

## ESTABLISHMENT DOCUMENTS

# Roth IRA

To open a Roth IRA account with PENSCO, you'll need:

- **Account Application**
- **Instructions for Opening an Account**
- **Transfer/Rollover Request**
- **IRA Custodial Account Agreement**
- **IRA Disclosure Statement**
- **Privacy Policy**
- **Fee Schedule**

## INSTRUCTIONS

Complete the enclosed Account Application and Agreement forms, then mail or fax it back to PENSCO. Review and retain the Custodial Account Agreement, Disclosure Statement, Privacy Policy and Fee Schedule for your records.

## RETURN INSTRUCTIONS

Return the completed forms to PENSCO by any of the following methods:

**Upload Online**

[www.pensco.com/upload](http://www.pensco.com/upload)

**Fax**

303-614-7052

**Regular Mail**

PENSCO  
P.O. Box 173859  
Denver, CO 80217-3859

**Express Deliveries**

PENSCO  
1560 Broadway, Ste. 400  
Denver, CO 80202-3331

**QUESTIONS?** Call our Client Services team at 800-962-4238.

# Roth IRA Application

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

**YOUR SIGNATURE AND DATE ARE REQUIRED ON PAGE 6.**

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

## 1 PLAN INFORMATION

- Check the appropriate IRA plan type below.
- If you are opening an **INHERITED IRA**, please complete **SECTION 3** in addition to the rest of this application.

Roth IRA       Inherited IRA

## 2 ACCOUNT OWNER INFORMATION

- **DO NOT** complete this section for an Inherited IRA.

|                        |                        |               |
|------------------------|------------------------|---------------|
| NAME (FIRST, MI, LAST) | SOCIAL SECURITY NUMBER | DATE OF BIRTH |
|------------------------|------------------------|---------------|

GENDER:  Female    Male      CITIZENSHIP:  U.S.    Other (specify): \_\_\_\_\_

IF APPLICABLE, ENTER NAME OF ORGANIZATION OR INDIVIDUAL REFERRAL, OR PROMOTION CODE: \_\_\_\_\_

## 3 INHERITED IRA INFORMATION

- An **IRA BENEFICIARY DISTRIBUTION REQUEST FORM** also is required if the decedent's account is currently held at PENSCO; if this is a Trust Inherited IRA, a **TRUST CERTIFICATION FORM** is required.

### 3A DECEASED ACCOUNT OWNER INFORMATION

|                        |                        |
|------------------------|------------------------|
| NAME (FIRST, MI, LAST) | SOCIAL SECURITY NUMBER |
| DATE OF BIRTH          | DATE OF DEATH          |

### 3B BENEFICIARY INFORMATION — *The individual establishing this account*

|                        |                        |               |
|------------------------|------------------------|---------------|
| NAME (FIRST, MI, LAST) | SOCIAL SECURITY NUMBER | DATE OF BIRTH |
|------------------------|------------------------|---------------|

GENDER:  Female    Male      CITIZENSHIP:  U.S.    Other (specify): \_\_\_\_\_

RELATIONSHIP TO DECEASED ACCOUNT OWNER:  Spouse    Non-Spouse    Trust<sup>1</sup>

<sup>1</sup> PENSCO Trust Certification Form is required for Trust Inherited IRAs.

#### 4 CONTACT INFORMATION

|            |                  |
|------------|------------------|
| OCCUPATION | SOURCE OF WEALTH |
|------------|------------------|

#### 4A MAILING ADDRESS

|  |                |         |             |
|--|----------------|---------|-------------|
| STREET ADDRESS (IF P.O. BOX, PROVIDE PHYSICAL ADDRESS BELOW) |                |         |             |
| CITY   | STATE/PROVINCE | COUNTRY | POSTAL CODE |
| PRIMARY PHONE NO.  | EMAIL ADDRESS  |         |             |

#### 4B RESIDENCE ADDRESS

- Required if different from mailing address, or if P.O. Box. is provided above as mailing address.

|                   |                |         |             |
|-------------------|----------------|---------|-------------|
| STREET ADDRESS    |                |         |             |
| CITY              | STATE/PROVINCE | COUNTRY | POSTAL CODE |
| PRIMARY PHONE NO. | EMAIL ADDRESS  |         |             |

**PLEASE BE AWARE THAT YOU WILL RECEIVE PRINTED QUARTERLY STATEMENTS BY MAIL.** You will be assessed a quarterly fee of \$5.00 for this service; this quarterly fee will be waived if you elect to receive your statements electronically. To waive this fee and receive electronic statements, you must register your PENSCO account online at [www.pensco.com/register](http://www.pensco.com/register).

#### 5 ACCOUNT OWNER INFORMATION

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

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

##### Alternative Assets

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

#### 6 CHECK ENCLOSURE SUMMARY (CONTRIBUTION ALLOCATION)

- Only complete this section **IF YOU ARE SUBMITTING YOUR APPLICATION BY MAIL AND ENCLOSING A PERSONAL CHECK.**

|                              |                 |
|------------------------------|-----------------|
| Employer SEP Contribution    | \$ _____        |
| Rollover Contribution        | \$ _____        |
| IRA Contribution for 20 ____ | \$ _____        |
| IRA Contribution for 20 ____ | \$ _____        |
| <b>Total Enclosed</b>        | <b>\$ _____</b> |

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

## 7 UNINVESTED CASH

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

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

## 8 BENEFICIARY DESIGNATION

I hereby designate the persons named herein as primary and contingent beneficiaries to receive my interest in this IRA according to the terms of the IRA Custodial Account Agreement, hereby revoking any such prior designations made by me. **(ATTACH ADDITIONAL SHEETS, IF NECESSARY.)**

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

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

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

## 9 BENEFICIARY INFORMATION

### 9A PRIMARY BENEFICIARY(IES)

|                        |                |               |             |
|------------------------|----------------|---------------|-------------|
| NAME (FIRST, MI, LAST) |                | DATE OF BIRTH | PERCENTAGE  |
| SOCIAL SECURITY NO.    |                | RELATIONSHIP  |             |
| RESIDENCE ADDRESS      |                |               |             |
| CITY                   | STATE/PROVINCE | COUNTRY       | POSTAL CODE |

**9A PRIMARY BENEFICIARY(IES)**

|                        |                |               |             |
|------------------------|----------------|---------------|-------------|
| NAME (FIRST, MI, LAST) |                | DATE OF BIRTH | PERCENTAGE  |
| SOCIAL SECURITY NO.    |                | RELATIONSHIP  |             |
| RESIDENCE ADDRESS      |                |               |             |
| CITY                   | STATE/PROVINCE | COUNTRY       | POSTAL CODE |

**9B CONTINGENT BENEFICIARY(IES)**

|                        |                |               |             |
|------------------------|----------------|---------------|-------------|
| NAME (FIRST, MI, LAST) |                | DATE OF BIRTH | PERCENTAGE  |
| SOCIAL SECURITY NO.    |                | RELATIONSHIP  |             |
| RESIDENCE ADDRESS      |                |               |             |
| CITY                   | STATE/PROVINCE | COUNTRY       | POSTAL CODE |

|                        |                |               |             |
|------------------------|----------------|---------------|-------------|
| NAME (FIRST, MI, LAST) |                | DATE OF BIRTH | PERCENTAGE  |
| SOCIAL SECURITY NO.    |                | RELATIONSHIP  |             |
| RESIDENCE ADDRESS      |                |               |             |
| CITY                   | STATE/PROVINCE | COUNTRY       | POSTAL CODE |

**10 SPOUSAL CONSENT**

If applicable, this section must be signed and dated by the Account Owner's spouse. Complete this section if:

- Account Owner is married and has designated any Primary Beneficiary other than his/her spouse; and
- Account Owner's plan includes, or will include, property in which his/her spouse possesses a community property interest or other type of property interest. (As of this printing, the community property states included: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin. **PLEASE CONSULT YOUR LEGAL ADVISOR TO ENSURE THIS SATISFIES THE LAWS OF YOUR STATE.**)

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

**PLEASE SIGN AND DATE BELOW.**

|  |                  |      |
|--|------------------|------|
|  | SPOUSE SIGNATURE | DATE |
|--|------------------|------|

**11 ACKNOWLEDGMENT & SIGNATURE**

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

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

PENSCO Trust Company performs the duties of an independent custodian of assets for self-directed individual and business retirement accounts and does not provide investment advice, sell investments or offer any tax or legal advice. Clients or potential clients are advised to perform their own due diligence in choosing any investment opportunity as well as selecting any professional to assist them with an investment opportunity. Alternative investments are not FDIC insured and are subject to risk, including loss of principal.

**PLEASE SIGN AND DATE BELOW.**

|  |      |
|--|------|
| ACCOUNT OWNER (OR DESIGNATED REPRESENTATIVE) SIGNATURE | DATE |
|--|------|

**TO DESIGNATE AN INTERESTED PARTY,  
PLEASE COMPLETE AND RETURN THE FOLLOWING PAGES TO PENSCO.**

FOR PENSCO TRUST COMPANY USE ONLY

|                      |                                       |
|----------------------|---------------------------------------|
| AUTHORIZED SIGNATURE | ACCOUNT NUMBER (PENSCO WILL COMPLETE) |
|----------------------|---------------------------------------|

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

## 12 INTERESTED PARTY DESIGNATION

Please complete the information below if you are authorizing an interested party other than you or your designated financial representative (including, but not limited to broker, financial planner, accountant, attorney) to receive information about your account. Please note that this individual will have limited access to your account information. PENSCO Trust Company (PENSCO) will not accept purchase and sale instructions from this individual.

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

This form authorizes PENSCO to provide account information and electronic statements to the Interested Party referenced below. If the Interested Party is associated with a broker-dealer, financial exchange or a regulated investment advisory firm, PENSCO may make information about Account activity available to the broker-dealer, exchange or compliance officer for the advisory firm as they deem necessary to receive such information.

By signing this Authorization, if any controversy, claim or dispute arises relating to the release of or providing account information, I agree to release, indemnify, defend and hold PENSCO and its related entities harmless.

### 12A INTERESTED PARTY INFORMATION

|                        |                |               |             |
|------------------------|----------------|---------------|-------------|
| NAME (FIRST, MI, LAST) |                | PHONE NO.     | FAX NO.     |
| FIRM NAME              |                | EMAIL ADDRESS |             |
| RESIDENCE ADDRESS      |                |               |             |
| CITY                   | STATE/PROVINCE | COUNTRY       | POSTAL CODE |

### PLEASE SIGN AND DATE BELOW TO DESIGNATE AN INTERESTED PARTY.

|  |  |      |
|--|--|------|
|  | ACCOUNT OWNER (OR DESIGNATED REPRESENTATIVE) SIGNATURE | DATE |
|--|--|------|

## ADDITIONAL STEPS REQUIRED TO SETUP YOUR ACCOUNT

### DELIVERY INSTRUCTIONS

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

**Submit this application through one of the following delivery methods:**

| Upload Online  | Fax          | Regular Mail                                       | Express Deliveries   |
|--|--------------|--|--|
| <a href="http://www.pensco.com/upload">www.pensco.com/upload</a> | 303-614-7052 | PENSCO<br>P.O. Box 173859<br>Denver, CO 80217-3859 | PENSCO<br>1560 Broadway, Ste. 400<br>Denver, CO 80202-3331 |

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

Once you receive your PENSCO account number, you must register for online access to your account within seven (7) days. To do so, visit [www.pensco.com/register](http://www.pensco.com/register), and complete the following steps:

1. Securely provide credit/debit card information. **ALL ACCOUNT OWNERS ARE REQUIRED TO MAINTAIN A VALID CREDIT/DEBIT CARD ON FILE AT ALL TIMES.**
2. Confirm your Fee Payment Preference. Your account Fee Payment Preference is currently set to automatically pay your account fees using available cash in your custodial account.
  - If you prefer to pay your account fees using cash from your custodial account, no further action is needed from you;
  - If you prefer to pay your account fees using the credit/debit card on file (from Step No. 1), you may do so by updating your Fee Payment Preference.

Please refer to your Roth IRA Custodial Agreement for more information on Billing & Fee Collection.



# Transfer/Rollover Request

This form is to be completed by an IRA Account Owner who wishes to make a transfer, rollover or direct rollover of all or a portion of his/her assets from an existing IRA plan to a PENSCO Trust Company (PENSCO) IRA.

## 1 IRA ACCOUNT OWNER INFORMATION

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

|                        |                |                     |             |
|------------------------|----------------|---------------------|-------------|
| NAME (FIRST, MI, LAST) |                | PENSCO ACCOUNT NO.  |             |
| MAILING ADDRESS        |                |                     |             |
| CITY                   | STATE/PROVINCE | COUNTRY             | POSTAL CODE |
| DATE OF BIRTH          |                | SOCIAL SECURITY NO. |             |
| BUSINESS PHONE NO.     |                | HOME PHONE NO..     |             |

## 2 CURRENT TRUSTEE/CUSTODIAN INFORMATION

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

|  |                |                    |             |
|--|----------------|--------------------|-------------|
| CUSTODIAN NAME                         |                |                    |             |
| CONTACT DEPARTMENT                     |                | BUSINESS PHONE NO. |             |
| CURRENT TRUSTEE/ CUSTODIAN ACCOUNT NO. |                | FAX NO.            |             |
| MAILING ADDRESS                        |                |                    |             |
| CITY                                   | STATE/PROVINCE | COUNTRY            | POSTAL CODE |

### DOCUMENT DELIVERY METHOD

- PENSCO will automatically default to ACATS (Automated Client Account Transfer) if no contact and contact fax is provided. If the firm is not ACATS eligible then we will attempt a fax. If this is not an option we will mail your transfer unless you provide overnight information.

