Articles VIII through XIX.

## ARTICLE I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3) or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k), or a recharacterized contribution described in section 408A(d)(6), the Custodian will accept only cash contributions up to \$5,500 for tax years 2013 through 2018. That contribution limit increased in 2019 to \$6,000 and has remained unchanged through 2022. For individuals who have reached the age of 50 before the close of the tax year, there is an additional \$1,000 catch-up contribution. The above limits may increase in future years to reflect a cost-of-living adjustment, if any.

## ARTICLE II

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

## ARTICLE III

- 3.1 No part of the Custodial Account funds may be invested in life insurance contracts, nor may the assets of the Custodial Account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
- 3.2 No part of the Custodial Account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver and platinum coins, coins issued under the laws of any state, and certain bullion.

## ARTICLE IV

- 4.1 Notwithstanding any provision of this agreement to the contrary, the distribution of the Depositor's interest in the Custodial Account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
- 4.2 The Depositor's entire interest in the Custodial Account must be, or begin to be, distributed not later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the Custodial Account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiary.
- 4.3 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 and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

- (ii) the designated beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
- (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by 1 for each subsequent year.
- (b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:
- (i) the remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the Depositor's death. If, however, the designated beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.
- (ii) the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
- 4.4 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.
- 4.5 The minimum amount that must be distributed each year beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
- (a) the required minimum distribution under Article IV, Section 4.2(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

Regulation Section 1.401(a)(9)-9. However, if the Depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor's Account value at the close of business on December 31 of the preceding year divided by the number in the Joint and Last Survivor Table in Regulations Section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.

(b) the required minimum distribution under Article IV Section 4.3(a) and 4.3(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached age 70½, if applicable under Section 4.3(b)(i)) is the Account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the Single Life Table in Regulations Section 1.401(a)(9)-9 of the individual specified in such Section 4.3(a) and 4.3(b)(i).

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

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

## ARTICLE V

5.1 The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by Section 408(i) and Regulations Sections 1.408-5 and 1.408-6.

5.2 The Custodian agrees to submit to the Internal Revenue Service (IRS) and Depositor the reports prescribed by the IRS.

## ARTICLE VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through V and this sentence will be controlling. Any additional articles inconsistent with Section 408(a) and the related Regulations will be invalid.

## ARTICLE VII

This Agreement will be amended as necessary to comply with the provisions of the Code and the related Regulations. Other amendments may be made with the consent of the persons whose signatures appear on the Application, as provided in Article XIX, Section 19.4 below.

## ARTICLE VIII - DEFINITIONS

The below words and phrases, when used in this Traditional Individual Retirement Custodial Account Agreement (the "Agreement"), shall have the following meaning:

- 8.1 "You" and "Your" means the Depositor, IRA Owner and Account Holder
- 8.2 "We", "Us" and "Our" mean the Custodian
- 8.3 "Code" means the Internal Revenue Code
- 8.4 "Regulations" means the Treasury Regulations
- 8.5 "IRA", "Custodial Account", "Account" or "IRA Account" means the Account you set up with us under this Agreement

## ARTICLE IX - CUSTODIAN RIGHTS AND DUTIES

### 9.1 Custodian's Limited Duties

(a) Our duties as Custodian of your IRA Account are limited to

those set forth in this Agreement. Our duties are limited to (i) receiving funds or investments from you or your designated/appointed representative, and (ii) carrying out our ministerial duties as directed Custodian as set forth in this Agreement below.

- (b) It shall be our duty to maintain an Account in your name and to effect administrative tasks at your direction. Such tasks include the following:
  - (i) holding and/or investing/re-investing any part of your IRA Account at your direction;
  - (ii) selling, conveying, transferring, and otherwise following your directives concerning property held in your IRA Account;
  - (iii) borrowing and lending money and extending mortgages at your direction;
  - (iv) retaining cash and assets in your IRA Account, which IRA Account shall reflect the amounts contributed by you from rollover, transfers, investments and distributions, disbursements and all other transactions directed by you;
  - (v) holding any securities or property which has been properly registered to your IRA Account;
  - (vi) filing certain tax forms such as 5498s and 1099s, when applicable;
  - (vii) unless otherwise directed by you, depositing all undirected and uninvested cash from any source into the Program as set forth and defined in Article X, Section 10.3(e) and 10.3(f), and Article XII, Section 12.1(b) of this Agreement, and then to place such deposited cash into one or more financial institutions as described in those sections;
  - (viii) making payments, disbursements, or distributions from your IRA Account at your instruction;
  - (ix) furnishing to you, on at least an annual basis, a statement of your assets and transactions in your IRA Account; and
  - (x) making, executing, and delivering any and all contracts, waivers, releases, and any other documents necessary for effecting a transaction directed by you.

### 9.2 Custodian's Rights

- (a) We have the right to not process or accept a transaction or investment. For example, if we determine that an investment or transaction poses risk to us, is no longer administratively feasible, is inconsistent with our administrative responsibilities, capabilities or expertise, we have the right to not process the transaction or investment and we have the right to resign from our role as Custodian of the particular asset and/or IRA Account. If we choose to resign, we may distribute this asset or the assets in your IRA Account to you at its last known value, which could subject you to fees for us having to re-register the asset and process the transaction. We shall have no liability for any tax, financial, or other consequences related to such distribution.
- (b) The decision to not process or accept an investment should not be interpreted as us endorsing or conducting due diligence on an investment, investment company or investment strategy. Further, the decision to review any documents related to your investment or whether to accept or not accept an investment does not impose any fiduciary duties on us and should not be construed as us making a determination concerning the suitability or legality of the investment. Rather, any review performed by us with respect to an investment shall be solely for our own purposes of determining whether such investment complies with our internal policies, practices, and standards. For our own administrative purposes, we may

review investment materials and may or may not maintain copies of such review material.

- (c) We shall use reasonable efforts to acquire or sell investments in accordance with your directions within a reasonable period of time after we have received an investment direction and we shall make reasonable efforts to notify you if we are unable or unwilling to comply with an investment direction. Subject to the foregoing, we shall remit funds as directed, but have no responsibility to verify or assure that such funds have been invested to purchase or acquire the asset selected by you.
- (d) If we (1) fail to receive directions from you regarding any transaction; (2) receive ambiguous directions regarding any transaction; or (3) believe that any transaction requested is in dispute or is being challenged by a third party, we have the right to take no action and/or freeze your IRA Account or place a hold on a transaction until further clarification acceptable to us is received from you or the appropriate government or judicial authority.
- (e) We have the right to close your IRA Account if the Account drops below the minimum balance we establish and/or if your IRA Account remains inactive with no assets or new investments for a period of time designated under our internal policies.
- (f) We may require that your IRA Account maintain a minimum balance of cash and assets, and we have the right to distribute the entire balance of your IRA Account to you or assess a fee if the balance of your IRA Account drops below a minimum balance we establish.
- (g) We have the right to liquidate assets held in your IRA Account and choose which assets to liquidate in order to pay for overdue fees owed to us or as required in order to comply with state escheatment laws. We also have the right to liquidate assets held in your IRA Account and credit your IRA Account for the market value of such assets if we determine that it is administratively burdensome or not feasible to custody such assets or if there are regulatory or legal risks, as determined by us, associated with the custody or investment of such assets.

## ARTICLE X – RESPONSIBILITIES OF THE IRA OWNER

### 10.1 In General

- (a) You represent and warrant to us that any information you have given or will give us with respect to this Agreement, your IRA Account or the Application is complete, accurate and up to date. Further, you agree that any directions you give us, or action you take with the respect to your IRA Account will be proper under this Agreement, and that we are entitled to rely and/or act upon any such information or direction upon receipt. We shall not be responsible for losses of any kind that may result from your direction to us or your action or failure to act, and you agree to reimburse and indemnify us for any loss we may incur as a result of such direction, action or failure to act.
- (b) We have the right to assume that any document you submit relative to your IRA Account is enforceable, authorized and approved by you. You acknowledge that it is your duty to ensure that any documents relating to any investment are signed, recorded, genuine, and legally enforceable to establish legal interest, including but not limited to title or security interest. You agree that we are not liable for any damages as a result of us accepting a document that we believe is authorized and approved by you.
- (c) The investment selected by you may lack liquidity, may be speculative and may involve a high degree of risk. You represent to us that any loss sustained in your IRA Account will not affect your retirement income standard, and if a

mandatory distribution arises, you will have the ability through your IRA Account and/or other retirement accounts to meet any mandatory distribution requirements.

- (d) We are responsible for safekeeping only those documents which are delivered to us by you or your agent. If the original documents are to be held by your agent or another third party, you must ensure that the agent or third party agrees to safeguard the original documents and forward copies of the signed and recorded documents to us as evidence of ownership.

### 10.2 Investments Conform to All Applicable Regulations and Securities Laws

- (a) You are responsible for ensuring that the assets within your IRA Account and all transactions connected with your IRA Account comply with South Dakota regulations, other applicable federal and state regulations, rulings, and this Agreement. By signing the IRA Account application and receiving this Agreement, you acknowledge that none of the assets in your IRA Account violate any federal and state Regulations. We have no duty to determine whether your contributions or distributions comply with the relevant laws.
- (b) You represent to us that if any investment by your IRA is a security under applicable federal or state securities laws, such investment has been registered or is exempt from registration under federal and state securities laws; and you release and waive all claims against us for our role in carrying out your instructions with respect to such investment.
- (c) You acknowledge that the foregoing representation is being relied upon by us in accepting your investment directions and you agree to indemnify us with respect to all costs, expenses (including attorneys' fees), fines, penalties, liabilities, damages, actions, judgments and claims arising out of such investment and/or a breach of the foregoing representation, including, without limitation, claims asserted by you.

### 10.3 Investment of Amounts in Your IRA – Your Responsibility

- (a) **In General.** You have exclusive responsibility for and control over the investment of the assets of your IRA Account. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our internal policies, standards and practices; and this Agreement.
- (b) **Selection of Investment and Investment Due Diligence.** You are responsible for conducting any and all due diligence related to your investment, and for the selection of the investment for your IRA assets. We will not select or recommend any investment, nor will we act as a broker dealer or advisor in completing any purchase or sale of an investment for you. However, your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to custody and that comport with our internal policies, practices, and standards and that are deemed administratively feasible by us, as set forth in Article IX, Section 9.2. Cash balances in your IRA for which no investment instructions have been received shall be placed in a financial institution as set forth in Article X, Sections 10.3(f) and 10.3(g).
- (c) **Third Party Due Diligence.** It is your responsibility to perform proper due diligence with regard to any representative, investment advisor, broker, dealer or other third party. We will follow the directions of any such investment advisor, representative, broker or other party authorized by you in a manner acceptable to us, and we will be entitled to all



the same protections and indemnities in our reliance upon and execution of the directives of such agent or other party as if such directives were given by you. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, administrator, advisor or investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent.

- (d) **Interested Party/Designated Representative.** You may appoint an Interested Party or Designated Representative to your IRA Account in any form or manner that is acceptable by us. Those individuals will have abilities to view your IRA Account, access your IRA Account information and/or perform the actions as set forth on your account application or other form where you appointed and designated the third party. You shall be responsible for investigating, selecting, instructing, and monitoring the Interested Party and/or Designated Representative and to perform whatever due diligence as may be appropriate before selecting or retaining that individual. That Interested Party and/or Designated Representative shall be the authorized agent of you and shall not be treated as an affiliate, agent, or employee of the Custodian. The Custodian has no duty to supervise or monitor the Interested Party or Designated Representative. You may remove an Interested Party and/or Designated Representative from your account by providing written notice to us, on a form that is acceptable to us, but that removal shall not have the effect of canceling any notice or direction we received prior to us receiving the written notice of cancellation. You are solely responsible for removing the responsible party/designated representative once you appoint that person by notifying us of such request to remove that third party through the process we require. We do have the right to remove an Interested Party and/or Designated Representative from your IRA Account at our discretion.

(e) **Custodian Acting at Your Direction – No Investment or Tax Advice**

- (i) We are acting solely as a directed Custodian to hold IRA assets and we have no discretion to direct any investment in your IRA. Accordingly, we are not a fiduciary (as said term is defined in the Internal Revenue Code, ERISA, or any other applicable federal, state, or local laws) with respect to your IRA Account.
- (ii) It is not our responsibility to review the prudence, merits, viability or suitability of any investment directed by you or your agent(s) or to determine whether the investment is suitable for you or acceptable under ERISA, the Internal Revenue Code or any other applicable law.
- (iii) We do not offer any investment advice, nor do we endorse any investment, investment product or investment strategy; and we do not endorse any investment advisor, representative, broker, dealer or other third party selected by you. By agreeing to custody an asset, such action does not constitute marketing or endorsing that asset by us. It also does not speak to the viability of that asset.
- (iv) We do not provide legal or tax advice with respect to the assets in your IRA Account.
- (v) We have no duty to inform you of any information on an asset held in your IRA Account which we may have learned in connection with another account or customer or from any source.
- (vi) By performing services under this Agreement, we are acting at your direction and on your behalf. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of

this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to IRAs.

- (vii) We shall be under no obligation or duty to investigate, analyze, monitor, verify title to, or otherwise evaluate any investment directed by you or your investment advisor, principals, representative or agent; nor shall we be responsible to notify you or take action should there be any default with regard to any investment.

- (viii) We are not responsible for communicating, forwarding, or notifying you or any third party of any information which we receive pertaining to your investments, IRA Account or relationships. For example, we have no duty or obligation to notify you with respect to any information, knowledge, irregularities, or our concerns relating to your investment or your investment advisor, broker, agent, promoter, or representative. Any failure of us to communicate such information to you does not result in any liability on us as Custodian.

- (ix) We may receive documentation from investment providers or asset holders regarding assets in your IRA. We may, but are not obligated to, forward this information to you. It will remain your sole responsibility to request and ensure that you receive all applicable documentation regarding your investments.

- (f) **Deposit Investments.** The deposit investments available through us may include savings and/or money market accounts and certificates of deposit (CDs). Any cash in your IRA shall be invested in accordance with your instructions or those of your designated representative, subject to the other terms of this Agreement. If you do not instruct us with regard to any uninvested cash, such cash will be deposited into the Program as defined in Article XII, Section 12.1(b). You may direct us to transfer any uninvested funds to an institution of your choice at any time.

(g) **Uninvested Cash Fund**

- (i) You hereby direct the Custodian, pending further investment instruction, to deposit all undirected and uninvested cash from any source, including, but not limited to contributions, transfers and income from assets held in the IRA Account, into the Program, as defined in Article XII, Section 12.1(b) of this Agreement, and then place such deposited cash into one or more financial institutions which qualify as well-capitalized under federal bank regulatory agency definitions. The bank accounts in the Program include checking, savings, money market and/or CD accounts. Interest earned on such cash balances net of the Program fee shall be credited to your IRA Account as of the end of each month, provided your IRA Account is open on the last business day of the month.
- (ii) You direct us to sweep available free credit balances automatically into the Program utilizing such well-capitalized financial institutions until such time as further direction is received from you or your designated representative(s).
- (iii) You also authorize us to transfer any such funds to a different well-capitalized financial institution without any further approval from you. Information on interest earned net of the Program fee is available online at [www.trustetc.com/interest](http://www.trustetc.com/interest) and reported on your quarterly statement as appropriate, or can be obtained by contacting a Client Service Representative.

10.4 **Investment Documentation**

- (a) In directing us with respect to any investment, you must utilize our Direction of Investment form suitable to such

investment or such other form acceptable to us. We may remit funding for your investment upon receipt of such Direction of Investment or other form acceptable to us, without regard to any supporting documentation.

- (b) We shall be fully protected in acting upon any instrument, certificate, paper or transmission believed to be genuine and to be signed or presented by the proper person or persons whether or not by facsimile, email or other form acceptable to the Custodian, and the Custodian shall be under no duty to make any investigation or inquiry as to any statement contained in any such communication, but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.
- (c) You authorize and direct us to execute and deliver, on behalf of your IRA Account, any and all documents delivered to us in connection with your assets in your IRA Account; however, we have no duty to deliver such documents and we shall have no responsibility to verify or determine that any such documents are complete, accurate or constitute the documents necessary to comply with your investment direction. You authorize and direct us to correct errors in investment titling without notice to you and to correct other minor clerical errors with telephone or email consent from you upon verification of your identity.

**10.5 Statement Review.** You have sixty (60) days after either (1) the date of mailing of a paper quarterly statement; or (2) the posting of our quarterly statement online, if you receive electronic quarterly statements, to give us notice of any errors or inaccuracies reflected on the statements. You acknowledge that if you fail to give us notice of any discrepancies on your quarterly statements within that time period, we have the right to assume that you approve of the quarterly statement and you are, therefore, precluded from making future objections to the statement. We shall have no liability for the content reported or not reported on any quarterly statement unless you give us notice within that sixty (60) day period.

#### **10.6 Prohibited Transactions**

- (a) You understand that certain transactions are prohibited in IRAs and qualified retirement plans under Section 4975 of the Internal Revenue Code (a "prohibited transaction"). You further understand that the determination of a prohibited transaction depends on the facts and circumstances that surround the particular transaction. A prohibited transaction can occur with an improper use of the IRA such as a transaction involving a "disqualified person", which is defined in the Code. If your IRA Account contains a prohibited transaction, the IRA Account typically loses its non-taxable status and a taxable distribution and penalty may result. We have no responsibility to make a determination as to whether any investment or transaction is a prohibited transaction. Rather, you are responsible for consulting with your own tax or legal professional to ensure that none of your IRA investments constitute a prohibited transaction. We have no duty to inform you that your transaction is or could lead to a prohibited transaction.
- (b) By submitting an investment for processing, you affirm that the investment does not constitute a prohibited transaction and it complies with all applicable federal and state laws, regulations, and requirements. We reserve the right, however, to not process a transaction, resign from the Account or issue a distribution if we have a good faith belief that a transaction in your IRA Account constitutes a prohibited transaction.

#### **10.7 Duty to Indemnify**

- (a) You agree to release, indemnify, hold harmless and defend us from any and all claims, damages, liability, actions, loss, costs

and expenses (including, without limitation, attorneys' fees) resulting to the IRA, against you, any beneficiary or incurred by or asserted against us, in connection with or by reason of any sale or investment made or other action taken (or omitted to be taken) at your or your agent's direction.

- (b) You agree to reimburse or advance to us, on demand, all legal fees, expenses, costs, fines, penalties and obligations incurred or to be incurred in connection with the defense, contest, prosecution or satisfaction of any claims made, threatened or asserted pertaining to any investment or action you or your agent directed through the Custodian, including, without limitation, claims asserted by you, any state or federal regulatory authority or self-regulatory organization.
- (c) You release and indemnify and agree to hold harmless and defend us in the event that any investment or sale of your IRA assets violates any federal or state law or regulation or otherwise results in a loss of tax-exempt status, penalty, fine or tax imposed upon you, your IRA, or us.
- (d) We shall not be responsible for any investment losses or diminution of the IRA assets resulting from the changes in the market value of an asset; or resulting from reliance or action taken in reliance upon notice, instruction, direction or approval received from you or your authorized agent.
- (e) You agree to reimburse and indemnify us for any loss we may incur as a result of such directions, actions, or failures to act by you or your authorized agent. You release us from any liability for any price fluctuations of the asset during the processing of a transaction directed by you. The indemnification provisions will survive the expiration of this Agreement.

#### **10.8 Legal Proceedings**

- (a) You agree that you are solely responsible for the prosecution or defense, including the retention of legal counsel, of all legal actions ("Legal Proceedings") involving your IRA, which arise or become necessary for the protection of the investments in your IRA, including any actions where we are named as a result of being Custodian of your IRA. If we are named as a defendant in any Legal Proceedings, which includes state, federal and local court or arbitration, as a result of the assets in your IRA being the subject of the litigation, you agree to retain legal counsel to represent us, in our Custodial capacity, or however named in the Legal Proceedings. If you initiate Legal Proceedings against a third party regarding the assets in your IRA, and your IRA is plaintiff, you agree to initiate suit by titling the plaintiff as "Equity Trust Company, Custodian FBO (Your Name) IRA." You agree to provide us with copies of all pleadings, motions, discovery, orders, and final resolution documents upon request. You also agree that any such legal action will be carried out in a manner that does not cause Custodian to incur any costs or legal exposure.
- (b) As you are the owner of the IRA held with us, you understand that we will not initiate Legal Proceedings on behalf of you or your IRA and will not participate in such Legal Proceedings without direction from you. You understand that you have sole authority to direct and make all decision related to the Legal Proceedings and you shall defend, indemnify and hold Equity Trust, its officers, directors and employees harmless from any loss, legal expense and liability that arise out of such Legal Proceedings, including our legal costs, if we deem separate counsel is necessary. Should we incur costs or expenses associated with such Legal Proceedings, we have the right to charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets held in your IRA.

