

# Roth Individual Retirement Account (Trust) Disclosure Statement

This Disclosure Statement contains important information about traditional Individual Retirement Accounts (“traditional IRA”) described in Section 408(a) of the Internal Revenue Code (“Code”) and Roth Individual Retirement Accounts (“Roth IRA”) described in Section 408A of the Code and applicable Federal Income Tax Regulations (“Regulations”). You should read this Disclosure Statement, as well as the Trust Agreement, to make certain that you fully understand the rules and tax consequences applicable to traditional IRAs and Roth IRAs.

The Trustee of your IRA is Edward Jones Trust Company (“EJTC”), a federally chartered savings and loan association wholly owned by The Jones Financial Companies, L.L.P. EJTC is an affiliate of Edward D. Jones & Co., L.P., a dually registered broker-dealer and investment adviser (“Edward Jones”). EJTC may use Edward Jones and other affiliates for account-related services.

The provisions of this Disclosure Statement are subject to change. EJTC and its affiliates or agents do not provide tax or legal advice. You should seek tax or legal advice for any and all matters regarding your Roth IRA or with respect to your specific situation, as such matters may result in adverse tax consequences and/or penalties.

## A. Your Right to Revoke Your IRA.

If EJTC does not provide you the Trust Agreement and the Disclosure Statement at least seven (7) days prior to the earlier of (1) the establishment of the account (by you signing the applicable EJTC Individual Retirement Account Authorization Form) or (2) purchase of the account (through any deposit, contribution, transfer, rollover, payment of fee or any other account activity), then you may revoke the account by providing a written notice to EJTC. Your notice to revoke must be in writing and mailed by you not more than seven (7) days after the earlier of the establishment of the account or purchase of the account to:

Edward Jones Trust Company  
12555 Manchester Road  
St. Louis, MO 63131  
Telephone: 800-445-7224

EJTC shall not be obligated to make any investments during the period you have the right to revoke. If you mail the notice of revocation, it will be treated as received as of the postmark date if it is properly addressed and deposited either in the United States mail, first class postage prepaid, or with an IRS approved overnight service.

If any material adverse change is made in this Disclosure Statement or a material change in this Trust Agreement is made within the seven (7) day period described above, EJTC will notify you and your right to revoke the account will be extended until seven (7) days after the date you receive the notice.

If you revoke the account as described above, EJTC will return to you the entire amount of your contribution without adjustment for such items as sales commissions or administrative expenses. Consideration paid by you in the form of cash will be returned to you in the same value of cash. Consideration paid by you in the form of securities or other assets will be returned to you in the same form and number of units as you contributed (after taking into account any change due to stock splits, corporate mergers, or other activity that may impact the share amount) regardless of value, less any amount withdrawn. EJTC will report the contribution and distribution to the IRS.

## B. Requirements for Roth IRAs.

Roth IRAs are subject to the following requirements under the Code and Regulations:

1. **Contributions.** Contributions to your Roth IRA may be made directly by you or you may direct that a portion of your federal income tax refund be directly deposited to your IRA as a contribution. You may make contributions to a Roth IRA for any tax year in which you have taxable compensation, regardless of age.
  - (a) **Contribution Limits.** The amount that you may contribute to all traditional and Roth IRAs for any tax year as a regular contribution cannot exceed the lesser of 100% of your compensation or that year’s contribution limit. If you are age 50 at any time during the year, you also may make additional catch-up contributions to a Roth IRA. In addition, individuals who participate in a 401(k) plan sponsored by an employer who files for bankruptcy and is subject to an indictment or conviction due to business transactions relating to the bankruptcy may be able to make additional contributions to a Roth IRA. Catch-up contributions cannot be made for the same year as these bankruptcy-related contributions. For each of the applicable contribution limits, see Appendix A, Contribution Limits – Traditional IRA and Roth IRA.
  - (b) **Compensation.** Compensation generally includes wages, salaries, professional fees, commissions, bonuses, tips, earned income from self-employment and other amounts received for personal services, and certain nontaxable combat pay. Compensation also generally includes amounts received under a divorce decree or separation agreement, such as alimony or separate maintenance payments. Compensation does not include earnings and profits from property, such as interest, dividends, capital gains and rents, or pensions, annuities or deferred compensation or any amount excluded from gross income.
  - (c) **Eligibility for Contributions to Roth IRAs.** The amount of your eligible Roth IRA contribution is based on your modified adjusted gross income (MAGI) for the tax year for which the contribution is made and your filing status (i.e., single taxpayer, married taxpayers filing a joint return or married taxpayers filing separate returns). If your MAGI exceeds a certain threshold level, your Roth IRA contribution is reduced (phased out) or a contribution may not be allowed. (See Appendix A, Eligibility to Make Roth IRA Contributions.)
  - (d) **Modified Adjusted Gross Income (MAGI).** MAGI is generally determined based on your adjusted gross income on your tax returns but disregarding any deductible IRA contributions and adding back interest from qualified U.S. savings bonds, employer-paid adoption expenses, interest paid on education loans, deduction for qualified tuition and related expenses, and certain exclusions from income for U.S. residents and citizens living abroad. Income from the conversion of a traditional IRA to a Roth IRA is ignored for purposes of determining your MAGI.
  - (e) **Deadline.** A Roth IRA contribution must be made by the due date of your federal income tax return, not including extensions. The date that your federal income tax return is actually filed does not affect the contribution deadline.
  - (f) **Contributions for Certain Spouses.** If you are married and file a joint federal income tax return, either you and/or your spouse may make a contribution to a Roth IRA if you meet the eligibility requirements. The amount you may contribute cannot exceed the lesser of 100% of your combined compensation, reduced by your contributions to your

