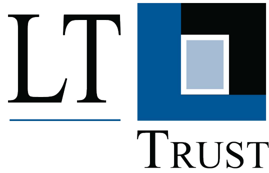

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TRADITIONAL IRA WITH STRETCH PROVISIONS PLAN

Establishment Documents

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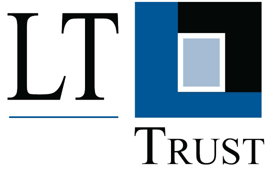

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FINANCIAL INSTITUTION INFORMATION

Name:

Address:

The above-named Financial Institution facilitates the establishment of your Traditional or SEP Individual Retirement Arrangement with Stretch Provisions (IRA), serves as the depository of the funds you deposit into your Traditional or SEP IRA, maintains your Plan investments, and plays a significant role in the administration of your Traditional or SEP IRA with Stretch Provisions.

As Trustee of your Traditional or SEP IRA with Stretch Provisions, LT Trust Company (LT Trust), monitors this Plan document to ensure its compliance with applicable laws. The Trustee does not, however, engage in the daily administration of your Plan or in the relationship between you and your chosen Financial Institution.

Your chosen Financial Institution also shares in many of the same duties as the Trustee. Because of the relationship between your Trustee and your chosen Financial Institution, most of the references to Trustee in this booklet also carry with them an implied reference to your chosen Financial Institution.

Notice: If you are the Participant of this Traditional or SEP IRA with Stretch Provisions who is participating in a self-directed IRA, your investments in the deposit accounts (including money market, certificates of deposit and savings accounts) of your chosen financial institution (including Credit Unions and Savings and Loans), are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA), subject to their rules and regulations. Your self-directed investments, however, may not be insured by the FDIC or the NCUA. Self-directed investments may include stocks, bonds, mutual funds, etc.

FACTS

WHAT DOES LT 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 this 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 balance • Account transactions and related transaction history • Checking account and wire transfer instructions 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 LT Trust Company chooses to share; and whether you can limit this sharing.

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

Questions?	Call 1-800-492-0165 or go to www.LTRetire.com

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Who we are

Who is providing this notice?	LT Trust Company

What we do

How does LT Trust Company protect my personal information?	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. Prospective employees are screened for criminal convictions and drug use. Once hired, employees are advised of LT Trust privacy policies.
How does LT Trust Company collect my personal information?	We collect your personal information, for example, when you • open an account or deposit money • wire out or otherwise withdraw from your account • direct us to buy or sell securities We also collect your personal information from others, such as credit bureaus, affiliates or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only • sharing for affiliates' everyday business purposes – information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • LTC Investment Services, a financial company • LT Plan Services • Plan Strategies Incorporated, a financial company
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. • *LT Trust Company does not share with nonaffiliates so they can market to you.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. • *LT Trust Company does not jointly market.*

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Financial Institution Name

Branch Name or Number

Institution ID #

TRADITIONAL/SEP IRA ADOPTION AGREEMENT AND DESIGNATION OF BENEFICIARY

(WITH STRETCH PROVISIONS)

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

Note: Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

GENERAL INFORMATION (please print or type)

Participant Name

Physical Address

City State Zip

Social Security Number (SSN) Date of Birth

Phone Number Ext

TYPE OF IRA (check one box only)

❑ Traditional IRA ❑ SEP IRA ❑ Rollover IRA ❑ Inherited IRA

Opening Balance $ Account Number **Effective Year**

Contribution Type: (check only one box)

❑ Annual Contribution (including annual Catch-Up Contribution if applicable) ❑ Trustee-to-Trustee Transfer from a Traditional IRA

❑ 60-Day Rollover from a Traditional IRA ❑ Direct Rollover from an Employer Sponsored Plan ❑ Inherited IRA

COMPLETE THIS PORTION FOR AN INHERITED IRA ACCOUNT ONLY:

Deceased Participant Name

Deceased Social Security Number Deceased Date of Birth

Beneficiary Name *(the individual establishing this account)*

Social Security Number Date of Birth

Physical Address

City/State/Zip

*Home Telephone Ext Business Telephone Ext

Email Address

Relationship to Deceased Account Owner ❑ Spouse ❑ Non-Spouse ❑ Trust

BENEFICIARY INFORMATION

I hereby designate the following persons as Primary and Contingent Beneficiaries to receive my interest in this IRA according to the terms of the plan and trust agreement Article X, hereby revoking any prior designations made by me.

Attach additional pages if necessary.

PRIMARY BENEFICIARIES

Full Name Date of Birth

Address

Percentage % Relationship SSN

Full Name Date of Birth

Address

Percentage % Relationship SSN

Full Name Date of Birth

Address

Percentage % Relationship SSN

SPOUSAL CONSENT (for use in community property states)

If applicable, this section must be signed and dated by the spouse of the Account Owner:

1. If the Account Owner is married and has designated any Primary Beneficiary other than his/her spouse; and
2. If the 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 are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin. Please consult with 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.