### 10.9 Insurance

- (a) It is your duty, as the IRA owner, to secure or maintain fire, casualty, liability or other insurance coverage on any personal or real property held by your IRA or which serves as collateral under any mortgage or other security instrument held by your IRA with respect to any promissory note or other evidence of indebtedness. It is incumbent upon you to arrange for such assets and to direct us in writing as to the payment of any premiums therefor. Furthermore, it is your responsibility to determine that payment has been made upon your written request by verifying same with your IRA statements.
- (b) You, as the IRA owner, are responsible for notification or payments of any insurance premiums, real estate taxes, utilities, or other charges (including penalties) with respect to any investment held in your IRA, unless you specifically direct us to pay the same in writing and sufficient funds are available to pay the same from your IRA Account. Furthermore, it is your responsibility to determine that payment has been made from your IRA Account. You must utilize an appropriate payment directive form available from us within a sufficient period of time for such direction to be accomplished in accordance with our normal business practices (without regard to whether we have undertaken efforts to comply with such directive).

### 10.10 Account Security

- (a) You will be required to establish confidential account security credentials, such as a username, password, and/or PIN code, to access and conduct transactions in your IRA Account. It is your duty, as the IRA owner, to select strong account security credentials that, at minimum, comply with our security credential requirements, and keep the credentials you select private and inaccessible to unauthorized users. You must select account security credentials that are unique to your IRA Account, meaning you have not used and will not use the same or similar credentials for other online accounts. We recommend that you also routinely change your account security credentials.
- (b) You are responsible for any access to or transactions conducted in your IRA Account with your account security credentials, whether or not such access or transactions were authorized by you. You must notify us immediately if you believe any of your account security credentials have been lost, stolen, or compromised or if you become aware of any unauthorized access to or activity in your IRA Account. We shall not be responsible for losses of any kind that may result from unauthorized access to or activity in your IRA Account using your account security credentials or your other personal information.

### 10.11 Third Parties

- (a) We may delegate certain administrative, operational or other custodial related services with respect to your IRA Account for which we otherwise have responsibility under this Agreement to affiliated and un-affiliated third parties, including, but not limited to Equity Administrative Services, Inc and ETC Brokerage Services, LLC. The limitations on our duties for you under this Agreement or otherwise shall also apply with respect to each third party so employed or retained on our behalf.
- (b) We may, from time to time, establish independent contractor relationships with third parties whereby IRA Owners can have access to third parties for products and services that may be beneficial to the IRA Owner and whereby we receive a fee paid from the general assets of the third parties pursuant to a services agreement between us and the third party for offering their services. These third parties may be affiliates with whom we have common ownership. You should consult

with your financial and legal advisors before purchasing any such product or service, and it is your responsibility to perform proper due diligence with regard to any product or service offered by any such third parties (including without limitations all potential legal and tax consequences), and we make no recommendations and provide no investment advice regarding any such product or services or of the needs of the IRA owner or your IRA Account. IRA Owners are in no way obligated to purchase products or services generally or to purchase products or services from any such third parties. No IRA Owner may rely on any statement made by us or any of our officers, directors, employees, or agents for any decisions regarding the purchase of any product or service from any such third party.

- (c) We may receive fees from unrelated third parties as a result of an agreement for servicing your IRA Account. We also may, from time to time, offer non-custodial services, such as the right to use our licensed proprietary software and investment platforms to unrelated third parties for a fee (including, without limitation, a transaction-based fee) paid from the general assets of the third parties, to enable IRA Owners the ability to make investment purchases and sales through such platforms or use of these services.

- (d) We may pay unrelated third parties for marketing or other services they provide to us or in connection with the servicing of your IRA Account.

### 10.12 Investment of the IRA & Financial Disclosure

- (a) We are acting solely as a directed Custodian to assets in your IRA Account and do not offer investment, tax, or legal advice, as that is solely your responsibility. As Custodian, we do not buy or sell investment products without your direction. As part of your self-directed IRA Account, you choose the investments that will fund your IRA Account. The investments available include a wide range of potential assets and you certify that the assets you invest in through your IRA Account are permissible investments under applicable laws. Even if permissible, we have the option to decline accepting an asset if it is not administratively feasible. Given the type of assets that you may invest in, it is impossible to accurately estimate the value of the IRA assets at any given future point in time. Therefore, no projection of the growth of your IRA Account can reasonably be shown, predicted, or guaranteed. Willingness to custody an asset in your IRA Account does not constitute a determination by us of the viability of the investment nor do we provide investment advice or recommend or evaluate the merits or suitability of any investment, for your benefit. Please contact your asset provider for information on how to calculate and allocate earnings on your investment. This method may vary depending on the provider and type of investment you have chosen. There are fees that we may charge in connection with the investments you selected for your IRA Account. Please consult the fee schedule for more information.

## ARTICLE XI – OTHER TAX CONSIDERATIONS

### 11.1 Unrelated Business Taxable Income (UBTI)

- (a) Since your IRA is a tax-exempt organization under federal tax law, if your IRA earns income from an investment which utilizes debt-financing or which is derived from a business regarded as not related to the exempt purpose of your IRA, that income is called unrelated business taxable income ("UBTI") and may be subject to taxation if it is in excess of permitted deductions. We have no responsibility for determining whether an investment made in your IRA Account earned income that may be considered unrelated business taxable income which is subject to this federal income tax.



Rather, it is your responsibility to file the required Form 990-T when such unrelated business taxable income is earned.

- (b) In the event that your IRA earns unrelated business taxable income in excess of the \$1,000 exclusion (as that amount may be adjusted under the Code) for any taxable year, you agree to prepare or have prepared the required Form 990-T tax return, an application for employer identification number (if not previously obtained), any other documents that may be required and to file these forms with the Internal Revenue Service and pay the applicable unrelated business income tax from your IRA. Additionally, if requested by us, you agree to: (i) send us documentation which evidences that the investments in your IRA Account did not earn unrelated business taxable income; (ii) provide evidence of the filing of the required Form 990-T for such tax; or (iii) authorize us to prepare the tax for you. Should you fail to provide us with such requested documentation within the time proscribed by us, you may be subject to a Late Documentation Fee as set forth on the Fee Schedule.

## ARTICLE XII – SERVICE FEES

### 12.1 Third Parties

#### (a) Fee Schedule

- (i) We shall charge you fees for our services under this Agreement as is fully set forth in the Fee Schedule as it may be amended from time to time. Our Fee Schedule may be amended upon 30 days' advance written notice to you and in accordance with Section 19.4 hereof.
- (ii) We will charge fees consistent with the direction you provide to us on your Account Application or as modified by you or your Designated Representative.
- (iii) Any fees that are based upon the fair market value of non-marketable investments or assets that do not have a readily available market value, shall be based upon cost or the estimated fair market value of such assets, whichever is greater. Fees will continue to accrue and be payable even if your IRA Account contains no assets other than uninvested cash. Publicly traded securities shall be valued at their fair market value. If cost is not reflective of fair market value with respect to the assets held in your IRA, you may provide us with a qualified independent valuation of such assets for purposes of determining an appropriate fee; and we will give consideration to such independent valuation. Our determination shall be binding and conclusive for purposes of IRA fees based upon value.
- (iv) As set forth in the Fee Schedule, renewal fees, such as the retail Gold Level Service Fee, will be automatically renewed and withdrawn from your IRA Account, charged to your credit card, or invoiced each year on the anniversary date of your membership, unless you provide written notice of cancellation within 30 days prior to your anniversary date.
- (v) We have the right to select another form of payment for ETC fees, such as credit card you have on file with us, if your designated form of payment fails when fees are due. Likewise, should you fail to pay an invoice for fees when due, ETC has the right to select another form of payment.
- (vi) Certain custodial fees may be paid for a limited time under a special fee schedule arrangement with a service provider as a result of a certain type of investment. If that arrangement is modified, that fee schedule may be discontinued, and you will be responsible for payment for fees associated with your Account outside of any special fee schedule. Should that fee arrangement allow for third parties to pay your fees directly to us in exchange for you

paying the third party, if the third party is listed as the Account Designated Representative and you fail to pay the third party fees, you direct us to liquidate your assets to pay for fees due and owing that third party.

- (b) **Deposit Management Program Fees.** Other fees may be paid to us or our affiliates by third parties for assistance in performing certain transactions with respect to our Deposit Management Program ("Program"). Program fees are associated with cash management activities, such as account maintenance, depository bank selection, transaction processing, sub-accounting, record keeping, and any other services performed for the Program. Program fees for bank accounts maintained by Custodian for all IRAs shall be deducted solely from interest earned on uninvested Program cash prior to the crediting of such interest to the individual custodial account. For these services, the Custodian charges each bank account in the Program, a monthly fee at an annualized rate of up to 4.00% on the average assets maintained in the bank accounts, payable solely from interest earned on uninvested cash from the Program. The Program fees will be charged regardless of which bank accounts are being used by your IRA. The Custodian has no obligation to ensure that all such bank accounts pay the same rate of interest; however, the Custodian has the right, but not an obligation, to reduce (rebate) a portion of this fee to your IRA as to the balances in a specific bank's bank account. The Program fee for administering the bank accounts can change from time to time without notice but cannot exceed the annualized rate of 4.00% without 30 days prior notice to you and in accordance with Section 19.4 hereof. The Program fee is deducted directly from any interest paid on each bank account in the Program, and the net amount is paid to your IRA monthly.
- (c) **Other Fees.** We may utilize third party services to obtain data necessary to serve as Custodian regarding the Investments in your IRA Account and you agree that we may charge your IRA Account a fee for utilization of such services. We may charge you and/or your IRA Account for any reasonable expenses incurred by us in connection with any services that we deem necessary or which are directed by you for the administration of your IRA. These include, but are not limited to, attorney fees and expenses associated with the defense of or on behalf of your IRA or your interest involving your IRA Account or its assets and in defense of us if we are named in any proceeding involving you or your Account.
- (d) **Third Party Fees.** You may incur third party fees associated with a transaction or investment as a result of your relationship with such third party and you acknowledge that these third-party fees will not be disclosed on our fee schedule. You acknowledge that you are solely responsible for these third-party fees.
- (e) **Brokerage Commissions.** Through our affiliate, we may receive a commission in connection with the unsolicited purchase or sale of a publicly traded security. Any brokerage commissions attributable to the assets in your IRA will be charged to your IRA through your brokerage Account. You cannot reimburse your IRA for those commissions. Commissions or other fees may be received by our affiliates from third parties for assistance in performing certain services for your IRA.
- (f) **Miscellaneous.** If you have provided us with information we consider sufficient to demonstrate that an asset(s) in your IRA Account is subject to bankruptcy, reorganization, receivership or similar proceedings, or otherwise impaired, or if we receive notice of such information, the fee based upon such asset may be reduced by us at the time we receive notice of this information. However, you understand that any fees accrued and due prior to us receiving notice of information we deem



acceptable, continue to be owed by you.

- (g) **Right to Collect Fees.** We have the right to freeze the assets held in your IRA to ensure that we are protected from any loss involving your IRA Account. We also have the right to liquidate, change dividend options and/or freeze assets for any unpaid fee balance. Should fees or expenses not be collected, we have the right to cease acting as Custodian, close your Account and force distribute any assets held in your IRA.

## 12.2 Credit Card

- (a) Upon establishment of your IRA Account or at such time thereafter, you may be required to furnish us with a valid credit card account number and related information. If you select to have your credit card pay fees, you authorize us to charge that credit card for all current and subsequent account-related fees and expenses unless and until you revoke this authorization in writing. We also have the right to charge a credit card you have on file with us for any fees and expenses due and owing to us that cannot be paid through your designated method of payment, such as if you elected to have fees come from your IRA Account but insufficient cash is in your IRA Account to cover the fees.
- (b) If your credit card on file with us expires or otherwise is or becomes invalid, you shall immediately inform us and provide us with another valid credit card and related information and hereby authorize us to charge that credit card. We have the right, consistent with industry standard practices, to use a third-party service to obtain updated credit card details if your credit card on file has expired.

## ARTICLE XIII – BENEFICIARY(IES) & POWER OF ATTORNEY

- 13.1 If you die before you receive all of the amounts in your IRA, payments from your IRA will be made to your beneficiary(ies). You may designate one or more persons or entities as beneficiary or your IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is accepted by us during your lifetime. Unless otherwise specified, each beneficiary designation you provide to us will cancel all previous ones. The consent of a beneficiary(ies) shall not be required for you to revoke a beneficiary designation.
- 13.2 If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survive you, the contingent beneficiary(ies) shall acquire the designated share of your IRA Account. If no beneficiary should survive you, or if all beneficiaries renounce their rights to receive any benefit from the IRA, or if you fail to provide a beneficiary and none is listed on the IRA at the time of your death, we shall distribute the IRA in the following order: (i) to your spouse, but if you have no spouse or if your spouse does not survive you, then to (ii) your estate.
- 13.3 A spouse beneficiary shall have all rights as granted under the Code or applicable Regulations to treat your IRA as his or her own.
- 13.4 We may allow, if permitted by state law, an original IRA beneficiary(ies) (the beneficiary(ies) who is entitled to receive distribution(s) from an inherited IRA at the time of your death) to name a successor beneficiary(ies) for the inherited IRA. The designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original IRA beneficiary's lifetime. Unless otherwise specified, each beneficiary designation form that the original IRA beneficiary(ies) files with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for the original IRA beneficiary(ies) to revoke a successor beneficiary(ies) designation. If the original IRA beneficiary(ies) does not designate a successor beneficiary(ies), his or her estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for the original IRA

beneficiary.

- 13.5 After your death, your beneficiary(ies) shall have the right to direct the investment of your IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement. We have no obligation to locate or contact your beneficiaries after your death. If you name multiple beneficiaries, we may require instructions close in time from all the beneficiaries or a court order prior to processing any beneficiary request. To the extent a court order is required, Equity Trust shall not be named in that proceeding but shall be presented a copy of the court order concerning the handling of the assets in the IRA.
- 13.6 If you sign a power of attorney appointing an attorney or agent to conduct business for your IRA Account, you must do so on a form acceptable to us. We reserve the right to refuse to honor any power of attorney presented to us, as well as to refuse to recognize a successor attorney-in-fact at any time, whether or not the successor attorney-in-fact is specifically identified in the power of attorney. In addition, we reserve the right to refuse to follow the instructions of a power of attorney. The person you appoint will be subject to all the provisions of the Agreement. Any person appointed, is not an owner of your IRA Account. We may honor a power of attorney until we receive written notice from you that you have revoked the power of attorney and have had a reasonable time to act on such notice. You shall be responsible for investigating, selecting, instructing, and monitoring the Power of Attorney and to perform whatever due diligence as may be appropriate before selecting or retaining that individual.

## ARTICLE XIV – REQUIRED MINIMUM DISTRIBUTIONS

- 14.1 Regulation Section 1.401(a)(9)-9 sets forth the uniform lifetime table for calculating your required minimum distribution. However, if your spouse is your sole designated beneficiary and is more than 10 years younger than you, you are to use the joint and last survivor table in Regulation Section 1.401(a)(9)-9 for calculating your required minimum distribution each year.
- 14.2 If you fail to request your required minimum distribution by your required beginning date, we can, at our complete and sole discretion, do any one of the following:
  - (a) make no distribution until you give us a proper withdrawal request;
  - (b) distribute your entire IRA to you in a single sum payment; or
  - (c) determine your required minimum distribution from your IRA with us each year based on your life expectancy, calculated using the uniform lifetime table in Regulation Section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise.
- 14.3 We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution or to your receipt of an amount in excess of the required minimum distribution.

## ARTICLE XV - VALUATION POLICY

- 15.1 On an annual basis (or more frequently), we will request updated valuation information from you and/or your asset sponsor or third party designated to provide such updated valuation. It is your duty to ensure that the fair market value of the assets in your IRA Account are accurate. We report the value of the assets in your IRA Account on your account statements and we will report the value as accurately as possible using the resources available to us. Where the fair market value of an asset in your IRA Account is readily ascertainable on either an established exchange or generally recognized market used in the financial services industry, we will report such valuations. Where the fair market value of an asset in your IRA Account is not readily ascertainable, you agree that you will provide to us a qualified

independent appraisal or other acceptable valuation of the asset. The frequency with which we update valuations depends upon the asset type and the frequency with which we are provided with updated valuation information.

15.2 If you do not provide a valuation or appraisal, we may report that asset's value at its last known fair market value, at its acquisition cost, or we may, at our discretion, use a third-party source to value the asset. We may charge your IRA Account a fee if you fail to provide us with a valuation or appraisal and/or if we use a third-party source to value the asset.

15.3 We may require that you provide such an appraisal or validation with an updated valuation of the asset for any transaction which results in a taxable event, such as a distribution. You are solely responsible for the tax consequences of asset values reported to the Internal Revenue Service in connection with a distribution of any assets in your IRA Account or any other taxable event.

15.4 We have no obligation to conduct appraisals or valuations of assets in your IRA Account and we have no duty to verify the values provided to us. We neither provide a guarantee of value nor an opinion with regard to any independent appraisal and we assume no responsibility for the valuations reported or their accuracy. Valuation information should not be used as a basis for making investment decisions, including but not limited to purchasing, retaining or disposing of an asset. The reported value of any asset may differ materially from its actual value. We reserve the right to reject a valuation change if the information is inconsistent with our procedure or process requirements. For assets that have passed their maturity date, we may require you to provide information to show the current status of the asset.

15.5 We may use the value of the asset to determine fees owed to us. If you believe that an asset in your IRA Account should be reported at a different value, or does not have any value, it is your responsibility to provide us with information sufficient to demonstrate that the asset's reported value should be changed. You may provide us with this information through a qualified appraisal or through means we consider acceptable to evidence the new value of the asset. If this is the only asset held in your IRA Account, we have the right to devalue, distribute the asset and close your IRA Account. If you do not provide sufficient information to devalue the asset, we may continue to report the asset at the last known value given to us or use a third-party source to value the asset. If we become aware that an asset has lost value or is no value, we may notify you of such information and may reduce the value of such asset/or distribute the asset to you.

#### ARTICLE XVI - TERMINATION OF AGREEMENT, RESIGNATION, OR REMOVAL OF CUSTODIAN

16.1 Either party may terminate this Agreement at any time by giving written notice to the other party. We may resign and appoint a successor custodian to serve under this Agreement or under another governing agreement selected by the successor custodian by giving you written notice at least 30 days prior to the effective date of such resignation and appointment, which notice shall also include or be provided under separate cover a copy of such other governing instrument, if applicable, and the related disclosure statement. You shall then have 30 days from the date of such notice to either request a distribution of the entire account balance or designate a different successor custodian and notify us of such designation. If you do not request distribution of the account balance or notify us of the designation of a different successor custodian within such 30 day period, you shall be deemed to have consented to the appointment of the successor custodian and the terms of any new governing instrument, and neither us nor the successor shall be required to execute any written document to complete the transfer of the account to

the successor custodian. The successor custodian may rely on any information, including beneficiary designations, previously provided by you to us. We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

16.2 If this Agreement is terminated, we may charge to your IRA Account a reasonable amount necessary to cover any associated costs, including but not limited to, one or more of the following:

- (a) any fees, expenses, or taxes chargeable against your IRA; and
- (b) any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your IRA.

16.3 After your IRA Account with us is closed, you are responsible for ensuring that all assets previously in your Account are properly titled, registered, and transferred out of our name.

16.4 If we are required to comply with Regulation Section 1.408-2(e), and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or Regulations, the IRS may, after notifying you, require you to substitute another trustee or custodian.

16.5 If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion which includes your IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.

#### ARTICLE XVII – APPLICABLE LAW; WAIVER; AND VENUE

17.1 This Agreement is subject to all applicable federal laws and regulations and shall be governed by and construed under the applicable laws of the State of South Dakota. The laws of the State of South Dakota shall not govern any procedural matters, including but not limited to any applicable limitation period.

**17.2 YOU AGREE THAT ANY CLAIM OR CAUSE OF ACTION AGAINST CUSTODIAN ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT, CUSTODIAN'S DUTIES OR RESPONSIBILITIES THEREUNDER, OR YOUR IRA ACCOUNT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CLAIM OR CAUSE OF ACTION ACCRUED, OR IF THE APPLICABLE LAW REQUIRES A LONGER LIMITATIONS PERIOD, WITHIN THE SHORTEST PERIOD OF TIME PERMITTED BY THAT LAW. YOU AGREE TO WAIVE ANY STATUTE OF LIMITATIONS TO THE CONTRARY.**

**17.3 YOU FURTHER AGREE THAT CUSTODIAN SHALL NOT BE LIABLE FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES, AND YOU AGREE TO WAIVE ANY SUCH CLAIMS OR DAMAGES AGAINST CUSTODIAN TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.**

17.4 If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. No waiver of any part of this Agreement shall be deemed to constitute a waiver of any other part, and any such waiver shall not constitute a continuing waiver and shall not affect you or our ability to thereafter enforce any and all parts of this Agreement.