traditional and Roth IRAs for the tax year, or the applicable dollar limit described in Appendix A, Contribution Limits - Traditional IRA and Roth IRA. If your and your spouse's combined compensation for the year is less than the maximum Roth IRA contribution limits in any one year, you cannot contribute more than the limit in that year or in later years to make up the difference.

You are not treated as having a spouse for any taxable year you file a separate federal income tax return and do not live with your spouse for any part of the taxable year.

- (g) *Cash Contributions.* Contributions to a Roth IRA must be made by check, money order or electronic funds transfer, except in the case of a rollover contribution, a conversion to a Roth IRA or a recharacterized contribution.
2. *Trustee.* The trustee of any IRA must be a bank, savings and loan association, insured credit union or another entity approved by the Secretary of the Treasury. The trustee of this IRA is EJTC.
  3. *Life Insurance.* No portion of any IRA may be invested in life insurance contracts.
  4. *Nonforfeitable.* Your interest in your IRA is nonforfeitable.
  5. *Commingling Assets.* The assets of any IRA may not be commingled with other property except in a common trust fund or common investment fund.
  6. *Collectibles.* You may not invest the assets of any 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 any other tangible personal property specified by the IRS. Coins issued by states and certain U.S. gold, silver and platinum coins are permissible investments in an IRA. Gold, silver, platinum and palladium bullion of a specified fineness (as described in Code Section 408(m)(3)) also are permissible investments. Failure to satisfy this requirement would result in an amount equal to the cost of the collectible being treated as a distribution from your IRA.
  7. *Distributions - In General.* Distributions from the IRA will be made in cash or in kind upon your request in a form and manner, including verbal instruction, acceptable to the Trustee. However, the Trustee may make a distribution from the IRA without instruction if directed to do so by a levy or court order, or if the Trustee resigns.

(a) *Required Minimum Distributions ("RMD") from Roth IRAs.*

The minimum distribution rules applicable to Roth IRAs differ from those applicable to traditional IRAs. Your beneficiary is responsible for ensuring that RMDs are made timely and in amounts that satisfy IRS requirements under Code Sections 408(a)(6) and 401(a)(9) and the related Treasury Regulations. The Custodian will not make any payments from the Roth IRA (including RMDs) unless requested to do so, in such manner as it may require, by you (or your beneficiary after your death). The following is a brief summary of the Roth IRA RMD rules:

- i) *Distributions before Death.* You are not required to take minimum distributions from your Roth IRA during your lifetime.
- ii) *Distributions after Death.* When you die, the balance of your Roth IRA will, at the election of your designated beneficiary, be distributed either (i) by December 31 of the year containing the fifth anniversary of your death, or (ii) over the remaining life expectancy of your designated beneficiary, as determined in the year following the year of your death and reduced by one in each subsequent year (or, if your spouse is your sole designated beneficiary, as redetermined in each subsequent year up through the year of your spouse's death). Your designated beneficiary 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 made in

accordance with option (ii) if your designated beneficiary is your surviving spouse, and in accordance with option (i) if your designated beneficiary is not your surviving spouse. In the case of distributions under option (ii), distributions must begin no later than December 31 of the year following the year of your death. If your spouse is the sole designated beneficiary, distributions need not begin until December 31 of the year in which you would have reached age 70½, if later. If any beneficiary named by you or otherwise determined under the terms of your Roth IRA is not an individual or a qualified trust described in Treasury Regulations 1.401(a)(9)-4, such as your estate, you will be treated as having no designated beneficiary. If you do not have a designated beneficiary, the balance of your Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