**Send Paperwork Overnight.** Charge my account (please refer to your Fee Schedule).

**Send Paperwork Overnight via Third Party Carrier.** Charge this overnight delivery account no: \_\_\_\_\_.

**Overnight Delivery Carrier Provider Name:** \_\_\_\_\_.

### 3 TRANSFER TYPE

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

Select the option for the transfer type you are requesting.

- Partial Transfer       Complete (Full) Transfer (Close my entire account).

### 4 TRANSFER / ROLLOVER OPTION

- Select an option below.<sup>1</sup> For your selection, please provide specific asset instructions in Section 6.

**Transfer IRA-to-IRA**

- If applicable, choose an option below. **YOU MUST INCLUDE A CERTIFIED COPY OF THE DECEASED ACCOUNT OWNER'S DEATH CERTIFICATE.**

- Inherited IRA: Check box if this is a transfer of an inherited or beneficiary IRA. Subject to additional documentation and review.
- Non-Spouse Beneficiary: Only for Non-Spouse Beneficiary Direct Rollover.
- Spousal Assumption: Only for spouses who are the sole beneficiary of a plan owner.

**Indirect Rollover:** This is a return on an Eligible Distribution done within 60 days. This rollover is the only rollover that has been executed between all of my IRAs in the prior 12 months.

**Direct Rollover:**

- Rollover of Eligible Business Retirement Plan Assets to Traditional IRA Rollover.
- Trustee-to-Trustee Conversion of external Traditional IRA to PENSCO Roth IRA. (Your current custodian may have additional requirements to execute this transaction.)

### 5 LIST OF ALL STANDARD ASSETS TO BE TRANSFERRED

- Use additional paper, if needed. Please provide a copy of the most recent Account Statement from your current Trustee/Custodian.

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

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

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

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

<sup>1</sup> See "Transfer Rollover Options" definitions.

## 6 ALTERNATIVE ASSET TRANSFER/ROLLOVER/CONVERSION OR LIQUIDATION INSTRUCTIONS

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

All investments are subject to an administrative review by PENSCO. Please provide the documents and/or PENSCO forms listed next to the investment type below to facilitate the administrative review. PENSCO will contact you if additional signatures or documents are required by the third party executing the transfer.<sup>2</sup>

**Investment Type** (choose one):

- Private Equity** — Offering materials; copy of original subscription agreement.
  **Secured Note** — Deed of Trust/Mortgage/Secured Note Investment Authorization form.
- Real Estate** — Real Estate Investment Authorization form.
  **Tax Certificate** — Tax Certificate Investment Authorization form.
- Promissory Note** — Unsecured Note Investment Authorization form.
  **Other:** \_\_\_\_\_

**Transfer/Rollover/Conversion:**

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

| INVESTMENT NAME | NO. OF SHARES TO BE TRANSFERRED | TOTAL CURRENT ESTIMATED DOLLAR VALUE | PERCENTAGE OF OWNERSHIP |
|-----------------|---------------------------------|--------------------------------------|-------------------------|
|                 |                                 | \$                                   | %                       |

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

|                 |                |                 |             |
|-----------------|----------------|-----------------|-------------|
| COMPANY NAME    |                | CONTACT NAME    |             |
| COMPANY ADDRESS |                |                 |             |
| CITY            | STATE/PROVINCE | COUNTRY         | POSTAL CODE |
| PHONE NO.       | EMAIL ADDRESS  | COMPANY WEBSITE |             |

**Investment Type** (choose one):

- Private Equity** — Offering materials; copy of original subscription agreement.
  **Secured Note** — Deed of Trust/Mortgage/Secured Note Investment Authorization form.
- Real Estate** — Real Estate Investment Authorization form.
  **Tax Certificate** — Tax Certificate Investment Authorization form.
- Promissory Note** — Unsecured Note Investment Authorization form.
  **Other:** \_\_\_\_\_

**Transfer/Rollover/Conversion:**

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

| INVESTMENT NAME | NO. OF SHARES TO BE TRANSFERRED | TOTAL CURRENT ESTIMATED DOLLAR VALUE | PERCENTAGE OF OWNERSHIP |
|-----------------|---------------------------------|--------------------------------------|-------------------------|
|                 |                                 | \$                                   | %                       |

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

|                 |                |                 |             |
|-----------------|----------------|-----------------|-------------|
| COMPANY NAME    |                | CONTACT NAME    |             |
| COMPANY ADDRESS |                |                 |             |
| CITY            | STATE/PROVINCE | COUNTRY         | POSTAL CODE |
| PHONE NO.       | EMAIL ADDRESS  | COMPANY WEBSITE |             |

<sup>2</sup> To avoid delays in processing your request, at least one of these sections must be completed in its entirety. All assets that are to be transferred must be listed individually in its appropriate section. Please attach copies of account statements from the current Trustee/Custodian reflecting the assets to be transferred. If you have physical certificates in your possession, you must send the actual certificates in negotiable form to PENSCO with this document.

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

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

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

## 8 AGE 70 ½ NOTICE

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

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

## 9 ACCOUNT OWNER'S SIGNATURE REQUIRED

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

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

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

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

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



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**Account Owner Signature**

---

**Date**

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

**10 DELIVERY INSTRUCTIONS**

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

**Check**

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

**ACH**

Incoming ACH Instructions:  
Citibank  
ABA# 321171184  
To: PENSCO Trust Company  
Acct# 204869978

For Further Credit to: PENSCO Account Number

**Wire**

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

Overnight Delivery Address:  
PENSCO Trust Company  
FBO (client name)  
1560 Broadway Ste. 400  
Denver, CO 80202-3331

Register Physical Securities, Non-Networked Eligible Mutual Funds & Limited Partnerships:  
PENSCO Trust Company Custodian FBO (client name), IRA  
P.O. Box 173859  
Denver, CO 80217-3859  
Tax ID Number 02-0526633

DTC Eligible Securities:  
DTC #5998  
Agent ID #94099  
Institutional ID #94099  
FBO: Client Name and PENSCO Account Number

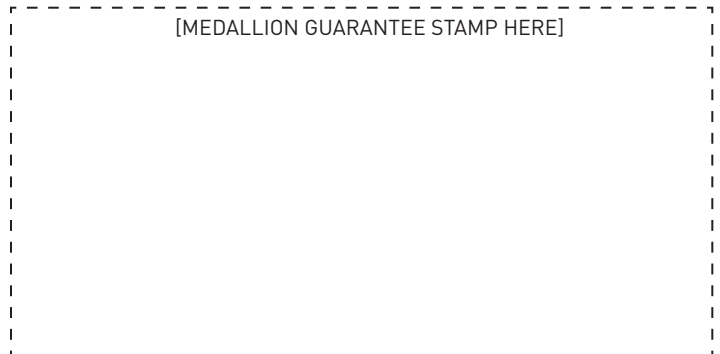
Book-entry Government Securities (including GNMA pool deliveries) VIA  
Federal wire as follows:  
FIFTH THIRD BANK  
ABA #042000314/Fifth Cin/1050  
FFC A/C#: 010034438545  
A/C Name: PENSCO Trust Company  
FBO: Client's name and PENSCO Account Number

Register Networked Eligible Mutual Funds to:  
NTC & Co.  
FBO (client name), PENSCO Account Number  
P.O. Box 173859  
Denver, CO 80217-3859  
Matrix Settlement and Clearance Services NSCC # 5954  
Tax ID Number 26-1356253

**11 ACCEPTANCE BY PENSCO TRUST COMPANY (TO BE COMPLETED BY PENSCO TRUST COMPANY)**

**DO NOT COMPLETE.** To be completed by PENSCO for acceptance of all assets listed as Custodian. This acceptance is not to be construed as validation of any rollover or direct contribution, if any. Please make a copy of the completed form for your records.

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





\_\_\_\_\_  
PENSCO Trust Company Acceptance Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

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

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

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

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

**Questions?**  
Call 800-962-4238

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

# Account Access Authorization Form

## 1 ACCOUNT OWNER INFORMATION

|                        |  |  |  |
|------------------------|--|--|--|
| NAME (FIRST, MI, LAST) |  | PHONE NO. (IF KNOWN)   |  |
| PRIMARY PHONE NO.      |  | SOCIAL SECURITY NO.  |  |
| ACCOUNT NO.            |  | <input type="checkbox"/> I authorize the Designated Representative listed below to act on behalf of all of my accounts held at PENSCO. |  |

## 2 DESIGNATED REPRESENTATIVE INFORMATION

Complete the fields below to designate a representative for your Account. Note: The IRA Custodial Account Agreement and Disclosure Statement authorizes PENSCO Trust Company (PENSCO) to rely on any instructions provided by the person and/or firm listed here, and states that PENSCO and its related entities are indemnified by you against any loss or expense it may incur when relying on such instructions.

### 2A ADD/REMOVE DESIGNATED REPRESENTATIVE

Select an option below.

- Add the Designated Representative listed below to my Account.
- Remove the Designated Representative below from my Account.

|           |
|-----------|
| FIRM NAME |
|-----------|

### 2B DESIGNATED REPRESENTATIVE INFORMATION

|   |                |                       |             |
|---|----------------|-----------------------|-------------|
| DESIGNATED REPRESENTATIVE (DR) NAME (FIRST, MI, LAST) |                |                       |             |
| DR OFFICE NAME  |                | DR BROKER-DEALER NAME |             |
| DR INDIVIDUAL CRD NO.                                 |                | DR FIRM CRD NO.       |             |
| DR REPRESENTATIVE NO.                                 |                | DR BRANCH NO.         |             |
| DR MAILING ADDRESS                                    |                |                       |             |
| CITY  | STATE/PROVINCE | COUNTRY               | POSTAL CODE |
| BUSINESS PHONE NO.                                    |                | CELL PHONE NO.        | FAX NO.     |
| EMAIL ADDRESS   |                |                       |             |

### 3 AUTHORIZATION & SIGNATURES

I designate or remove the above listed individual as my primary authorized representative at the above firm; I recognize that PENSCO is authorized to act on instructions from not only this primary representative, but from any principal or authorized officer of the firm, or additional representative assigned by a principal or authorized officer of the firm.

I recognize that the firm has the authority to designate representatives that may have access to my account information.

By signing below, I agree:

- To a modification of my PENSCO custodial agreement to enable the firm to make this appointment for this purpose;
- That the firm will have sole responsibility, and PENSCO will have no responsibility for the selection, retention and actions of the Designated Representative;
- That the Designated Representative will be an agent of the firm and shall not be treated for any purpose as an employee, agent or affiliate of PENSCO, or as controlled, approved, recommended or endorsed by PENSCO, and;
- That the firm may remove a Designated Representative effective upon PENSCO's receipt of their written notice of removal.

#### SIGNATURES

**Both signatures are required.**

|  |                                     |      |
|--|-------------------------------------|------|
|  | ACCOUNT OWNER SIGNATURE             | DATE |
|  | DESIGNATED REPRESENTATIVE SIGNATURE | DATE |

Please note that directions from an advisor (ASA) may incur charges to a client account, in accordance with the client's fee schedule. Examples include research fees, wire transfers, and overnight shipping.

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

**Fax to:** 303-614-7052

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

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

**Questions?**  
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# Custodial Account Agreement: Roth IRA

## **CUSTODIAN: PENSICO TRUST COMPANY**

PENSICO Trust Company (PENSICO) as Custodian hereby adopts this Roth Individual Retirement Account (IRA) Custodial Account Agreement.

The Participant whose name and signature appears on the Roth IRA Adoption Agreement is establishing an individual retirement account under Internal Revenue Code Section 408A to provide for his/her retirement and for the support of his/her beneficiaries after death.

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

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

This Custodial Account Agreement is intended to follow IRS Form 5305-RA, which is a Model Custodial Account Agreement that meets the requirements of Code Section 408A and has been pre-approved by the IRS. This Custodial Account is created for the exclusive benefit of the Participant who adopts the Plan and his/ her Beneficiaries. No person shall have any beneficial interest in the Participant's Account except the Participant or, in the case of the Participant's death, his Beneficiary and any subsequent Beneficiary. By their execution of the Roth IRA Adoption Agreement, the Custodian and the Participant agree to perform the obligations imposed upon them under the Plan.

## **THE PARTICIPANT AND THE CUSTODIAN MAKE THE FOLLOWING AGREEMENT.**

### **ARTICLE 1**

Except in the case of a rollover contribution described in Code Section 408A(e), or a re-characterized contribution described in Code Section 408A(d)(6), the Custodian will accept only cash contributions up to \$5,500 per year for 2013 through 2017. For individuals who have reached the age of 50 before the end of the tax year, the contribution limit is increased to \$6,500 per year for 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

### **ARTICLE 2**

- 2.1** The annual contribution limit described in ARTICLE 1 is gradually reduced to \$0 for higher income levels. For a grantor who is single or treated as single, the annual contribution is phased out between adjusted gross income (AGI) of \$118,000 and \$133,000; for a married grantor filing jointly, between AGI of \$186,000 and \$196,000; and for a married grantor filing separately, between AGI of \$0 and \$10,000. These phase-out ranges are for 2017. For years after 2017, 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 Code 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 3**

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

### **ARTICLE 4**

- 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 (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 5**

- 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 paragraph (a) or, if elected or there is no designated Beneficiary, in accordance with paragraph (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 Depositor's death.
- 5.2** The minimum amount that must be distributed each year under paragraph 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 1.401 (a)(9)-9) of the designated Beneficiary using the attained age of the Beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.
- 5.3** If the Depositor's surviving spouse is the designated Beneficiary, such spouse will then be treated as the Depositor.