Spouse Signature X Date

CONTINGENT BENEFICIARIES

Full Name Date of Birth

Address

Percentage % Relationship SSN

Full Name Date of Birth

Address

Percentage % Relationship SSN

Full Name Date of Birth

Address

Percentage % Relationship SSN

GENERAL PROVISIONS (refer to Plan and Trust Agreement for complete provisions)

1. Except as otherwise provided in the designation above, the balance of my Traditional/SEP IRA shall be paid upon my death to those Primary Beneficiaries who survive my death and the Contingent Beneficiaries will have no interest in the IRA, and those Primary Beneficiaries will have the right to name their own beneficiaries for any IRA assets remaining upon the death of the Primary Beneficiary.
2. If no Primary Beneficiary survives my death, the balance of the IRA shall be payable in equal shares to those Contingent Beneficiaries who survive my death, and those Contingent Beneficiaries will have the right to name their own beneficiaries for any IRA assets remaining upon the death of the Contingent Beneficiary.
3. If no Primary or Contingent Beneficiaries survive me, the balance in the Traditional IRA shall be paid upon my death to my spouse or, if no spouse survives me, to the personal representative of my estate.
4. If my spouse is named as my Sole Primary Beneficiary, my spouse may elect to treat the IRA as their own.
5. The terms of the Trust Agreement, including any Amendments thereto that may hereafter be made, are controlling over these General Provisions and shall always govern all of my rights, the rights of my spouse and all Beneficiaries, and the rights of all persons claiming through any of them.

ACCOUNT TITLE

The IRA will be titled as follows:

LT Trust Trustee FBO* ______________________________ (insert participant's name) *

FBO = For the Benefit Of

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ADOPTION OF PLAN AND SIGNATURES

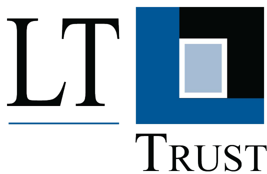
I, the undersigned Participant, make the following declarations:

I hereby establish a Traditional Individual Retirement Arrangement (Traditional IRA) under the Traditional IRA Plan and Trust Agreement which is incorporated with this Adoption Agreement by this reference. I designate LT Trust as the Trustee of this Traditional IRA and make the following declarations.

I have received a copy of the Plan and Trust Agreement/Disclosure Booklet, and a schedule of fees and/or charges from the financial institution that is acting as the custodian of my Traditional IRA. I have read the Plan and Trust Agreement and Disclosure Booklet and understand that I may revoke this Traditional IRA, in writing, at any time within seven (7) calendar days after the date of this Adoption Agreement.

I understand the eligibility requirements for the type of Traditional IRA deposit I am making and I state that I do qualify to make the deposit. I acknowledge that I am fully responsible for determining whether I am eligible to participate in a Traditional IRA and whether and to what extent I am otherwise entitled to favorable tax treatment by reason of my participation in this Traditional IRA, to the best of my knowledge, the information furnished above is correct and complete.

Signature of Participant X Date



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TRADITIONAL INDIVIDUAL RETIREMENT ARRANGEMENT (WITH STRETCH PROVISIONS) DISCLOSURE STATEMENT

Your Individual Retirement Account with Stretch Provisions ("IRA"), as set forth in the attached Traditional/SEP IRA with Stretch Provisions Plan and Trust Agreement, is designed to qualify for the favorable federal income tax treatment afforded IRAs under the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), Section 408(a) of the Internal Revenue Code (IRC) and related Regulations. This means that your IRA meets the federal requirements of an IRA; it does not, however, mean that it is suitable for everyone. This Booklet is designed to inform you about the IRA and to summarize the various federal laws and regulations that pertain to it. Current law requires that an IRA Trustee or Custodian be a bank or similar Financial Institution, not an individual.

This Plan and Trust Agreement is intended to follow IRS Form 5305, which is a Model Trust Account Agreement that meets the requirements of Code Section 408(a) and has been pre-approved by the IRS. This Plan and Trust 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 Traditional/SEP with Stretch Provisions Adoption Agreement, the Trustee and the Participant agree to perform the obligations imposed upon them under the Plan.

If you have any questions or doubts, you should consult your personal tax advisor or **IRS Publication 590,** Individual Retirement Arrangements, for more detailed information. This publication is available from your local IRS office or by calling **800-TAX-FORM** or on the web at **www.irs.gov**.

REVOCATION OF ACCOUNT

You are entitled to revoke your IRA at any time within seven (7) calendar days of the date you establish the IRA by signing the IRA Adoption Agreement.

In the event you do revoke your IRA, all amounts you contributed to it and any fees, charges, or expenses charged to the IRA will be returned to you. You may revoke your IRA by sending a written notice of revocation to your Financial Institution.

To be effective, your notice of revocation must either be delivered by hand or postmarked within seven (7) days after the date you established your IRA.

You should be aware of the following information:

Revocation is available only when you open your IRA by signing the Adoption Agreement. It is not available when you make a contribution to an existing IRA.

The Internal Revenue Service requires that the Trustee or issuer of your IRA report on Form 5498 your contribution to the IRA (unless it was made by a Trustee-to-Trustee transfer) and on Form 1099-R the distribution you receive when you revoke the IRA.