## C. Income Tax Consequences of Roth IRAs.

1. *Income Tax Deductions.* You may NOT take a federal income tax deduction for any contributions you make to your Roth IRA. All Roth IRA contributions (other than rollover contributions, as discussed below) are made from after-tax income.
2. *Tax Credit.* You may be eligible for a nonrefundable tax credit for your traditional and Roth IRA contributions. To receive this credit, you must be at least age 18, and you must not be either a dependent of another taxpayer or a full-time student. The credit is based upon your adjusted gross income (including foreign earned income and income from American Samoa and Puerto Rico), and will range from 0% to 50% of your IRA contributions (reduced by certain distributions from your traditional and Roth IRAs or from certain Employer-sponsored Retirement Plans) that do not exceed \$2,000. (See Appendix A, Saver's Tax Credit, for applicable limits.)
3. *Tax-deferred Earnings.* The investment earnings of your Roth IRA are generally not subject to federal income taxation before distribution, and will not be subject to federal income tax when distributed if distributed as part of a "qualified distribution" (as described in Taxation of Distributions below). However, if your Roth IRA investments generated unrelated business taxable income, it may be required to file Form 990T with the IRS and pay federal and possible state and local taxes on such income.
4. *Taxation of Distributions.* The taxation of Roth IRA distributions depends on whether the distribution is a "qualified distribution" or a "nonqualified distribution."

(a) *Qualified Distributions.* Qualified distributions from your Roth IRA (both the contributions and earnings) are excluded from gross income. A qualified distribution is a distribution that is made after the five-year period (described below), and is made on account of one of the following events:

- Attainment of the age 59½;
- Your disability;
- The purchase of a first home up to the \$10,000 lifetime limit; or
- Your death.

The five-year period begins on the first day of the taxable year for which you made your first contribution to any Roth IRA or, if earlier, the first day of the taxable year in which you made your first conversion contribution to any Roth IRA. In the case of a spouse who is treating an inherited Roth IRA as his or her own, the beginning of the five-year period is not redetermined. Accordingly, the five-taxable-year period includes the period that the Roth IRA was held by the deceased spouse. For purposes of determining whether a distribution is a "qualified distribution," you have one five-year period for all your Roth IRAs. It is your responsibility to track the five-year period and determine whether a distribution is a "qualified distribution."

(b) *Nonqualified 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 the age of 59½, may be subject to a 10% early distribution penalty unless you roll over the distribution (or transfer it) to another Roth IRA within 60 days of your receipt of the distribution. 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 nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual contributions and your conversion contributions. These “ordering rules” are complex. If you have any questions regarding the taxation of distributions from your Roth IRA, you should consult with your tax advisor.

The taxable portion of any nonqualified withdrawal from your Roth IRA, except a direct transfer, is subject to withholding for federal income taxes, and possibly state and local taxes. The amount that must be withheld for federal income taxes is equal to at least 10% of the portion of the distribution that is includible in your income. However, prior to a distribution from your Roth IRA, you may elect not to have any amount withheld by filing the appropriate withholding election with the Trustee. Special federal rules, and possibly state and local income tax withholding rules, may apply if the distribution is sent outside the United States.

## D. Special Rules Applicable to Rollover Contributions and Transfers.

1. *Transfers.* A transfer is a movement of assets between like retirement plans. A direct transfer of funds in your traditional IRA or Roth IRA from one trustee/custodian to another trustee/custodian is not a rollover. Because there is no distribution to you, the transfer is tax free. You may make unlimited transfers between IRAs within the same 12-month period.
2. *Rollovers.* Rollover is a term used to describe the federal income tax-free movement of cash or other property to your IRA from any of your other IRAs or from your Employer Retirement Plan. Your IRA balance may be rolled over to another IRA of yours, or your IRA may receive rollover contributions from other IRAs or from your Employer Retirement Plan (including qualified plans, tax-sheltered annuities or Section 457(b) governmental plans), provided that the rollover satisfies all of the applicable rollover rules.