17.5 IF YOU TIMELY OPT OUT OF THE ARBITRATION AGREEMENT IN ARTICLE XVIII OF THIS AGREEMENT, OR IF THE ARBITRATION AGREEMENT IN ARTICLE XVIII IS FOUND BY A COURT OF COMPETENT JURISDICTION TO BE UNENFORCEABLE AGAINST YOU OR INAPPLICABLE TO YOU FOR ANY REASON, YOU AGREE THAT ANY LAWSUIT FILED AGAINST CUSTODIAN ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT OR OUR ROLE AS CUSTODIAN, INCLUDING, BUT NOT LIMITED TO, ANY

DUTIES, RESPONSIBILITIES OR ACTIONS (OR FAILURE TO ACT) OF CUSTODIAN OR OUR RELATIONSHIP WITH YOU, SHALL BE EXCLUSIVELY BROUGHT IN THE COUNTY COURT OF CUYAHOGA COUNTY, OHIO OR THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO (CLEVELAND DIVISION), AND YOU EXPRESSLY AGREE TO SUBMIT TO THE JURISDICTION OF THESE COURTS BOTH FOR ANY SUCH LAWSUIT YOU MAY FILE AGAINST CUSTODIAN AND FOR ANY LAWSUIT WHICH CUSTODIAN MAY FILE AGAINST YOU.

## ARTICLE XVIII - ARBITRATION AGREEMENT

**ARBITRATION AGREEMENT. PLEASE READ THIS PROVISION OF THE AGREEMENT CAREFULLY. UNLESS YOU OPT OUT OF IT, ANY DISPUTE BETWEEN YOU AND CUSTODIAN OR CERTAIN OTHERS WILL BE RESOLVED BY MANDATORY BINDING ARBITRATION. BY AGREEING TO THIS PROVISION, YOU AND CUSTODIAN GIVE UP RIGHTS TO GO TO COURT AND RIGHTS TO A TRIAL BY JURY. YOU ALSO GIVE UP YOUR RIGHT TO PARTICIPATE IN ANY CLASS ACTION, CLASS ARBITRATION, OR OTHER REPRESENTATIVE ACTION.**

**What is Arbitration?** Arbitration is a private process in which an impartial arbitrator resolves a legal dispute by making a final and binding decision called an Award. Like judges, arbitrators are neutral and impartial decision makers. The arbitrator may grant any remedy of relief that the parties could have received in court. And decisions by the arbitrator are binding and enforceable. But arbitration is different from court in other ways. For example, arbitration uses less formal discovery and rules of evidence. There is no jury. And appellate review of an arbitration Award is more limited than in court.

**Scope.** You and Custodian agree that MANDATORY BINDING ARBITRATION will be the exclusive means of resolving any claim between you and Custodian or any of its officers, directors, or affiliates (including Equity Administrative Services, Inc.), including any existing or future claim arising out of or relating in any way to (i) this Agreement, (ii) any prior Agreement between you and Custodian, (iii) your IRA Account, or (iv) any services provided by Custodian.

All claims are subject to arbitration, no matter what law or legal theory they are based on or what remedy they seek. The arbitrator has exclusive authority to resolve any questions regarding the application, enforceability, unconscionability, or interpretation of this Agreement and this arbitration provision. The arbitrator has exclusive authority to resolve any disputes regarding the timeliness of any demand for arbitration. Any questions about whether claims are subject to arbitration shall be resolved by interpreting this arbitration provision in the broadest way the law will allow it to be enforced.

BOTH YOU AND CUSTODIAN GIVE UP THE RIGHTS TO GO TO COURT AND TO A TRIAL BY JURY TO RESOLVE CLAIMS COVERED BY THIS ARBITRATION AGREEMENT. YOU FURTHER AGREE TO GIVE UP YOUR RIGHT TO PURSUE OR PARTICIPATE IN ANY PENDING OR FUTURE CLASS ACTION OR OTHER CLASS OR REPRESENTATIVE PROCEEDING AGAINST CUSTODIAN OR ITS OFFICERS, DIRECTORS, OR AFFILIATES. IF YOU DO NOT TIMELY OPT OUT OF THIS ARBITRATION AGREEMENT, YOU WILL NOT BE ABLE TO PARTICIPATE IN OR BE A MEMBER OF ANY CLASS ACTION.

**Small-Claims Exception.** The only exception to the exclusivity of arbitration is that you and Custodian retain the right to bring individual claims in a small-claims court of competent jurisdiction in the county in which you reside or in Cuyahoga County, Ohio, but only if your claims are within the jurisdiction of small-claims court. This exception does not change or affect your agreement not to participate in or be a member of any class action or other representative action or proceeding against Custodian.

**Procedure.** JAMS will administer any arbitration under this agreement. You can visit JAMS' website at [www.jamsadr.com](http://www.jamsadr.com) or contact the JAMS at 1-800-352-5267 or by other means provided on the JAMS' website.

The JAMS Streamlined Arbitration Rules and Procedures ("Streamlined Rules") will apply if the total amount of the claims at issue in the

arbitration is equal to or less than \$75,000. The Streamlined Rules are available at [www.jamsadr.com/rules-streamlined-arbitration/](http://www.jamsadr.com/rules-streamlined-arbitration/) or by calling JAMS at 1-800-352-5267 or the number provided on the JAMS' website, [www.jamsadr.com](http://www.jamsadr.com). If you demand arbitration under the Streamlined Rules, you must pay the first \$250 of the appropriate filing fee listed at [www.jamsadr.com/arbitration-fees](http://www.jamsadr.com/arbitration-fees) and Custodian will pay the balance of the filing fee. Each party will pay its own attorney's fees and costs and its own witness fees and costs. Custodian will pay all other arbitration fees, costs, and expenses. Custodian also will refund your filing fee if you prevail in the arbitration and if the arbitration Award in your favor is greater than the value of Custodian's last written settlement offer made prior to the demand for arbitration. Any in-person arbitration hearing under the Streamlined Rules will be held in the city closest to your permanent residence that has a United States District Court.

The JAMS Comprehensive Arbitration Rules and Procedures ("Comprehensive Rules") shall apply if the total amount of claims at issue in the arbitration exceeds \$75,000. The Comprehensive Rules are available at [www.jamsadr.com/rules-comprehensive-arbitration/](http://www.jamsadr.com/rules-comprehensive-arbitration/) or by calling JAMS at 1-800-352-5267 or the number provided on JAMS' website, [www.jamsadr.com](http://www.jamsadr.com). If you demand arbitration under the Comprehensive Rules, you must pay the first \$250 of the appropriate initial filing fee listed at [www.jamsadr.com/arbitration-fees](http://www.jamsadr.com/arbitration-fees) and Custodian will pay the balance of the filing fee. The Comprehensive Rules provide that each party will bear its own arbitration costs and expenses, including its own attorney's fees and costs and its own witness fees and costs, and an equal share of the arbitrator's compensation and the administrative fees of arbitration. However, upon the appointment of the arbitrator, Custodian will refund you up to \$2,000 of any initial filing fee paid by you. Custodian will also pay for the first \$2,500 of the arbitrator's compensation. And Custodian will refund your entire initial filing fee if you prevail in the arbitration and if the arbitration Award in your favor is greater than the value of the Custodian's last written settlement offer made prior to the demand for arbitration. Any in-person arbitration hearing under the Comprehensive Rules will be held in Cleveland, Ohio.

Except as required by law or as necessary to enforce an arbitration Award, any arbitration shall be confidential, and neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration without prior written consent of both parties.

**Any demand for arbitration must be made not later than the time set forth in Article XVII, Section 17.2 of this Agreement.**

**IMPORTANT – YOUR RIGHT TO OPT OUT.** If you prefer to keep your rights to go to court, to a trial by jury, and to participate in class actions, you may opt out of this arbitration agreement. The decision whether to opt out of this arbitration agreement is entirely yours and will not affect any ongoing relationship with Custodian or the services Custodian provides. If you opt out, neither you nor Custodian will be able to demand arbitration of any dispute. HOWEVER, YOUR RIGHT TO OPT OUT OF THIS ARBITRATION AGREEMENT MUST BE EXERCISED WITHIN A CERTAIN TIME PERIOD. IF YOU OPEN AN IRA ACCOUNT ON OR AFTER JANUARY 1, 2019, AND WISH TO OPT OUT OF THIS ARBITRATION AGREEMENT, YOU MUST OPT OUT WITHIN 65 DAYS OF OPENING THE IRA ACCOUNT. To opt out, you must timely complete and submit the opt-out form available on the internet at [www.trustetc.com/opt-out/arbitration](http://www.trustetc.com/opt-out/arbitration) OR mail a letter to Equity Trust Company, P.O. Box 45351, Westlake, Ohio 44145, with your full name, your IRA account number(s), and a statement that you are opting out of the arbitration agreement. If you do not timely opt out of this arbitration agreement, you shall be bound by this arbitration agreement. Any opt out of this arbitration agreement applies only to Article XVIII of this Agreement and does not affect the validity or enforceability of any other provision of this Agreement.

**Severability.** If any part of Article XVIII is held to be illegal, unenforceable,



or invalid, the remaining parts will not be affected and will remain in full force and effect.

## ARTICLE XIX – MISCELLANEOUS PROVISIONS

**19.1 Security.** We take the protection of your personal information seriously. Access to account information is provided only to authorized parties after proper authentication procedures are successful. It is your responsibility to promptly report any suspected or actual security breach or unauthorized transaction.

**19.2 Confidentiality.** Our Privacy Notice, sent to IRA Account owners annually, sets forth the type of information we collect and whether and how we share your nonpublic personal information. We restrict access to your nonpublic personal information to those employees, third parties and agents who need to know that information to provide services made available under this Agreement and to evaluate business operations and analyze service or process improvements. Your information may also be shared to respond to court orders and subpoenas without prior notice to you.

**19.3 Notices and Change of Address.** Any required notice or communication regarding your IRA Account will be considered effective when we send it to you at the last known email address we have in our records. If no email address is on file, we will send notices and communication to you at the last mailing address we have in our records. We will presume that you are able to access the email address you provided to us. The notice will direct you to any communication unless you specifically request paper copies of such notice. You must promptly notify us of any change of email or mailing address. Should your mailing address be invalid in any way or if we receive returned mail, we may cease using that address as a means of contact until you update our records to ensure proper delivery. Any notice to be given to us will be considered effective when we actually receive it.

**19.4 Amendments.** We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail or electronically transmit the amendment, you notify us in writing that you do not consent. If you timely notify us in writing that you do not consent to the amendment, you will have 30 days from the date your notification is received by us to secure a new custodian for your IRA Account and you are responsible for ensuring that all assets in your IRA Account are properly titled, registered, and transferred out of our name and into the name of the new custodian.

**19.5 Withdrawals or Transfers.** All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.

**19.6 Transfers from Other Plans.** We can receive amounts transferred to this IRA from the Custodian or trustee of another IRA. In addition, we can accept direct rollovers of eligible rollover distributions from employer-sponsored retirement plans as permitted by the Code. We reserve the right not to accept any transfer or direct rollover.

**19.7 Liquidation of Assets.** We have the right to liquidate assets in your IRA if necessary, to make distributions, pay our fees, expenses, indemnities, taxes, federal tax levies, and penalties or surrender charges chargeable against your IRA Account. You agree not to hold us liable for any damages or loss associated with such liquidation of assets.

**19.8 Restrictions on the Assets.** Neither you nor any beneficiary may sell, transfer, pledge or place a lien on the assets in your IRA in any manner whatsoever, except as provided by law or this Agreement. The assets in your IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.

**19.9 Acknowledgment of and Authorization for Telephone Recordings.** We reserve the right to install and/or maintain automatic telephone recording equipment on telephone lines used by personnel servicing the Custodial Account in connection with trading functions and consumer inquiries. By signing this Agreement, you acknowledge our right and expressly authorize us to record and play back any and all such telephone calls.

**19.10 IRA Account and Assets Not Guaranteed.** We do not guarantee the assets in your IRA Account, nor do we ensure against any loss or depreciation. Your investments are subject to investment risk, including the possible loss of the principal invested, and your investments may lose value.

**19.11 Account Holder Verification.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires us to obtain, verify and record information that identifies who opens an account with us. You acknowledge that, to comply with Federal law, we will require certain information, such as, but not limited to the name, address, date of birth and tax identification number of the Account Holder before an IRA Account can be opened.

**19.12 Dividend Options.** We have the right to change dividend options on investments held in your IRA Account to pay our fees and/or expenses. We are not liable for the impact of changing dividend options nor required to change the dividend option(s) back to their prior selection. It is the IRA Owner's responsibility to monitor and provide acceptable instructions to update their dividend option(s).

**19.13 Unclaimed Property.** Under the laws applicable to your Account, we may be required to turn over to regulatory authorities property that is in your Account and deemed abandoned. To avoid such escheatment of property, you agree to periodically show activity in your Account (by logging in) or otherwise contact us. Before remitting abandoned property, pursuant to applicable law, we will send written notice to your last known address. You agree that we are not liable for any loss arising from or related to escheatment of your Account's property under applicable law.

## General Instructions

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

## Purpose of Form

Form 5305-A is a model Custodial Account Agreement that meets the requirements of section 408(a). However, only Articles I through VII have been reviewed by the IRS. A traditional individual retirement account (Traditional IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian. To make a regular contribution to a Traditional IRA for a year the IRA must be established no later than the due date of the individual's income tax return for the tax year (excluding extensions). This Account must be created in the United States for the exclusive benefit of the Depositor and his or her beneficiaries.

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

For more information on IRAs, including the required disclosures the Custodian must give the Depositor, see Pub. 590, Contributions to Individual Retirement Arrangements (IRAs), and Pub. 590-B, Distributions from Individual Retirement Arrangements (IRAs).



### **Definitions**

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

**Depositor.** The depositor is the person who establishes the Custodial Account.

**Traditional IRA for Non-Working Spouse.** Form 5305-A may be used to establish the IRA Custodial Account for a non-working spouse. Contributions to an IRA Custodial Account for a non-working spouse must be made to a separate IRA Custodial Account established by the non-working spouse.

### **Specific Instructions**

**Article IV.** Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the Depositor reaches age 70½ (72 if you reach the age of 70 ½ after December 31, 2019) to ensure that the requirements of section 408(a)(6) have been met.

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

# Traditional/SEP IRA Disclosure Statement



Equity Trust Company's IRA Disclosure Statement is a summary of the general requirements set forth by the Internal Revenue Service Regulations. These Regulations require that certain information is disclosed to individuals who are establishing an Individual Retirement Account ("IRA"). By executing the Equity Trust Company Application, you acknowledge receipt of this Disclosure Statement.

## RIGHT TO REVOKE YOUR IRA

If you receive this Disclosure Statement at the time you establish your IRA, you have the right to revoke your IRA within seven (7) days of its establishment. If revoked, you are entitled to a full return of the contribution you made to your IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your IRA, please call the Custodian at the telephone number listed on the Application.

## REQUIREMENTS OF AN IRA

- A. **CASH CONTRIBUTIONS** - Your contribution must be in cash unless it is a rollover contribution.
- B. **MAXIMUM CONTRIBUTION** - The total amount you may contribute to an IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$7,000 for 2025 with possible cost of living adjustments in future years. If you also maintain a Roth IRA, the maximum contribution to your Traditional IRAs (i.e., IRAs subject to Internal Revenue Code (Code) sections 408(a) or 408(b)) is reduced by any contributions you make to your Roth IRA. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.
- C. **CONTRIBUTION ELIGIBILITY** - In order to make a contribution to an IRA for a year, you must receive compensation (or earned income) for that year. Earned income can be wages, salary, tips and other amounts for providing services but does not include earning and profits from property. For 2024 and later tax years, you may make a regular contribution to your IRA at any age if you have compensation.
- D. **CATCH-UP CONTRIBUTIONS** - If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution to your IRA is \$1,000 per year.
- E. **NON-FORFEITABILITY** - Your interest in your IRA is non-forfeitable.
- F. **ELIGIBLE CUSTODIANS** - The Custodian of your IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- G. **COMMINGLING ASSETS** - The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- H. **LIFE INSURANCE** - No portion of your IRA may be invested in life insurance contracts.
- I. **COLLECTIBLES** - You may not invest the assets of your IRA in collectibles (within the meaning of Code section 408(m)). A

collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in Code section 408(m)(3)) are also permitted as IRA investments.

- J. **REQUIRED MINIMUM DISTRIBUTIONS** - You are required to take minimum distributions from your IRA at certain times in accordance with Regulations section 1.408-8. Below is a summary of the IRA distribution rules.

1. **RMDs for 2023 and Beyond** - Beginning in 2023, if you were born in 1951 or later, you are required to take a minimum distribution from your IRA for the year in which you reach age 73 and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 73. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.
2. **RMDs Prior to 2023** - If you were born before July 1, 1949, you were required to take your first RMD from your IRA for the year in which you attained age 70½ and for each year thereafter. If you were born on or after July 1, 1949, but before January 1, 1951, you were required to take your first RMD from your IRA for the year in which you attained age 72 and for each year thereafter.
3. **The applicable divisor generally is determined using the Uniform Lifetime Table provided by the IRS.** If your spouse is your sole designated beneficiary for the entire calendar year, and is more than 10 years younger than you, the required minimum distribution is determined each year using the actual joint life expectancy of you and your spouse obtained from the Joint Life Expectancy Table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.

We reserve the right to do any one of the following by your required beginning date:

- (a) make no distribution until you give us a proper withdrawal request;
- (b) distribute your entire IRA to you in a single sum payment, or
- (c) determine your required minimum distribution each year based on your life expectancy calculated using the Uniform Lifetime Table, and pay those distributions to you until you direct otherwise.

If you fail to remove an RMD, an excess accumulation penalty tax of 25 percent is imposed on the amount of the RMD that should have been taken but was not. If the failure to take an RMD is timely corrected manner, the penalty tax is further reduced to 10 percent. You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

The correction window for the reduced penalty begins on the date the penalty tax is imposed and ends (1) the date a notice of deficiency regarding the tax is mailed, (2) the date the tax is assessed, or (3) the last day of the second taxable year beginning after the year in which the tax is imposed, whichever is earlier.

**K. BENEFICIARY DISTRIBUTIONS** – Upon your death, your beneficiaries of your IRA Account are required to take distributions pursuant to Sections 401(a)(9) of the IRC and Treasury Regulation 1.408-8. These requirements are summarized as follows:

**1. Death of IRA Owner Before January 1, 2020** - Your designated beneficiary is determined based on the beneficiary(ies) designated as of the date of your death, who remains your beneficiary(ies) as of September 30 of the year following the year of your death. If you die,

- (a) on or after your required beginning date, distributions must be made to your beneficiary(ies) over the longer of the single life expectancy of your designated beneficiary(ies), or your remaining life expectancy. If a beneficiary other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.
- (b) before your required beginning date, the entire amount remaining in your Account will, at the election of your designated beneficiary(ies), either
  - (i) be distributed by December 31 of the year containing the fifth anniversary of your death, or
  - (ii) be distributed over the remaining life expectancy of your designated beneficiary(ies).

Your designated beneficiary(ies) must elect either option (i) or (ii) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (ii). In the case of distributions under option (ii), distributions must commence by December 31 of the year following the year of your death. Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained RMD age (as described above), if later. If a beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary(ies) of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse who is the sole designated beneficiary of your entire IRA will be deemed to elect to treat your IRA as his or her own by either (i) making contributions to your IRA or (ii) failing to timely remove a required minimum distribution from your IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own IRA.

**2. Death of IRA Owner On or After January 1, 2020** - Upon your death, the entire amount in your IRA Account will be distributed by December 31 of the year containing the 10th anniversary of your death unless you have an eligible designated beneficiary under Treasury Regulations or you have no designated beneficiary for purposes of determining a

distribution period. This requirement applies to beneficiaries regardless of whether you die before, on, or after your required beginning date. If your beneficiary is an eligible designated beneficiary, the entire amount in your IRA Account can be distributed over the remaining life expectancy of your eligible designated beneficiary (or a period not exceeding that life expectancy).

An eligible designated beneficiary under Treasury Regulations is a designated beneficiary who is (1) your surviving spouse; (2) your child who has not yet reached the age of majority; (3) disabled [determined by a physician that the impairment can be expected to result in death or to be of long, continued and indefinite duration]; or (4) chronically ill [defined as someone who is (1) unable to perform without substantial assistance from another individual at least two activities of daily living for an indefinite period due to a loss of functional capacity, (2) has a level of disability similar to the level of disability described above requiring assistance with daily living based on loss of functional capacity, or (3) requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.] Special rules apply to trust beneficiaries and distributions for those trust beneficiaries.

Life expectancy distributions to an eligible designated beneficiary must begin by December 31 of the year following the year of your death. If your spouse, however, is the eligible designated beneficiary, distributions need not begin until the year you would have reached the RMD age (as described above), if later. If your eligible designated beneficiary is your minor child, the life expectancy payments must begin by December 31 of the year following the year of your death and will continue until your child reaches the age of majority. Then, the eligible designated beneficiary will have 10 years from that date to distribute the IRA Account.