STATUTORY REQUIREMENTS

An IRA must satisfy certain requirements of the Internal Revenue Code. The attached IRA Plan and Trust Agreement incorporates these requirements. In brief, the IRC requires that the IRA be governed by a written instrument; the financial institution acting as Custodian, 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 Trustee of the IRA; no investment be made in life insurance contracts; no investment be made in collectibles (within the meaning of the IRC Section 408(m), except as permitted by IRC Section 408(m)(3)); the Participant's interest in the IRA be non-forfeitable at all times; with certain exceptions, the Participant's IRA not be commingled with other property; and distribution of the Participant's interest in the IRA be made under specific guidelines.

PARTICIPANT CONTRIBUTIONS

1. WHO IS ELIGIBLE TO CONTRIBUTE TO AN IRA?

Any participant who has compensation and will not reach age 70½ before the end of the year may establish and contribute to a Traditional or SEP IRA.

Note: The definition of compensation is wages, salaries, professional fees, and other amounts received for personal services rendered. Also included is alimony that you report on your income tax return and earned income from self-employment (reduced by the deduction the self-employed participant takes for contributions made to a self-employed retirement plan). Compensation also does not include earnings or profits from property (such as interest and dividends), amounts not includible in gross income, and amounts received as pension or annuity or as deferred compensation.

Contributions must be made in cash unless you are making a rollover contribution and the Custodian will accept the assets.

2. WHAT IS THE DEADLINE FOR ESTABLISHING AND CONTRIBUTING TO AN IRA?

The deadline for establishing an IRA and making contributions for a particular taxable year is the individual's tax filing deadline (generally April 15th), excluding extensions.

3. WHAT ARE INDIVIDUAL IRA CONTRIBUTION LIMITS?

In taxable year 2014, an eligible participant may contribute to an IRA the lesser of $5,500 or 100% of compensation.

In taxable years after 2014, the $5,500 contribution limit may be adjusted for cost-of-living; 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 re-characterization contribution to the Traditional IRA does not apply toward the applicable regular annual contribution limit.

4. WHAT ARE SPOUSAL IRA CONTRIBUTION LIMITS?

In the case of a married couple filing a joint tax return for tax year 2014 up to $5,500 may be contributed to each spouse's IRA, even if one spouse has little or no taxable compensation, so long as the combined IRA contribution does not exceed 100% of the combined compensation of both spouses.

The total combined contributions that can be made to both IRAs for tax year 2014 is $11,000.

In taxable years after 2014, the contribution limit may be adjusted for cost of living; however, in no case may it exceed the combined Compensation of the spouses.

An individual cannot make contributions to his IRA for the year he reaches 70½ or any later year. However, for any year he has compensation, he can continue to make contributions of up to $5,500 (for taxable year 2014), to a spousal IRA until the year his spouse reaches age 70½.

5. WHAT ARE CATCH-UP CONTRIBUTIONS?

Catch-up contributions are a benefit for individuals who are age 50 or older. An eligible Participant, who was turned age 50 before the close of the taxable year, may contribute an additional $1,000 to his IRA.

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 rounded down to the next lowest multiple of $500.

7. HOW WILL AN IRA AFFECT A PARTICIPANT'S INCOME TAXES?

A contribution to the IRA may or may not be fully deductible for Federal income tax purposes. However, these deductible limits do not affect the allowable contributions. The Participant can still make a contribution even if the contribution is not fully deductible.

How an IRA affects a participant's income taxes will depend upon certain conditions. Briefly, those conditions are as follows:

a. A participant will be eligible for a full deduction for IRA contributions if:

They are not covered by an employer-sponsored retirement plan where they work. This applies regardless of the amount of the participant's modified adjusted gross income (MAGI).

They are single and covered by an employer-sponsored retirement plan at work, but their MAGI in 2014 is less than $60,000 per year.

They are married, file a joint tax return, are not covered by an employer-sponsored plan where they work, and although their spouse is covered by an employer-sponsored plan, and the joint MAGI in 2014 is less than $181,000.

b. A participant will be eligible for a partial deduction for IRA contributions if:

They are single, covered by an employer-sponsored retirement plan where they work, and their MAGI in 2014 is between $60,000 and $70,000.

They are married, file a joint tax return, are covered by an employer-sponsored plan where they work, and the joint MAGI in 2014 is between $96,000 and $116,000.

They are married and file a joint tax return, and they are not covered by an employer-sponsored plan at work. The spouse, however, is covered by an employer-sponsored plan and their MAGI for 2014 is between $181,000 and $191,000.

They are covered by an employer-sponsored plan at work and they file separate tax returns. Under these circumstances they are entitled to a partial deduction only if their MAGI is below $10,000.

Note: The actual amount a Participant is allowed to deduct is based on a formula that has been developed by the IRS. For a full explanation of the formula see IRS Publication 590 or contact any IRS office.

c. A Participant will not be eligible for any deduction for IRA contributions if:

They are single, covered by an employer-sponsored plan where they work, and their MAGI in 2014 is $70,000 or greater.

They are married, file a joint tax return, are covered by an employer-sponsored plan where they work, and the joint MAGI in 2014 is $116,000 or greater.