## ARTICLE 6

- 6.1** The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by Section 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 Internal Revenue Service (IRS) and Depositor the reports prescribed by the IRS.

## ARTICLE 7

Notwithstanding any other articles which may be added or incorporated, the provisions of ARTICLES 1 through 4 and this sentence will be controlling. Any additional articles inconsistent with section 408A, the related regulations, and other published guidance will be invalid.

## ARTICLE 8

This agreement will be amended as necessary to comply with the provisions of the Code, the related regulations, and other published guidance. Other amendments may be made with the consent of the persons whose signatures appear below.

## ARTICLE 9 – DEFINITIONS

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

- 9.1 Account** means the account which the Custodian shall maintain for the Participant under the Plan.
- 9.2 Beneficiary** means any first generation Beneficiary, any second generation Beneficiary and any next generation Beneficiary. See ARTICLE 11.
- (a) **First Generation Beneficiary** means the person or persons designated in writing by the Participant or by the Plan, who is entitled to, or may become entitled to, receive benefits under the Plan upon the Participant's death.
- (b) **Second Generation Beneficiary** means the person or persons designated in writing by the first generation Beneficiary or by the Plan, who is entitled to, or may become entitled to, receive benefits under the Plan upon the death of the first generation Beneficiary.
- (c) **Next Generation Beneficiary** means the person or persons designated in writing by the second generation Beneficiary, by any prior next generation Beneficiary, or by the Plan, who is entitled to, or may become entitled to, receive benefits under the Plan upon the death of the second generation Beneficiary or a prior next generation Beneficiary.
- 9.3 Code** means the Internal Revenue Code of 1986, as amended.
- 9.4 Compensation** means earned income (as defined in Code Section 401(c)(2)). Compensation does not include any amount received as a pension or annuity and does not include any amount received as deferred compensation. Compensation includes any amount includible in the Participant's gross income under Code Section 71 with respect to a divorce or separation instrument described in subparagraph (A) of Code Section 71(b)(2). For purposes of this definition, Code section 401(c)(2) shall be applied as if the term trade or business for purposes of Code Section 1402 included service described in

Code Section 1402 (c)(6). Compensation includes differential wage payments (as defined in Code Section 3401(h)(2)).

- 9.5 Custodial Account** means all property of every kind held or acquired by the Custodian under this Plan.
- 9.6 Custodian** means the Custodian named on the IRA Application.
- 9.7 Participant** means the individual who executes an IRA Application to this Plan and who makes a deductible or nondeductible contribution (a regular IRA contribution), or on whose behalf contributions are made, as permitted by Code Section 219, to the Custodial Account, or who makes a Qualifying Rollover Contribution to the Custodial Account, or who transfers assets of another IRA or IRA annuity (as defined in Code Section 408) to the Custodial Account, or who inherits the assets within the established account due to the executed beneficiary designation. The term "Participant," "Account Holder," and "Depositor" may be interchangeable with the term "Participant."
- 9.8 Plan** means the individual retirement account established by the Participant, subject to acceptance by the Custodian, in the form of this Roth IRA Custodial Account Agreement (and all subsequent amendments), including the IRA Application under which the Participant has elected to participate in this Plan and any additional Terms and Conditions applicable to the Plan.
- 9.9 Qualifying Rollover Contribution** means a distribution amount which the Participant is permitted to roll over to the Plan under Code Section 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16).
- 9.10 Spouse** refers to an individual lawfully married to another individual regardless of gender. A marriage of two individuals is recognized for federal tax purposes if the marriage would be recognized by any state, possession, or territory of the United States. The term "spouse" does not include individuals who have entered into a domestic partnership, civil union, or other similar relationship not denominated as a marriage under law of a state, possession, or territory of the United States (IRS REG-148998-13, ss301.7701-18).
- Throughout this Roth IRA Custodial Account Agreement, the masculine gender shall include the feminine, and the singular shall include the plural, as the context requires.

## ARTICLE 10 – PARTICIPANTS' ACCOUNTS

The Custodian shall establish and maintain a separate Account in the name of the Participant and credit the Participant's contributions to that Account. The interest of any Participant in the balance of his Account is at all times 100% nonforfeitable. Neither a Participant nor a Beneficiary shall assign or alienate any portion of the Participant's Account or any benefit provided under the Plan, and the Custodian shall not recognize any such assignment or alienation.

## ARTICLE 11 – DISTRIBUTION OF ACCOUNT

### 11.1 PARTICIPANT'S RIGHT TO WITHDRAW

A Participant shall have the right to withdraw all of any part of his Account at any time upon written notice to the Custodian using a form acceptable to the Custodian. The Custodian shall make distributions under the Plan in cash or property, at the value reported by the Custodian at the time of such distribution. Under Code Section 408A(c)(5), no amount is required to be distributed prior to the death of the Participant for whose benefit the Account was originally established.

## 11.2 DISTRIBUTION UPON DEATH

- (a) To the extent not inconsistent with any other provision of the Roth IRA Custodial Account Agreement to the contrary, the distribution of a Participant's Account shall be made in accordance with the minimum distribution requirements of Code Section 408(a)(6), as modified by Code Section 408A(c)(5), and the applicable regulations thereunder, the provisions of which are incorporated herein by reference. If distributions are made from an annuity contract purchased from an insurance company, distributions thereunder must satisfy the requirements of Q&A-4 of Treas. Reg. Section 1.401(a)(9)-6T with respect to distributions commencing after the Participant's death, rather than this Section 11.2.
- (b) Upon the death of the Participant, the Participant's Account shall be distributed to the Participant's first generation Beneficiary at least as rapidly as under paragraphs (b)(i), (b)(ii), or (b)(iii):
  - (i) If the designated first generation Beneficiary is someone other than the Participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death, over the remaining life expectancy of the designated first generation Beneficiary, with such life expectancy determined using the first generation Beneficiary's age as of his birthday in the year following the year of the Participant's death, or, if elected, over the period described in paragraph (b)(iii).
  - (ii) If the Participant's sole designated first generation Beneficiary is the Participant's surviving spouse, the surviving spouse will have the option of rolling the assets in the surviving spouse's Roth IRA. If this option is selected by the sole spouse beneficiary, under code 408(c)(5), no amount is required to be distributed prior to the death of the sole spouse beneficiary for whose benefit the account was established.
  - (iii) If there is no designated first generation Beneficiary or if this paragraph (b)(iii) is applicable under paragraph (b)(i) or (b)(ii) above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Participant's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph (b)(ii)).
  - (iv) If assets are being rolled over to a surviving spouse as the sole designated first generation Beneficiary, there is no required minimum distribution needed. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the first generation Beneficiary's age in the year as specified in paragraph (b)(i), and reduced by one for each subsequent calendar year.
- (c) The value of the Account includes the amount of any outstanding rollover, transfer and conversion under Treasury Regulation Section 1.401-8(Q&A-7) and (Q&A-8).
- (d) Notwithstanding the above, if any first generation Beneficiary (if they are not the sole spouse beneficiary) or (after the death of the first generation Beneficiary) the second generation Beneficiary informs the Custodian in writing on a form acceptable to the Custodian that distribution to such first generation Beneficiary or second generation Beneficiary under this Section for any calendar year is equal to an amount less than the minimum required above, the Custodian shall comply with the first generation Beneficiary's or second generation Beneficiary's request. The first generation Beneficiary or (after the death of the first generation Beneficiary) the second generation Beneficiary shall be responsible for computing the amount and form of the distribution required to be paid to him each year from the Plan, the date by which the amount should be paid, and for timely providing this information to the Custodian in writing in a form acceptable to the Custodian. The Custodian is not responsible for any penalties associated with late or missed minimum distribution requirements.
- (e) The Participant's designated first generation Beneficiary, for purposes of determining the minimum required distributions under Code Section 408(a)(6), will be an individual (or will be considered an individual under a qualifying trust as determined under Treasury Regulation Section 1.401(a)(9)-4(Q&A-5)) determined as of September 30 of the calendar year following the calendar year of the Participant's death, provided that no person may be added as a designated first generation Beneficiary after the Participant's date of death who was not designated as a first generation Beneficiary under the Plan or by the Participant as of the date of the Participant's death. If the sole designated first generation Beneficiary is the surviving spouse of the Participant, the surviving spouse's designated second generation Beneficiary will be determined as of the September 30 of the calendar year following the calendar year of the surviving spouse's death. In addition, if a designated first generation Beneficiary dies between the date of the Participant's death and September 30 of the following calendar year, that designated first generation Beneficiary will be treated as the designated first generation Beneficiary for purposes of determining the minimum required distribution period. If a person other than an individual or a qualifying trust is designated as a first generation Beneficiary, the Participant will be treated as having no designated first generation Beneficiary for purposes of calculating minimum required distributions.
- (f) A surviving spouse will be treated as the sole designated first generation Beneficiary if the surviving spouse is the sole first generation Beneficiary at all times during the distribution year.

## 11.3 TRANSFER OF ASSETS TO AND FROM THIS PLAN

The Custodian is authorized to receive and add to the Custodial Account the assets of another Roth IRA or Designate Roth money type from a qualified plan that are transferred or rolled over to this plan and which the Participant has determined are eligible for such transfer or rollover.

The Participant may direct the Custodian in writing to transfer all or any portion of the Participant's Account to another Roth IRA established by or on behalf of the Participant provided that the trustee/custodian of that plan has provided written acceptance of such assets. The Custodian shall have no responsibility for determining whether any transfer described in this section complies with the requirements for a tax-free transfer or whether the custodian, other than the Custodian, or trustee of any Roth IRA involved in such transfer is qualified to serve as such, or of any tax consequences or loss resulting from any attempted or completed transfer. The Custodian's transfer to, or acceptance of a transfer or rollover, under this section shall in no way constitute, or be deemed to be or relied upon as, any such determination, and the Custodian shall have no liability for any tax consequence or loss resulting from any such attempted or completed transfer.

#### 11.4 TRANSFER OF ACCOUNT BECAUSE OF DIVORCE

Notwithstanding ARTICLE 10, in the event the Participant and the Participant's spouse obtain a separation instrument, a final decree of divorce or dissolution of their marriage, the Participant may direct the Custodian in accordance with the Custodian's procedures and using a form acceptable to the Custodian to transfer the appropriate portion of the assets in the Participant's Account to the Participant's former spouse's Roth IRA, provided the transfer is in accordance with the final decree of divorce, separation or the dissolution of marriage. It will be the Participant's responsibility, and not the Custodian's, to ensure that the transfer instructions are in accordance with the terms of the decree of divorce, separation or dissolution of marriage.

#### 11.5 SEPARATE SUB ACCOUNTS FOR BENEFICIARIES

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

### ARTICLE 12 – PARTICIPANT ADMINISTRATIVE PROVISIONS

#### 12.1 BENEFICIARY DESIGNATION

- (a) The Participant may from time to time designate, in writing, any person or persons (including a trust), contingently or successively, to whom the Custodian shall pay the Participant's Account on event of the Participant's death. The Custodian shall prescribe the form for the written designation of Beneficiary and, upon receipt of the completed form by the Custodian, it shall become effective on that date and shall revoke, in their entirety, all designations filed prior to that date by the Participant. The Participant's Beneficiary designation on record with the Custodian as of the date of death shall be considered the effective designation.

- (b) Upon the death of the Participant, the Participant's Account will be distributed to the Primary first generation Beneficiary designated by the Participant and alive on the date of the Participant's death, in accordance with Article XI. If any Primary first generation Beneficiary survives the Participant, then all Contingent first generation Beneficiaries named by the Participant shall be disregarded and shall not be entitled to any payment from the Account. If all of the Primary first generation Beneficiaries die before the Participant, then the Participant's Account will be distributed to the Contingent first generation Beneficiary. If more than one first generation Beneficiary has been named in either the Primary or Contingent class of first generation Beneficiaries, then any death benefits payable to such class shall be paid pro rata to the first generation Beneficiaries within the class alive at the Participant's death unless the Participant specified otherwise at the time such Beneficiaries were named.
- (c) Any first generation Beneficiary may from time to time (but only after the death of the Participant) designate, in writing, any person or persons (including a trust), contingently or successively, to whom the Custodian shall pay the first generation Beneficiary's share of the remaining Participant's Account in the event of the first generation Beneficiary's death after the death of the Participant. The Custodian shall prescribe the form for the written designation of Beneficiary and, upon receipt of the completed form by the Custodian, it shall become effective on that date and shall revoke, in their entirety, all designations filed prior to that date by the first generation Beneficiary. The Beneficiary designation on record with the Custodian as of the date of the first generation Beneficiary's death shall be considered the effective designation.
- (d) Any second generation Beneficiary may from time to time (but only after the death of the first generation Beneficiary who designated the second generation Beneficiary) designate, in writing, any person or persons (including a trust), contingently or successively, to whom the Custodian shall pay the second generation Beneficiary's share of the remaining Participant's Account in the event of the second generation Beneficiary's death.
- (e) Any next generation Beneficiary may from time to time (but only after the death of the second generation Beneficiary who designated the next generation Beneficiary) designate, in writing, any person or persons (including a trust), contingently or successively, to whom the Custodian shall pay the next generation Beneficiary's share of the remaining Participant's Account in the event of the next generation Beneficiary's death.
- (f) Any designation by any second generation Beneficiary or next generation Beneficiary under Section 12.1 (d) or above may be made only after the death of the first generation Beneficiary or second generation Beneficiary, respectively. The Custodian shall prescribe the form for the written designation of Beneficiary and, upon receipt of the completed form by the Custodian, it shall become effective on that date and shall revoke, in their entirety, all

designations filed prior to that date by such person. The Beneficiary designation on record with the Custodian as of the date of any Beneficiary's death shall be considered the effective designation.