If you name a beneficiary other than a person (such as a trust, estate, or charity), we will treat you as having not designated a beneficiary for your IRA Account for purposes of determining the distribution period. If you die before your required beginning date and there is no designated beneficiary of your IRA Account, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary date of your death. If you die on or after your required beginning date and there is no designated beneficiary of your IRA Account, distributions will begin using your single life expectancy, reduced by one in each subsequent year.

A spouse who is the sole designated beneficiary of your entire IRA will be deemed to elect to treat your IRA as his or her own by either (i) making contributions to your IRA or (ii) failing to timely remove a required minimum distribution from your IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own IRA.

If your beneficiary fails to take a required minimum distribution after your death, an additional penalty tax of 25 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your beneficiary must file IRS Form 5329 with his or her income tax return to report and pay any additional penalty taxes to the IRS. If the failure to take an RMD is corrected in a timely manner, the penalty tax is further reduced to 10 percent.

RMDs and life expectancy payments for beneficiaries were waived for the tax year 2020. If the five year rule is applicable to an IRA, the five year period is determined without considering tax year 2020, due to this waiver.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

A. **IRA DEDUCTIBILITY** - If you are eligible to contribute to your IRA, the amount of the contribution for which you may take a tax deduction will depend upon whether you (or, in some cases, your spouse) are an active participant in an employer-maintained retirement plan. If you (and your spouse, if married) are not an active participant, your entire IRA contribution will be deductible. If you are an active participant (or are married to an active participant), the deductibility of your contribution will depend on your modified adjusted gross income (MAGI) and your tax filing status for the tax year for which the contribution was made. MAGI is determined on your income tax return using your adjusted gross income but disregarding any deductible IRA contribution.

Definition of Active Participant - Generally, you will be an active participant if you are covered by one or more of the following employer-maintained retirement plans:

- 1. a qualified pension, profit sharing, 401(k), or stock bonus plan;
- 2. a qualified annuity plan of an employer;
- 3. a simplified employee pension (SEP) plan;
- 4. a retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under Code section 457);
- 5. a tax-sheltered annuity for employees of certain tax-exempt organizations or public schools;
- 6. a plan meeting the requirements of Code section 501(c)(18);
- 7. a qualified plan for self-employed individuals (H.R. 10 or Keogh Plan); and
- 8. a savings incentive match plan for employees of small employers (SIMPLE) IRA plan or a SIMPLE 401(k) plan.

If you do not know whether your employer maintains one of these plans, or whether you are an active participant in it, check with your employer or your tax advisor. Also, the IRS Form W-2, Wage and Tax Statement, that you receive at the end of the year from your employer will indicate whether you are an active participant. If you are an active participant and are single, the deductible amount of your contribution is determined as follows: (1) begin with the appropriate phase-out range maximum for the applicable year (specified below), and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$74,000 in 2023, your maximum deductible contribution is \$5,850 (the 2023 phase-out range maximum of \$83,000 minus your MAGI of \$74,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000, and multiplied by the contribution limit of \$6,500.)

If you are an active participant, are married and you file a joint income tax return, the deductible amount of your contribution is determined as follows: (1) begin with the appropriate phase-out maximum for the applicable year (specified below), and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$74,000 in 2023, your maximum deductible contribution is \$5,850 (the 2023 phase-out range maximum of \$83,000 minus your MAGI of \$74,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000, and multiplied by the contribution limit of \$6,500).

Tax Year	Joint Filers Phase-out Range (minimum)(maximum)	Single Taxpayer Phase-out Range (minimum)(maximum)
2021	\$105,000 - \$125,000	\$66,000 - \$76,000
2022	\$109,000 - \$129,000	\$68,000 - \$78,000
2023	\$116,000 - \$136,000	\$73,000 - \$83,000
2024	\$123,000 - \$143,000	\$77,000 - \$87,000
2025	\$126,000 - \$146,000	\$79,000 - \$89,000

The MAGI phase-out range for an individual that is not an active participant, but is married to an active participant, is \$236,000 - \$246,000 (for 2025). If you are not an active participant in an employer-maintained retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phase-out range for the year, your maximum deductible contribution is determined as follows: (1) begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

You must round the resulting deduction to the next highest \$10 if the number is not a multiple of 10. If your resulting deduction is between \$0 and \$200 you may round up to \$200.

B. **CONTRIBUTION DEADLINE** - The deadline for making an IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar year taxpayer, and you make your IRA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designate it as such.

C. **TAX CREDIT FOR CONTRIBUTIONS** - For taxable years beginning on or after January 1, 2002, you may be eligible to receive a tax credit for your Traditional IRA contributions. This credit will be allowed in addition to any tax deduction that may apply and may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are

- age 18 or older as of the close of the taxable year,
- not a dependent of another taxpayer, and
- not a full-time student.

The credit is based upon your income (see chart below) and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your Traditional or Roth IRA and reduce these contributions by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2,000.



For 2025 Adjusted Gross Income*			Applicable %
Joint Return	Head of Household	All Other Cases	
\$1 - \$47,500	\$1 - \$35,625	\$1 - \$23,750	50%
\$47,501 - \$51,000	\$35,626 - \$38,250	\$23,751 - \$25,500	20%
\$51,001 - \$79,000	\$38,251 - \$59,250	\$25,501 - \$39,500	10%
Over \$79,000	Over \$59,250	Over \$39,500	0%

\*Adjusted gross income includes foreign earned income and income from Guam, American Samoa, North Mariana Islands and Puerto Rico.

D. **TAX-DEFERRED EARNINGS** - The investment earnings of your IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

E. **NONDEDUCTIBLE CONTRIBUTIONS** - You may make nondeductible contributions to your IRA to the extent that deductible contributions are not allowed. The sum of your deductible and nondeductible IRA contributions cannot exceed your contribution limit (the lesser of the allowable contribution limit described previously, or 100 percent of compensation). You may elect to treat deductible IRA contributions as nondeductible contributions.

If you make nondeductible contributions for a particular tax year, you must report the amount of the nondeductible contribution along with your income tax return using IRS Form 8606. Failure to file IRS Form 8606 will result in a \$50 per failure penalty.

If you overstate the amount of designated nondeductible contributions for any taxable year, you are subject to a \$100 penalty unless reasonable cause for the overstatement can be shown.

F. **TAXATION OF DISTRIBUTIONS** - The taxation of IRA distributions depends on whether or not you have ever made nondeductible IRA contributions. If you have only made deductible contributions, any IRA distribution will be fully included in income.

If you have ever made nondeductible contributions to any IRA, the following formula must be used to determine the amount of any IRA distribution excluded from income.

$$\frac{\text{Aggregate Nondeductible Contributions}}{\text{Aggregate IRA Balance} \times \text{Amount Withdrawn}} = \text{Amount Excluded from Income}$$

NOTE: Aggregate nondeductible contributions include all nondeductible contributions made by you through the end of the year of the distribution (which have not previously been withdrawn and excluded from income). Also note that the aggregate IRA balance includes the total balance of all of your IRAs as of the end of the year of distribution and any distributions occurring during the year.

**HSA Funding Distributions.** An individual may make a one-time transfer of funds from his or her IRA distribution directly to the IRA owner's health savings Account (HSA) without recognizing income on the distribution. The dollar amount excluded cannot exceed the annual limitation on the individual's HSA contribution for the year. The exclusion is lost if the individual ceases to be eligible to contribute to an HSA during the twelve months after the contribution. In such a case, the distribution is subject to tax and a 10-percent penalty is imposed.

## Use of IRAs for Charitable Contributions

The 2012 Taxpayer Relief Act retroactively extended this provision making it available for charitable IRA transfers made in tax years beginning before January 1, 2014. (Code Sec. 408(d)(8)(F), as amended by Act Sec. 208). The Act included two elections to deal with the retroactive reinstatement of this provision:

1. A taxpayer could elect to have a distribution made in January of 2013 be treated as if it were made on December 31, 2012. (Act Sec. 208(b)(2)(A))
2. A taxpayer could elect to treat any portion of a distribution from an IRA to the taxpayer during December 2012, as a qualified charitable distribution, provided that (i) the portion was transferred in cash after the distribution to an eligible charitable organization before February 1, 2013, and (ii) except for the fact that the distribution was not originally transferred directly to the organization, the distribution otherwise met Code Sec.408(d)(8)'s requirements. (Act Sec. 208(b)(2)(B)).

G. **ROLLOVERS AND CONVERSIONS** - Your IRA may be rolled over to an IRA of yours, may receive rollover contributions, and may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your IRA from another IRA, or from your employer's qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plans. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

1. **Traditional IRA to Traditional IRA Rollovers** - Funds distributed from your IRA may be rolled over to an IRA of yours if the requirements of Code section 408(d)(3) are met. A proper IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another IRA to IRA rollover from the distributing IRA (or after 2014, from any other IRA of yours) during the 12 months preceding the date you receive the distribution. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.
2. **SIMPLE IRA to Traditional IRA Rollovers** - Funds may be distributed from your SIMPLE IRA and rolled over to your IRA without IRS penalty provided; two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of Code section 408(d)(3) must be met. A proper SIMPLE IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to IRA or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA (or after 2014, from any other IRA of yours) during the 12 months preceding the date you receive the distribution.
3. **Employer-Sponsored Retirement Plan to Traditional IRA Rollovers** - You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan (including trustee-to-trustee transfers to non-spouse

beneficiaries) unless it is part of a certain series of substantially equal periodic payments, a required minimum distribution, or a hardship distribution, excess deferrals, the cost of life insurance coverage, or federal Thrift Savings Plan.

If you elect to receive your rollover distribution prior to placing it in an IRA, thereby conducting an indirect rollover, your plan administrator will generally be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up the amount withheld, out of pocket, and roll over the full amount distributed from your employer-sponsored retirement plan. To qualify as a rollover, your eligible rollover distribution must be rolled over to your IRA not later than 60 days after you receive it. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax and, if you are under age 59 1/2, the 10 percent early distribution penalty (unless an exception to the penalty applies).

As an alternative to the indirect rollover, your employer generally must give you the option to directly roll over your employer-sponsored retirement plan balance to an IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the IRA (or other eligible employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.

4. **Traditional IRA to Employer-Sponsored Retirement Plans** - You may roll over, directly or indirectly, any eligible rollover distribution from an IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan so long as the employer-sponsored retirement plan accepts such rollover contributions. An eligible rollover distribution is defined as any taxable distribution from an IRA that is not a part of a required minimum distribution.
5. **Traditional IRA to Roth IRA Conversions** - If you convert to a Roth IRA, the amount of the conversion from your Traditional IRA to your Roth IRA will be treated as a distribution for income tax purposes, and is included in your gross income. Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty. If you are required to take a required minimum distribution for the year, you must remove your required minimum distribution before converting your Traditional IRA.
6. **Written Election** - At the time you make a proper rollover to an IRA, you must designate in writing to us your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.
- H. **TRANSFER DUE TO DIVORCE** - If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another.
- I. **RECHARACTERIZATIONS** - If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income, you may elect to treat the original contribution as having been made to the Roth IRA. You can also recharacterize a contribution from a Roth IRA to a Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline for the year for

which the original contribution was made. You may not recharacterize a Roth IRA conversion.

#### LIMITATIONS AND RESTRICTIONS

- A. **SEP PLANS** - Under a simplified employee pension (SEP) plan that meets the requirements of Code section 408(k), your employer may make contributions to your IRA. Your employer is required to provide you with information which describes the terms of your employer's SEP plan.
- B. **SPOUSAL IRA** - You may contribute to an IRA established for the benefit of your spouse regardless of your spouse's age if you are married and have compensation for the taxable year for which the contribution is made. You must file a joint income tax return for the year for which the contribution is made.  
  
The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100 percent of your combined compensation or \$14,000 for tax year 2025. This amount may be increased with cost-of-living adjustments in future years. However, you may not contribute more than the individual contribution limit to each IRA.  
  
If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's IRA. The maximum additional contribution is \$1,000 for tax years 2025 and beyond.
- C. **DEDUCTION OF ROLLOVERS AND TRANSFERS** - A deduction is not allowed for rollover contributions or transfers.
- D. **GIFT TAX** - Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.
- E. **SPECIAL TAX TREATMENT** - Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to IRA distributions.
- F. **INCOME TAX TREATMENT** - Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- G. **PROHIBITED TRANSACTIONS** - If you or your beneficiary engages in a prohibited transaction with your IRA, as described in Code section 4975, your IRA will lose its tax-deferred status, and you must include the value of your Account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your IRA: (1) taking a loan from your IRA; (2) buying property for personal use (present or future) with IRA funds; or (3) receiving certain bonuses or premiums because of your IRA.
- H. **PLEDGING** - If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for the taxable year in which you pledge the assets.
- I. **LISTED TRANSACTIONS AND REPORTABLE TRANSACTIONS** - Certain transactions are or may be identified by the Internal Revenue Service as abusive tax shelter schemes or transactions. A prohibited tax shelter transaction, as described in Code section 4965, is a transaction that is a listed transaction (including a subsequently listed transaction), as described in Code section 6707A(c)(2), or a prohibited reportable transaction, which is either a confidential transaction or a transaction with contractual protection and which is a reportable transaction defined in Code section 6707A(c)(1). A listed transaction is a transaction that is the same as or substantially similar to any of the types of transactions that the IRS has determined to be a tax avoidance transaction and are identified by notice, regulation or other form of published guidance as a listed transaction. A confidential transaction is a

transaction that is offered under conditions of confidentiality and for which a minimum fee was paid. A transaction with contractual protection is a transaction for which the party to the transaction has the right to a full or partial refund of fees if all or part of the intended tax consequences from the transaction are not sustained or with respect to which fees are contingent on the realization of tax benefits from the transaction.

As a type of tax-exempt entity subject to the prohibited tax shelter transaction rules, an IRA is required to file IRS Form 8886-T to disclose information with respect to each prohibited tax shelter transaction, entered into after May 17, 2006, to which it is a party. If the IRA participates in a reportable transaction (as defined in Treasury Regulations section 1.6011-4) the IRA also may be required to file IRS Form 8886. These forms must be filed by the entity manager, who in the case of a self-directed IRA, is the IRA owner who approved or caused the IRA to be a party to the transaction. Code section 6011(g) also requires a taxable party to a prohibited tax shelter transaction to disclose to the IRA Custodian that such transaction has occurred. In addition to the reporting and disclosure requirements, an IRA entity manager may be liable for excise taxes in connection with the prohibited tax shelter transaction. IRS Form 5330 is to be used for reporting such excise taxes. Additional penalties are imposed by Code section 6662A for failure to disclose required information with respect to prohibited tax shelter transactions.

#### FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY** - If you are under age 59½ and receive an IRA distribution, an additional tax of 10 percent will apply, unless made on Account of 1) death; 2) disability [with a qualifying physician determination]; 3) qualified birth or adoption for distributions during the one-year period beginning on the date of birth of your child or the date on which your legal adoption of an eligible adoptee is finalized, up to \$5,000 for each birth or adoption; 4) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your beneficiary taken for the longer of five years or until you reach age 59 ½; 5) unreimbursed medical expenses allowable as a deduction under Code 213, 6) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 7) certain qualified education expenses, 8) first-time home purchases (up to a life-time maximum of \$10,000 and used within 120 days of receipt), 9) a levy issued by the IRS, 10) being called to active military duty if the distribution meets the requirement to be a qualified reservist distribution (i.e., called to active duty for at least 180 days or an indefinite period and made during the period from the date when ordered or called and ending at the close of the active duty period), 11) terminal illness, 12) qualified disaster recovery distribution, 13) domestic abuse, or 14) emergency personal expenses. This additional tax will apply only to the portion of a distribution which is includible in your taxable income.
- B. **EXCESS CONTRIBUTIONS AND PENALTY** - An additional tax of six percent is imposed upon any excess contribution you make to your IRA which is not removed timely. This additional tax will apply each year in which an excess remains in your IRA and not removed timely. An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute. An excess contribution may be corrected by withdrawing the excess amount, along with the earnings, attributable to the excess, before your tax filing deadline, including extensions, for the year for which the excess in your taxable income in the year in which the contribution was made and the six percent excess contribution penalty tax will be avoided. However, if you are correcting an excess contribution after your tax filing deadline, including extensions, remove only the amount

of the excess contribution. The six percent excess contribution penalty tax will be imposed on the excess contribution for each year it remains in the IRA Account. An excess withdrawal under this method will only be taxable to you if the total contributions made in the year of the excess exceed the annual applicable contribution limit. If you do not withdraw the excess contribution, you can carry forward the contribution for a subsequent tax year and you can under-contribute for that tax year on your tax return. The six percent excess contribution penalty tax will be imposed on the excess amount for each year that it remains as an excess contribution at the end of the year.

- C. **PENALTY REPORTING** - You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.
- D. **PROHIBITED TAX SHELTER TRANSACTION EXCISE TAX** - If you, as entity manager of your IRA, approve or otherwise cause your IRA to be a party to a prohibited tax shelter transaction during the taxable year and you know or have a reason to know the transaction is a prohibited tax shelter transaction, you must pay an excise tax under Code section 4965(b)(2). You must file IRS Form 5330 to report this tax.
- E. **REPAYMENTS OF CERTAIN DISTRIBUTIONS**
- Qualified Birth or Adoption Distributions.** If you have taken a qualified birth or adoption distribution, you may generally pay all or a portion of the aggregate amount of such distribution to an IRA at any time during the three-year period beginning on the day after the date on which such distribution was received. In the case of a qualified birth or adoption distribution made on or before December 29, 2022, the deadline to repay the distribution is December 31, 2025.
  - Terminal Illness Distributions.** If you have taken a distribution due to a terminal illness, you may generally pay all or a portion of the aggregate amount of such distribution to an IRA at any time during the three-year period beginning on the day after the date on which such distribution was received.
  - Domestic Abuse Distributions.** Beginning in 2024, if you have taken a distribution because you are a victim of domestic abuse, you may generally pay all or a portion of the aggregate amount of such distribution to an IRA at any time during the three-year period beginning on the day after the date on which such distribution was received.
  - Emergency Personal Expense Distributions.** Beginning in 2024, if you had taken an emergency personal expense distribution, the distribution may be repaid within a three-year period. No further emergency personal expense distributions are allowed during the immediately following three calendar years unless repayment occurs, or you have made IRA contributions after the previous distribution in an amount at least equal to the previous distribution that has not been repaid.
  - Qualified Disaster Recovery Distributions.** If you have taken a qualified disaster recovery distribution, the distribution may be recontributed to an IRA at any time during the three-year period beginning on the day after the date on which such distribution was received.

For further information, you may wish to obtain IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

#### OTHER INFORMATION

- A. **IRS PLAN APPROVAL** - Articles I through VII of the Equity Trust Traditional Individual Retirement Custodial Account Agreement reflect the precise language of the corresponding articles of the

IRS Model Traditional Individual Retirement Custodial Account Agreement (Form 5305-A). Therefore, your Equity Trust Traditional Individual Retirement Custodial Account Agreement is treated as satisfying all applicable IRS requirements as to the form of the IRA, without the need for specific IRS approval. However, because this treatment relates to the form of the IRA only, nothing in your Custodial Account Agreement constitutes an endorsement of, or a determination or opinion of the merits or consequences of, any action in connection with the operation of your Traditional IRA or of any investments made.

- B. **NO PREDICTION, REPRESENTATION OR GUARANTEE OF FUTURE VALUE** - The value of your IRA at any time will depend on the amount of contributions to it, the performance of its investments as selected by you or your Authorized Agent, and the time and amount of charges to and payments from it. Equity Trust does not predict, represent, or guarantee the value of your IRA at any future time.
- C. **NON-DEPOSIT INVESTMENTS NOT INSURED BY FDIC** - Non-deposit investments, such as, but not limited to stocks, bonds, mutual funds, real property and private placements, of the IRA are not FDIC insured and are subject to investment risks, including the loss of principal.
- D. **QUALIFIED RESERVIST DISTRIBUTIONS** - If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your IRA or retirement plan, you may recontribute those amounts to an IRA generally within a two-year period from your date of return.
- E. **QUALIFIED CHARITABLE DISTRIBUTIONS** - If you are age 70½ or older, you may be eligible to take tax-free IRA distributions of up to \$105,000 per year and have these distributions paid directly to certain charitable organizations. This amount is subject to possible cost-of-living adjustments each year beginning in tax year 2025. A qualified charitable distribution also includes a one-time charitable distribution of up to \$50,000 to a split interest entity (i.e., charitable gift annuity, charitable remainder unitrust, and charitable remainder annuity trust). Special tax rules may apply. For further detailed information you may obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).
- F. **DISASTER RELATED RELIEF** - If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, a federally declared disaster in a specified disaster area), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your IRA. Qualified disaster relief includes an automatic 60-day extension to perform certain acts and may include penalty-tax free early distributions made during specified timeframes for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more.