They are not covered by an employer-sponsored retirement plan where they work but their spouse is covered by one. They file a joint tax return and their MAGI in 2014 is $191,000 or greater.

Phase out Ranges for Deductibility		
YEAR	SINGLE TAXPAYER	MARRIED TAXPAYER (Joint Filing)
2014	$60,000 - $70,000	$96,000 - $116,000
2015	$61,000 - $71,000	$98,000 - $118,000

They are covered by an employer-sponsored plan at work and they file separate tax returns. Under these circumstances they are entitled to a partial deduction only if their MAGI is below $10,000.

d. If a Participant otherwise qualifies for an IRA contribution, they may make contributions even if they are ineligible to take a deduction.

Income (earnings) generated in an IRA will generally not be considered taxable income until withdrawn from the IRA. Except for transfers to a spouse due to a divorce, transfers to another IRA, and timely withdrawals of excess contributions, all distributions

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and withdrawals from an IRA will be taxable to the IRA participant or his or her beneficiary as ordinary income in the tax year in which they are received unless non-deductible or after tax contributions have been made to the account. If any nondeductible contributions have been made to the IRA, each distribution from the IRA will consist of a nontaxable portion and a taxable portion. Neither long-term capital gains treatment nor the special income averaging rules for lump sum distributions are available for IRA distributions.

8. NONDEDUCTIBLE ANNUAL CONTRIBUTIONS

Even if the participant may not make a fully deductible contribution, he/she may still make the maximum allowable contribution to the IRA. The amount of the contribution which is not deductible will be a nondeductible contribution to the IRA. A participant may also choose to make a contribution nondeductible even if he could have deducted part or all of the contribution.

If the participant makes a nondeductible contribution to an IRA, he/she must report the amount of the nondeductible contribution to the IRA as a part of his/her tax return for the year, using Form 8606 attached to the Form 1040. It is the participant's responsibility to maintain records of the amount of his/her IRA contributions that are nondeductible contributions for all years; neither the Custodian nor the Trustee maintain records of the amount of non-deductible contributions made to the IRA.

A participant may make a contribution up to the applicable limit at any time during the year, without having to know how much will be deductible. When the participant fills out his/her tax return, he/she then may calculate how much is deductible. If some portion of the contribution is not deductible, the participant may decide either to withdraw the nondeductible amount, or to leave it in the IRA and designate that portion as a nondeductible contribution on his tax return. If the participant decides to remove the nondeductible portion, it must be withdrawn before the tax filing deadline (plus extensions) and the amount withdrawn must include any earnings on such amount.

ROLLOVER CONTRIBUTIONS BY THE PARTICIPANT

1. WHO IS ELIGIBLE TO MAKE A ROLLOVER CONTRIBUTION TO AN IRA?

A participant may make a rollover contribution to an IRA if the contribution the participant wishes to make satisfies the definition of a Qualifying Rollover Contribution. Section 408(d)(3)(B) provides that an individual is permitted to make only one nontaxable 60-day rollover between IRA's in any 1-year period. Beginning after January 1, 2015, you can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs you own.

A participant may make rollover contributions to an IRA even if he does not have any compensation.

2. WHAT IS A QUALIFYING ROLLOVER CONTRIBUTION?

There is no limitation on the amount of the rollover contribution an eligible participant may make to an IRA.

A Qualifying Rollover Contribution is a contribution that constitutes one of the following:

(a) An eligible rollover distribution from a qualified retirement plan, including an annuity plan and including after-tax contributions but excluding Roth 401(k) distributions.

(b) A distribution from an individual retirement account but excluding Roth IRAs;

(c) An eligible rollover distribution from a tax-sheltered annuity but excluding Roth 403(b) contributions;

(d) The redemption proceeds of an IRA retirement bond; or

(e) A distribution of all or part of the accumulated deductible employee contributions held under a qualified plan.

The types of qualified plans the assets of which are eligible to be rolled over into an IRA include a qualified plan under IRC Section 401(a), a 403(b) plan, a qualified annuity plan under IRC Section 403(a), and an eligible 457(b) governmental plan.

Generally, it will not be necessary that a Participant establish a separate IRA to accept assets from qualified rollover distributions so that the assets may be rolled back into a qualified retirement plan at a future date. A separate IRA should be established if a participant who was born before 1936 has concerns about capital gains and/or income averaging on distributions from his or her qualified plan.

A surviving spouse may roll over his/her distribution from a deceased participant's qualified plan into either his/her own qualified plan or his/her own IRA. A non-spouse beneficiary of a deceased Participant in a qualified plan may rollover their distribution from that qualified plan as a direct rollover into their own IRA, so long as the IRA is treated as an "inherited IRA" under the terms of the Plan.

3. HOW DOES A PARTICIPANT MAKE A QUALIFYING ROLLOVER CONTRIBUTION?

Before a participant receives a distribution that is eligible for rollover, the trustee or administrator must ask the participant to decide how he wants to receive the distribution. He may choose to receive the distribution himself, or he may have it rolled over directly into an existing IRA, an IRA that he establishes to receive the distribution, or an eligible retirement plan. An eligible retirement plan includes an IRA, a qualified plan under IRC Section 401 (a), a 403(b) plan, a qualified annuity plan under IRC Section 403(a), and an eligible 457(b) governmental plan.