Rollover transactions often are complex. If you have any questions about whether you are eligible to make a rollover contribution to your IRA, you may contact your employer, the IRS or your tax advisor. The general rollover rules are as follows:

(a) *Conversion of Traditional IRA to Roth IRA.* You may be eligible to roll over (i.e., convert) all or any portion of your existing traditional IRAs into your Roth IRAs. However, if you are age 70½ or older, you must receive your RMD for that year prior to converting your traditional IRA. The amount of the rollover from your traditional IRA to your Roth IRA is treated as a distribution for federal income tax purposes and is includible in your gross income (except for any nondeductible contributions). Although the rollover amount generally is included in gross income, the 10% early distribution penalty does not apply to rollovers from a traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10% penalty. For it to qualify as a rollover, the distribution must be rolled over from your traditional IRA to your Roth IRA within 60 days after you receive it. The 60-day requirement may be waived by the IRS in certain situations, such as casualty, disaster or events beyond your reasonable control. Alternatively, you may arrange for a trustee-to-trustee transfer. If you wish to make a Roth IRA conversion for a particular year, you must complete the conversion by December 31 of that year, even if the 60-day

period would end after December 31.

(b) *Roth IRA-to-Roth IRA Rollovers.* Funds distributed from your Roth IRA may be rolled over to the same or another of your Roth IRAs. 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. The 60-day requirement may be waived by the IRS in certain situations, such as casualty, disaster or other events beyond your reasonable control. You must not have completed another Roth IRA-to-Roth IRA rollover from the distributing IRA during the past 12 months immediately before the date on which you receive the distribution. Also, you may rollover the same dollars or assets only once every 12 months. If the distribution from your Roth IRA is for a qualified first time home purchase of a principal residence, and such purchase does not occur, the 60-day rollover period described above is extended to 120 days and the 12-month rule described above does not apply.

(c) *Employer-sponsored Retirement Plan to Roth IRA Rollovers.* You can rollover distributions directly from an Employer-sponsored Retirement Plan (other than a designated Roth account) to a Roth IRA. You must include in your gross income distributions from an Employer-sponsored Retirement Plan (other than a designated Roth account) that you would have had to include in income if you had not rolled them over into a Roth IRA. You do not include in gross income any part of a distribution from an Employer-sponsored Retirement Plan that is a return of contributions to the plan that were taxable to you when paid. In addition, the 10% tax on early distributions does not apply.

Any amount rolled over into a Roth IRA is subject to the same rules for converting a traditional IRA into a Roth IRA. These rules are described in (a) above.

(d) *Employer-sponsored Retirement Plan to Roth IRA Conversions.* Beginning in 2008, if your MAGI for the tax year is not more than \$100,000, and if you are married, you do not file a separate income tax return (or you file a separate income tax return and did not live with your spouse at any time during the taxable year), you are eligible to roll over all or any portion of an Eligible Rollover Distribution from an Employer-sponsored Retirement Plan to a Roth IRA. The rollover can be made directly through a trustee-to-trustee transfer or indirectly through distribution and rollover within 60 days. Rules similar to the rules described in (c) above apply. The amount of the conversion from your Employer-sponsored Retirement Plan to your Roth IRA is treated as a distribution for federal income tax purposes and is includible in your gross income (except for any after-tax contributions). The 10% early distribution penalty does not apply to the rollover, regardless of whether you qualify for an exception to the 10% penalty. However, if the amount rolled over is distributed within five (5) years thereafter, the 10% early distribution penalty (and exceptions thereto) will apply at that time as if the distribution was included in income.

(e) *No Rollover of Required Minimum Distributions.* You cannot roll over to your IRA any RMDs which you receive from your IRA or your Employer-sponsored Retirement Plan.

3. *Recharacterizations.* If you make a contribution to a traditional IRA, you may later recharacterize either all or a portion of that contribution as having been made to a Roth IRA, along with net income attributable thereto. Recharacterization generally involves a trustee-to-trustee transfer of the contribution and income from the traditional IRA to the Roth IRA. Written notice of the recharacterization must be given to the Trustee and any other trustee or custodian involved in the transaction. If you have converted from a traditional IRA to a Roth IRA, you may recharacterize the conversion, along with net income attributable thereto, back to the traditional IRA. You may not reconvert an amount previously converted and recharacterized before the later of January 1 of the taxable year following the

taxable year in which the conversion is made, or the end of the 30-day period beginning on the day a recharacterization is transferred back to the traditional IRA. The deadline for completing a recharacterization is the deadline for filing your federal income tax return (including extensions) for the tax year for which the contribution was made, and the recharacterization must be reported on that return. You may need to file IRS Form 8606. Recharacterized amounts are treated as having been contributed to the Roth IRA on the same date and for the same taxable year that the amount was contributed to the traditional IRA.

If you make a contribution to a Roth IRA, you may later recharacterize either all or a portion of that contribution as having been made to a traditional IRA. The same rules apply to the recharacterization as apply to recharacterizations of traditional IRA contributions to Roth IRA contributions.