Qualified Disaster Recovery Distributions. If your principal residence is located in a qualified disaster area and you have sustained an economic loss by reason of such disaster, you may receive up to \$22,000 per disaster in aggregate distributions from your retirement plans and IRAs as qualified disaster recovery distributions. A qualified disaster is any major disaster declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act after January 26, 2021. These distributions are not subject to the 10 percent early distribution penalty tax. In addition, unless you elect otherwise, any amount required to be included in your gross income for such taxable year shall be included ratably over a three-taxable year period, beginning with the taxable year of the distribution. Qualified disaster recovery distributions may be repaid at any time generally within a three-year period beginning on the day

after the date the distribution was received.

Repayments of Withdrawals for Home Purchase. If you received a qualified first-time homebuyer distribution to purchase or construct a principal residence in the qualified disaster area, but which was not used on account of the qualified disaster, you are able to repay the distribution within 180 days of the applicable date of such disaster. The distribution must have been received during the period (1) beginning 180 days before the first day of the FEMA declared incident period, and (2) ending 30 days after the last day of the FEMA declared incident period.

- G. **ADDITIONAL INFORMATION** - You may obtain further information on IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590-A and IRS Publication 590-B, Individual Retirement Arrangements, by calling 1-800-TAX-FORM, or by visiting [www.irs.gov](http://www.irs.gov).



# Roth Individual Retirement Custodial Account Agreement

Form 5305-RA under Section 408(a) of the Internal Revenue Code  
IRS Form (Rev. April 2017)



The Depositor named on the Application is establishing a Roth Individual Retirement Account under Section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian name on the Application has given the Depositor the disclosure statement required by Regulations section 1.408-6. The Depositor has assigned the Custodial Account the sum indicated on the Application.

The Depositor and the Custodian make the following agreement:

## ARTICLE I

Except in the case of a rollover contribution described in section 408A(e), or a recharacterized contribution described in section 408A(d) (6), the Custodian will accept only cash contributions up to \$5,500 for tax years 2013 through 2018. That contribution limit increased in 2019 to \$6,000 and will remain unchanged through 2022. For individuals who have reached the age of 50 before the close of the tax year, there is an additional \$1,000 catch-up contribution. The above limits may increase in future years to reflect a cost-of-living adjustment, if any.

## ARTICLE II

- 2.1 The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a Depositor who is single or treated as single, the annual contribution is phased out between adjusted gross income (AGI) of \$129,000 - \$144,000; for a married Depositor filing jointly, between AGI of \$204,000 - \$214,000; and for a married Depositor filing separately, between AGI of \$0 and \$10,000. These phase-out ranges are for 2022. For years after 2022, the phase-out ranges, except for the \$0 to \$10,000 range, will be increased to reflect a cost-of-living adjustment, if any. Adjusted gross income is defined in section 408A(c)(3).
- 2.2 In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.

## ARTICLE III

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

## ARTICLE IV

- 4.1 No part of the Custodial Account funds may be invested in life insurance contracts, nor may the assets of the Custodial Account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
- 4.2 No part of the Custodial Account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver and platinum coins, coins issued under the laws of any state, and certain bullion.

## ARTICLE V

- 5.1 If the Depositor dies before his or her entire interest is distributed to him or her and the Depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated

beneficiary, in accordance with (b) below:

- (a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the Depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the Depositor.
- (b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depository's death.
- 5.2 The minimum amount that must be distributed each year under Section 5.1(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 Regulation Section 1.4019a) (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.
- 5.3 If the Depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the Depositor.

## ARTICLE VI

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

## ARTICLE VII

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through VI and this sentence will be controlling. Any additional articles inconsistent with Section 408A and the related Regulations, and other published guidance will be invalid.

## ARTICLE VIII

This Agreement will be amended as necessary to comply with the provisions of the Code, and the related Regulations, and other published guidance. Other amendments may be made with the consent of the persons whose signatures appear on the Application, as provided in Article XIX, Section 19.4 below.

## ARTICLE IX — DEFINITIONS

The below words and phrases, when used in this Roth Individual Retirement Custodial Account Agreement (the "Agreement"), shall have the following meaning:

- 9.1 "You" and "Your" means the Depositor, Roth IRA Owner and Account Holder

- 9.2 "We", "Us" and "Our" mean the Custodian
- 9.3 "Code" means the Internal Revenue Code
- 9.4 "Regulations" means the Treasury Regulations
- 9.5 "Roth IRA", "Custodial Account", "Account" or "Roth IRA Account" means the Account you set up with us under this Agreement

## ARTICLE X — CUSTODIAN RIGHTS AND LIMITED DUTIES

### 10.1 Custodian's Limited Duties

- (a) Our duties as Custodian of your Roth IRA Account are limited to those set forth in this Agreement. Our duties are limited to (i) receiving funds or investments from you or your designated/appointed representative and (ii) following your directions concerning your Roth IRA Account, and (iii) carrying out our ministerial duties as directed Custodian as set forth in this Agreement below.
- (b) It shall be our duty to maintain an Account in your name and to effect administrative tasks at your direction. Such tasks include the following:
  - (i) holding and/or investing/re-investing any part of your Roth IRA Account at your direction;
  - (ii) selling, conveying, transferring and otherwise following your directives concerning property held in your Roth IRA Account;
  - (iii) borrowing and lending money and extending mortgages at your direction;
  - (iv) retaining cash and assets in your Roth IRA Account, which Roth IRA Account shall reflect the amounts contributed by you from rollover, transfers, investments and distributions, disbursements and all other transactions directed by you;
  - (v) holding any securities or property which has been properly registered to your Roth IRA Account;
  - (vi) filing certain tax forms such as 5498s and 1099s, when applicable;
  - (vii) unless otherwise directed by you, depositing all undirected and uninvested cash from any source into the Program as set forth and defined in Article XI, Section 11.3(e) and 11.3(f), and Article XIII, Section 13.1(b) of this Agreement, and then to place such deposited cash into one or more financial institutions as described in those sections;
  - (viii) making payments, disbursements or distributions from your Roth IRA Account at your instruction;
  - (ix) furnishing to you, on a least an annual basis, a statement of your assets and transactions in your Roth IRA Account; and
  - (x) making, executing and delivering any and all contracts, waivers, releases and any other documents necessary for effecting a transaction directed by you.

### 10.2 Custodian's Rights

- (a) We have the right to not process or accept a transaction or investments. For example, if we determine that an investment or transaction poses risk to us, is no longer administratively feasible, is inconsistent with our internal practices and standards, or is beyond the scope of our administrative responsibilities, capabilities or expertise, we have the right to not process the transaction or investment and we have the right to resign from our role as Custodian of the particular asset and/or Roth IRA Account. If we choose to resign, we may distribute this asset or the assets in your Roth IRA Account to you at its last known value, which could subject you to fees for us having to re-register the asset and process the transaction. We shall

have no liability for any tax, financial, or other consequences related to such distribution.

- (b) The decision to not process or accept an investment should not be interpreted as us endorsing or conducting due diligence on an investment, investment company or investment strategy. Further, the decision to review any documents related to your investment or whether to accept or not accept an investment does not impose any fiduciary duties on us and should not be construed as us making a determination concerning the suitability or legality of the investment. Rather, any review performed by us with respect to an investment shall be solely for our own purposes of determining whether such investment poses administrative burdens on us or whether accepting such investment complies with our internal policies, practices and standards. For our own administrative purposes, we may review investment materials and may or may not maintain copies of such review material.
- (c) We shall use reasonable efforts to acquire or sell investments in accordance with your directions within a reasonable period of time after we have received an investment direction and we shall make reasonable efforts to notify you if we are unable or unwilling to comply with an investment direction. Subject to the foregoing, we shall remit funds as directed, but have no responsibility to verify or assure that such funds have been invested to purchase or acquire the asset selected by you.
- (d) If we (1) fail to receive directions from you regarding any transaction; (2) receive ambiguous directions regarding any transaction; (3) believe that any transaction requested is in dispute or is being challenged by a third party, we have the right to take no action and/or freeze your Roth IRA Account or place a hold on a transaction until further clarification acceptable to us is received from you or the appropriate government or judicial authority.
- (e) We have the right to close your Roth IRA Account if the Account drops below the minimum balance we establish and/or if your Roth IRA Account remains inactive with no assets or new investments for a period of time designated under our internal policies.
- (f) We may require that your Roth IRA Account maintain a minimum balance of cash and assets, and we have the right to distribute the entire balance of your Roth IRA Account to you or assess a fee if the balance of your Roth IRA Account drops below a minimum balance we establish.
- (g) We have the right to liquidate assets held in your Roth IRA Account and choose which assets to liquidate in order to pay for overdue fees owed to us or as required in order to comply with state escheatment laws. We also have the right to liquidate assets held in your Roth IRA Account and credit your Roth IRA Account for the market value of such assets if we determine that it is administratively burdensome or not feasible to custody such assets or if there are regulatory or legal risks, as determined by us, associated with the custody or investment of such assets.

## ARTICLE XI — RESPONSIBILITIES OF THE ROTH OWNER

### 11.1 In General

- (a) You represent and warrant to us that any information you have given or will give us with respect to this Agreement, your Roth IRA Account or the Application is complete, accurate and up to date. Further, you agree that any directions you give us, or action you take with the respect to your Roth IRA Account will be proper under this Agreement, and that we are entitled to rely and/or act upon any such information or direction upon receipt. We shall not be responsible for losses of any kind that may result from your direction to us or your action or failure to

act, and you agree to reimburse and indemnify us for any loss we may incur as a result of such direction, action or failure to act.

- (b) We have the right to assume that any document you submit relative to your Roth IRA Account is enforceable, authorized and approved by you. You acknowledge that it is your duty to ensure that any documents relating to any investment are signed, recorded, genuine, and legally enforceable to establish legal interest, including but not limited to title or security interest. You agree that we are not liable for any damages as a result of us accepting a document that we believe is authorized and approved by you.
- (c) The investment selected by you may lack liquidity, may be speculative and may involve a high degree of risk. You represent to us that any loss sustained in your Roth IRA Account will not affect your retirement income standard, and if a mandatory distribution arises, you will have the ability through your Roth IRA Account and/or other retirement accounts to meet any mandatory distribution requirements.
- (d) We are responsible for safekeeping only those documents which are delivered to us by you or your agent. If the original documents are to be held by your agent or another third party, you must ensure that the agent or third party agrees to safeguard the original documents and forward copies of the signed and recorded documents to us as evidence of ownership.

#### 11.2 Investments Conform to All Applicable Regulations and Securities Laws

- (a) You are responsible for ensuring that the assets within your Roth IRA Account and all transactions connected with your Roth IRA Account comply with South Dakota regulations, other applicable federal and state regulations, rulings and this Agreement. By signing the Roth IRA Account application and receiving this Agreement, you acknowledge that none of the assets in your Roth IRA Account violate any federal and state Regulation. We have no duty to determine whether your contributions or distributions comply with the relevant laws.
- (b) You represent to us that if any investment by your Roth IRA is a security under applicable federal or state securities laws, such investment has been registered or is exempt from registration under federal and state securities laws; and you release and waive all claims against us for our role in carrying out your instructions with respect to such investment.
- (c) You acknowledge that the foregoing representation is being relied upon by us in accepting your investment directions and you agree to indemnify us with respect to all costs, expenses (including attorneys' fees), fines, penalties, liabilities, damages, actions, judgements and claims arising out of such investment and/or a breach of the foregoing representation, including, without limitation, claims asserted by you.

#### 11.3 Investment of Amounts in Your Roth IRA – Your Responsibility

- (a) **In General.** You have exclusive responsibility for and control over the investment of the assets of your Roth IRA Account. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our internal policies, standards and practices; and this Agreement.
- (b) **Selection of Investment and Investment Due Diligence.** You are responsible for conducting any and all due diligence related to your investment, and for the selection of the investment for your Roth IRA assets. We will not select or

recommend any investment, nor will we act as a broker dealer or advisor in completing any purchase or sale of an investment for you. However, your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to custody and that comport with our internal policies, practices, and standards and that are deemed administratively feasible by us, as set forth in Article X, Section 10.2. Cash balances in your Roth IRA for which no investment instructions have been received shall be placed in a financial institution as set forth in Article XI, Sections 11.3(f) and 11.3(g).

- (c) **Third Party Due Diligence.** It is your responsibility to perform proper due diligence with regard to any representative, investment advisor, broker, dealer or other third party. We will follow the directions of any such investment advisor, representative, broker or other party authorized by you in a manner acceptable to us, and we will be entitled to all the same protections and indemnities in our reliance upon and execution of the directives of such agent or other party as if such directives were given by you. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, administrator, advisor or investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent.
- (d) **Interested Party/Designated Representative.** You may appoint an Interested Party or Designated Representative to your Roth IRA Account in any form or manner that is acceptable by us. Those individuals will have abilities to view your Roth IRA Account, access your Roth IRA Account information and/or perform the actions as set forth as set forth on your account application or other form where you appointed and designated the third party. You shall be responsible for investigating, selecting, instructing, and monitoring the Interested Party and/or Designated Representative and to perform whatever due diligence as may be appropriate before selecting or retaining that individual. That Interested Party and/or Designated Representative shall be the authorized agent of you and shall not be treated as an affiliate, agent, or employee of the Custodian. The Custodian has no duty to supervise or monitor the Interested Party and/or Designated Representative. You may remove an Interested Party and/or Designated Representative from your account by providing written notice to us, on a form that is acceptable to us, but that removal shall not have the effect of canceling any notice or direction we received prior to us receiving the written notice of cancellation. You are solely responsible for removing the responsible party/designated representative once you appoint that person by notifying us of such request to remove that third party through the process we require. We do have the right to remove an Interested Party and/or Designated Representative from your Roth IRA Account at our discretion.

#### (e) **Custodian Acting at Your Direction – No Investment or Tax Advice**

- (i) We are acting solely as a directed Custodian to hold Roth IRA assets and we have no discretion to direct any investment in your Roth IRA. Accordingly, we are not a fiduciary (as said term is defined in the Internal Revenue Code, ERISA, or any other applicable federal, state, or local laws) with respect to your Roth IRA Account.
- (ii) It is not our responsibility to review the prudence, merits, viability or suitability of any investment directed by you or your agent(s) or to determine whether the investment is suitable for you or acceptable under ERISA, the Internal Revenue Code or any other applicable law.

- (iii) We do not offer any investment advice, nor do we endorse any investment, investment product or investment strategy; and we do not endorse any investment advisor, representative, broker, dealer or other third party selected by you. By agreeing to custody an asset, such action does not constitute marketing or endorsing that asset by us. It also does not speak to the viability of the asset.
- (iv) We do not provide legal or tax advice with respect to the assets in your Roth IRA Account.
- (v) We have no duty to inform you of any information on an asset held in your Roth IRA Account which we may have learned in connection with another account or customer or from any source.
- (vi) By performing services under this Agreement, we are acting at your direction and on your behalf. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to Roth IRAs.
- (vii) We shall be under no obligation or duty to investigate, analyze, monitor, verify title to, or otherwise evaluate any investment directed by you or your investment advisor, principals, representative or agent; nor shall we be responsible to notify you or take action should there be any default with regard to any investment.
- (viii) We are not responsible for communicating, forwarding or notifying you or any third party of any information which we receive pertaining to your investments, Roth IRA Account or relationships. For example, we have no duty or obligation to notify you with respect to any information, knowledge, irregularities or our concerns relating to your investment or your investment advisor, broker, agent, promoter, or representative. Any failure of us to communicate such information to you does not result in any liability on us as Custodian.
- (ix) We may receive documentation from investment providers or asset holders regarding assets in your IRA Account. We may, but are not obligated to, forward this information to you. It will remain your sole responsibility to request and ensure that you receive all applicable documentation regarding your investments.

(f) **Deposit Investments.** The deposit investments available through us may include savings and/or money market accounts and certificates of deposit (CDs). Any cash in your Roth IRA shall be invested in accordance with your instructions or those of your designated representative, subject to the other terms of this Agreement. If you do not instruct us with regard to any uninvested cash, such cash will be deposited into the Program as defined in Article XIII, Section 13.1(b). You may direct us to transfer any uninvested funds to an institution of your choice at any time.

(g) **Uninvested Cash Fund**

- (i) You hereby direct the Custodian, pending further investment instruction, to deposit all undirected and uninvested cash from any source, including, but not limited to contributions, transfers and income from assets held in the Roth IRA Account, into the Program, as defined in Article XIII, Section 13.1(b) of this Agreement, and then place such deposited cash into one or more financial institutions which qualify as well-capitalized under federal bank regulatory agency definitions. The bank accounts in the Program include checking, savings, money market and/or CD accounts. Interest earned

on such cash balances net of the Program fee shall be credited to your Roth IRA Account as of the end of each month, provided your Roth IRA Account is open on the last business day of the month.

- (ii) You direct us to sweep available free credit balances automatically into the Program utilizing such well-capitalized financial institutions until such time as further direction is received from you or your designated representative(s).
- (iii) You also authorize us to transfer any such funds to a different well-capitalized financial institution without any further approval from you. Information on interest earned net of the Program fee is available online at [www.trustetc.com/interest](http://www.trustetc.com/interest) and reported on your quarterly statement as appropriate, or can be obtained by contacting a Client Service Representative.

**11.4 Investment Documentation**

- (a) In directing us with respect to any investment, you must utilize our Direction of Investment form suitable to such investment or such other form acceptable to us. We may remit funding for your investment upon receipt of such Direction of Investment or other form acceptable to us, without regard to any supporting documentation.
- (b) We shall be fully protected in acting upon any instrument, certificate, paper or transmission believed to be genuine and to be signed or presented by the proper person or persons whether or not by facsimile, email or other form acceptable to the Custodian, and the Custodian shall be under no duty to make any investigation or inquiry as to any statement contained in any such communication, but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.
- (c) You authorize and direct us to execute and deliver, on behalf of your Roth IRA Account, any and all documents delivered to us in connection with your assets in your Roth IRA Account; however, we have no duty to deliver such documents and we shall have no responsibility to verify or determine that any such documents are complete, accurate or constitute the documents necessary to comply with your investment direction. You authorize and direct us to correct errors in investment titling without notice to you and to correct other minor clerical errors with telephone or email consent from you upon verification of your identity.

**11.5 Statement Review.** You have sixty (60) days after either: (1) the date of mailing of a paper statement; or (2) the posting of our statement online, if you receive electronic statements, to give us notice of any errors or inaccuracies reflected on the statements. You acknowledge that if you fail to give us notice of any discrepancies on your statements within that time period, we have the right to assume that you approve of the statement and you are, therefore, precluded from making future objections to the statement. You agree that if your statement overstates an asset's value or inaccurately includes an asset you will notify us within that sixty (60) day period. We have no obligation to you based on the overvaluation or inaccurate inclusion of an asset in your statement. We shall have no liability for the content reported or not reported on any statement unless you give us notice within that sixty (60) day period.

**11.6 Prohibited Transactions**

- (a) You understand that certain transactions are prohibited in Roth IRAs and qualified retirement plans under Section 4975 of the Internal Revenue Code (a "prohibited transaction"). You further understand that the determination of a prohibited transaction depends on the facts and circumstances that



surround the particular transaction. A prohibited transaction can occur with an improper use of the Roth IRA such as a transaction involving a “disqualified person”, which is defined in the Code. If your Roth IRA Account contains a prohibited transaction, the Roth IRA Account typically loses its non-taxable status and a taxable distribution and penalty may result. We have no responsibility to make a determination as to whether any investment or transaction is a prohibited transaction. Rather, you are responsible for consulting with your own tax or legal professional to ensure that none of your Roth IRA investments constitute a prohibited transaction. We have no duty to inform you that your transaction is or could lead to a prohibited transaction.

- (b) By submitting an investment for processing, you affirm that the investment does not constitute a prohibited transaction and it complies with all applicable federal and state laws, regulations and requirements. We reserve the right, however, to not process a transaction, resign from the Account or issue a distribution if we have a good faith belief that a transaction in your Roth IRA Account constitutes a prohibited transaction.