If the participant chooses to receive the distribution directly from a qualified plan, the trustee or administrator is generally required to withhold 20% federal income tax before distributing qualified plan assets to him. If he chooses a direct rollover to an IRA, the trustee or administrator will send the funds directly to the trustee or custodian of the IRA and the 20% withholding will not apply. The trustee or administrator will report the direct rollover as a distribution on Form 1099-R and the trustee or custodian of the IRA will report it as a rollover contribution to the IRA on Form 5498. A Rollover IRA contribution is not deductible and may exceed the annual contribution limit for IRAs.

If the participant chooses to receive plan assets directly from a qualified plan and within 60 days decides to roll them over into an IRA, he may do so. He may rollover just the taxable amount he actually received from the trustee or administrator or he may add to that amount the 20% the trustee or administrator withheld. He will have to take funds from his/her savings (or from borrowed amounts) if he wants to add the 20% the trustee or administrator withheld to the amount he is rolling over. The 60-day time limit also applies if the Qualifying Rollover Contribution is from an IRA, an annuity, or another eligible retirement plan.

MOVEMENT OF IRA ASSETS

1. MAY AN IRA PARTICIPANT MOVE AN EXISTING IRA FROM ONE FINANCIAL INSTITUTION TO ANOTHER?

Yes. There are basically two methods for moving an existing IRA from one financial institution to another.

a. Distribution and Redeposit Method

A participant can move an IRA to another Financial Institution by requesting a distribution from his/her existing IRA that he re-deposits into another IRA within 60 days. An individual is permitted to make only one nontaxable 60-day rollover between IRAs in any 1-year period. The participant may not take a tax deduction for the amount that he/she re-deposits. Using this method means that the participant will sign a Cash Distribution Request form and a check will be made payable to the participant, not to the new Trustee or Custodian. Remember, this is moving funds from one IRA to another, not a distribution from an employer's qualified plan, and it is not subject to the 20% withholding. After receiving the distribution, the participant may redeposit all or a portion to another IRA without including the re-deposited amount in his/her gross income, provided the amount re-deposited is invested in the other IRA within 60 days after receipt of the distribution. However, the 60-day rule for redeposit of the funds to another IRA will not apply if the participant has deposited the IRA funds in a non-IRA account and the account is frozen because of the bankruptcy or insolvency of the Financial Institution. When he/she receives the IRA funds that were frozen, he/she will have 10 days to redeposit the funds into another IRA.

If a participant moves an IRA from one Financial Institution to another by receiving a distribution and re-depositing it, he/she may be required by the new Trustee or Custodian to state, in writing, that the amount he is re-depositing is eligible for rollover.

This does not mean the distribution is taxable if the funds are re-deposited within 60 days and receipt of the funds is properly reported on the participant's income tax return for that year. When the funds are deposited into another IRA, the Trustee or Custodian will report the rollover deposit to the IRS on Form 5498.

b. Trustee-to-Trustee Transfer Method

To initiate a Trustee-to-Trustee Transfer, contact the Financial Institution to which you would like your funds transferred. That Financial Institution will complete the necessary transfer form(s) for your signature and send the form(s) to the current Trustee or Custodian of your IRA requesting that your IRA funds be transferred directly to them. The transfer will not result in a distribution being reported to the IRS, and the transfer will not be subject to the twelve month limitation period mentioned earlier, as long as none of the IRA funds are distributed directly to you. You should allow at least three weeks for the transfer to be completed. The transfer of investments other than deposit accounts of the Financial Institution may take longer than three weeks.

DISTRIBUTIONS

1. HOW ARE DISTRIBUTIONS FROM IRAs HANDLED?

a. Normal Distributions

At any time after a participant reaches the age of 59½ he/she will be entitled to begin receiving distributions from his/her IRA. He/she may elect to receive a lump sum distribution, a partial distribution, or installments over (1) his/her lifetime, (2) the joint lifetimes of him/her and their designated beneficiary, or (3) any number of years he/she selects, but not exceeding the joint lifetimes of him/her and their designated beneficiary.

b. Premature Distributions

In most cases, if a participant receives a distribution from his/her IRA before they reach age 59½ it is a premature distribution which is subject to an excise tax penalty of 10%. The following situations are exceptions:

(1) Distributions made due to disability,

(2) Distributions made to a beneficiary(ies) because of the participant's death,

(3) Distributions used to pay medical expenses that exceed 7.5% of the participant's adjusted gross income,

(4) Distributions used to pay for health insurance premiums if a participant has separated from employment and has received state or federal unemployment compensation for at least 12 weeks,

(5) Distributions made to cover qualified higher education expenses,

(6) Distributions for qualifying first-time home purchases (up to a lifetime maximum of $10,000),