## E. Federal Tax Penalties.

1. *Early Distribution Penalty.* If you are under age 59½, and you receive a traditional IRA distribution, a nonqualified distribution from a Roth IRA, or a distribution of a conversion amount within the five-year period beginning with the year in which the conversion occurred, then a 10% additional tax will apply unless the distribution is made on account of (i) death, (ii) disability, (iii) 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, (iv) an IRS levy, (v) payment of unreimbursed medical expenses that exceed 7.5% of your adjusted gross income, (vi) payment of health insurance premiums after being separated from employment and while receiving unemployment compensation under a federal or state program for at least 12 weeks, (vii) certain qualified higher education expenses, (viii) expenses incurred in making a first home purchase (up to lifetime maximum of \$10,000), (ix) a qualifying rollover, or (x) the timely withdrawal of an excess contribution. The additional tax applies only to the portion of a distribution that is includible in gross income.

The IRS may change these penalty exceptions or permit additional penalty exceptions from time to time. You are responsible to file any additional IRS Forms that may be required with your tax return for the year of distribution to claim the exception or to pay the additional 10% penalty. You can refer to your tax professional for a detailed explanation of the exceptions to the 10% penalty to ensure you qualify.

2. *Excess Contribution Penalty.* An excise tax of 6% is imposed upon any excess contribution you make to your traditional IRA or your Roth IRA. This tax applies each year in which an excess remains in your IRA. An excess contribution is the amount of any contribution that exceeds the limit on your IRA contributions for the tax year (excluding permissible rollover and conversion contributions), plus any impermissible rollover or conversion contributions. However, any excess contribution that is withdrawn, together with the net income attributable thereto, by the due date for filing your federal income tax return (including extensions) for the tax year in which you made the contribution is not treated as an excess contribution, provided that you do not take a deduction for the contribution. Alternatively, excess contributions may be carried forward and reported as a contribution in the next year to the extent the excess contributions, plus contributions made for that next year, do not exceed the applicable maximum annual contribution for that next year.
3. *Excess Accumulation Penalty.* As described above, you must receive a minimum distribution from your traditional IRA for the year in which you reach age 70½ and no later than the end of each subsequent year. Your beneficiary also must receive certain minimum distributions from your traditional IRA or Roth IRA after your death. An excise tax of 50% is imposed on the amount of any RMD that should have been distributed but was not distributed on time. This excise tax is applied for each year any RMD amount is not distributed.

4. *Penalty Reporting.* You must complete and file a Form 5329 with the IRS to report and pay the federal tax penalties described above or to claim an exemption.

## F. Investments.

You have granted EJTC discretionary investment authority to manage the investments of your Roth IRA. Investment performance will vary with the investment selected and cannot be projected by and is not guaranteed by EJTC. Your Roth IRA is maintained for your exclusive benefit.

## G. Miscellaneous Information.

1. *Qualified Reservist Distributions.* A "qualified reservist distribution" may be made from a Roth IRA to an individual who is ordered or called to active duty after September 11, 2001, and before December 31, 2007, for a period of more than 179 days (or for an indefinite period). The distribution must be made during the period beginning on the date of the order or call to duty and ending at the close of the active duty period. The amount distributed may be re-contributed to the IRA at any time during the two-year period after the end of the active duty. The 10% early distribution penalty does not apply.
2. *Divorce or Separate Maintenance.* If all or any portion of your IRA is awarded to a former spouse or spouse under a decree of divorce or separate maintenance, such portion can be transferred to an IRA of the same type in the receiving spouse's name. There will be no tax implications to you if a written instrument specifically directing the transfer is executed by a court as part of a divorce or legal separation in accordance with Code Section 408(d)(6) and is received and accepted by the Trustee. The Trustee may require other direction from you and your spouse or former spouse.
3. *Prohibited Transactions.* If your IRA is involved in a prohibited transaction, as described in Code Section 4975, your IRA will lose its tax-exempt status and you must include the value of your IRA in your gross income for that taxable year. You also may be subject to excise taxes. Prohibited transactions include the following transactions between you or your beneficiary and your IRA: (i) the sale, exchange or leasing of property; (ii) lending money or otherwise extending credit; (iii) furnishing goods, services or facilities; (iv) the transfer or use of the income or assets of the IRA; (v) dealing with the income or assets of the IRA in your own interest; or (vi) receiving consideration from any party dealing with the IRA in any transaction involving its income or assets. If you are under age 59½, the 10% penalty tax on early distributions will apply.
4. *Pledges.* 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 that tax year. If you are under age 59½, the 10% penalty tax on early distributions will apply.
5. *Fees and Expenses.* You agree to pay the fees and other expenses of maintaining and terminating your IRA when due, as determined in accordance with a schedule published from time to time. If you fail to timely pay, the Trustee may deduct any outstanding balance from the IRA, and if insufficient cash is available in the account, the Trustee may liquidate assets to pay the balance.
6. *Inherited IRAs.* A beneficiary who inherits a Roth IRA cannot make contributions to the inherited IRA. The beneficiary must take RMDs as described in this document for Roth IRAs.