- (g) If a former spouse is the most-recently named beneficiary (named while still married), the designation will be deemed revoked upon divorce, unless the former spouse is re-designated after divorce.

## 12.2 NO BENEFICIARY DESIGNATION

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

## 12.3 TREATMENT OF ROTH IRA AS ROTH IRA OF SURVIVING SPOUSE

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

## 12.4 PARTICIPANT INFORMATION

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

## ARTICLE 13 – INVESTMENT OF CUSTODIAL ACCOUNT/ PARTICIPANT AND CUSTODIAN POWERS

### 13.1 INVESTMENT RESPONSIBILITY

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

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

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

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

- (a) To ensure that account earnings intended by the Participant to be tax-free qualify for tax-free treatment;

- (b) To ensure that contributions intended as Qualifying Rollover Contributions or transfers, as the case may be, qualify as such;
- (c) To (1) determine if any investment or transaction directly or indirectly involving or relating to the Account or its assets or income may constitute a prohibited transaction, within the meaning of Code Section 4975; generate "unrelated business taxable income tax," as defined in the Code, for the Account; constitute a "listed transaction" or "reportable transaction," as defined in the Code and regulations or other pronouncements issued by the United States Treasury or Internal Revenue Service; provides for a rate of interest that is usurious; or otherwise result in adverse tax consequences to the Account, the Participant or any other person; and (2) take all corrective actions and comply with all applicable reporting requirements with respect to the foregoing;
- (d) For any year that the custodial account has unrelated business taxable income within the meaning of the Code, before deductions of more than one thousand dollars (\$ 1,000) (1) obtain (if not previously obtained) a taxpayer identification number from the Internal revenue Service for the custodial account, (2) to prepare or have prepared on behalf of the Account and submit to the Custodian fully completed federal, state and other tax return forms, including any requests for filing extensions, and any other documents required to be filed with the Internal Revenue Service or other agency in connection with such forms, at least five (5) business days before the filing deadline for each such form and (3) at the time such forms are submitted to the Custodian, to provide the Custodian with a written directive (or directive in another manner acceptable to the Custodian) authorizing and directing the Custodian to sign such forms on behalf of the custodial account and to pay from the custodial account to the Internal Revenue Service or other agency all amounts which the applicable form reports are due to it; and
- (e) To ensure that all taxes and penalties are properly and timely paid and that all tax and other reporting requirements, other than those which under this Agreement the Custodian has expressly undertaken to satisfy, are properly and timely complied with. Notwithstanding the foregoing, the Custodian, in its sole discretion, may sell or liquidate assets in the Account, in reverse order of purchase of assets, to the extent necessary to satisfy any tax deficiency with respect to Account reported to the Custodian by the Internal Revenue Service, or of any liability properly chargeable to the Account.

### 13.2 CUSTODIAN LIMITATION ON LIABILITY

The Custodian's duties shall be limited to those expressly stated under this agreement, or as imposed by the Code or other applicable law. The Custodian acts in a non-discretionary capacity and has no fiduciary capacity or authority with respect to any matter involving the Plan or the Plan assets, including but not limited to: 1) the appointment and retention of the Financial Representative; 2) the selection and retention of Plan investments; and 3) the selection of Plan assets in order to make distributions from the Plan whether in cash or in kind. The Custodian not be shall be liable for the acts or omissions of the Participant or his

agent or of the sponsor of any investment. The Custodian shall not have any responsibility nor any liability for any loss of income or of capital, nor for any expense which the Custodian may incur, relating to any investment, or to the sale or exchange of any asset which the Participant or his authorized agent directs the Custodian to make. The Custodian will not act as an investment advisor to a Participant and shall not have any duty to question the Participant's or his authorized agent's directions regarding the purchase, retention or sale of any asset or appointment of agent. The Custodian shall not incur any liability by reason of any action taken or not taken by the Participant or his authorized agent resulting from the Custodian transmitting or not transmitting to the Participant or his authorized agent any information of any kind and from wherever derived concerning the authorized agent or concerning any investment. The Custodian shall not assume or incur any liability by reason of, or have any duty or responsibility to inquire into, or take action with respect to, any acts performed or not performed by the former Trustee/Custodian of any plan which has transferred all or any portion of its assets to the Custodian of this Account. The Custodian shall render no tax, legal investment or other advice (and no statement, communication or other act by the Custodian or any of its employees or agents shall be deemed to constitute or may be relied upon as any such advice) with respect to any investment or transaction involving the Account.

### 13.3 CUSTODIAN'S INTERIM RESPONSIBILITY

The Participant or the Participant's authorized agent shall direct the Custodian with regard to the investment of any cash in the Account. In the absence of specific direction from the Participant to invest cash in the Account, the Custodian will be deemed to have been directed by the Participant to deposit all uninvested cash with an FDIC-insured depository institution (which may include banks affiliated or that may be affiliated with PENSCO, such as Opus Bank); the uninvested cash deposited with an FDIC-insured depository institution shall bear a reasonable rate of interest.

### 13.4 CUSTODIAN'S RIGHT NOT TO FOLLOW INVESTMENT DIRECTIONS

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

### 13.5 INVESTMENT OF CUSTODIAL ACCOUNT

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

- (a) To hold or invest any part or all of the Custodial Account in any asset permissible under law as an investment for an individual retirement account ;
- (b) To manage, sell, contract to sell, grant options to purchase, convey, petition, divide, subdivide, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Custodial Account and otherwise deal with

all property, real or personal, in such manner for such considerations and on such terms and conditions as are in accordance with the written direction the Custodian receives;

- (c) To borrow money, to lend money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge;
- (d) To have with respect to the Custodial Account all of the rights of an individual owner, including the power to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations and to exercise or sell stock subscriptions or conversion rights, provided the exercise of such powers is in accordance with and at the direction of the Participant;
- (e) To retain in cash so much of the Custodial Account as the Participant or his authorized agent directs, or as provided under Section 13.3.
- (f) To purchase and to hold annuity contracts and exercises all rights of ownership of the contracts.

### 13.6 CUSTODIAN'S POWERS

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

- (a) To hold any securities or other property in the Custodial Account in the name of the Custodian or its nominee, or in another form as it may deem best, with or without disclosing the Custodian relationship;
- (b) To retain any funds or property subject to any dispute without liability for the payment of interest and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes final adjudication, and to pay all reasonable expenses and attorney's fees which may be necessarily incurred by the Custodian with respect to the foregoing matter;
- (c) To charge against and pay from the Custodial Account all taxes of any nature levied, assessed or imposed upon the Custodial Account, and to pay all reasonable expenses and attorney's fees which may be necessarily incurred by the Custodian with respect to the foregoing matter;
- (d) To file any tax return or information required of the Custodian, and to pay any tax, interest or penalty associated with any such tax return;
- (e) To act pursuant to written blanket settlement authorization given by the Participant on transactions executed by his designated agent. The Custodian is authorized to honor all trade confirmations received from such agent;
- (f) To furnish or cause to be furnished to the Participant an annual calendar year report concerning the status of the Account and such information concerning required minimum distributions as is prescribed by the Commissioner of Internal Revenue, including a statement of the assets of the Custodial Account held at the end of the calendar year; and
- (g) To begin, maintain or defend any litigation necessary in connection with the administration of the Plan, except that the Custodian shall not be obliged or required to do so

unless indemnified to its satisfaction.

- (h) To return any third party funds that can be shown to Custodian's satisfaction to have been sent in error or deposited to Participant account in error; and
- (i) To amend this Custodial Account Agreement consistent with provisions of applicable law. Notwithstanding the provisions of Article VII, the Participant irrevocably delegates to the Custodian the power to amend this Custodial Account Agreement without any prior consent of the Participant upon 30 days prior written notice to the Participant setting forth such amendment. If the Custodian does request the consent of the Participant for an amendment to this Custodial Account Agreement, the Participant will be deemed to have consented to such amendment unless the Participant responds in writing within 30 days of the mailing of such request, indicating their refusal to consent.

### 13.7 PROHIBITED TRANSACTIONS

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

### 13.8 DELEGATION OF CUSTODIAN POWERS

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

### 13.9 SEPARATE ACCOUNTING FOR SUB ACCOUNTS

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

## **ARTICLE 14 – FEES & EXPENSES OF THE CUSTODIAN**

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

## **ARTICLE 15 – TERMINATION**

### **15.1 TERMINATION BY PARTICIPANT**

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

- (a) The date determined by the Participant's written notice given to the Custodian at least 60 days prior to termination;
- (b) Upon the written request of the Participant to terminate the Plan after the Custodian has distributed all assets in the Participant's Account; or
- (c) On the date the Participant's Plan ceases to be an individual retirement account within the meaning of Code Section 408(a). As soon as administratively practicable after this date, the Custodian shall distribute all of the assets in the Custodial Account in single sum payment to the Participant subject to Section 15.2. The Plan will not be considered terminated if the Custodian has not authorized the removal of assets from the Plan.

### **15.2 RESIGNATION OR REMOVAL OF CUSTODIAN**

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

has died). Upon settlement under this Section 15.2, all right, title and interest of the Custodian in the assets of the Custodial Account shall vest in the successor Trustee/Custodian. At that time, all future liability of the Custodian shall terminate under the Plan; provided, however, the Custodian shall execute, acknowledge and deliver all documents and written instruments necessary to transfer and convey the right, title and interest in the assets of the Custodial Account to the successor Trustee/ Custodian.

## **ARTICLE 16 – SUCCESSOR TRUSTEE/CUSTODIAN**

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

## **ARTICLE 17 – MISCELLANEOUS**

### **17.1 NO RESPONSIBILITY FOR PARTICIPANT ACTION**

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

### **17.2 CUSTODIAL ACCOUNT NOT GUARANTEED**

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

### **17.3 NON-DEPOSIT INVESTMENTS NOT INSURED BY THE FDIC**

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

### **17.4 ACCEPTANCE BY CUSTODIAN**

In lieu of the Custodian's signature on the Roth IRA Application, acceptance and execution of this agreement by the Custodian is evidenced by the Custodian's establishment of a Custodial Account for the Participant.

### **17.5 SUCCESSORS**

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

### **17.6 CONFLICTING CLAIMS**

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

## 17.7 RECHARACTERIZATIONS

The Participant may, in a manner and at a time that complies with Code section 408A, the regulations thereunder, and any other applicable guidance, and in a form and manner prescribed by or otherwise accepted by the Custodian recharacterize all or any portion of a contribution to a Custodial Account as a contribution to an IRA that is not a Roth IRA.

## 17.8 DEFINITION OF IRA CONVERSION CONTRIBUTION

For purposes of the Roth Individual Retirement Account Custodial Agreement, an "IRA Conversion Contribution" shall mean amounts or assets rolled over, transferred, converted or redesignated to a Roth IRA from an IRA that is not a Roth IRA, or an eligible retirement plan, as defined in Code section 402(c)(8)(B), in a time and manner that complies with Code section 408A, the regulations thereunder and other applicable guidance.

## 17.9 INDEXING OF ADJUSTED GROSS INCOME LIMITS FOR ROTH IRA CONTRIBUTIONS

The adjusted gross income amounts of Article II of the Roth Individual Account Custodial Agreement shall be adjusted in accordance with the dollar amount adjustment provisions of Code section 408A(c)(3).

## 17.10 ADDITIONAL CONTRIBUTIONS FOR CERTAIN DEPOSITORS PARTICIPATING IN 401(K) PLAN OF BANKRUPT EMPLOYERS

If for any year the Participant is an "applicable individual" described in Code section 219(b)(5)(C)(iii), the Participant may make the additional contributions for such year to the Account in accordance with the provisions of Code Section 219(b)(5)(C).

## ARTICLE 18 – UNINVESTED CASH

PENSCO has the authority to deposit all undirected and uninvested cash into deposit accounts with a Federal Deposit Insurance Corporation (FDIC) insured bank (which may include banks affiliated or that may be affiliated with PENSCO, such as Opus Bank), at the discretion of PENSCO. Deposit accounts in banks affiliated or that may be affiliated with PENSCO shall bear a reasonable rate of interest.

The Account Owner acknowledges that deposits at any such bank are insured by the FDIC up to the federal deposit insurance limits (currently \$250,000 per account holder) and that any amount in excess of the legal limit will not be insured by the FDIC. PENSCO shall seek to identify depository banks that are categorized as "well capitalized" institutions by the FDIC. However, the Account Owner acknowledges and agrees that PENSCO makes no representations or warranties as to the financial status of any depository bank or its ability to satisfy its obligations to the Account Owner and that the status of a depository bank as a "well capitalized" bank at any particular time does not mean that it will be so at any time in the future.

## ARTICLE 19 – TELEPHONE TRADING & RECORDED PHONE LINE AUTHORIZATION

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

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

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

## ARTICLE 20 – BENEFICIARY DESIGNATION AND DISTRIBUTIONS

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

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

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

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

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

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

## ARTICLE 21 – INTERESTED PARTY (INFORMATION ONLY) DESIGNATION

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

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



## ARTICLE 22 – FINANCIAL REPRESENTATIVE INFORMATION & AUTHORIZATION

If the Account Owner wishes to designate a Financial Representative to execute transactions for the Roth IRA they must do so on a form acceptable to the Custodian according to the "Terms and Conditions of Appointment of Financial Representative" below.