#### 11.7 Duty to Indemnify

- (a) You agree to release, indemnify, hold harmless and defend us from any and all claims, damages, liability, actions, loss, costs and expenses (including, without limitation, attorneys’ fees) resulting to the IRA, against you, any beneficiary or incurred by or asserted against us, in connection with or by reason of any sale or investment made or other action taken (or omitted to be taken ) at your or your agent’s direction.
- (b) You agree to reimburse or advance to us, on demand, all legal fees, expenses, costs, fines, penalties and obligations incurred or to be incurred in connection with the defense, contest, prosecution or satisfaction of any claims made, threatened or asserted pertaining to any investment or action you or your agent directed through the Custodian, including, without limitation, claims asserted by you, any state or federal regulatory authority or self-regulatory organization.
- (c) You release and indemnify and agree to hold harmless and defend us in the event that any investment or sale of your Roth IRA assets violates any federal or state law or regulation or otherwise results in a loss of tax-exempt status, penalty, fine or tax imposed upon you, your Roth IRA, or us.
- (d) We shall not be responsible for any investment losses or diminution of the Roth IRA assets resulting from the changes in the market value of an asset; or resulting from reliance or action taken in reliance upon notice, instruction, direction or approval received from you or your authorized agent.
- (e) You agree to reimburse and indemnify us for any loss we may incur as a result of such directions, actions or failures to act by you or your authorized agent. You release us from any liability for any price fluctuations of the asset during the processing of a transaction directed by you. The indemnification provisions will survive the expiration of this Agreement.

#### 11.8 Legal Proceedings

- (a) You agree that you are solely responsible for the prosecution or defense, including the retention of legal counsel, of all legal actions (“Legal Proceedings”) involving your Roth IRA, which arise or become necessary for the protection of the investments in your Roth IRA, including any actions where we are named as a result of being Custodian of your Roth IRA. If we are named as a defendant in any Legal Proceedings, which includes state, federal and local court or arbitration, as a result of the assets in your Roth IRA being the subject of the litigation, you agree to retain legal counsel to represent us, in our Custodial capacity, or however named in the Legal

Proceedings. If you initiate Legal Proceedings against a third party regarding the assets in your Roth IRA, and your Roth IRA is plaintiff, you agree to initiate suit by titling the plaintiff as “Equity Trust Company, Custodian FBO (Your Name) Roth IRA.” You agree to provide us with copies of all pleadings, motions, discovery, orders and final resolution documents upon request. You also agree that any such legal action will be carried out in a manner that does not cause Custodian to incur any costs or legal exposure.

- (b) As you are the owner of the Roth IRA held with us, you understand that we will not initiate Legal Proceedings on behalf of you or your Roth IRA and will not participate in such Legal Proceedings without direction from you. You understand that you have sole authority to direct and make all decisions related to the Legal Proceedings and you shall defend, indemnify and hold Equity Trust, its officers, directors and employees harmless from any loss, legal expense and liability that arise out of such Legal Proceedings, including our legal costs, if we deem separate counsel is necessary. Should we incur costs or expenses associated with such Legal Proceedings, we have the right to charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets held in your Roth IRA.

#### 11.9 Insurance

- (a) It is your duty, as the Roth IRA owner, to secure or maintain fire, casualty, liability or other insurance coverage on any personal or real property held by your Roth IRA or which serves as collateral under any mortgage or other security instrument held by your Roth IRA with respect to any promissory note or other evidence of indebtedness. It is incumbent upon you to arrange for such assets and to direct us in writing as to the payment of any premiums therefor. Furthermore, it is your responsibility to determine that payment has been made upon your written request by verifying same with your Roth IRA statements.
- (b) You, as the Roth IRA owner, are responsible for notification or payments of any insurance premiums, real estate taxes, utilities, or other charges (including penalties) with respect to any investment held in your Roth IRA, unless you specifically direct us to pay the same in writing and sufficient funds are available to pay the same from your Roth IRA Account. Furthermore, it is your responsibility to determine that payment has been made from your Roth IRA Account. You must utilize an appropriate payment directive form available from us within a sufficient period of time for such direction to be accomplished in accordance with our normal business practices (without regard to whether we have undertaken efforts to comply with such directive).

#### 11.10 Account Security

- (a) You will be required to establish confidential account security credentials, such as a username, password, and/or PIN code, to access and conduct transactions in your Roth IRA Account. It is your duty, as the Roth IRA owner, to select strong account security credentials that, at minimum, comply with our security credential requirements, and keep the credentials you select private and inaccessible to unauthorized users. You must select account security credentials that are unique to your Roth IRA Account, meaning you have not used and will not use the same or similar credentials for other online accounts. We recommend that you also routinely change your account security credentials.
- (b) You are responsible for any access to or transactions conducted in your Roth IRA Account with your account security credentials, whether or not such access or transactions were authorized by you. You must notify us immediately if you

believe any of your account security credentials have been lost, stolen, or compromised or if you become aware of any unauthorized access to or activity in your Roth IRA Account. We shall not be responsible for losses of any kind that may result from unauthorized access to or activity in your Roth IRA Account using your account security credentials or your other personal information.

#### 11.11 Third Parties

- (a) We may delegate certain administrative, operational or other custodial related services with respect to your Roth IRA Account for which we otherwise have responsibility under this Agreement to affiliated and un-affiliated third parties, including, but not limited to Equity Administrative Services, Inc. and ETC Brokerage Services, LLC. The limitations on our duties for you under this Agreement or otherwise shall also apply with respect to each third party so employed or retained on our behalf.
- (b) We may, from time to time, establish independent contractor relationships with third parties whereby Roth IRA Owners can have access to third parties for products and services that may be beneficial to the Roth IRA Owner and whereby we receive a fee paid from the general assets of the third party pursuant to a services agreement between us and the third party for offering their services. These third parties may be affiliates with whom we have common ownership. You should consult with your financial and legal advisors before purchasing any such product or service, and it is your responsibility to perform proper due diligence with regard to any product or service offered by any such third parties (including without limitations all potential legal and tax consequences), and we make no recommendations and provide no investment advice regarding any such product or services or of the needs of the Roth IRA owner or your Roth IRA Account. Roth IRA Owners are in no way obligated to purchase products or services generally or to purchase products or services from any such third parties. No Roth IRA Owner may rely on any statement made by us or any of our officers, directors, employees, or agents for any decisions regarding the purchase of any product or service from any such third parties.
- (c) We may receive fees from unrelated third parties as a result of an agreement for servicing your Roth IRA Account. We also may, from time to time, offer non-custodial services, such as the right to use our licensed proprietary software and investment platforms to unrelated third parties for a fee (including, without limitation, a transaction-based fee) paid from the general assets of the third parties, to enable Roth IRA Owners the ability to make investment purchases and sales through such platforms or use of these services.
- (d) We may pay unrelated third parties for marketing or other services they provide to us or in connection with the servicing of your Roth IRA Account.

#### 11.12 Investment of the Roth IRA & Financial Disclosure

- (a) We are acting solely as a directed Custodian to assets in your Roth IRA Account and do not offer investment, tax, or legal advice, as that is solely your responsibility. As Custodian, we do not buy or sell investment products without your direction. As part of your self-directed Roth IRA Account, you choose the investments that will fund your Roth IRA Account. The investments available include a wide range of potential assets and you certify that the assets you invest in through your Roth IRA Account are permissible investments under applicable laws. Even if permissible, we have the option to decline accepting an asset if it is not administratively feasible. Given the type of assets that you may invest in, it is impossible to accurately estimate the value of the Roth IRA assets at any

given future point in time. Therefore, no projection of the growth of your Roth IRA Account can reasonably be shown, predicted, or guaranteed. Willingness to custody an asset in your Roth IRA Account does not constitute a determination by us of the viability of the investment nor do we provide investment advice or recommend or evaluate the merits or suitability of any investment, for your benefit. Please contact your asset provider for information on how to calculate and allocate earnings on your investment. This method may vary depending on the provider and type of investment you have chosen. There are fees that we may charge in connection with the investments you selected for your Roth IRA Account.

### ARTICLE XII — OTHER TAX CONSIDERATIONS

#### 12.1 Unrelated Business Taxable Income (UBTI)

- (a) Since your Roth IRA is a tax-exempt organization under federal tax law, if your Roth IRA earns income from an investment which utilizes debt-financing or which is derived from a business regarded as not related to the exempt purpose of your Roth IRA, that income is called unrelated business taxable income ("UBTI") and may be subject to taxation if it is in excess of permitted deductions. We have no responsibility for determining whether an investment made in your Roth IRA Account earned income that may be considered unrelated business taxable income which is subject to this federal income tax. Rather, it is your responsibility to file the required Form 990-T when such unrelated business taxable income is earned.
- (b) In the event that your Roth IRA earns unrelated business taxable income in excess of the \$1,000 exclusion (as that amount may be adjusted under the Code) for any taxable year, you agree to prepare or have prepared the required Form 990-T tax return, an application for employer identification number (if not previously obtained), any other documents that may be required and to file these forms with the Internal Revenue Service and pay the applicable unrelated business income tax from your Roth IRA. Additionally, if requested by us, you agree to: (i) send us documentation which evidences that the investments in your Roth IRA Account did not earn unrelated business taxable income; (ii) provide evidence of the filing of the required Form 990-T for such tax; or (iii) authorize us to prepare the tax for you. Should you fail to provide us with such requested documentation within the time proscribed by us, you may be subject to a Late Documentation Fee as set forth on the Fee Schedule.

### ARTICLE XIII — SERVICE FEES

#### 13.1 Service Fees

##### (a) Fee Schedule

- (i) We shall charge you fees for our services under this Agreement as is fully set forth in the Fee Schedule as it may be amended from time to time. Our Fee Schedule may be amended upon 30 days' advance written notice to you and in accordance with Section 19.4 hereof.
- (ii) We will charge fees consistent with the direction you provide to us on your Account Application or as modified by you or your Designated Representative.
- (iii) Any fees that are based upon the fair market value of non-marketable investments or assets that do not have a readily available market value, shall be based upon cost or the estimated fair market value of such assets, whichever is greater. Fees will continue to accrue and be payable even if your Roth IRA Account contains no assets other than uninvested cash. Publicly traded securities shall be valued at their fair market value. If

cost is not reflective of fair market value with respect to the assets held in your Roth IRA, you may provide us with a qualified independent valuation of such assets for purposes of determining an appropriate fee; and we will give consideration to such independent valuation. Our determination shall be binding and conclusive for purposes of Roth IRA fees based upon value.

- (iv) As set forth in the Fee Schedule, renewal fees, such as the retail Gold Level Service Fee, will be automatically renewed and withdrawn from your Roth IRA Account, charged to your credit card, or invoiced each year on the anniversary date of your membership, unless you provide written notice of cancellation within 30 days prior to your anniversary date.
- (v) We have the right to select another form of payment for our fees, such as credit card you have on file with us, if your designated form of payment fails when fees are due. Likewise, should you fail to pay an invoice for fees when due, we have the right to select another form of payment.
- (vi) Certain custodial fees may be paid for a limited time under a special fee schedule arrangement with a service provider as a result of a certain type of investment. If that arrangement is modified, that fee schedule may be discontinued, and you will be responsible for payment for fees associated with your Roth IRA Account outside of any special fee schedule. Should that fee arrangement allow for third parties to pay your fees directly to us in exchange for you paying the third party, if the third party is listed as the Account Designated Representative and you fail to pay the third party fees, you direct us to liquidate your assets to pay for fees due and owing that third party.
- (b) **Deposit Management Program Fees.** Other fees may be paid to us or our affiliates by third parties for assistance in performing certain transactions with respect to our Deposit Management Program ("Program"). Program fees are associated with cash management activities, such as account maintenance, depository bank selection, transaction processing, sub-accounting, record keeping, and any other services performed for the Program. Program fees for bank accounts maintained by Custodian for all IRAs shall be deducted solely from interest earned on uninvested Program cash prior to the crediting of such interest to the individual custodial account. For these services, the Custodian charges each bank account in the Program, a monthly fee at an annualized rate of up to 4.00% on the average assets maintained in the bank accounts, payable solely from interest earned on uninvested cash from the Program. The Program fees will be charged regardless of which bank accounts are being used by your Roth IRA. The Custodian has no obligation to ensure that all such bank accounts pay the same rate of interest; however, the Custodian has the right, but not an obligation, to reduce (rebate) a portion of this fee to your Roth IRA as to the balances in a specific bank's bank account. The Program fee for administering the bank accounts can change from time to time without notice but cannot exceed the annualized rate of 4.00% without 30 days prior notice to you and in accordance with Section 19.4 hereof. The Program fee is deducted directly from any interest paid on each bank account in the Program, and the net amount is paid to your Roth IRA monthly.
- (c) **Other Fees.** We may utilize third party services to obtain data necessary to serve as Custodian regarding the Investments in your Roth IRA Account and you agree that we charge your Roth IRA Account a fee for utilization of such services. We may charge you and/or your Roth IRA Account for any reasonable expenses incurred by us in connection with any services

that we deem necessary or which are directed by you for the administration of your Roth IRA. These include, but are not limited to, attorney fees and expenses associated with the defense of or on behalf of your Roth IRA or your interest involving your Roth IRA Account or its assets and in defense of us if we are named in any proceeding involving you or your Account.

- (d) **Third Party Fees.** You may incur third party fees associated with a transaction or investment as a result of your relationship with such third party and you acknowledge that these third party fees will not be disclosed on our fee schedule. You acknowledge that you are solely responsible for these third party fees.
- (e) **Brokerage Commissions.** Through our affiliate, we may receive a commission in connection with the unsolicited purchase or sale of a publicly traded security. Any brokerage commissions attributable to the assets in your Roth IRA will be charged to your Roth IRA through your brokerage Account. You cannot reimburse your Roth IRA for those commissions. Commissions or other fees may be received by our affiliates from third parties for assistance in performing certain services for your Roth IRA.
- (f) **Miscellaneous.** If you have provided us with information we consider sufficient to demonstrate that an asset(s) in your Roth IRA Account is subject to bankruptcy, reorganization, receivership or similar proceedings, or otherwise impaired, or if we receive notice of such information, the fee based upon such asset may be reduced by us at the time we receive notice of this information. However, you understand that any fees accrued and due prior to us receiving notice of information we deem acceptable, continue to be owed by you.
- (g) **Right to Collect Fees.** We have the right to freeze the assets held in your Roth IRA to ensure that we are protected from any loss involving your Roth IRA Account. We also have the right to liquidate, change dividend options and/or freeze assets for any unpaid fee balance. Should fees or expenses not be collected, we have the right to cease acting as Custodian, close your Account and force distribute any assets held in your Roth IRA.

### 13.2 Credit Card

- (a) Upon establishment of your Roth IRA Account or at such time thereafter, you may be required to furnish us with a valid credit card account number and related information. If you select to have your credit card pay fees, you authorize us to charge that credit card for all current and subsequent account-related fees and expenses unless and until you revoke this authorization in writing. We also have the right to charge a credit card you have on file with us for any fees and expenses due and owing to us that cannot be paid through your designated method of payment, such as if you elected to have fees come from your Roth IRA Account but insufficient cash is in your Roth IRA Account to cover the fees.
- (b) If your credit card on file with us expires or otherwise is or becomes invalid, you shall immediately inform us and provide us with another valid credit card and related information and hereby authorize us to charge that credit card. We have the right, consistent with industry standard practices, to use a third-party service to obtain updated credit card details if your credit card on file has expired.

## ARTICLE XIV — BENEFICIAR(IES) & POWER OF ATTORNEY

- 14.1 If you die before you receive all of the amounts in your Roth IRA, payments from your Roth IRA will be made to your beneficiary(ies). You may designate one or more persons or entities as beneficiary or your Roth IRA. This designation can only be made on a form



provided by or acceptable to us, and it will only be effective when it is accepted by us during your lifetime. Unless otherwise specified, each beneficiary designation you provide to us will cancel all previous ones. The consent of a beneficiary(ies) shall not be required for you to revoke a beneficiary designation.

14.2 If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survive you, the contingent beneficiary(ies) shall acquire the designated share of your Roth IRA Account. If no beneficiary should survive you, or if all beneficiaries renounce their rights to receive any benefit from the Roth IRA, or if you fail to provide a beneficiary and none is listed on the Roth IRA at the time of your death, we shall distribute the Roth IRA in the following order: (i) to your spouse, but if you have no spouse or if your spouse does not survive you, then to (ii) your estate.

14.3 If your surviving spouse is the designated beneficiary, your spouse may elect to treat your Roth IRA as his or her own Roth IRA and would not be subject to the required minimum distribution rules. Your surviving spouse will also be entitled to such additional beneficiary payment options as are granted under the Code or applicable Regulations.

14.4 We may allow, if permitted by state law, an original Roth IRA beneficiary(ies) (the beneficiary(ies) who is entitled to receive distribution(s) from an inherited Roth IRA at the time of your death) to name a successor beneficiary(ies) for the inherited Roth IRA. The designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original Roth IRA beneficiary's lifetime. Unless otherwise specified, each beneficiary designation form that the original Roth IRA beneficiary(ies) files with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for the original Roth IRA beneficiary(ies) to revoke a successor beneficiary(ies) designation. If the original Roth IRA beneficiary(ies) does not designate a successor beneficiary(ies), his or her estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for the original Roth IRA beneficiary.

14.5 After your death, your beneficiary(ies) shall have the right to direct the investment of your Roth IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement. We have no obligation to locate or contact your beneficiaries after your death. If you name multiple beneficiaries, we may require instructions close in time from all the beneficiaries or a court order prior to processing any beneficiary request. To the extent a court order is required, Equity Trust shall not be named in that proceeding but shall be presented a copy of the court order concerning the handling of the assets in the IRA.

14.6 If you sign a power of attorney appointing an attorney or agent to conduct business for your Roth IRA Account, you must do so on a form acceptable to us. We reserve the right to refuse to honor any power of attorney presented to us, as well as refuse to recognize a successor attorney-in-fact at any time, whether or not the successor attorney-in-fact is specifically identified in the power of attorney. In addition, we reserve the right to refuse to follow the instructions of a power of attorney. The person you appoint will be subject to all the provisions of the Agreement. Any person appointed, is not an owner of your Roth IRA Account. We may honor a power of attorney until we receive written notice from you that you have revoked the power of attorney and have had a reasonable time to act on such notice. You shall be responsible for investigating, selecting, instructing, and monitoring the Power of Attorney and to perform whatever due diligence as may be appropriate before selecting or retaining that individual.

## ARTICLE XV — VALUATION POLICY

15.1 On an annual basis (or more frequently), we will request updated

valuation information from you and/or your asset sponsor or third party designated to provide such updated valuation. It is your duty to ensure that the fair market value of the assets in your IRA Account are accurate. We report the value of the assets in your IRA Account on your account statements and we will report the value as accurately as possible using the resources available to us. Where the fair market value of an asset in your IRA Account is readily ascertainable on either an established exchange or generally recognized market used in the financial services industry, we will report such valuations. Where the fair market value of an asset in your IRA Account is not readily ascertainable, you agree that you will provide to us a qualified independent appraisal or other acceptable valuation of the asset. The frequency with which we update valuations depends upon the asset type and the frequency with which we are provided with updated valuation information.

15.2 If you do not provide a valuation or appraisal, we may report that asset's value at its last known fair market value, at its acquisition cost, or we may, at our discretion, use a third-party source to value the asset. We may charge your IRA Account a fee if you fail to provide us with a valuation or appraisal and/or if we use a third-party source to value the asset.

15.3 We may require that you provide such an appraisal or validation with an updated valuation of the asset for any transaction which results in a taxable event, such as a distribution. You are solely responsible for the tax consequences of asset values reported to the Internal Revenue Service in connection with a distribution of any assets in your IRA Account or any other taxable event.

15.4 From its actual value. We reserve the right to reject a valuation change if the information is inconsistent with our procedure or process requirements. For assets that have passed their maturity date, we may require you to provide information to show the current status of the asset. We have no obligation to conduct appraisals or valuations of assets in your IRA Account and we have no duty to verify the values provided to us. We neither provide a guarantee of value nor an opinion with regard to any independent appraisal and we assume no responsibility for the valuations reported or their accuracy. Valuation information should not be used as a basis for making investment decisions, including but not limited to purchasing, retaining or disposing of an asset. The reported value of any asset may differ materially

15.5 We may use the value of the asset to determine fees owed to us. If you believe that an asset in your IRA Account should be reported at a different value, or does not have any value, it is your responsibility to provide us with information sufficient to demonstrate that the asset's reported value should be changed. You may provide us with this information through a qualified appraisal or through means we consider acceptable to evidence the new value of the asset. If this is the only asset held in your IRA Account, we have the right to devalue, distribute the asset and close your IRA Account. If you do not provide sufficient information to devalue the asset, we may continue to report the asset at the last known value given to us or use a third-party source to value the asset. If we become aware that an asset has lost value or is no value, we may notify you of such information and may reduce the value of such asset/or distribute the asset to you.

## ARTICLE XVI — TERMINATION OF AGREEMENT, RESIGNATION, OR REMOVAL OF CUSTODIAN

16.1 Either party may terminate this Agreement at any time by giving written notice to the other party. We may resign and appoint a successor custodian to serve under this Agreement or under another governing agreement selected by the successor custodian by giving you written notice at least 30 days prior to the effective date of such resignation and appointment, which notice



shall also include or be provided under separate cover a copy of such other governing instrument, if applicable, and the related disclosure statement. You shall then have 30 days from the date of such notice to either request a distribution of the entire account balance or designate a different successor custodian and notify us of such designation. If you do not request distribution of the account balance or notify us of the designation of a different successor custodian within such 30 day period, you shall be deemed to have consented to the appointment of the successor custodian and the terms of any new governing instrument, and neither us nor the successor shall be required to execute any written document to complete the transfer of the account to the successor custodian. The successor custodian may rely on any information, including beneficiary designations, previously provided by you to us. We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

16.2 If this Agreement is terminated, we may charge to your Roth IRA Account a reasonable amount necessary to cover any associated costs, including but not limited to, one or more of the following:

- (a) any fees, expenses or taxes chargeable against your Roth IRA; and
- (b) any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your Roth IRA.

