

# Roth Individual Retirement Account 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 regulations. You should read this Disclosure Statement, as well as the Custodial Agreement, to make certain that you fully understand the rules and tax consequences applicable to traditional IRAs and Roth IRAs.

The Custodian of your IRA is Edward D. Jones & Co., L.P., a registered broker-dealer doing business as Edward Jones. Edward Jones is wholly owned by The Jones Financial Companies, L.L.L.P.

The provisions of this Disclosure Statement are subject to change. Neither the Custodian nor its affiliates or agents provide tax or legal advice. You should seek tax or legal advice for any and all matters regarding your Roth IRA, with regard to your specific situation, as such matters may result in adverse tax consequences and/or penalties.

## A. Your Right to Revoke Your IRA.

If Edward Jones does not provide you with the Custodial 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 Edward Jones 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 Edward Jones. 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  
 12555 Manchester Road  
 St. Louis, MO 63131  
 Telephone: 800-441-2357

Edward Jones 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 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 the Custodial Agreement is made within the seven (7) day period described above, Edward Jones 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, Edward Jones 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 which may impact the share amount) regardless of value, less any amount withdrawn. Edward Jones 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 your 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 in cash 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. **Custodian.** The custodian 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 custodian of this IRA is Edward Jones.
  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 Custodian. However, the Custodian may make a distribution from the IRA without instruction if directed to do so by a levy or court order, or if the Custodian resigns.
    - (a) *Required Minimum Distributions 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 which 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). A summary of the Roth IRA RMD rules can be found in Article V of the Roth IRA Custodial Agreement.

## 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 tax 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 which is made after the five-year period (described below), and is made on account of one of the following events:

- Attainment of 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 rollover 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 to not have any amount withheld by filing the appropriate withholding election with the Custodian. 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-sponsored

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-sponsored 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 rollover (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. To qualify as a rollover, you must rollover the distribution 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.* A rollover from an Employer-sponsored Retirement Plan to Roth IRA Conversion 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 rollover to your IRA any RMDs which you receive from your IRA or your Employer-sponsored Retirement Plan.
- (f) *NAV Rollover Policy.* In certain instances some mutual fund companies may allow retirement plan assets that had been invested in their mutual funds to be moved into an IRA and the money reinvested into their mutual funds as Net Asset Value (NAV) reinstatements without new sales charges. These options will vary by mutual fund company and may require you to rollover the assets into an IRA held at the mutual fund company in order to receive this benefit. If you decide to establish a fund-held IRA account to take advantage of a NAV program, Edward Jones will not be the broker-dealer of record on the account. After your retirement assets are invested in the IRA account under the NAV program at the fund company, you can decide to transfer your mutual fund holdings from the account at the fund company to an IRA account at Edward Jones with no commissions being charged.
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 Custodian and any other trustee or custodian involved in the transaction. If you converted from a traditional IRA to a Roth IRA after December 31, 2017, you may not recharacterize the conversion. The deadline for completing a recharacterization of a contribution 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 a traditional IRA or a 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.

Your Edward Jones Roth IRA is a self-directed IRA, which means that you direct the investments held in the IRA. Investments are limited to those legally permissible for an IRA and which are obtainable through Edward Jones in its regular course of business. You have the responsibility for selecting investments and for monitoring their performance. Investment performance will vary with the investment selected and cannot be projected by and is not guaranteed by Edward Jones. If you have entered into an investment advisory agreement, the investment decisions may be made by the investment advisor pursuant to the investment advisory agreement. In the absence of any investment direction from you or an investment advisor, all uninvested cash held in the Account will be invested in an interest-bearing account, a money market mutual fund or other similar investments. Your self-directed 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 Custodian. The Custodian 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 Custodian may deduct any outstanding balance from the IRA, and if insufficient cash is available in the Account, the Custodian 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 rollover a decedent's interest in an Employer-sponsored 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-sponsored 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 Edward Jones Roth IRA Custodial Agreement is the model custodial agreement on Form 5305-RA 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 Edward Jones Individual Retirement Account Authorization Form applicable to your account or other writing acceptable to Edward Jones. The assets remaining in your IRA will be

distributed upon your death to the beneficiary(ies) named by you on record with the Custodian in accordance with the provisions of the Custodial 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 Edward Jones 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.

12. **Account Protection.** To obtain information about account protection that the Securities Investor Protection Corporation (“SIPC”) provides, including an explanatory SIPC brochure, visit [www.sipc.org](http://www.sipc.org) or call 202-371-8300.