An eligible beneficiary may roll over a decedent's interest in an Employer Retirement Plan to an inherited IRA. A beneficiary who wants to rollover to a Roth IRA must meet the income and tax filing status limitations (if any) for setting up a Roth IRA. The rollover must be accomplished through a direct trustee-to-trustee transfer. Certain beneficiaries cannot make this rollover, including entity beneficiaries, and trust beneficiaries if the trust does not meet certain look-through trust requirements. RMDs required under the plan's terms cannot be rolled over. Generally, the RMD rules of the deceased's Employer Retirement Plan

for non-spouse beneficiaries also apply to the inherited IRA. (This is usually the five-year rule or the life expectancy rule.) However, if the five-year rule applies, the non-spouse beneficiary may use the life expectancy rule if the rollover is made before the end of the year following the year the decedent died. If the decedent died after his or her Required Beginning Date, the life expectancy rule applies.

A spouse who is the sole beneficiary of a decedent's IRA can instead elect to treat the IRA as his or her own. In this case, the spouse is not subject to the after-death minimum distribution requirements described in Section B.7 above. Instead, the spouse is subject to the RMD rules applicable to IRA owners.

7. *IRS Approval.* The EJTC Roth IRA Trust Agreement is the model trust agreement on Form 5305-R that satisfies the requirements of Code Section 408A and has been approved by the IRS. IRS approval of this agreement is a determination only about its form, and does not indicate any endorsement of your Roth IRA or of the available investments.
8. *Designation of Beneficiary.* You should designate a beneficiary(ies) to receive the balance of your IRA when you die. Your beneficiary(ies) must be designated on the EJTC Individual Retirement Account Authorization Form applicable to your account or other writing acceptable to the EJTC. The assets remaining in your IRA will be distributed upon your death to the beneficiary(ies) named by you on record with the Trustee in accordance with the provisions of the Trust Agreement for your IRA. If a beneficiary you designate is not a U.S. citizen or other U.S. person (including a resident alien individual) when you die, distribution options from the IRA and the tax treatment of such distributions may be more restrictive.
9. *Qualified HSA Funding Distribution.* You may be able to make a one-time "qualified Health Savings Account funding distribution" from your Roth IRA to a Health Savings Account. Such a distribution must be made in a trustee-to-trustee transfer. For more information, including information about the maximum amount that can be rolled over and the tax treatment of such rollover, see IRS Publications 590 and 969.

10. *Estate and Gift Taxes.* Generally, at your death, the total value of assets in your Roth IRA is included in your gross estate for federal estate tax purposes. However, deductions are allowed if your beneficiary is either your spouse or a charity. Generally, naming a beneficiary to receive payments from your Roth IRA is not considered a gift subject to federal gift tax, even if the designation is irrevocable. This is because the account owner typically retains the right to direct distributions, including rollovers and transfers.

11. *Additional Tax Information.* Income tax planning and reporting for IRAs is complex, and EJTC does not provide tax advice. This document does not contain a complete explanation of all possible tax situations. You should consult with your tax advisor for your individual planning needs and to consider any special income tax reporting.

More information about your Roth IRA can be obtained from any district office of the IRS and from the IRS website at [www.irs.gov](http://www.irs.gov). You also may wish to obtain publications from the IRS, including Publication 590, Individual Retirement Arrangements (IRAs), and Publication 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans). IRS forms are available at any district office of the IRS and at [www.irs.gov](http://www.irs.gov).

For a summary of the basic tax forms that may be required for your Roth IRA, see Appendix A.

## H. Conclusion.

Rates of return, fees, and restrictions on contributions, transfers and withdrawals of funds may vary among different IRA custodians and trustees. Every Roth IRA sponsor is required to provide you with a Disclosure Statement, similar to this one, describing the terms of its IRA.

This Disclosure Statement was prepared on the basis of current law and regulations and is believed to be accurate. EJTC does not take responsibility for individual tax consequences, nor does it undertake the responsibility to inform you of changes in the law or its interpretation.