16.3 After your Roth IRA Account with us is closed, you are responsible for ensuring that all assets previously in your Account are properly titled, registered and transferred out of our name.

16.4 If we are required to comply with Regulation Section 1.408-2(e), and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or Regulations, the IRS may, after notifying you, require you to substitute another trustee or custodian.

16.5 If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion which includes your Roth IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your Roth IRA, but only if it is the type of organization authorized to serve as a Roth IRA trustee or custodian.

#### ARTICLE XVII — APPLICABLE LAW; WAIVER; AND VENUE

17.1 This Agreement is subject to all applicable federal laws and regulations and shall be governed by and construed under the applicable laws of the State of South Dakota. The laws of the State of South Dakota shall not govern any procedural matters, including but not limited to any applicable limitation period.

17.2 **YOU AGREE THAT ANY CLAIM OR CAUSE OF ACTION AGAINST CUSTODIAN ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT, CUSTODIAN'S DUTIES OR RESPONSIBILITIES THEREUNDER, OR YOUR ROTH IRA ACCOUNT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CLAIM OR CAUSE OF ACTION ACCRUED, OR IF THE APPLICABLE LAW REQUIRES A LONGER LIMITATIONS PERIOD, WITHIN THE SHORTEST PERIOD OF TIME PERMITTED BY THAT LAW. YOU AGREE TO WAIVE ANY STATUTE OF LIMITATIONS TO THE CONTRARY.**

17.3 **YOU FURTHER AGREE THAT CUSTODIAN SHALL NOT BE LIABLE FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES, AND YOU AGREE TO WAIVE ANY SUCH CLAIMS OR DAMAGES AGAINST CUSTODIAN TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.**

17.4 If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. No waiver of any part of this Agreement shall be deemed to constitute a waiver of any other

part, and any such waiver shall not constitute a continuing waiver and shall not affect you or our ability to thereafter enforce any and all parts of this Agreement.

17.5 IF YOU TIMELY OPT OUT OF THE ARBITRATION AGREEMENT IN ARTICLE XVIII OF THIS AGREEMENT, OR IF THE ARBITRATION AGREEMENT IN ARTICLE XVIII IS FOUND BY A COURT OF COMPETENT JURISDICTION TO BE UNENFORCEABLE AGAINST YOU OR INAPPLICABLE TO YOU FOR ANY REASON, YOU AGREE THAT ANY LAWSUIT FILED AGAINST CUSTODIAN ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT OR OUR ROLE AS CUSTODIAN, INCLUDING, BUT NOT LIMITED TO, ANY DUTIES, RESPONSIBILITIES OR ACTIONS (OR FAILURE TO ACT) OF CUSTODIAN OR OUR RELATIONSHIP WITH YOU, SHALL BE EXCLUSIVELY BROUGHT IN THE COUNTY COURT OF CUYAHOGA COUNTY, OHIO OR THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO (CLEVELAND DIVISION), AND YOU EXPRESSLY AGREE TO SUBMIT TO THE JURISDICTION OF THESE COURTS BOTH FOR ANY SUCH LAWSUIT YOU MAY FILE AGAINST CUSTODIAN AND FOR ANY LAWSUIT WHICH CUSTODIAN MAY FILE AGAINST YOU.

#### ARTICLE XVIII — ARBITRATION AGREEMENT

**ARBITRATION AGREEMENT. PLEASE READ THIS PROVISION OF THE AGREEMENT CAREFULLY. UNLESS YOU OPT OUT OF IT, ANY DISPUTE BETWEEN YOU AND CUSTODIAN OR CERTAIN OTHERS WILL BE RESOLVED BY MANDATORY BINDING ARBITRATION. BY AGREEING TO THIS PROVISION, YOU AND CUSTODIAN GIVE UP RIGHTS TO GO TO COURT AND RIGHTS TO A TRIAL BY JURY. YOU ALSO GIVE UP YOUR RIGHT TO PARTICIPATE IN ANY CLASS ACTION, CLASS ARBITRATION, OR OTHER REPRESENTATIVE ACTION.**

**What is Arbitration?** Arbitration is a private process in which an impartial arbitrator resolves a legal dispute by making a final and binding decision called an Award. Like judges, arbitrators are neutral and impartial decision makers. The arbitrator may grant any remedy of relief that the parties could have received in court. And decisions by the arbitrator are binding and enforceable. But arbitration is different from court in other ways. For example, arbitration uses less formal discovery and rules of evidence. There is no jury. And appellate review of an arbitration Award is more limited than in court.

**Scope.** You and Custodian agree that MANDATORY BINDING ARBITRATION will be the exclusive means of resolving any claim between you and Custodian or any of its officers, directors, or affiliates (including Equity Administrative Services, Inc.), including any existing or future claim arising out of or relating in any way to (i) this Agreement, (ii) any prior Agreement between you and Custodian, (iii) your Roth IRA Account, or (iv) any services provided by Custodian.

All claims are subject to arbitration, no matter what law or legal theory they are based on or what remedy they seek. The arbitrator has exclusive authority to resolve any questions regarding the application, enforceability, unconscionability, or interpretation of this Agreement and this arbitration provision. The arbitrator has exclusive authority to resolve any disputes regarding the timeliness of any demand for arbitration. Any questions about whether claims are subject to arbitration shall be resolved by interpreting this arbitration provision in the broadest way the law will allow it to be enforced.

BOTH YOU AND CUSTODIAN GIVE UP THE RIGHTS TO GO TO COURT AND TO A TRIAL BY JURY TO RESOLVE CLAIMS COVERED BY THIS ARBITRATION AGREEMENT. YOU FURTHER AGREE TO GIVE UP YOUR RIGHT TO PURSUE OR PARTICIPATE IN ANY PENDING OR FUTURE CLASS ACTION OR OTHER CLASS OR REPRESENTATIVE PROCEEDING AGAINST CUSTODIAN OR ITS OFFICERS, DIRECTORS, OR AFFILIATES. IF YOU DO NOT TIMELY OPT OUT OF THIS ARBITRATION AGREEMENT, YOU WILL NOT BE ABLE TO PARTICIPATE IN OR BE A MEMBER OF ANY CLASS ACTION.

**Small-Claims Exception.** The only exception to the exclusivity of arbitration is that you and Custodian retain the right to bring individual

claims in a small-claims court of competent jurisdiction in the county in which you reside or in Cuyahoga County, Ohio, but only if your claims are within the jurisdiction of small-claims court. This exception does not change or affect your agreement not to participate in or be a member of any class action or other representative action or proceeding against Custodian.

**Procedure.** JAMS will administer any arbitration under this agreement. You can visit JAMS' website at [www.jamsadr.com](http://www.jamsadr.com) or contact the JAMS at 1-800-352-5267 or by other means provided on the JAMS' website.

The JAMS Streamlined Arbitration Rules and Procedures ("Streamlined Rules") will apply if the total amount of the claims at issue in the arbitration is equal to or less than \$75,000. The Streamlined Rules are available at [www.jamsadr.com/rules-streamlined-arbitration/](http://www.jamsadr.com/rules-streamlined-arbitration/) or by calling JAMS at 1-800-352-5267 or the number provided on the JAMS' website, [www.jamsadr.com](http://www.jamsadr.com). If you demand arbitration under the Streamlined Rules, you must pay the first \$250 of the appropriate filing fee listed at [www.jamsadr.com/arbitration-fees](http://www.jamsadr.com/arbitration-fees) and Custodian will pay the balance of the filing fee. Each party will pay its own attorney's fees and costs and its own witness fees and costs. Custodian will pay all other arbitration fees, costs, and expenses. Custodian also will refund your filing fee if you prevail in the arbitration and if the arbitration Award in your favor is greater than the value of Custodian's last written settlement offer made prior to the demand for arbitration. Any in-person arbitration hearing under the Streamlined Rules will be held in the city closest to your permanent residence that has a United States District Court.

The JAMS Comprehensive Arbitration Rules and Procedures ("Comprehensive Rules") shall apply if the total amount of claims at issue in the arbitration exceeds \$75,000. The Comprehensive Rules are available at [www.jamsadr.com/rules-comprehensive-arbitration/](http://www.jamsadr.com/rules-comprehensive-arbitration/) or by calling JAMS at 1-800-352-5267 or the number provided on JAMS' website, [www.jamsadr.com](http://www.jamsadr.com). If you demand arbitration under the Comprehensive Rules, you must pay the first \$250 of the appropriate initial filing fee listed at [www.jamsadr.com/arbitration-fees](http://www.jamsadr.com/arbitration-fees) and Custodian will pay the balance of the filing fee. The Comprehensive Rules provide that each party will bear its own arbitration costs and expenses, including its own attorney's fees and costs and its own witness fees and costs, and an equal share of the arbitrator's compensation and the administrative fees of arbitration. However, upon the appointment of the arbitrator, Custodian will refund you up to \$2,000 of any initial filing fee paid by you. Custodian will also pay for the first \$2,500 of the arbitrator's compensation. And Custodian will refund your entire initial filing fee if you prevail in the arbitration and if the arbitration Award in your favor is greater than the value of the Custodian's last written settlement offer made prior to the demand for arbitration. Any in-person arbitration hearing under the Comprehensive Rules will be held in Cleveland, Ohio.

Except as required by law or as necessary to enforce an arbitration Award, any arbitration shall be confidential, and neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration without prior written consent of both parties.

**Any demand for arbitration must be made not later than the time set forth in Article XVII, Section 17.2 of this Agreement.**

**IMPORTANT – YOUR RIGHT TO OPT OUT.** If you prefer to keep your rights to go to court, to a trial by jury, and to participate in class actions, you may opt out of this arbitration agreement. The decision whether to opt out of this arbitration agreement is entirely yours and will not affect any ongoing relationship with Custodian or the services Custodian provides. If you opt out, neither you nor Custodian will be able to demand arbitration of any dispute. HOWEVER, YOUR RIGHT TO OPT OUT OF THIS ARBITRATION AGREEMENT MUST BE EXERCISED WITHIN A CERTAIN TIME PERIOD. IF YOU OPEN AN IRA ACCOUNT ON OR AFTER JANUARY 1, 2019, AND WISH TO OPT OUT OF THIS ARBITRATION AGREEMENT, YOU MUST OPT OUT WITHIN 65 DAYS OF OPENING THE ROTH IRA ACCOUNT. To opt out, you must timely complete

and submit the opt-out form available on the internet at [www.trustetc.com/opt-out/arbitration](http://www.trustetc.com/opt-out/arbitration) OR mail a letter to Equity Trust Company, P.O. Box 45351, Westlake, Ohio 44145, with your full name, your Roth IRA account number(s), and a statement that you are opting out of the arbitration agreement. If you do not timely opt out of this arbitration agreement, you shall be bound by this arbitration agreement. Any opt out of this arbitration agreement applies only to Article XVIII of this Agreement and does not affect the validity or enforceability of any other provision of this Agreement.

**Severability.** If any part of Article XVIII is held to be illegal, unenforceable, or invalid, the remaining parts will not be affected and will remain in full force and effect.

## ARTICLE XIX — IMPORTANT MISCELLANEOUS PROVISIONS

19.1 **Security.** We take the protection of your personal information seriously. Access to account information is provided only to authorized parties after proper authentication procedures are successful. It is your responsibility to promptly report any suspected or actual security breach or unauthorized transaction.

19.2 **Confidentiality.** Our Privacy Notice, sent to Roth IRA Account owners annually, sets forth the type of information we collect and whether and how we share your nonpublic personal information. We restrict access to your nonpublic personal information to those employees, third parties and agents who need to know that information to provide services made available under this Agreement and to evaluate business operations and analyze service or process improvements. Your information may also be shared to respond to court orders and subpoenas without prior notice to you.

19.3 **Notices and Change of Address.** Any required notice or communication regarding your Roth IRA Account will be considered effective when we send it to you at the last known email address we have in our records. If no email address is on file, we will send notices and communication to you at the last mailing address we have in our records. We will presume that you are able to access the email address you provided to us. The notice will direct you to any communication unless you specifically request paper copies of such notice. You must promptly notify us of any change of email or mailing address. Should your mailing address be invalid in any way or if we receive returned mail, we may cease using that address as a means of contact until you update our records to ensure proper delivery. Any notice to be given to us will be considered effective when we actually receive it.

19.4 **Amendments.** We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail or electronically transmit the amendment, you notify us in writing that you do not consent. If you timely notify us in writing that you do not consent to the amendment, you will have 30 days from the date your notification is received by us to secure a new custodian for your Roth IRA Account and you are responsible for ensuring that all assets in your Roth IRA Account are properly titled, registered, and transferred out of our name and into the name of the new custodian.

19.5 **Withdrawals or Transfers.** All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.

- 19.6 **Transfers from Other Plans.** We can receive amounts transferred to this Roth IRA from the Custodian or trustee of another Roth IRA. In addition, we can accept direct rollovers of eligible rollover distributions from employer-sponsored retirement plans as permitted by the Code. We reserve the right not to accept any transfer or direct rollover.
- 19.7 **Liquidation of Assets.** We have the right to liquidate assets in your Roth IRA if necessary, to make distributions, pay our fees, expenses, indemnities, taxes, federal tax levies, and penalties or surrender charges chargeable against your Roth IRA Account. You agree not to hold us liable for any damages or loss associated with such liquidation of assets.
- 19.8 **Restrictions on the Assets.** Neither you nor any beneficiary may sell, transfer, pledge or place a lien on the assets in your Roth IRA in any manner whatsoever, except as provided by law or this Agreement. The assets in your Roth IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.
- 19.9 **Acknowledgment of and Authorization for Telephone Recordings.** We reserve the right to install and/or maintain automatic telephone recording equipment on telephone lines used by personnel servicing the Custodial Account in connection with trading functions and consumer inquiries. By signing this Agreement, you acknowledge our right and expressly authorize us to record and play back any and all such telephone calls.
- 19.10 **Restrictions on the Assets.** Neither you nor any beneficiary may sell, transfer, pledge or place a lien on the assets in your Roth IRA in any manner whatsoever, except as provided by law or this Agreement. The assets in your Roth IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.
- 19.11 **Account Holder Verification.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires us to obtain, verify and record information that identifies who opens an account with us. You acknowledge that, to comply with Federal law, we will require certain information, such as, but not limited to the name, address, date of birth and tax identification number of the Account Holder before a Roth IRA Account can be opened.
- 19.12 **Dividend Options.** We have the right to change dividend options on investments held in your Roth IRA Account to pay our fees and/or expenses. We are not liable for the impact of changing dividend options nor required to change the dividend option(s) back to their prior selection. It is the Roth IRA Owner's responsibility to monitor and provide acceptable instructions to update their dividend option(s).
- 19.13 **Unclaimed Property.** Under the laws applicable to your Account, we may be required to turn over to regulatory authorities property that is in your Account and deemed abandoned. To avoid such escheatment of property, you agree to periodically show activity in your Account (by logging in) or otherwise contact us. Before remitting abandoned property, pursuant to applicable law, we will send written notice to your last known address. You agree that we are not liable for any loss arising from or related to escheatment of your Account's property under applicable law.

have been reviewed by the IRS. A Roth Individual Retirement Account (Roth IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian. This Account must be created in the United States for the exclusive benefit of the Depositor and his or her beneficiaries.

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

Unlike contributions to Traditional Individual Retirement Arrangements, contributions to a Roth IRA are not deductible from the Depositor's gross income; and distributions after 5 years that are made when the Depositor is 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time home buyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the Custodian must give the Depositor, see Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs), and Pub. 590-B, Distributions from Individual Retirement Arrangements (IRAs).

## Definitions

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

**Depositor.** The depositor is the person who establishes the Custodial Account.

## Specific Instructions

**Article I.** The Depositor may be subject to a 6% tax on excess contributions if (i) contributions to other individual retirement arrangements of the Depositor have been made for the same tax year, (ii) the Depositor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or (iii) the Depositor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year.

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

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

## General Instructions

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

## Purpose Form

Form 5305-RA is a model Custodial Account Agreement that meets the requirements of section 408A. However, only Articles I through VIII



# Roth IRA Disclosure Statement



Equity Trust Company's Roth IRA Disclosure Statement is a summary of the general requirements set forth by the Internal Revenue Service Regulations. These Regulations require that certain information is disclosed to individuals who are establishing a Roth Individual Retirement Account ("IRA"). By executing the Equity Trust Company Application, you acknowledge receipt of this Disclosure Statement.

## RIGHT TO REVOKE YOUR IRA

If you receive this Disclosure Statement at the time you establish your Roth IRA, you have the right to revoke your Roth IRA within seven (7) days of its establishment. If revoked, you are entitled to a full return of the contribution you made to your Roth IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your Roth IRA, please call the Custodian at the telephone number listed on the Application.

## REQUIREMENTS OF A ROTH IRA

- A. **CASH CONTRIBUTIONS** - Your contribution must be in cash unless it is a rollover or conversion contribution.
- B. **MAXIMUM CONTRIBUTION** - The total amount you may contribute to a Roth IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$7,000 for 2025, with possible cost of living adjustments in future years. If you also maintain a Traditional IRA (i.e., an IRA subject to the limits of Internal Revenue Code (Code) sections 408(a) or 408(b)), the maximum contribution to your Roth IRAs is reduced by any contributions you make to your Traditional IRA. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation. However, if you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your Roth IRA Account, you may recontribute those amounts to your Roth IRA Account within a two-year period from your date of return.

As indicated by the chart below, your Roth IRA contribution is further limited if your modified adjusted gross income (MAGI) equals or exceeds certain threshold amounts depending upon whether you are a married individual filing a joint income tax return, or you are a single individual. If your modified adjusted gross income equals or exceeds the maximum level indicated for your category of taxpayer, you may not fund a Roth IRA.

Tax Year	Joint Filers Phase-out Range (minimum)(maximum)	Single Taxpayer Phase-out Range (minimum)(maximum)
2022	\$204,000 - \$214,000	\$129,000 - \$144,000
2023	\$218,000 - \$228,000	\$138,000 - \$153,000
2024	\$230,000 - \$240,000	\$146,000 - \$161,000
2025	\$236,000 - \$246,000	\$150,000 - \$165,000

Married individuals filing a separate income tax return with MAGI equaling or exceeding \$10,000 may not fund a Roth IRA.

For example, in 2024, if you are married filing a joint income tax return and your MAGI is between \$230,000-\$240,000, your maximum Roth IRA contribution is determined as follows: (1) Subtract your MAGI from \$240,000; (2) divide the difference by \$10,000; and (3) multiply the result in step (2) by the maximum allowable contribution for the year, including catch-up contributions if you are age 50 or older.

For example, in 2024, if you are single and your MAGI is between \$146,000-\$161,000, your maximum Roth IRA contribution is determined as follows: (1) Subtract your MAGI from \$161,000; (2) divide the difference by \$15,000; and (3) multiply the result in step (2) by the maximum allowable contribution for the year, including catch-up contributions if you are age 50 or older.

- C. **CONTRIBUTION ELIGIBILITY** - In order to make a contribution to an IRA for a year, you must receive compensation (or earned income) for that year. Earned income can be wages, salary, tips and other amounts for providing services but does not include earning and profits from property. You are eligible to make a regular contribution to your Roth IRA, regardless of your age, if you have compensation and your MAGI is below the maximum threshold. Your Roth IRA contribution is not limited by your participation in a retirement plan, other than a Traditional IRA.
- D. **CATCH-UP CONTRIBUTION** - If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your Roth IRA. The maximum additional contribution to your Roth IRA is \$1,000 per year.
- E. **NON-FORFEITABILITY** - Your interest in your Roth IRA is non-forfeitable.
- F. **ELIGIBLE CUSTODIANS** - The Custodian of your Roth IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- G. **COMMINGLING ASSETS** - The assets of your Roth IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- H. **LIFE INSURANCE** - No portion of your Roth IRA may be invested in life insurance contracts.
- I. **COLLECTIBLES** - You may not invest the assets of your Roth IRA in collectibles (within the meaning of Code section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state- issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in Code section 408(m)(3)) are also permitted as Roth IRA investments.
- J. **BENEFICIARY DISTRIBUTIONS** - Upon your death, your beneficiaries of your Roth IRA Account are required to take distributions pursuant to Sections 401(a)(9) of the IRC and



Treasury Regulation 1.408-8. These requirements are summarized as follows:

1. **Death of IRA Owner Before January 1, 2020** - Your designated beneficiary is determined based on the beneficiary(ies) designated as of the date of your death who remains your beneficiary(ies) as of September 30 of the year following the year of your death. The entire amount remaining in your Account will, at the election of your beneficiary(ies), either,
  - (i) be distributed by December 31 of the year containing the fifth anniversary of your death, or
  - (ii) be distributed over the remaining life expectancy of your designated beneficiary(ies).