(7) Distributions made at least annually that are part of a series of substantially equal periodic payments made over (a) the participant's life expectancy or (b) the joint life expectancies of the participant and his/her designated beneficiary. If distributions are not subject to the 10% premature excise tax because of this exception, that tax will be imposed if the participant changes the distribution method prior to the lapse of 5 years or attainment of age 591⁄2 whichever is later. This additional tax will be imposed the year that the participant changes the distribution method and will be retroactive to the date the distribution began under this method.

c. Taxation of Distributions

Under federal laws, distributions will be subject to withholding unless the participant elects not to have tax withheld. Because nondeductible IRA contributions are made using income which has already been taxed (that is, they are not deductible contributions), the portion of the IRA distribution attributable to non-deductible contributions will not be taxed again when distributed. If a participant makes any nondeductible IRA contributions, each distribution from his/her IRA will consist of a nontaxable portion (return of nondeductible contributions) and a taxable portion (return of deductible contributions and earnings). Thus, in this case, a participant may not take a distribution which is tax-free.

When a participant receives a distribution from his/her IRA and he/she has made a nondeductible contribution to his/her IRA during that year, the participant may obtain **IRS Publication 590** and **IRS**

Form 8606 to assist him/her in calculating the taxable and nontaxable amount of his/her IRA distribution. When a participant receives an IRA distribution and all his/her nondeductible contributions were made in prior years, he/she will not need IRS publication 590; only IRS Form 8606 will be required to calculate the taxable portion of the distribution.

d. Mandatory Distribution Rules

(1) Distributions Before the Participant's death

The minimum distribution rules require that in your 70½ year and every year thereafter you must make withdrawals from your IRA that are at least equal to the "minimum required distribution." Your 70½ year is the calendar year that contains the date six months after your 70th birthday. The minimum required distribution amount, beginning with the calendar year in which the participant attains age 70½ and continuing through the year of death, is obtained by dividing the value of the IRA as of the end of the preceding year by the distribution period in the Uniform Life Table found in the IRS Treasury Regulations, using the participant's age on his/her birthday in the distribution year. However, if the participant's only beneficiary is the participant's spouse, then the minimum required distribution amount is obtained by dividing the value of the IRA as of the end of the preceding year by the longer of the distribution period in the Uniform Lifetime Table, using the participant's age on his/her birthday in the year, or the distribution period in the Joint and Last Survivor Table in the IRS Treasury Regulations, using the ages as of the participant's and spouse's birthdays in the year.

(2) Distributions After the Participant's death

Generally, by December 31 following the year in which the participant dies, distributions to the designated beneficiary (if an individual) must have begun. Generally, the minimum required distribution amount for a beneficiary will be determined by dividing the beneficiary's interest in the 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 following the year of the participant's death and reduced by one for each subsequent calendar year.

Under this IRA with Stretch Provisions upon the death of the Participant's designated beneficiary (First Generation Beneficiary) after the death of the Participant but before the entire IRA has been distributed, the remaining IRA will be paid to the beneficiary designated by the First Generation Beneficiary (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 IRA will be paid to the beneficiary designated by the Second Generation Beneficiary.

Please consult your tax advisor and see the accompanying Plan and Trust Agreement for details of these distribution rules, including the special rules that apply if the beneficiary is the participant's surviving spouse.

Under this IRA, a surviving spouse may elect to treat the IRA as their own if that election is made in writing to the Trustee. Alternatively, this election will be deemed to have been made if the surviving spouse makes a contribution to the IRA of the deceased Participant or fails to take minimum required distributions as a Beneficiary.

(3) Multiple IRAs

If a participant has more than one IRA, they may satisfy the minimum required distribution rules by withdrawing from one or more of their IRAs the amount required to satisfy the minimum distribution requirements for all his/her IRAs.

(4) Trust Agreement Default Provision

If the participant does not elect a form of distribution upon attaining age 70½, the participant will be deemed to have elected to commence distributions using the distribution period in the Uniform Lifetime Table in Regulation Section 1.401 (a)(9)-9, using the participant's age as of his/her birthday in the year. After the death of the participant, if the non-spouse beneficiary or beneficiaries have not elected a form of distribution, the non-spouse beneficiaries will be deemed to have elected to receive their IRA interests no later than December 31 of the year containing the fifth anniversary of the participant's death. For a beneficiary who is the Participant's spouse, if no distribution election is made, the spouse will be deemed to have elected to receive their IRA interests over the spouse's lifetime.

The participant (or, after the participant's death, each beneficiary) shall be responsible for computing the amount and form of the distribution required to be paid to him each year from the Trust Account, for determining the date by which the amount shall be paid, and for timely providing this information to the Trustee in writing in a form acceptable to the Trustee. In the event such information is not provided, the Trustee may assume the participant's minimum distribution requirement for this Trust Account has been satisfied by distribution from another IRA.

(5) Beneficiary Dispute

The Trustee is under no obligation to distribute funds if the Trustee has been given written notice that a Beneficiary dispute exists. In this case, the Trustee may make payment after receiving either written payout instructions containing witnessed signatures of all parties to the Beneficiary dispute, or an order from a court of competent jurisdiction.

(6) Procedures for Requesting Distributions

The Trustee must authorize all distributions from an IRA. The participant must contact the representative at his/her Financial Institution for the appropriate forms that must be completed and sent to the Financial Institution for approval prior to actual distribution.