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

## ARTICLE 23 – TERMS & CONDITIONS OF APPOINTMENT OF FINANCIAL REPRESENTATIVE

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

- (a) The Account Owner, and not PENSCO, is responsible for the actions of the FR. The FR is the authorized agent of the Account Owner and is not an employee or agent of PENSCO. The Account Owner acknowledges that PENSCO does not require that the Account Owner appoint an FR, does not recommend the appointment or retention of any specific FR, does not make any representations regarding his/her compliance with securities laws or registration requirements, and is not affiliated with the FR in any way.
- (b) The FR (which includes the FR's employees and staff) is authorized to provide transaction instructions to PENSCO for the Account and to direct PENSCO to perform transactions for the Account on behalf of the Account Owner. Such direction may include, but is not limited to, making or receiving payment pursuant to the FR's investment directions or upon receipt of transaction confirmations.
- (c) The FR may remove himself or herself upon written notice to PENSCO.
- (d) PENSCO shall be fully protected in relying on and acting on any notice, instruction, direction or approval received from the FR. PENSCO shall be under no duty to make any investigation or inquiry with respect to any notice, instruction, direction or approval received from the FR, or to investigate or take any action with respect to the FR.
- (e) The Account Owner may remove his or her FR by providing written notice to PENSCO in a form acceptable to PENSCO; however, the removal of an FR shall not have the effect of canceling any notice, instruction, direction or approval from that FR received by PENSCO before PENSCO receives written notice of the removal of the FR.
- (f) The Account Owner may designate a new FR by providing written notice to PENSCO on a form provided by PENSCO; however, PENSCO shall not rely on or act on any notice, instruction, direction or approval from the new FR received by PENSCO before PENSCO receives the written notice of the new designation of the FR.
- (g) PENSCO shall reflect the name and business address of the Account Owner's designated FR on each quarterly Account statement and shall assume that the FR information reflected on the Account statement is accurate unless the Account Owner and/or the FR notifies PENSCO in writing of the discrepancy.

- (h) If the FR is associated with a broker-dealer firm or financial exchange, PENSCO may make information about Account activity available to the broker-dealer or exchange to assist them with their supervisory responsibilities required under applicable rules and regulations.
- (i) The FR and his/her employees, staff, broker-dealer firm, and any companies to which the aforementioned are associated, may not sponsor or otherwise be affiliated with the investments purchased within the Account. It is the responsibility of the Account Owner and the FR to perform a review of the investments for the Account to ensure compliance with this provision and to take necessary steps to remove the FR from the Account in the event of non-compliance.
- (j) It is the Account Owner's responsibility to review the actions of the FR to ensure compliance with all laws and regulations and to remove the FR if he or she does not comply with the laws, rules and regulations that apply to the Account or to the terms of the Account.

## ARTICLE 24 – TERMS & CONDITIONS OF DESIGNATED REPRESENTATIVE

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

**24.2** If the Participant designates a Designated Representative who is a registered investment advisor (RIA), these additional provisions shall apply: The Custodian may accept instructions from the Designated Representative who is an RIA for investment and other transactions concerning the Account as

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

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

#### **ARTICLE 25 – PENSCO TRUST COMPANY AGENTS**

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

#### **ARTICLE 26 – GOVERNING LAW**

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

#### **ARTICLE 27 – CONFIDENTIALITY & SECURITY**

PENSCO restricts access to nonpublic personal information about the Participant and the custodial account to those employees, vendors and agents who need to know that information to provide products or services to the custodial account. Your information may also be shared to respond to court orders and legal investigations. PENSCO's

Information Security controls, processes and account access security are considered proprietary information. PENSCO maintains physical, electronic, and procedural safeguards that comply with federal standards to guard the Participant's nonpublic information. Access to account information is provided only to authorized parties after written or verbal requests successfully pass authentication. It is the client's and his/her representative's obligation to promptly report suspected or actual security breach activity. Delayed reporting may limit PENSCO's liability.

#### **ARTICLE 28 – ADMINISTRATIVE FEASIBILITY**

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

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

#### **ARTICLE 29 – PENSCO TRUST COMPANY VALUATION REPORTING POLICY**

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

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

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

On an annual basis (or more frequently if requested), PENSCO requests updated valuation information from such persons as asset sponsors, general partners or managing members of private partnership or limited

liability company interests, officers of private corporations and sponsors of other assets it has classified as alternative equities. PENSCO will normally adjust the reported value of an alternative equity asset if the general partner, officer or sponsor provides PENSCO with an updated value. If it does not receive an updated value from the general partner, officer or sponsor, PENSCO may require that the Account Owner obtain and provide to PENSCO an updated value from the asset sponsor, or provide an independent appraisal for their asset. If the Account Owner fails to provide this information, PENSCO may require the Account Owner to remove the asset from their account by transfer or distribution. If the Account Owner does not remove the asset from the Account as directed, PENSCO may distribute the asset to the Account Owner at the last reported value or resign and distribute the entire Account to the Account Owner. PENSCO does not request updated valuation (or outstanding loan balance) information for assets it has classified as alternative debt.

However, PENSCO will normally adjust the reported value (or outstanding loan balance) of an alternative debt asset if it receives updated valuation (or outstanding loan balance) information from the Servicing Agent or from the alternative debt asset sponsor.

For alternative debt assets that, according to PENSCO's records have passed their maturity date, PENSCO may require the asset sponsor, Servicing Agent or Account Owner to provide information to show the current status of the asset. If PENSCO does not receive this information when requested, PENSCO may distribute the asset to the Account Owner at the last reported value or resign and distribute the entire Account to the Account Owner. PENSCO does not conduct appraisals of assets and does not seek to verify the prices or values provided to it. The reported value of any asset may differ materially from its actual value. PENSCO does not guarantee the accuracy of reported values or whether the Account Owner will be able to obtain the reported value in the event of a sale, redemption or surrender.

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

This may also mean that, while the number of shares or other information regarding an asset has been updated, the price may not have been updated.

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

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

#### **ARTICLE 30 – STATEMENT REVIEW PERIOD**

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

#### **ARTICLE 31 – NOTICE & CHANGE OF ADDRESS**

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

##### **31.1 INDEMNIFICATION & LIMITATION OF LIABILITY**

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

The Custodian shall have no liability for any loss or diminution of the 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 an Account Owner, the Designated Representative, or the FR; or by reason of any exercise or failure to exercise investment direction authority by an Account Owner or by the FR; or by reason of the Custodian's refusal to act in accordance with any exercise of investment direction by an Account Owner or the FR; or for any failure of the FR or asset sponsor to comply with any laws or registration requirements; or by reason of any other act or failure to act by an Account Owner or by the designated FR; or by reason of any prohibited transaction or Roth IRA disqualification occurring as a result of any action taken or not taken by the Custodian in reliance on direction from an Account Owner or the FR.

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

The Account Owner, and upon the death of the Account Owner, the Beneficiary, agrees to defend, indemnify and hold harmless PENSCO, its related entities, their employees, directors, shareholders, officer, agents and representatives, and any successors or assigns of the foregoing, from

and against any and all damages, losses, liabilities, claims, actions, costs and expenses, including but not limited to attorneys' fees, court costs and witness fees, that PENSCO and its related entities or any of such persons may be subject to, incur or pay out, based on, as a result of, arising out of or otherwise related in any way to:

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

#### **ARTICLE 32 – CONFIRMATIONS DELIVERY POLICY**

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

#### **ARTICLE 33 – ARBITRATION**

The Account Owner hereby agrees that all claims and disputes of every type and matter between the Account Owner and PENSCO, including but not limited to claims in contract, tort, common law claims or alleged statutory violations, shall be submitted to binding arbitration with, and pursuant to the Rules of, the American Arbitration Association. To the extent not preempted by federal law, Colorado law (including without limitation Colorado statutes governing trust companies) shall control during the arbitration. The Account Owner expressly waives any right he/she may have to institute or conduct litigation or arbitration in any other forum, or before any other body, whether individually, representatively or in another capacity. Arbitration is final and binding on the parties. An award rendered by the arbitrator(s) may be confirmed in any court having jurisdiction over the parties. In an arbitration the parties are entitled to a fair hearing, but arbitration procedures are simpler and more limited than rules applicable in court. The arbitrator's award is not required to include factual findings or legal reasoning, and any party's right to appeal or to seek modification of rulings by the arbitrator is strictly limited.

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

#### **ARTICLE 34 – ACCOUNT VALUE MINIMUM REQUIREMENT**

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

#### **ARTICLE 35 – BILLING & FEE COLLECTION**

In consideration for services under this IRA Custodial Account Agreement, PENSCO shall be paid the fees specified on the applicable Fee Schedule, the provisions of which are incorporated into these Additional Account Terms. Such fees may include, but are not limited to, account establishment, account maintenance, account termination and other account administrative fees as identified in the applicable Fee Schedule, as well as processing fees and custodial cash management and administration fees for uninvested cash balances held at FDIC-insured depository institutions unaffiliated with PENSCO ("Custodial Cash Fee"). Account establishment fees shall be paid by the Account Owner at the time a completed and executed IRA Application is submitted to PENSCO. Account administration, account termination, custodial processing services and other account administrative fees ("custodial fees") shall be paid either by deducting cash from the custodial account or by charging the debit/credit card on file, or by any other acceptable payment method that may be offered by PENSCO in the future. The Custodial Cash Fee paid to PENSCO shall be deducted from interest earned on cash balances prior to the crediting of such interest to the Account Owner's custodial account at the end of each month, and is charged as a percentage, as determined in the discretion of PENSCO from time to time (the "Percentage"). The Custodial Cash Fee may reduce the amount of net interest paid to the Account Owner on a monthly basis to zero or a negligible amount. The Custodial Cash Fee is not charged against the principal balance of cash held by the Account Owner in the custodial account. See the Uninvested Cash section for more details regarding uninvested custodial cash. The account is only eligible to earn interest if it is open as of the interest crediting date, and any interest that may accrue during a month that an account is closed prior to the interest crediting date will be paid to PENSCO as an additional fee.

PENSCO reserves the right to effect changes to its Fee Schedule, including an increase in the maximum percentage that may be charged as a Custodial Cash Fee, upon thirty (30) days prior written notice to the Account Owner, with the exception of the Custodial Cash Fee Percentage which may vary from time to time, and may be changed at any time without notice.

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

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

Examples of the foregoing include, but are not limited to, attorney's fees and other legal costs and expenses (including, without limitation, filing and other court fees; arbitration; mediation; investigation; expert witness; and court reporter fees and similar expenses): (1) in defense of, or otherwise on behalf of, the custodial account or the Account Owner's interest therein in any arbitration, litigation, investigation or request by a governmental or regulatory agency, involving or relating to the custodial account or any of its assets or transactions; or (2) in defense of PENSICO, if PENSICO is named together with the Account Owner or the custodial account in any proceeding involving the Account Owner or the custodial account. PENSICO may establish a reasonable reserve from the assets of the custodial account with which to pay its compensation or expenses for administration.

Within thirty (30) days of establishment of a custodial account, the Account Owner shall furnish PENSICO with the cardholder name, card number and expiration date ("Information") of a valid credit card or bank/debit card ("debit/credit card"). (See the PENSICO website for a list of acceptable card account issuers.) The cardholder shall authorize PENSICO to charge the card account on file for custodial fees and expenses in accordance with this Billing and Fee Collection section. The Account Owner must maintain valid debit/credit card Information on file at all times. If such debit/ credit card Information expires or otherwise ceases to be valid, the Account Owner shall immediately provide PENSICO with valid replacement debit/credit card Information, and authorize PENSICO to charge such replacement debit/ credit card for custodial fees and expenses in accordance with this Billing and Fee Collection section.

Account Owners may elect to pay their custodial fees using available cash in their custodial account, or by charging the debit/credit card Information on file (the "Fee Payment Preference"). Fees will first be satisfied by cash held as prepayment of fees, if any. If there is no cash held as prepaid fees, PENSICO will attempt to satisfy fees using the method selected as the Fee Payment Preference.

If PENSICO is not able to satisfy the payment of fees using the selected Fee Payment Preference, satisfaction of custodial fees will be attempted using any other available means, including by using available cash in the custodial account. Please note that if PENSICO has to use other available means to satisfy the fee balance, this may delay the transaction including, account termination request, and may result in adverse tax consequences.

In the event that an Account Owner has selected a Fee Payment Preference of charging the debit/credit card on file, and PENSICO's attempt to charge the debit/credit card fails for any reason, including but not limited to, card expiration or temporary "holds" placed on the card by the card issuer, and PENSICO is able to satisfy the outstanding fees using available cash in the custodial account as described above, PENSICO may, at its sole discretion, decline any request to make subsequent attempts to charge the credit/ debit card on file or other card as provided by the Account Owner for such fees and to reimburse the custodial account in the amount of such fees.

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

If any custodial fees remain outstanding for more than 45 days, and all available payment methods have been attempted to satisfy such fees,

PENSICO may attempt to satisfy any such unpaid fees by liquidating investments in the custodial account as PENSICO determines in its sole discretion, as necessary to satisfy the balance of the outstanding fees plus an amount equal up to one year's estimated custodial fees, as well as any other costs associated with such liquidation, including but not limited to all expenses charged by asset sponsors and the fees set forth on the Fee Schedule. The prior quarter's fees, plus applicable annual custodial fees shall be used as a basis for the estimation of the one year custodial fees.

If custodial fees remain outstanding after 45 days, after reasonable attempts have been made to satisfy such fees with other available means, PENSICO may notify the Account Owner in writing of its intent to resign as Custodian and distribute its assets to the Account Owner if fees are not satisfied within 30 days from the date of such notification. PENSICO may employ a collection agency to recover all unpaid fees and expenses.