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## Disclosure Statement Appendix A – Traditional IRA and Roth IRA

(The amounts referenced below may be increased annually by the IRS based upon cost-of-living adjustments.)

### CONTRIBUTION LIMITS – TRADITIONAL IRA AND ROTH IRA\*

Contribution Type	2016	2017
Regular Contribution	\$5,500	\$5,500
Catch-up Contribution	\$1,000	\$1,000

\*Individuals who will be at least age 50 by the end of the year can make a catch-up contribution. Traditional IRA contributions cannot be made for the year an individual turns 70½ or after. Roth IRA contributions can be made regardless of age if you are eligible.

### ELIGIBILITY TO MAKE ROTH IRA CONTRIBUTIONS

This table shows whether your contributions to a Roth IRA are affected by the amount of your Modified Adjusted Gross Income (MAGI).

If You Have Taxable Compensation and Your Filing Status Is ...	And Your MAGI Is:		Then ...
	2016	2017	
Single or Head of Household	Less than \$117,000	Less than \$118,000	You can make a Full Contribution
	At least \$117,000 but less than \$132,000	At least \$118,000 but less than \$133,000	The amount you can contribute is reduced <sup>2</sup>
	\$132,000 or more	\$133,000 or more	You cannot contribute to a Roth IRA
Married Filing Jointly or Qualifying Widow(er)	Less than \$184,000	Less than \$186,000	You can make a Full Contribution
	At least \$184,000 but less than \$194,000	At least \$186,000 but less than \$196,000	The amount you can contribute is reduced <sup>2</sup>
	\$194,000 or more	\$196,000 or more	You cannot contribute to a Roth IRA
Married Filing Separately <sup>1</sup>	More than \$0 but less than \$10,000	More than \$0 but less than \$10,000	The amount you can contribute is reduced <sup>2</sup>
	\$10,000 or more	\$10,000 or more	You cannot contribute to a Roth IRA

1 Married Filing Separately – If you did not live with your spouse anytime during the tax year, use single filing status.

2 Use the formula and worksheet in IRS Publication 590 to determine your partial Roth IRA contribution, or see your tax advisor for assistance.

### DEDUCTIBILITY – TRADITIONAL IRA CONTRIBUTIONS

This table shows whether your contribution deductibility to a Traditional IRA is affected by the amount of your Modified Adjusted Gross Income (MAGI).

If You Have Taxable Compensation and Your Filing Status Is ...	Are You Covered by Employer's Retirement Plan?	And Your MAGI Is:		Then You Can Take:
		2016	2017	
Single or Head of Household	No	Any Amount	Any Amount	A Full Deduction
	Yes	\$61,000 or less	\$62,000 or less	A Full Deduction
		More than \$61,000 but less than \$71,000	More than \$62,000 but less than \$72,000	A Partial Deduction <sup>2</sup>
Married Filing Jointly or Qualifying Widow(er)	Neither Spouse	\$71,000 or more	\$72,000 or more	No Deduction
		Any Amount	Any Amount	A Full Deduction
		\$98,000 or less	\$99,000 or less	A Full Deduction
	Both Spouses	More than \$98,000 but less than \$118,000	More than \$99,000 but less than \$119,000	A Partial Deduction <sup>2</sup>
		\$118,000 or more	\$119,000 or more	No Deduction
		\$98,000 or less	\$99,000 or less	A Full Deduction
	One Spouse Covered (for covered spouse)	More than \$98,000 but less than \$118,000	More than \$99,000 but less than \$119,000	A Partial Deduction <sup>2</sup>
		\$118,000 or more	\$119,000 or more	No Deduction
		\$184,000 or less	\$186,000 or less	A Full Deduction
One Spouse Covered (for non-covered spouse)	More than \$184,000 but less than \$194,000	More than \$186,000 but less than \$196,000	A Partial Deduction <sup>2</sup>	
	\$194,000 or more	\$196,000 or more	No Deduction	
	\$194,000 or more	\$196,000 or more	No Deduction	

**DEDUCTIBILITY - TRADITIONAL IRA CONTRIBUTIONS**

This table shows whether your contribution deductibility to a Traditional IRA is affected by the amount of your Modified Adjusted Gross Income (MAGI).