Your designated beneficiary(ies) must elect either option (i) or (ii) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (2). In the case of distributions under option (2), distributions must commence by December 31 of the year following the year of your death. Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained RMD age, if later. If a beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary(ies) of your Roth IRA for purposes of determining the distribution period. If there is no designated beneficiary of your Roth IRA, the entire Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse who is the sole designated beneficiary of your entire Roth IRA will be deemed to elect to treat your Roth IRA as his or her own by either (1) making contributions to your Roth IRA or (2) failing to timely remove a required minimum distribution from your Roth IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your Roth IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own Roth IRA.

2. **Death of IRA Owner On or After January 1, 2020** - Upon your death, the entire amount in your IRA Account will be distributed by December 31 of the year containing the 10th anniversary of your death unless you have an eligible designated beneficiary under Treasury Regulations or you have no designated beneficiary for purposes of determining a distribution period. This requirement applies to beneficiaries regardless of whether you die before, on, or after your required beginning date. If your beneficiary is an eligible designated beneficiary, the entire amount in your IRA Account can be distributed over the remaining life expectancy of your eligible designated beneficiary (or a period not exceeding that life expectancy).

An eligible designated beneficiary under Treasury Regulations is a designed beneficiary who is (1) your surviving spouse; (2) your child who has not yet reached the age of majority; (3) disabled [determined by a physician that the impairment can be expected to result in death or to be of long, continued and indefinite duration]; or (4) chronically ill [defined as someone who is (1) unable to perform without substantial assistance from another individual at least two activities of daily living for an indefinite period due to a loss of functional capacity, (2) has a level of disability similar to the level of disability described above requiring assistance with daily living based on loss of functional capacity, or (3) requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.] Special rules apply to trust beneficiaries and distributions for those trust beneficiaries.

Life expectancy distributions to an eligible designated

beneficiary must begin by December 31 of the year following the year of your death. If your spouse, however, is the eligible designated beneficiary, distributions need not begin until the year you would have reached RMD age. If your eligible designated beneficiary is your minor child, the life expectancy payments must begin by December 31 of the year following the year of your death and will continue until your child reaches the age of majority. Then, the eligible designated beneficiary will have 10 years from that date to distribute the IRA Account.

If you name a beneficiary other than a person (such as a trust, estate or charity), we will treat you as having not designated a beneficiary for your IRA Account for purposes of determining the distribution period. If you die before your required beginning date and there is no designated beneficiary of your IRA Account, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary date of your death. If you die on or after your required beginning date and there is no designated beneficiary of your IRA Account, distributions will begin using your single life expectancy, reduced by one in each subsequent year.

A spouse who is the sole designated beneficiary of your entire IRA will be deemed to elect to treat your IRA as his or her own by either (i) making contributions to your IRA or (ii) failing to timely remove a required minimum distribution from your IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own IRA.

If your beneficiary fails to take a required minimum distribution after your death, an additional penalty tax of 25 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your beneficiary must file IRS Form 5329 with his or her income tax return to report and pay any additional penalty taxes to the IRS. If the failure to take an RMD is corrected in a timely manner, the penalty tax is further reduced to ten 10 percent.

## INCOME TAX CONSEQUENCES OF ESTABLISHING A ROTH IRA

- A. **CONTRIBUTIONS NOT DEDUCTED** - No deduction is allowed for Roth IRA contributions, including transfers, rollovers, and conversion contributions.
- B. **CONTRIBUTION DEADLINE** - The deadline for making a Roth IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar year taxpayer, and you make your Roth IRA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designate it as such.
- C. **TAX CREDIT FOR CONTRIBUTIONS** - You may be eligible to receive a tax credit for your Traditional or Roth IRA contributions. This credit will be allowed in addition to any tax deduction that may apply and may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are
  - age 18 or older as of the close of the taxable year,
  - not a dependent of another taxpayer, and
  - not a full-time student.

The credit is based upon your income (see chart below) and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your Traditional or Roth IRA and reduce these contributions by any distributions that you have taken during the testing period. The testing period begins two years

prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2,000.

For 2025 Adjusted Gross Income*			Applicable %
Joint Return	Head of Household	All Other Cases	
\$1 - \$47,500	\$1 - \$35,625	\$1 - \$23,750	50%
\$47,501 - \$51,000	\$35,626 - \$38,250	\$23,751 - \$25,500	20%
\$51,001 - \$79,000	\$38,251 - \$59,250	\$25,501 - \$39,500	10%
Over \$79,000	Over \$59,250	Over \$39,500	0%

\*Adjusted gross income includes foreign earned income and income from Guam, American Samoa, North Mariana Islands and Puerto Rico.

D. **TAX-DEFERRED EARNINGS** - The investment earnings of your Roth IRA are not subject to federal income tax as they accumulate in your Roth IRA. In addition, distributions of your Roth IRA earnings will be free from federal income tax if you take a qualified distribution, as described below.

E. **TAXATION OF DISTRIBUTIONS** - The taxation of Roth IRA distributions depends on whether the distribution is a qualified distribution or a non-qualified distribution.

1. **Qualified Distributions** - Qualified distributions from your Roth IRA (both the contributions and earnings) are not included in your income. A qualified distribution is a distribution which is made after the expiration of the five-year period beginning January 1 of the first year for which you made a contribution to any Roth IRA (including a conversion from a Traditional IRA), and is made on Account of one of the following events:

- attainment of age 59 1/2,
- disability,
- the purchase of a first home, or
- death.

For example, if you made a contribution to your Roth IRA for 2015, the five-year period for determining whether a distribution is a qualified distribution is satisfied as of January 1, 2020.

2. **Non-qualified Distributions** - If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income and, if you are under age 59 1/2, may be subject to an early distribution penalty. However, when you take a distribution, the amounts you contributed annually to any Roth IRA Account will be deemed to be removed first, followed by conversion contributions made to any Roth IRA on a first-in, first-out basis. Therefore, your non-qualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual contributions and your conversion contributions. However, the 10 percent early distribution penalty may apply to conversion contributions distributed within the five-year period beginning with the year in which the conversion occurred. These "ordering rules" are complex. If you have any questions regarding the taxation of distributions from your Roth IRA, please see a competent tax advisor.

F. **REQUIRED MINIMUM DISTRIBUTIONS** - You are not required to take distributions from your Roth IRA as required for Traditional and SIMPLE IRAs. However, your beneficiary is generally required to take distributions from your Roth IRA after your death. See the section titled Beneficiary Payouts in this Disclosure Statement regarding beneficiary's required minimum distributions.

G. **ROLLOVERS AND CONVERSIONS** - Your Roth IRA may be rolled over to another Roth IRA of yours, may receive rollover contributions, or may receive conversion contributions provided that all of the applicable rollover or conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your Roth IRA from another Roth IRA. Conversion is a term used to describe the movement of Traditional IRA or SIMPLE IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

1. **Roth IRA to Roth IRA Rollovers** - Funds distributed from your Roth IRA may be rolled over to a Roth IRA of yours if the requirements of Code section 408(d)(3) are met. A proper Roth IRA to Roth IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another Roth IRA to Roth IRA rollover from the distributing Roth IRA (or after 2014, from any other IRA of yours) during the 12 months preceding the date you receive the distribution. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

2. **Traditional IRA to Roth IRA Conversions** - If you convert to a Roth IRA, the amount of the conversion from your Traditional IRA to your Roth IRA will be treated as a distribution for income purposes, and is included in your gross income. Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty. If you are required to take a minimum distribution for the year, you must remove your required minimum distribution before converting your Traditional IRA.

3. **SIMPLE IRA to Roth IRA Conversions** - You are eligible to convert all or any portion of your existing SIMPLE IRA into your Roth IRA, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. The amount of the conversion from your SIMPLE IRA to your Roth IRA shall be treated as a distribution for income tax purposes and is includible in your gross income. Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.

4. **Rollovers from Employer-Sponsored Retirement Plans** - Effective after 2007, if you satisfy certain requirements, you may directly roll over distributions from your employer's qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan into your Roth IRA.

5. **Written Election** - At the time you make a proper rollover or conversion to a Roth IRA, you must designate in writing to us your election to treat that contribution as a rollover or conversion. Once made, the election is irrevocable.

H. **TRANSFER DUE TO DIVORCE** - If all or any part of your Roth IRA is awarded to your spouse or former spouse in a divorce or legal

separation proceeding, the amount so awarded will be treated as the spouse's Roth IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another Roth IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Roth IRA to another.

- I. **RECHARACTERIZATIONS** - If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income, you may elect to treat the original contribution as having been made to the Roth IRA. You can also recharacterize a contribution from a Roth IRA to a Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline for the year for which the original contribution was made. You may not recharacterize a Roth IRA conversion.

## LIMITATIONS AND RESTRICTIONS

- A. **SPOUSAL ROTH IRA** - You may contribute to a Roth IRA established for the benefit of your spouse, regardless of whether or not your spouse has compensation. For contributions made for 2020 and later tax years, you may contribute to a Roth IRA established for the benefit of your spouse regardless of your spouse's age if you are married and have compensation for the taxable year for which the contribution is made. You must file a joint income tax return for the year for which the contribution is made. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

The amount you may contribute to your Roth IRA and your spouse's Roth IRA is the lesser of 100 percent of your combined compensation or \$14,000 for tax year 2024. This amount may be increased with cost-of-living adjustments in future years. However, you may not contribute more than the individual contribution limit to each Roth IRA. Your contribution may be further limited if your MAGI falls within the minimum and maximum thresholds.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's Roth IRA.

- B. **GIFT TAX** - Transfers of your Roth IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.
- C. **SPECIAL TAX TREATMENT** - Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to Roth IRA distributions.
- D. **INCOME TAX TREATMENT** - Any non-qualified withdrawal of earnings from your Roth IRA may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your Roth IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- E. **PROHIBITED TRANSACTIONS** - If you or your beneficiary engages in a prohibited transaction with your Roth IRA, as described in Code section 4975, your Roth IRA will lose its tax-deferred or tax-exempt status, and you must generally include the value of the earnings in your Account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your Roth IRA: (1) taking a loan from your Roth IRA; (2) buying property for personal use (present or future) with Roth IRA funds; or (3) receiving certain bonuses or premiums because of your Roth IRA.
- F. **PLEDGING** - If you pledge any portion of your Roth IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and may be included in your gross income for the taxable year in which you pledge the assets to the extent it represents earnings.

- G. **LISTED TRANSACTIONS AND REPORTABLE TRANSACTIONS** - Certain transactions are or may be identified by the Internal Revenue Service as abusive tax shelter schemes or transactions. A prohibited tax shelter transaction, as described in Code section 4965, is a transaction that is a listed transaction (including a subsequently listed transaction), as described in Code section 6707A(c)(2), or a prohibited reportable transaction, which is either a confidential transaction or a transaction with contractual protection and which is a reportable transaction defined in Code section 6707A(c)(1). A listed transaction is a transaction that is the same as or substantially similar to any of the types of transactions that the IRS has determined to be a tax avoidance transaction and are identified by notice, regulation or other form of published guidance as a listed transaction. A confidential transaction is a transaction that is offered under conditions of confidentiality and for which a minimum fee was paid. A transaction with contractual protection is a transaction for which the party to the transaction has the right to a full or partial refund of fees if all or part of the intended tax consequences from the transaction are not sustained or with respect to which fees are contingent on the realization of tax benefits from the transaction.

As a type of tax-exempt entity subject to the prohibited tax shelter transaction rules, a Roth IRA is required to file IRS Form 8886-T to disclose information with respect to each prohibited tax shelter transaction, entered into after May 17, 2006, to which it is a party. If the Roth IRA participates in a reportable transaction (as defined in Treasury Regulations section 1.6011-4) the Roth IRA also may be required to file IRS Form 8886. These forms must be filed by the entity manager, who in the case of a self-directed Roth IRA, is the Roth IRA owner who approved or caused the Roth IRA to be a party to the transaction. Code section 6011(g) also requires a taxable party to a prohibited tax shelter transaction to disclose to the Roth IRA Custodian that such transaction has occurred. In addition to the reporting and disclosure requirements, a Roth IRA entity manager may be liable for excise taxes in connection with the prohibited tax shelter transaction. IRS Form 5330 is to be used for reporting such excise taxes. Additional penalties are imposed by Code section 6662A for failure to disclose required information with respect to prohibited tax shelter transaction.

## FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY** - If you are under age 59½ and receive a non-qualified Roth IRA distribution, an additional tax of 10 percent will generally apply to the amount includible in income in the year of the distribution. If you are under age 59 1/2 and receive a distribution of conversion amounts within the five-year period beginning with the year in which the conversion occurred, an additional tax of 10 percent will generally apply to the amount of the distribution. The additional tax of 10 percent will generally apply, unless made on account of 1) death; 2) disability [with qualifying physician determination]; 3) qualified birth or adoption for distributions during the one-year period beginning on the date of birth of your child or the date on which your legal adoption of an eligible adoptee is finalized, up to \$5,000 for each birth or adoption; 4) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your beneficiary taken for the longer of five years or until you reach age 59 1/2; 5) unreimbursed medical expenses allowable as a deduction under Code Section 213, 6) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 7) certain qualified education expenses, 8) first-time home purchases (up to a life-time maximum of \$10,000 and used within 120 days of receipt); 9) a levy issued by the IRS, 10) being called to active military duty if the distribution meets the requirement to be a qualified reservist distribution (i.e., called to active duty



for at least 180 days or an indefinite period and made during the period from the date when ordered or called and ending at the close of the active duty period), 11) terminal illness, 12) qualified disaster recovery distribution, 13) domestic abuse, or 14) emergency personal expenses. This additional tax will apply only to the portion of a distribution which is includible in your taxable income.

- B. EXCESS CONTRIBUTIONS AND PENALTY** - An additional tax of six percent is imposed upon any excess contribution you make to your Roth IRA which is not removed timely. This additional tax will apply each year in which an excess remains in your Roth IRA and not removed timely. An excess contribution is any amount that is contributed to your Roth IRA that exceeds the amount that you are eligible to contribute. An excess contribution may be corrected by withdrawing the excess amount, along with the earnings, attributable to the excess, before your tax filing deadline, including extensions, for the year for which the excess contribution was made. You must include the earnings attributable to the excess in your taxable income in the year in which the contribution was made and the six percent excess contribution penalty tax will be avoided. However, if you are correcting an excess contribution after your tax filing deadline, including extensions, remove only the amount of the excess contribution. The six percent excess contribution penalty tax will be imposed on the excess contribution for each year it remains in the Roth IRA Account. An excess withdrawal under this method will only be taxable to you if the total contributions made in the year of the excess exceed the annual applicable contribution limit. If you do not withdraw the excess contribution, you can carry forward the contribution for a subsequent tax year and you can under-contribute for that tax year on your tax return. The six percent excess contribution penalty tax will be imposed on the excess amount for each year that it remains as an excess contribution at the end of the year.
- C. PENALTY REPORTING** - You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.
- D. PROHIBITED TAX SHELTER TRANSACTION EXCISE TAX** - For tax years beginning after May 17, 2006, if you, as entity manager of your Roth IRA, approve or otherwise cause your Roth IRA to be a party to a prohibited tax shelter transaction during the taxable year and you know or have a reason to know the transaction is a prohibited tax shelter transaction, you must pay an excise tax under Code section 4965(b)(2). You must file IRS Form 5330 to report this tax.
- E. REPAYMENTS OF CERTAIN DISTRIBUTIONS**
- 1. Qualified Birth or Adoption Distributions.** If you have taken a qualified birth or adoption distribution, you may generally pay all or a portion of the aggregate amount of such distribution to a Roth IRA at any time during the three-year period beginning on the day after the date on which such distribution was received. In the case of a qualified birth or adoption distribution made on or before December 29, 2022, the deadline to repay the distribution is December 31, 2025.
  - 2. Terminal Illness Distributions.** If you have taken a distribution due to a terminal illness, you may generally pay all or a portion of the aggregate amount of such distribution to a Roth IRA at any time during the three-year period beginning on the day after the date on which such distribution was received.
  - 3. Domestic Abuse Distributions.** Beginning in 2024, if you have taken a distribution because you are a victim of domestic abuse, you may generally pay all or a portion of the aggregate amount of such distribution to a Roth IRA at any time during the three year period beginning on the day after

the date on which such distribution was received.

- 4. Emergency Personal Expense Distributions.** Beginning in 2024, if you had taken an emergency personal expense distribution, the distribution may be repaid within a three year period. No further emergency personal expense distributions are allowed during the immediately following three calendar years unless repayment occurs, or you have made Roth IRA contributions after the previous distribution in an amount at least equal to the previous distribution that has not been repaid.
- 5. Qualified Disaster Recovery Distributions.** If you have taken a qualified disaster recovery distribution, the distribution may be recontributed to a Roth IRA at any time during the three year period beginning on the day after the date on which such distribution was received.

For further information, you may wish to obtain IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

## OTHER INFORMATION

- A. IRS PLAN APPROVAL** - Articles I through VIII of the Equity Trust Roth Individual Retirement Custodial Account Agreement reflect the precise language of the corresponding articles of the IRS Model Roth Individual Retirement Custodial Account Agreement (Form 5305-RA). Therefore, your Equity Trust Roth Individual Retirement Custodial Account Agreement is treated as satisfying all applicable IRS requirements as to the form of the IRA, without the need for specific IRS approval. However, because this treatment relates to the form of the Roth IRA only, nothing in your Custodial Account Agreement constitutes an endorsement of, or a determination or opinion of the merits or consequences of, any action in connection with the operation of your Roth IRA or of any investments made.
- B. NO PREDICTION, REPRESENTATION OR GUARANTEE OF FUTURE VALUE** - The value of your Roth IRA at any time will depend on the amount of contributions to it, the performance of its investments as selected by you or your Authorized Agent, and the time and amount of charges to and payments from it. Equity Trust does not predict, represent, or guarantee the value of your Roth IRA at any future time.
- C. NON-DEPOSIT INVESTMENTS NOT INSURED BY FDIC** - Non-deposit investments, such as, but not limited to stocks, bonds, mutual funds, real property and private placements, of the IRA are not FDIC insured and are subject to investment risks, including the loss of principal.
- D. QUALIFIED RESERVIST DISTRIBUTIONS** - If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your Roth IRA or retirement plan, you may recontribute those amounts to a Roth IRA generally within a two-year period from your date of return.
- E. QUALIFIED CHARITABLE DISTRIBUTIONS** - If you are age 70½ or older, you may be eligible to take tax-free Roth IRA distributions of up to \$105,000 per year and have these distributions paid directly to certain charitable organizations. This amount is subject to possible cost-of-living adjustments each year beginning in tax year 2025. A qualified charitable distribution also includes a one-time charitable distribution of up to \$50,000 to a split interest entity (i.e., charitable gift annuity, charitable remainder unitrust, and charitable remainder annuity trust). Special tax rules may apply. For further detailed information and effective dates you may obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).



- F. DISASTER RELATED RELIEF** - If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, a federally declared disaster in a specified disaster area), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your Roth IRA. Qualified disaster relief includes an automatic 60-day extension to perform certain acts and may include penalty-tax free early distributions made during specified timeframes for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more.

**Qualified Disaster Recovery Distributions.** If your principal residence is located in a qualified disaster area and you have sustained an economic loss by reason of such disaster, you may receive up to \$22,000 per disaster in aggregate distributions from your retirement plans and IRAs as qualified disaster recovery distributions. A qualified disaster is any major disaster declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act after January 26, 2021. These distributions are not subject to the 10 percent early distribution penalty tax. In addition, unless you elect otherwise, any amount required to be included in your gross income for such taxable year shall be included ratably over a three-taxable year period, beginning with the taxable year of the distribution. Qualified disaster recovery distributions may be repaid at any time generally within a three-year period beginning on the day after the date the distribution was received.

**Repayments of Withdrawals for Home Purchase.** If you received a qualified first-time homebuyer distribution to purchase or construct a principal residence in the qualified disaster area, but which was not used on account of the qualified disaster, you are able to repay the distribution within 180 days of the applicable date of such disaster. The distribution must have been received during the period (1) beginning 180 days before the first day of the FEMA declared incident period, and (2) ending 30 days after the last day of the FEMA declared incident period.

For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related Roth IRA transactions, you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

- G. ADDITIONAL INFORMATION** - You may obtain further information on Roth IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590-A and IRS Publication 590-B, Individual Retirement Arrangements, by calling 1-800-TAX-FORM, or by visiting [www.irs.gov](http://www.irs.gov).