In the event of an overdraft in the custodial account, PENSICO shall provide the Account Owner with written notice to immediately either pay PENSICO or deposit funds in the custodial account to remedy such overdraft. Upon failure of the Account Owner to pay outstanding fees and expenses, or to remedy an overdraft in the custodial account within the time specified, following a 30-day notice period, PENSICO may resign as Custodian and distribute the account assets to Account Owner. PENSICO may employ a collection agency to recover all unpaid fees, expenses, and overdrafts.

The Account Owner hereby relieves PENSICO of any liability, including but not limited to claims for costs, taxes, penalties and extra fees resulting from the failure of the Account Owner to pay any assessed fees in a timely manner and from any consequent actions taken by PENSICO. The Account Owner understands and agrees he or she is responsible for reporting any inaccuracy of all assessed account fees and must report any inaccuracies within 45 days of the Fee Statement date.

For any charge made to a credit/debit card that the Account Owner wishes to dispute, the Account Owner shall direct the dispute to PENSICO. If after a review of the dispute, PENSICO agrees that the charge or portion thereof should be refunded, such refund will be processed in a timely manner.

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

Accounts holding \$200 or less in cash, and no other assets, may be closed, and the cash balance will be will be paid to PENSICO as an Account Termination Fee as set forth in the Fee Schedule.

Certain fees set forth on the Fee Schedule may continue to apply after notification to an Account Owner of their account closure. Examples of such fees may include, but are not limited to: research/special services fees (including trailing dividends and other payments to the custodial account post- closure), check/ wire fees, requests for copies of records and other miscellaneous fees that are attributable to work performed by PENSICO related to the custodial account, but performed after the account has closed. Any fees that remain unpaid after the custodial account is closed will be subject to collections and payment according to the terms outlined in this Billing and Fee Collection section.

## ARTICLE 36 – ELECTRONIC RECORDS

- 36.1** PENSCO and the Participant agree that each of PENSCO and the Participant has the legal and contractual right to:
- (a) Execute and deliver this Custodial Agreement and all supplemental and replacement agreements (collectively, the “Agreements”), and
  - (b) Provide and communicate directions, instructions, notices, information, records and documents (collectively, the “Documents”) to each other and other persons or entities, and
  - (c) Create, generate, record, store, transmit, receive, and retain the Documents and Agreements, and
  - (d) Effect and process transactions under the Agreements for all of the foregoing or related purposes through or by the use of electronic means, processes, transmissions, communications, and records. All Agreements and Documents pertaining or relating to the legal, contractual, transactional and business relationship between PENSCO and the Participant, including, without limitation, all directions and instructions of the Participant to PENSCO, may be recorded, stored, retained, and evidenced by electronic records. Any written or similar Agreements or Documents in paper or hard copy form (collectively, the “Hard Copy Documents”) may also be converted to, and recorded, stored, retained, and evidenced by or in electronic records, including Hard Copy Documents that have been created or are effective prior to the date of this Owner Agreement. Electronic records shall include electronic signatures of each of PENSCO, the Participant and those of any third person or entity. PENSCO and the Participant may refuse to conduct transactions by electronic means upon notice to the other party.

# Disclosure Statement: Roth IRA

This Disclosure Statement summarizes the requirements for the Roth Individual Retirement Account (Roth IRA). The rules under which the Roth IRA is governed are specified by law and are covered in the Roth IRA Custodial Account Agreement. This Disclosure Statement is only a summary of the rules.

## ARTICLE 1 – REVOCATION OF ACCOUNT

The Participant may revoke the Roth IRA at any time within seven days after he has executed the Roth IRA Application. Upon revocation, the Custodian will return to the Participant the current fair market value of the amount contributed to the Roth IRA without penalty, service charge or administrative expense.

To revoke the Roth IRA, the Participant must personally deliver or mail a written notice of revocation to the Custodian postmarked within seven days of executing the Roth IRA Application. Mail the notice by first class mail to: PENSICO Trust Company, P.O. Box 173859, Denver, CO 80217-3859.

## ARTICLE 2 – STATUTORY REQUIREMENTS

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

## ARTICLE 3 – REGULAR CONTRIBUTIONS BY THE PARTICIPANT

### 3.1 ELIGIBILITY

Any individual, including a minor, who has compensation below the applicable limit (see section C(4) below), is eligible to make a regular contribution to a Roth IRA. Roth IRA contributions can be made regardless of whether the individual, or the spouse in the case of a married couple, is an active participant in an employer sponsored retirement plan. Section 9.4 of the Roth IRA Custodial Account Agreement defines the term compensation.

### 3.2 REGULAR CONTRIBUTIONS

A regular contribution means an annual nondeductible cash contribution that does not exceed the applicable contribution limit for the taxable year and is not a qualifying rollover contribution.

A Roth IRA is not permitted to accept contributions intended for Traditional IRAs, SEP (Simplified Employee Pension) IRAs, SIMPLE IRAs, or Coverdell Education Savings Accounts. Unlike a Traditional IRA, an individual can make contributions to his Roth IRA for the year he reaches age 70½, or any later year. In this Disclosure means an IRA as described in Internal Revenue Code Section 408(a) but which is not designated as a Roth IRA Statement, Traditional IRA.

### 3.3 TIME OF CONTRIBUTION/ESTABLISHMENT OF ROTH IRA

In order to make a regular contribution to a Roth IRA for a particular taxable year, the Participant's contribution must be postmarked to the Custodian not later than his tax return due date (without extensions) for that year. An individual may establish a new Roth IRA for a particular taxable year by signing a Roth IRA Application and returning it to the Custodian, so that it is received on or before his tax return due date for that taxable year (without extensions).

### 3.4 GENERAL CONTRIBUTION LIMITATIONS

A contribution to the Roth IRA is not deductible for Federal income tax purposes. However, contributions and earnings that accumulate in the Roth IRA Account are tax-free when distributed if they are paid out as part of a qualified distribution (see Section G(1) below). The amount is the lesser of \$5,500 or 100% of compensation. The \$5,500 contribution limit may be adjusted for cost-of-living as explained below in Section 6, however, in no case may the contribution exceed 100% of compensation. The applicable contribution limit is the total that can be contributed among all the Participant's Roth IRAs and Traditional IRAs. If regular contributions are made to both Roth IRAs and Traditional IRAs for a taxable year, the maximum regular contribution that can be made to a Participant's Roth IRAs for that taxable year is reduced by the regular contributions made to the Traditional IRAs for the same taxable year. A rollover or conversion contribution to the Roth IRA does not apply toward the applicable regular annual contribution limit.

In the case of a married couple filing a joint return, up to \$5,500 may be contributed to each spouse's IRA. The \$5,500 contribution limit may be adjusted for cost-of-living. A separate Roth IRA must be established for each spouse and neither Roth IRA may receive more than the applicable regular annual contribution limit.

### 3.5 CATCH-UP CONTRIBUTIONS

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

### 3.6 COST OF LIVING ADJUSTMENTS

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

### 3.7 MODIFIED ADJUSTED GROSS INCOME ("MAGI") & PHASE-OUT LEVELS

The IRS Form 1040 shows how to calculate adjusted gross income ("AGI"). IRS Publication 590 gives instructions for calculating modified adjusted gross income ("MAGI") for purposes of the phase-out rules described in this Section. MAGI does not include any amount included in MAGI as a result of a rollover to a Roth IRA from a Traditional IRA or qualified retirement plan. The maximum amount a Participant is eligible to contribute to his Roth IRA is phased out ratably between certain levels of MAGI. If the individual or a married couple has MAGI at or below the Threshold Level (see chart below), a full Roth IRA contribution may be made. If the individual or a married couple has combined MAGI above the Threshold Level, the amount of the Roth IRA contribution is phased out and eventually eliminated. If the Participant's MAGI for a taxable year is in the phase-out range, the maximum regular contribution determined under this table for that taxable year is rounded down to the next multiple of \$10 and is not reduced below \$200.

(As of 2018)

|                                      |                     |   |                   |
|--------------------------------------|---------------------|---|-------------------|
| Single or Head of Household          | Less than \$120,000 | At least \$120,000, but less than \$135,000 | \$135,000 or more |
| Joint Return or Qualifying Widow(er) | Less than \$189,000 | At least \$189,000, but less than \$199,000 | \$199,000 or more |
| Married - Separate Return            | \$0                 | Between \$0 and \$10,000                    | \$10,000 or more  |

As reflected in the chart above, an unmarried individual is eligible to make the full Roth IRA contribution until his MAGI reaches \$120,000 (his "Threshold Level"). Once over the Threshold Level, the contribution is phased out over the next \$15,000 of MAGI so that when MAGI reaches \$135,000, no Roth IRA contribution can be made.

A married individual filing a joint tax return can make the full Roth IRA contribution until combined MAGI reaches \$189,000 (the couple's "Threshold Level"). Once over the Threshold Level, the contribution is phased out over the next \$10,000 of MAGI until completely eliminated at \$199,000. A married individual who files a separate tax return has a Threshold Level of \$0 and the eligibility to make a Roth IRA contribution is phased out until MAGI reached \$10,000, when it is eliminated completely. For this purpose, a married individual who has lived apart from his or her spouse for the entire taxable year and who files separately is treated as not married.

### 3.8 CALCULATION OF MAXIMUM ROTH IRA CONTRIBUTION

To calculate what portion of the maximum \$5,500 Roth IRA contribution for 2018 will be permitted when MAGI is over the Threshold Level, use the formula below. These calculations assume the individuals have not made contributions to other IRAs during the year. NOTE: Excess MAGI equals MAGI minus applicable Threshold Level (\$120,000 or \$189,000 or \$0 — see above).

An unmarried individual can calculate his Roth IRA contribution as follows:

$$\frac{\$15,000 - \text{Excess AGI}}{\$15,000} \times \$5,500 = \text{Contribution Limit}$$

A married couple (including those who file separately) can calculate each individual's Roth IRA contribution as follows:

$$\frac{\$10,000 - \text{Excess AGI}}{\$15,000} \times \$5,500 = \text{Contribution Limit}$$

For both formulas, round the result down to the next lowest \$10 level (the next lowest number which ends in zero). For example, if the result is \$2,524, round it down to \$2,520. If the final result is below \$200 but above zero, the contribution limit is \$200.

The contribution limit cannot, in any event, exceed 100% of compensation.

**Example 1:** Ms. Smith, a single person, has a MAGI of \$125,619. She calculates her Roth IRA contribution as follows:

- Her MAGI is \$125,619
- Her Threshold Level is \$120,000
- Her Excess MAGI is (MAGI - Threshold Level) or (\$125,619 - \$120,000) = \$5,619

So, her Roth IRA contribution limit for the year is \$3,440:

$$\frac{\$15,000 - \$5,619}{\$15,000} \times \$5,500 = \$3,440$$

**Example 2:** Mr. and Mrs. Young file a joint tax return. Each spouse earns more than \$5,500. They have a combined MAGI of \$191,255. They may each contribute to a Roth IRA and will calculate their contributions to each Roth IRA as follows:

- Their MAGI is \$191,255
- Their Threshold Level is \$189,000
- Their Excess MAGI is (MAGI - Threshold Level) or (\$191,255 - \$189,000) = \$2,255

So, the Roth IRA contribution limit for the year for each spouse is \$4,260:

$$\frac{\$15,000 - \$2,255}{\$15,000} \times \$5,500 = \$4,260$$

**Example 3:** Mr. Green is married but files a separate tax return. He has a MAGI of \$8,700.

- Their MAGI is \$8,700
- Their Threshold Level is \$0
- Their Excess MAGI is (MAGI - Threshold Level) or (\$8,700 - \$0) = \$8,700

So, the Roth IRA contribution limit is \$710:

$$\frac{\$10,000 - \$8,700}{\$10,000} \times \$5,500 = \$710$$

If the full \$5,500 contribution cannot or is not made to a Roth IRA, an individual may be eligible to make the contribution to a Traditional IRA. A tax advisor should be consulted on this point, if applicable.

## ARTICLE 4 – ROLLOVER CONTRIBUTIONS INCLUDING CONVERSION CONTRIBUTIONS

### 4.1 ELIGIBILITY

A rollover or conversion contribution can be made to a Roth IRA if the contribution meets the definition of a qualifying rollover contribution (see Section D(4) below).

### 4.2 ROLLOVER CONTRIBUTION LIMITATION

There is no dollar limit on a qualifying rollover contribution an eligible individual may make to the Roth IRA.

### 4.3 ROLLOVER TO ANOTHER IRA 12-MONTH RULE

An individual may make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs they



own. This limit will be calculated by aggregating all the IRAs owned by an individual (including SEP and Simple IRAs as well as traditional and Roth IRAs), effectively treating them as one IRA for purposes of this rule.

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

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

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

#### **4.4 QUALIFYING ROLLOVER CONTRIBUTIONS INCLUDING CONVERSIONS**

A qualifying rollover contribution is a rollover contribution to a Roth IRA that is any of the following: a rollover to a Roth IRA from another Roth IRA; a conversion contribution to a Roth IRA from a Traditional IRA, provided that the requirements of Code Section 408(d)(3) are met; or a conversion contribution from an employer-sponsored qualified plan, a tax-sheltered annuity described in Code Section 403(b) or a Code Section 457(b) plan of a governmental employer, provide the rollover requirements for that plan or annuity are met. See also Sections D(8), (9) and (10) for special types of rollover contributions.