If You Have Taxable Compensation and Your Filing Status Is ...	Are You Covered by Employer's Retirement Plan?	And Your MAGI Is:		Then You Can Take:
		2016	2017	
Married Filing Separately <sup>1</sup>	Neither Spouse	Any Amount	Any Amount	A Full Deduction
	Either Spouse Covered	Less than \$10,000	Less than \$10,000	A Partial Deduction <sup>2</sup>
		\$10,000 or more	\$10,000 or more	No Deduction

1 Married Filing Separately - If you did not live with your spouse anytime during the tax year, use single filing status.

2 Use the formula and worksheet in IRS Publication 590 to determine your partially deductible traditional IRA contribution, or see your tax advisor for assistance.

**SAVER'S TAX CREDIT**

(For contributions you make in Employer Retirement Plans and IRAs)

If Your Filing Status Is ...	And Your MAGI (2017) Is:	You Receive Credit of: (Maximum Credit for 2017: \$1,000)
Single/Married Filing Separately or Qualifying Widow(er) and All Other Filers	\$0 - \$18,500	50% of Contribution
	\$18,501 - \$20,000	20% of Contribution
	\$20,001 - \$31,000	10% of Contribution
	\$31,001 or more	0%
Married Filing Jointly	\$0 - \$37,000	50% of Contribution
	\$37,001 - \$40,000	20% of Contribution
	\$40,001 - \$62,000	10% of Contribution
	\$62,001 or more	0%
Head of Household	\$0 - \$27,750	50% of Contribution
	\$27,751 - \$30,000	20% of Contribution
	\$30,001 - \$46,500	10% of Contribution
	\$46,501 or more	0%

**CONTRIBUTION LIMITS - SEP PLAN**

	2016	2017
Employer Percent Limit	25%	25%
Employer Contribution Limit	\$53,000	\$54,000
Compensation Cap	\$265,000	\$270,000
Compensation Threshold Used for Eligibility	\$600	\$600

**Summary of the Basic Tax Forms and IRS Publications****IRS Forms:**

**IRS Form 1099-R** (*Distributions From Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc.*) - Used to report distributions from your traditional or Roth IRA. Some examples include:

- All taxable and nontaxable distributions
- Conversions
- Recharacterizations
- Removal of excess contributions
- Direct rollovers

**IRS Form 5498** (*IRA Contribution Information*) - Used to report specific deposits and additions to your traditional IRA or Roth IRA. Some examples include:

- Contributions and rollover contributions
- Conversions
- Recharacterizations
- Fair market value
- Required Minimum Distribution (RMD) information
- Certain postponed and special catch-up contributions
- Repayment of qualified reservist distributions and federally designated disaster withdrawals

**IRS Form 5329** (*Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts*) - Used to report additional taxes, penalties, or penalty exceptions on traditional or Roth IRA distributions. Some examples include:

- Tax and/or penalty due from an excess contribution and removal of the attributable earnings
- Penalty due from an excess contribution that is being carried forward
- Early distribution from your traditional IRA
- Missed Required Minimum Distribution from your traditional IRA

**IRS Form 8606** (*Non deductible IRAs*) - Used to report:

- Non deductible contributions you made to a traditional IRA
- Distributions from a traditional, SEP, or SIMPLE IRA, if you have ever made non deductible traditional IRA contributions or rolled over after-tax amounts to a traditional IRA
- Distributions from Roth IRAs
- Conversions from a traditional, SEP, or SIMPLE IRA to a Roth IRA if you have ever made non deductible traditional IRA contributions or rolled over after-tax amounts to a traditional IRA

**IRS Form 8880** (*Credit for Qualified Retirement Savings Contributions*) - Used to figure the amount, if any, of your retirement savings contributions credit (also known as the saver's credit).

**IRS Form 990-T** (*Exempt Organization Business Income Tax Return*) - Used to figure and report your IRA's tax liability, if any, for Unrelated Business Taxable Income (UBTI).

**IRS Publications:**

**IRS Publication 590** - *Individual Retirement*

*Arrangements (IRAs)* - This publication discusses traditional, Roth, and SIMPLE IRAs. It explains the rules for:

- Setting up an IRA
- Contributing to an IRA
- Transferring money or property to and from an IRA
- Handling an inherited IRA
- Receiving distributions from an IRA
- Taking a credit for contributions to an IRA

It also explains the penalties and additional taxes that apply when the rules are not followed. To assist you in complying with the tax rules for IRAs, this publication contains worksheets, sample forms, and tables, which can be found throughout the publication and in the appendices at the back of the publication.

**IRS Publication 560** - *Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)* - This publication discusses retirement plans employers can set up and maintain for themselves and their employees.

**IRS forms and publications are available at any district office of the IRS and at [www.irs.gov](http://www.irs.gov).**

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