(7) Transfer of Account Incident to Divorce

A state domestic relations court may award a participant all or a portion of a former spouse's IRA in connection with a divorce, annulment, or legal separation. If the participant receives this type of court-ordered award, it must be transferred into an IRA in the participant's own name and will remain tax deferred until the participant withdraws the funds. Unlike funds received under a Qualified Domestic Relations Order (QDRO), which are not required to be rolled over into an IRA, funds awarded under a Transfer Pursuant to Divorce can not be distributed to the participant directly from a former spouse's IRA.

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2. ARE THERE ANY FEDERAL TAX PENALTIES?

a. Excess Contribution Tax Penalties

An excess contribution is generally any contribution that exceeds the allowable contribution limit. Anyone of the following circumstances may cause an excess contribution:

(1) Excess Contribution (True Excess)

An participant contributes more than the lesser of the IRS maximum contribution amount for the year or 100% of compensation to his/her IRA, (b) an participant age 70½ or older makes a contribution to an IRA, (c) a contribution is made for an participant after his or her date of death, (d) an participant "rolls over" an age 70½ required minimum distribution, (e) an participant rolls over an ineligible rollover contribution (the 60 day limit may have expired), (f) a participant under age 50 makes a catch-up contribution to an IRA, (g) an employer makes an excess SEP contribution into an employee's IRA, or (h) an participant makes an improper transfer of assets to the IRA.

(2) Unwanted Contribution (Deemed Excess)

If a participant has an IRA, he will normally contribute only the allowable amount each year. However, all of his/her contribution may not be allowable as an income tax deduction. The IRS allows a participant to withdraw any regular contribution, whether or not it was a true excess for any reason. In order to be treated as if the Unwanted Contribution never was made, an Unwanted Contribution must be withdrawn prior to the individual's tax-filing deadline in exactly the same manner as a true excess contribution would be withdrawn.

(3) Correcting Excess Contributions Prior to Tax Filing Deadline

If a participant makes an excess contribution, he can avoid the 6% federal excise tax by withdrawing the excess amount plus the net income earned by the IRA and attributable to the excess contribution. However, the withdrawal must be made on or before the time for filing your income tax return (including extensions) for the tax year in which the excess contribution was made. The amount of excess contribution withdrawn will not be includible in an individual's gross income (provided that he did not previously take a deduction for the excess) and will not be subject to the 10% federal penalty tax on premature distributions. Earnings on the excess contribution, which must be included in the distribution to avoid the excise tax, are taxable and must be included in the gross income for the tax year in which the excess contribution is made. The earnings withdrawn are also subject to the 10% federal penalty tax on premature distributions for the year of the distribution unless the participant has attained the age of 59½ is disabled, or if the premature distribution penalty tax otherwise does not apply. In addition, the Financial Institution may be required to impose an early withdrawal penalty if a certificate held by the IRA has not matured.

(4) Excise Penalty Tax on Excess Contributions

A 6% federal excise penalty tax is imposed on excess IRA contributions which are not withdrawn prior to the individual's tax filing deadline including extensions. The tax is imposed in the year the excess contribution is made and for each later year until the excess contribution is corrected.

(5) Correcting Excess Contributions After Tax Filing Deadline

If the total contribution to an IRA for any tax year does not exceed the dollar limit for annual IRA contributions and all or part of the amount contributed is an excess contribution, an participant may withdraw the excess amount after the due date for filing his/her income tax return (including extensions) for the tax year. He may still incur a 6% federal excise penalty tax for the excess and may be subject to a 10% premature distribution penalty if he is under age 59½ (and is not otherwise exempt from the premature distribution penalty tax). If he did not take an income tax deduction, he will not be required to include the amount withdrawn in income. Furthermore, he is not required to withdraw any of the earnings attributable to the excess contribution.

If an individual's total contribution to an IRA is greater than the dollar limit for annual IRA contributions, and if the excess is withdrawn after the due date for filing an individual's income tax return, the entire distribution will be included in gross income, even if the amount of the excess was not originally deductible. Also, he may still incur a 6% federal penalty tax for the year of the excess and for each following year until the excess is removed. If he has not reached the age of 59½, is not disabled, or is not otherwise exempt from the premature distribution penalty tax, the amount distributed to him will also be subject to the 10% penalty tax on premature distributions. He is not required to withdraw any of the earnings attributable to the excess.

(6) Reallocating Excess Contributions to Future Years

A participant may correct an excess contribution by reallocating it as a contribution for a future year. In order to reallocate, he simply contributes less than the maximum allowable contribution for the next year. He will be subject to a 6% federal excise penalty tax for the year he made the excess contribution; however, no other federal penalties will be imposed and the excise tax on the reallocated excess contribution will be eliminated for future years. Since no withdrawal is made, no premature withdrawal penalties will be imposed. The participant does not have to notify the Financial Institution or the Trustee, nor will there be reporting to the IRS. He is, however, required to file IRS Form 5329 when he files his/her income tax return for the year the excess contribution was made in order to report the amount of the excess and the amount of the excise penalty tax due to the IRS.

b. Premature Distribution Tax Penalties

(1) 10% Penalty Tax

Except as otherwise indicated in this Disclosure Statement or accompanying Plan and Trust Agreement, there is a 10% federal penalty tax on distributions an participant receives from an IRA before he reaches age 59½. This is in addition to the income tax due on the amount disbursed, which is included in gross income. For example: A participant has not reached age 59½ and no other exceptions to the premature distribution penalty tax apply. He/she receives a payment of $1,000 from his/her IRA which is composed entirely of deductible contributions and earnings. The payment will increase his/her income by $1,000 and will thus increase his/her tax liability. His/her tax liability will also be increased by a $100 penalty tax (10% x $1,000).