All qualifying rollover contributions must meet the requirements of Internal Revenue Code Section 408(d)(3). A rollover contribution of property (other than cash) to a Roth IRA from another Roth IRA must be the same property received in the distribution. The Participant must make the rollover contribution of the property and/or cash within 60 days of receipt of the property and/or cash from the distributing IRA or plan. (The IRS may, but it is not required to waive this 60-day requirement in very limited situations, such as where a casualty or disaster prevented the Participant from making the contribution within the 60-day period. A rollover from one Roth IRA to another Roth IRA does not alter the 5 year period used to determine qualified distributions.

A decision to move (or “convert”) some or all of the property and/ or cash from a Traditional IRA to a Roth IRA is called a conversion, which is a special kind of qualifying rollover contribution. The one- rollover-per-12-month-period rule of Internal Revenue Code Section 408(d)(3)(B) does not apply to conversion contributions. Conversion contributions of property (other than cash) must be the same property received in the distribution and the conversion contribution of the property and/or cash must be made within 60 days of receipt of such property and/or cash.

#### **4.5 CONVERTING AMOUNTS FROM A TRADITIONAL IRA**

An amount can be converted from a Traditional IRA to a Roth IRA by any of three methods:

- (a) An amount distributed from a Traditional IRA is contributed (rolled over) to the Roth IRA within the 60-day period described in Internal Revenue Code Section 408(d)(3)(A)(i); or
- (b) An amount in a Traditional IRA is transferred in a Trustee-to-Trustee transfer from the Trustee/Custodian of the Traditional IRA to the Trustee/Custodian of the Roth IRA; or

- (c) An amount in a Traditional IRA is transferred to the Roth IRA maintained by the same Custodian.

#### **4.6 TAXATION OF A ROTH IRA CONVERSION**

Any amount that is converted to a Roth IRA is includible in gross income as a distribution according to applicable Code provisions for the taxable year in which the amount is distributed or transferred applicable Code provisions. The 10% early withdrawal penalty tax (see Section G(2)) generally does not apply to amounts that are converted from a Traditional IRA to a Roth IRA. An amount distributed from a Roth IRA will not be included in gross income to the extent it is rolled over to another Roth IRA on a tax-free-basis under the rules of Internal Revenue Code Sections 408(d)(3) and 408A(e). A Custodian-to-Custodian transfer from one Roth IRA to another Roth IRA is not a taxable event and is not considered a conversion.

#### **4.7 CUSTODIAN'S ACCEPTANCE OF ROLLOVER OR CONVERSION CONTRIBUTIONS**

Before making a rollover or conversion contribution to this Roth IRA, the Participant should consult his tax advisor with respect to the technical requirements and economics of such contributions. The Custodian assumes no responsibility to determine whether a rollover contribution or conversion contribution made to this Roth IRA satisfies the definition of qualifying rollover contribution.

#### **4.8 ROLLOVER OF EXXON VALDEZ SETTLEMENT INCOME**

Qualified taxpayers who receive Exxon Valdez settlement income may contribute all or part of the amount received to an eligible retirement plan, including a Roth IRA. You may contribute up to \$100,00 less contributions of settlement income made in prior tax years. Any Exxon Valdez settlement income that you contribute to your Roth IRA will be included in your taxable income for the year the qualified settlement income was received, and it will be considered part of the basis in your Roth IRA (which is not taxable when distributed). Please see IRS Publication 590 for more information.

#### **4.9 CONTRIBUTIONS OF MILITARY DEATH GRATUITIES OR SERVICE MEMBERS' GROUP LIFE INSURANCE PAYMENTS**

Any military death gratuity payment you receive as an eligible survivor of a member of the armed services or under the Servicemembers' Group Life Insurance (SGLI) program may be contributed to a Roth IRA within one year of your receipt of the payment, regardless of your income level or marital status.

#### **4.10 ROLLOVER OF AMOUNTS RECEIVED IN AN AIRLINE CARRIER BANKRUPTCY CASE**

If you were an employee of a commercial airline carrier that filed for bankruptcy after September 11, 2001 but before January 1, 2007, and participated in a defined benefit plan of the carrier that was terminated or became subject to the restrictions of section 402(b) of the Pension Protection Act of 2006, a payment you receive with the approval of the bankruptcy court may be eligible for a rollover to a Roth IRA. The rollover must be made within 180 days of your receipt of payment. For more information, see IRS Publication 590.

### **ARTICLE 5 – EXCESS CONTRIBUTIONS**

#### **5.1 GENERAL RULE**

A regular contribution to a Roth IRA that exceeds the maximum amount the Participant is eligible to contribute to all his Roth IRAs for a taxable year, or a rollover contribution that exceeds the amount eligible for

rollover, is considered an excess contribution. The Custodian will distribute an excess contribution upon the Participant's request.

## 5.2 WITHDRAWAL BEFORE TAX RETURN DUE DATE

Any contribution that is distributed, together with net income (earnings) attributable to the amount of the contribution, from a Roth IRA on or before the Participant's tax return due date (plus extensions) for the taxable year of the contribution, is treated as not contributed. Net income (earnings) is includible in gross income for the taxable year in which the contribution is made.

Such net income (earnings) may be subject to the 10% penalty tax for early withdrawals.

If an excess contribution is made to a Roth IRA, and if the Participant is eligible to contribute to a Traditional IRA, the excess Roth IRA contribution may be transferred to the Traditional IRA as a "recharacterization" of that contribution. Please refer to section F for an explanation on the recharacterization of a contribution.

## 5.3 WITHDRAWAL AFTER TAX RETURN DUE DATE

Code Section 4973 imposes an annual 6% excise tax when excess contributions are not distributed on or before the Participant's tax return due date (plus extensions) for the taxable year of the excess contributions.

Excess contributions not distributed on or before the Participant's tax return due date (plus extensions) are deemed a Roth IRA contribution for each subsequent year to the extent that the Participant is eligible to make regular Roth IRA contributions for a taxable year, but does not otherwise do so. If the Participant is not eligible to make a regular Roth IRA contribution and if the excess contribution is not distributed, the annual 6% excise tax is imposed for each subsequent year that the excess funds are not used as an allowable contribution.

## 5.4 RECHARACTERIZATION OF A CONTRIBUTION; RECONVERSIONS

The transfer of a contribution, including a conversion contribution, from a first IRA that is of one type (Traditional or Roth) to a second IRA that is of the other type and the election to have the contribution treated as having been made to the second IRA for Federal tax purposes, is considered a recharacterization of that contribution. All or part of an IRA contribution can be recharacterized.

The effect of recharacterizing a contribution is that it is treated as having been originally contributed to the second IRA on the same date and for the same taxable year that the contribution was made to the first IRA.

The deadline for recharacterizing a contribution is the Participant's tax return due date (plus extensions) and any recharacterized contribution must be transferred together with net income (earnings attributable to the amount of the contribution being recharacterized). A recharacterization is reported on IRS Form 8606.

The Participant should see a tax advisor for details regarding the permitted frequency of recharacterizations for the taxable year involved.

You may also "reconvert" all or part of a "recharacterized" conversion contribution back to a Roth IRA contribution, but may not do so before the beginning of the year following the year of the original conversion, or, if later, 30 days after the contribution was recharacterized.

# ARTICLE 6 – DISTRIBUTION OF THE ACCOUNT

## 6.1 QUALIFIED DISTRIBUTION DEFINITION

- (a) Is made after a 5-taxable-year period, as defined below;  
AND

(b) Meets one of the following requirements:

- (i) Is made on or after the date on which the Participant attains age 59½; or
- (ii) Is made to a beneficiary or the estate of the Participant on or after the date of the Participant's death; or
- (iii) Is attributable to the Participant's being disabled within the meaning of Code Section 72(m)(7); or
- (iv) Is made for a first-time home purchase that meets the requirements of Code Section 72(t)(2)(F).

The 5-taxable-year-period mentioned above begins on the first day of the Participant's taxable year for which the first regular contribution is made to any Roth IRA of the Participant or, if earlier, the first day of the Participant's taxable year in which the first conversion contribution is made to any Roth IRA of the Participant. The 5-taxable-year-period ends on the last day of the Participant's fifth consecutive taxable year beginning with the taxable year described in the preceding sentence.

For example, if a Participant makes a first-time regular Roth IRA contribution any time between January 1, and April 15, for (or the Participant makes a conversion contribution during), the 5-taxable-year-period begins on January 1. Thus, because of the requirement of the 5-taxable-year-period, no qualified distributions can occur before the taxable year beginning in. For this purpose, the 5-taxable-year-period does not restart for later contributions or conversions. For purposes of this paragraph, the amount of any contribution distributed as a corrective distribution is treated as if it was never contributed.

NOTE: The Participant uses only one 5-taxable-year-period to determine a qualified distribution for all Roth IRAs the Participant owns. There are ordering rules that determine how to attribute various portions of any distribution, including contributions, earnings and conversions. Please discuss with your tax advisor or see IRS Form 8606 for details.

For purposes of (b)(3) above, the applicable tax laws treat an individual disabled if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long continued and indefinite duration. The Participant is responsible for furnishing acceptable proof of disability to the IRS if requested by the IRS.

## 6.2 WITHDRAWAL OF FUNDS/PREATURE DISTRIBUTION

Funds may not be withdrawn from the Roth IRA in a distribution that is not a qualified distribution without penalty (unless it qualifies as an exception under Internal Revenue Code Section 72(t)). If a non qualified distribution is made, the Participant must include any portion of the withdrawal attributable to earnings in gross income and pay an early withdrawal penalty tax of 10% on this amount unless the funds are rolled over to another Roth IRA or unless this distribution is to correct an excess contribution.

If a distribution includes conversion contributions, additional rules apply. Only for purposes of applying the 10% early withdrawal penalty to a distribution, a 5-taxable-year period is determined separately for each conversion contribution. This 5-year period begins on the first day of the taxable year in which the conversion contribution is made. If a distribution is made before the special conversion 5-taxable-year period has expired, there will be imposed a 10% early withdrawal penalty tax on the portion of the distribution that can be attributed to the conversion amount being tracked. The Participant should refer to IRS Publication 590 or a tax advisor for assistance.

### 6.3 NO BORROWING ON ACCOUNT

The use of the Roth IRA as security for a loan will result in a deemed distribution of the Roth IRA to the extent of the portion used as security. This deemed distribution would be subject to the tax treatment the same as an actual distribution, in accordance with the rules discussed above. The Participant may not borrow any portion of his Roth IRA. If the Participant does so, the Roth IRA will lose its tax-exempt status and the Participant must include the entire Roth IRA balance in his gross income for the taxable year in which the borrowing occurs.

### 6.4 NONFORFEITABLE INTEREST

The Participant's interest in his Roth IRA is nonforfeitable.

### 6.5 DISTRIBUTION METHOD

The Participant, and after his death, his beneficiaries, may receive the funds in the Account by indicating the choices for withdrawal (e.g., single sum payment, installments, etc.) on a form acceptable to the Custodian.

### 6.6 DISTRIBUTION METHOD

The lifetime minimum distribution rules of a Traditional IRA do not apply to a Roth IRA. No amount is required to be distributed to the Participant prior to the Participant's death. This means, that the Participant is not required to take distributions from a Roth IRA at age 70½.

### REQUIRED DISTRIBUTIONS AFTER THE PARTICIPANT'S DEATH

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

Under this Roth IRA, upon the death of the Participant's designated beneficiary (the first generation beneficiary) after the death of the Participant but before the entire account has been distributed, the remaining account will be paid to the beneficiary designated by the first generation beneficiary (the second generation beneficiary). These payments must continue to be made over the life expectancy of the first generation beneficiary (determined as of the date of the first generation beneficiary's death and reduced by one for each year after the date of the first generation beneficiary's death). Likewise, upon the death of the second generation beneficiary, any remaining portion of the Participant's account will be paid to the beneficiary designated by the second generation beneficiary.

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

Note that the 5-taxable-year period, in force for determining a qualified distribution for the Participant's Roth IRA, also applies to beneficiary distributions; this 5-taxable-year period does not restart or change upon death of the Participant. However, the 5-taxable-year period for a Roth IRA held by an individual as a beneficiary of a deceased Roth IRA Participant is determined independently of the 5-taxable-year period for the beneficiary's own Roth IRA(s).

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

Alternatively, a surviving spouse beneficiary may take distribution of the Roth IRA account and, if eligible, roll it over into his or her own Roth IRA.

If a beneficiary fails to withdraw required distributions as required by the Code, a 50% excess accumulation penalty may be assessed by the IRS. Please consult a tax advisor and/or IRS Publication 590 for more information.

## ARTICLE 7 – FEDERAL TAX ASPECTS OF DISTRIBUTION

The earnings of contributions made to the Roth IRA are tax deferred while held in the Roth IRA. Retirement funds accumulated in a Roth IRA are not taxable to the Participant or to his beneficiaries when distributed in a qualified distribution as defined in Section G(1) above. Because Roth IRA contributions are made from income that already has been taxed, the portion of a distribution that is not a qualified distribution attributable to contributions will not be taxed when received. An ordering rule allows an individual to treat distributions as though they consisted first from contributions made to the Roth IRA, and these will not be taxable. The Participant should consult his tax advisor or review IRS Form 8606 for details about the Federal tax aspects of distribution.

Designation of a beneficiary for a Roth IRA does not constitute a gift for Federal gift tax purposes. The balance in a Roth IRA at the time of death generally is includible in a Participant's taxable estate for Federal estate tax purposes (unless paid to the surviving spouse), but the Participant should seek assistance from an estate tax advisor on these matters.