13. **Business Continuity.** Edward Jones has a business continuity plan (“BCP”) to allow Edward Jones to continue serving clients and provide them with access to their funds and securities in the event of a disaster. If any of Edward Jones’ facilities are damaged or otherwise inaccessible as a result of a disaster, Edward Jones associates affected by such event would work from different areas of the same location or from alternate locations controlled by Edward Jones. Edward Jones has data centers in two geographically distinct locales. In the event one of the data centers is damaged in a disaster, Edward Jones would move technological support and processing to the unaffected data center, with an expected short-term interruption in operations. Edward Jones’ response to a significant business disruption is dependent upon the response of third parties, and Edward Jones cannot guarantee that a significant business disruption will not impact its operations. In the event of a significant business disruption, you can obtain information about the status of your Account and access to your funds and securities by contacting your financial advisor or Edward Jones Client Relations at 800-441-2357. Any updates to the Edward Jones BCP will be posted at [www.edwardjones.com/disclosures](http://www.edwardjones.com/disclosures).

## H. Conclusion.

Rates of return, fees and restrictions on contributions, transfers and withdrawals of funds may vary among different IRA custodians and trustees. Every traditional 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. Edward Jones 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.

# IRS Notice of Non-bank Custodian Status

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Edward D. Jones & Co.  
201 Progress Parkway  
Maryland Heights, MO 63043

Person to Contact:  
Mr. M. Bayer  
Telephone Number:  
(202) 566-4300

EIN: 43-0345811

Refer Reply to:  
OP:EP:RQ:2:7  
Date:  
**8 0 MAY 1995**

Gentlemen:

You have requested a determination as to whether Edward D. Jones & Co., may act as a passive custodian of Individual Retirement Accounts (IRAs) as provided under section 1.401-12(n) of the Income Tax Regulations.

Section 408(a)(2) of the Internal Revenue Code requires that the trustee or custodian of an IRA be a bank (as defined in section 408(n)) or such other person who demonstrates to the satisfaction of the Commissioner that the manner in which such other person will administer the IRA will be consistent with the requirements of section 408 of the Code.

Additionally, section 408(b) of the Code provides that a custodial account shall be treated as a qualified trust if such custodial account would, except for the fact it is not a trust, constitute an IRA under section 408(a) and the custodian is a bank (as defined in section 408(n)) or other person who demonstrates to the satisfaction of the Commissioner that the manner in which such other person will hold the assets will be consistent with the requirements of section 408.

Section 1.401-12(n) of the regulations provides that such a person must file a written application with the Commissioner demonstrating, as set forth in that section, his ability to act as a custodian of IRAs.

Based upon all the representations presented in your application, we have concluded that Edward D. Jones & Co., meets the requirements of section 1.401-12(n) of the regulations and therefore may act as a passive custodian of IRAs.

This letter authorizes Edward D. Jones & Co., to act only as a passive custodian within the meaning of section 1.401-12(n) of the regulations; that is, it is authorized only to acquire and hold particular investments specified by the custodial instrument. It may not act as custodian if under the written custodial agreement it has discretion to direct investments of custodial funds or any other aspects of the business administration of the custodial account.

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Edward D. Jones & Co.

This letter, while authorizing Edward D. Jones & Co., to act as a custodian within the meaning of section 1.401-12(n)(7) of the regulations, does not authorize it to pool accounts in a common investment fund within the meaning of section 1.401-12(n)(6)(vi) of the regulations. Edward D. Jones & Co., may not act as custodian unless it undertakes to act only under custodial instruments which contain a provision to the effect that the individual is to substitute another custodian upon notification by the Commissioner that such substitution is required because the specified custodian has failed to comply with the requirements of such regulations or is not keeping such records, or making such returns, or rendering such statements, as are required by forms or regulations.

Edward D. Jones & Co., is required to notify the Commissioner of Internal Revenue, Attn: OP:EP, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change which affects the continuing accuracy of any representation made in its application required by section 1.401-12(n) of the regulations. Furthermore, the continued approval of its application is contingent upon its continued satisfaction of the criteria set forth in section 1.401-12(n) of the regulations.

This letter constitutes a determination as to whether Edward D. Jones & Co., may act as custodian under section 408(a)(2) of the Code and does not bear upon its capacity to act as custodian under any other applicable law.

Sincerely yours,

John J. Swieca  
Chief, Employee Plans Rulings  
and Qualifications Branch

This letter from the Internal Revenue Service provides notice to Edward Jones of approval to serve as a non-bank custodian.