## ARTICLE 8 – PROHIBITED TRANSACTIONS

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

- Sale, exchange or lease of any property between the Roth IRA and a disqualified party;
- Lending if money or any other extension of credit between the Roth IRA and a disqualified person;
- Furnishing of goods, service or facilities between the Roth IRA and a disqualified person;
- Transfer to or use for the benefit of a disqualified person of the income or assets of the Roth IRA;
- Act by a disqualified person who is a fiduciary whereby he or she deals with the income or assets of the Roth IRA in his or her own interest of for his or her own account; or
- Receipt of any consideration by any disqualified person who is an Roth IRA fiduciary in connection with a transaction involving the income or assets of the Roth IRA.

In general, a "disqualified person" includes the individual establishing the Roth IRA, certain members of his or her family, any person who is a fiduciary or who provides services to the Roth IRA, and certain related partnerships

(and certain of their partners and employees), corporation (and certain of their shareholders, officers, directors and employees), and trusts and estates (and certain of their beneficiaries). If the Roth IRA loses its tax exemption because the Participant (or the Participant's beneficiary) engaged in a prohibited transaction, the fair market value of the Roth IRA assets (net of any nondeductible contributions remaining in the Roth IRA) as of the first day of the year of the transaction must be included in the gross income

for the taxable year in which the loss of exemption occurs. If this takes place before the Participant has attained age 59½, the Participant will also be subject to the 10% premature distribution penalty tax, discussed above, on the amount so included in gross income unless there is an applicable exception. If the Participant pledges any part of the Roth IRA as a security for a loan, the part so pledged will be treated as a distribution in the taxable year in which the pledging occurs, and will be taxed accordingly.

## ARTICLE 9 – TAX ADVICE

If a Participant has questions regarding Roth IRAs, he should consult his tax advisor. Additional information regarding Roth IRAs can be obtained from any District Office of the Internal Revenue Service. More specifically refer to IRS Publication 590.

## ARTICLE 10 – TAX STATUS OF ACCOUNT/REPORTING

### 10.1 APPROVED FORM

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

### 10.2 ACCOUNT TAX EXEMPT/REQUIRED REPORT

Under a Roth IRA plan, a Roth IRA is tax-exempt. Accordingly, unless the Roth IRA loses its tax-exempt status, the earnings within the Roth IRA accumulate without reduction for Federal income tax. Other parts of this Disclosure Statement explain the income tax consequences of distributions from the Roth IRA to the Participant or to his beneficiary. IRS Form 8606 should be used to report conversions to, distributions from, and recharacterizations involving a Roth IRA. IRS Form 8606 should be filed with IRS Form 1040. Any special Roth IRA penalty taxes are reported on IRS Form 5329 as an attachment to IRS Form 1040 for the taxable year of the penalty. These include the excise tax on excess contributions and the penalty tax for receiving certain non-qualified distributions.

### 10.3 STATE INCOME TAX

Though this Roth IRA is exempt from Federal income tax, the Participant should consult with his tax advisor regarding proper reporting of Roth IRA proceeds for state income tax purposes.

### 10.4 UNRELATED BUSINESS TAXABLE INCOME

If the Participant's Roth IRA conducts an active trade or business, or invests in a partnership or limited liability company (LLC) taxed as a partnership that conducts an active trade or business, or if the Roth IRA or a partnership or LLC taxed as a partnership in which the IRA realizes investment gains through debt-financing, the Roth IRA may have "unrelated business taxable income." Unrelated business taxable income, net of any allowable deductions, in excess of \$1,000 in any year may be taxable to your Roth IRA. Applicable taxes are an expense of the Roth IRA and must be paid with Roth IRA funds. Subject to the contributions rules and limits discussed above, the Participant may be able to contribute funds to the Roth IRA to pay taxes in order to avoid liquidation of an asset. For any year that the Roth IRA has unrelated business taxable income, before deductions, of more than \$1,000, (1) the Participant must obtain

a tax identification number from the Internal Revenue Service for the Roth IRA, (2) the Participant must prepare or have prepared on behalf of the Roth IRA and submit to the Custodian fully completed federal, state and other tax return forms, including requests for filing extensions (if applicable), and any other documents required to be filed with the Internal Revenue Service or other agency in connection with such forms, at least five (5) business days before the filing deadline for each such form and (3) at the time such forms are submitted to the Custodian, the Participant must provide the Custodian with a written directive (or directive in another manner acceptable to The Custodian) authorizing and directing the Custodian to sign such forms on behalf of the IRA and to pay to the Internal Revenue Service or other agency all amounts which the applicable form reports are due to it. The Custodian is not responsible for preparing any required return or form. The Custodian may, at its sole discretion, liquidate any assets in the Participant's Roth IRA to pay such taxes. If the Custodian is notified of a tax deficiency by the Internal Revenue Service or other agency, assets will be liquidated in reverse order of purchase.

## ARTICLE 11 – PENALTY TAX FOR PREMATURE DISTRIBUTION

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

- Following your death or your becoming disabled at any age;
- To effect a timely rollover to another Roth IRA;
- To correct an excess contribution before the due date of the Participant's tax return;
- To pay medical expenses which exceed 7.5% of the Participant's adjusted gross income;
- To pay for health insurance if the Participant is unemployed and has received federal or state unemployment compensation for at least 12 months;
- As part of a series of substantially equal periodic payments (made at least annually) over the Participant's life expectancy or the joint life expectancies of the Participant and the Participant's beneficiaries;
- To pay "qualified higher education expenses" of the Participant, the Participant's spouse or the Participant's child or grandchild;
- To correct an excess rollover contribution which was caused by erroneous tax information supplied by the Participant's employer on which the Participant reasonably relied;
- As a "qualified reservist distribution. A "qualified reservist distribution" is a distribution the Participant took from a Roth IRA or elective deferrals (and earnings) that the Participant made under an employer-sponsored plan while the Participant was called to or on active duty for at least 180 days or for an indefinite period.
- The Participant is required to file IRS Form 5329 for any tax year for which this 10% penalty is due.

Some states also impose a premature distribution tax.

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

## **ARTICLE 12 – ADMINISTRATIVE EXPENSE**

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

## **ARTICLE 13 – INVESTMENT OF THE ROTH IRA & FINANCIAL DISCLOSURE**

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



## FACTS **WHAT DOES PENSCO TRUST COMPANY DO WITH YOUR PERSONAL INFORMATION?**

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

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

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

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

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

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

**To limit our sharing**

- Call 800-962-4238. A representative will assist you with your request, or
- Visit us online to review our policy and opt-out: [www.pensco.com/legal/privacy](http://www.pensco.com/legal/privacy)

**Questions?** Call 800-962-4238 or visit [www.pensco.com](http://www.pensco.com)

## Who we are

|                                      |                      |
|--------------------------------------|----------------------|
| <b>Who is providing this notice?</b> | PENSCO Trust Company |
|--------------------------------------|----------------------|

## What we do

|   |   |
|---|---|
| <b>How does PENSCO Trust Company protect my personal information?</b>                     | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.   |
| <b>How does PENSCO Trust Company collect my personal information?</b>                     | We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>• Open an account or deposit money</li> <li>• Provide account information or give us your contact information</li> <li>• Direct us to buy or sell securities</li> <li>• Use your credit or debit card</li> </ul>   |
| <b>Why can't I limit all sharing?</b>   | Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>• Sharing for affiliates' everyday business purposes — information about your creditworthiness</li> <li>• Affiliates from using your information to market to you</li> <li>• Sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p> |
| <b>What happens when I limit sharing for an account I hold jointly with someone else?</b> | Your choice will apply to everyone on your account, unless you tell us otherwise.   |

## Definitions

|                        |   |
|------------------------|---|
| <b>Affiliates</b>      | Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>Our affiliates include financial companies such as Opus Bank, a California Commercial Bank; Opus Financial Partners, LLC; Opus Equity Partners, LLC; and PENSCO Services, LLC.</i></li> </ul> |
| <b>Nonaffiliates</b>   | Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>PENSCO Trust Company doesn't share with nonaffiliates so they can market to you.</i></li> </ul>   |
| <b>Joint Marketing</b> | A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>• <i>PENSCO Trust Company does not jointly market.</i></li> </ul>   |

# PENSCO Service Schedule

| Category  | Fee Name/Description   | Amount   |
|---|--|--|
| <b>Account Administration (Quarterly)</b>   | Quarterly Account Administration   | \$90   |
| <b>Asset Maintenance (Quarterly)<sup>1</sup></b>  | Asset maintenance fees are assessed quarterly so that PENSCO may continue to protect your account's tax-advantaged status. <i>Based on your asset value, follow the cost formulas below to calculate your quarterly asset maintenance fee.</i> |  |
|   | <b>Asset Value</b>   | <b>Cost</b>  |
|   | If <\$500,000  | 0.025% x asset value   |
|   | If \$500,000-\$1,000,000   | \$125 + (0.0125% x asset value >\$500,000)   |
|   | If >\$1,000,000  | \$187.50 + (0.0075% x asset value >\$1,000,000)  |
|   | Maximum quarterly asset maintenance charge = \$500   |  |
| <b>Quarterly Fee Example</b><br>(Based on asset valued at \$200,000 and online/electronic delivery) |  |  |
| Online Account Opening.....   |  | Free   |
| Receive Electronic Statements.....  |  | Free   |
| Quarterly Account Administration.....   |  | \$90   |
| Quarterly Asset Maintenance (based on asset value).....   |  | \$50   |
|   |  | <b>Total (billed quarterly): \$140</b>   |
| <b>Additional Services<sup>2</sup></b>  | In-kind transfer to PENSCO*  | \$175  |
|   | New alternative asset purchase**   | \$175 / asset or action  |
|   | Real estate asset sale   | \$175 / asset  |
|   | Full payoffs, liquidations, removals and sales other than real estate  | \$35 / asset or action   |
|   | Roth conversion/recharacterization   | \$150 / action   |
|   | Full/partial in-kind transfer out or distribution  | \$175 / asset or action  |
|   | Trade mutual funds   | Online: <b>Free</b>   Phone: \$10 / trade  |
|   | Trade equities   | Phone only: \$10 / trade   |
| <b>Other Charges</b>  | Account opening  | Online: <b>Free</b>   Paper forms: \$50  |
|   | Disbursement of funds  | Electronic funds transfer (ACH, EFT, ACATS): <b>Free</b><br>Wire service / Cashier's Checks: \$35 (waived for new purchases)<br>Check service: \$15 (waived for new purchases) |
|   | Late payments <sup>3</sup>   | \$35   |
|   | Account statements   | e-statements: <b>Free</b>   Paper statements: \$5 / quarter  |
|   | Overnight deliveries   | \$35 / instance  |
|   | Returned funds   | \$35   |
|   | Research/special services  | \$100 / hr (per asset, with min. of 1 hour)  |
|   | Account closure  | \$50   |

\*In-kind transfers include review, re-registration, and delivery fees.

\*\*New alternative asset purchases include review, registration, delivery fees, execution, payment, etc.



## Disclosure

**1. Quarterly Asset Maintenance** is billed in arrears based on the total account value of assets as of the last business day of each calendar quarter, excluding the following asset types: Cash, Mutual Funds, Publicly Traded Bonds and Equity.

**2. Alternative Asset Services** are charged per asset transaction for purchases, sales, incoming/outgoing transfers, distributions and rollovers, excluding the following transaction types, which are free: Exchanges, Capital Calls, Subsequent Purchases and Return of Capital.

**3. The Late Payment** is billed in any quarter in which any service charges are outstanding after forty-five (45) days following the end of the previous calendar quarter.

Fees for non-recourse loans will be assessed on the asset only. The loan will not be included for the purpose of determining fees.

PENSCO shall charge a Custodial Cash Fee that will be deducted from interest earned on cash balances prior to the crediting of such interest to the account owner's custodial account at the end of each month. The account is only eligible to earn interest if it is open as of the interest crediting date, and any interest that may accrue on the account during a month that the account is closed prior to the interest crediting date will be paid to PENSCO as an additional fee. The Custodial Cash Fee is charged as a percentage, but not to exceed a maximum per annum rate of 3.50% of the average daily balance of custodial account cash. (PENSCO reserves the right to waive any portion of the Custodial Cash Fee without notice).

PENSCO reserves the right to effect changes to this service schedule, including an increase in the maximum percentage that may be charged for Custodial Cash Fees, upon thirty (30) days prior written notice to the account owner. PENSCO may reduce or waive service charges or fees without prior notice.

See both the Uninvested Cash and Billing and Fee Collection sections of your Custodial Account Agreement for more information about service charges and the Custodial Cash Fee.

If service charges are not paid within 45 days by charging the debit/credit card on file, or by any other acceptable payment method that may be offered by PENSCO, to include available cash, a \$35 Late Payment charge will be assessed and billed quarterly to the account.

Service charges will continue to accrue and be payable as long as the account is open, even if the account contains no assets from which PENSCO can collect amounts owed by the account owner.

The account owner is responsible for reporting any inaccuracy of all assessed account service charges and must report any inaccuracies within 45 days of the account services summary date.

Accounts holding cash equal to the Full Account Closure cost fee or less and no other assets may be closed at PENSCO's sole discretion, and the cash balance will be paid to PENSCO in lieu of the Full Account Closure fee.

PENSCO may charge the account owner and/or the custodial account, and shall be reimbursed by the account owner or the custodial account for any reasonable expense, incurred by PENSCO in connection with any account services or activities that PENSCO determines are necessary

or advisable, or which are expressly directed by the account owner, and which are not included in the services provided by PENSCO for its normal fees. See the Account Owner Agreement for more details.

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

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

### **Services Charged by a Third Party Related to Investments May Apply**

Apart from services charged by PENSCO, there may be certain charges connected with the investment holdings in your account. These service charges may include, but are not limited to: foreign currency, recording, surrender, asset sponsor and re-registration.