(2) Disqualification of Program

If an IRA is disqualified (see "Prohibited Transactions" discussed later), it will be taxed as if it were distributed, whether or not the

participant actually receives it. If he has not reached age 59½, it is also subject to additional premature penalties, described above, on the amount of the distribution.

(3) Disability Cases

If a participant is disabled and receives payments from his/her IRA there is no 10% federal penalty tax. It makes no difference whether or not he has reached age 59½. The IRS defines disability as "the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or to be of long continued and indefinite duration."

(4) Pledging an Account as Security

If a participant uses all or a portion of an IRA as security for a loan, that portion is treated as a distribution to him. If he has not reached age 59½ and is not disabled (and is not otherwise excepted from the penalty tax), he will also be subject to the premature penalty taxes described above.

c. Prohibited Transaction Tax Penalties

If a participant commits a "prohibited transaction" with his/her IRA, it will no longer be exempt from tax as of the first day of the tax year in which the prohibited transaction occurred. If this should happen, he must include the fair market value of all IRA assets in income for that tax year. The fair market value is determined as of the first day of that tax year. If he has not reached age 59½, he may also be liable for a 10% federal penalty tax on the distribution.

Some examples of prohibited transactions are borrowing money from a trust that belongs to the IRA participant, buying property from a trust that belongs to the IRA participant, selling property to your own trust, and receiving unreasonable compensation for managing the trust. These prohibited transactions also apply to a non-compensated spouse in a spousal IRA.

d. Underdistribution Tax Penalties

Amounts contributed to an IRA are to be used for retirement. They are not to be kept in the trust indefinitely. Participants must start receiving distributions no later than the first day of April of the year following the calendar year in which they become age 70½. If they do not commence distribution at that time, the Financial Institution will have the option of either distributing the required annual minimum payment or distributing the total balance in a lump sum.

An underdistribution is the excess of the minimum payout required for the year over the amount actually distributed. There is a 50% federal excise tax on the underdistribution. The tax is paid by the recipient of the distribution. For example: If the minimum payout should have been $1,000 and the participant receives a distribution of $600, the underdistribution is $400. The federal excise tax on this amount is $200 ($400 x 50%).

If it is shown that the underdistribution is due to reasonable error and reasonable steps are taken to correct the situation, the 50% excise tax may be waived for the taxable year. For more information on how to compute the excise tax on underdistributions from IRA accounts, see specific IRS Instructions for Form 5329, Return for Additional Taxes Attributable to Qualified Retirement Plans (Including IRAs), Annuities, and Modified Endowment Contracts.

e. Other Tax Considerations

The information in this disclosure statement relates primarily to federal tax laws affecting IRAs. Each participant should consult with a local tax advisor for specific information regarding the taxation of IRAs for the state in which he lives.

WHAT ARE THE FEDERAL FILING REQUIREMENTS?

1. TAX FORMS

a. Form 5329

IRS Form 5329, Return for Additional Taxes Attributable to Qualified Retirement Plans (Including IRAs), Annuities, and Modified Endowment Contracts, must be filed if a participant (a) owes a tax due to excess contributions to his/her IRA, (b) owes a tax on early distributions from his/her IRA, or (c) owes an underdistribution tax. (See the Instructions for Form 5329 for further information.)

b. Forms 1099-R and 5498

The Trustee of your IRA is required to file Form 1099-R in most cases when funds are distributed from your IRA, regardless of whether the distribution is actually taxable to you. For example: You may have received a distribution from your IRA and rolled over the funds into another IRA within 60 days. Although the transaction would not normally constitute a taxable event, your Trustee is still required to report the distribution to the IRS and any state agencies as required. You would then have to substantiate that you did reinvest the funds within the allowed time period. Partial, periodic, and total distributions are all reported on Form 1099-R. In addition, the trustee is also required to file Form 5498 with the IRS. This form reflects all IRA contributions made for that reporting year, as well as other information relating to your IRA. You will be furnished with copies of all forms filed with the IRS.

c. Other Filing Requirements

Depending on an individual's situation and state of residency, he may be required to file additional forms. A participant should check with a tax advisor, state agency, and the Internal Revenue Service for the specific information.

HOW ARE INVESTMENTS HANDLED AND HOW MUCH GROWTH CAN I EXPECT?

a. Investments

All contributions made to your IRA will be invested in savings instruments or other investments at or through your Financial Institution or, if permitted, with a broker/dealer which may be affiliated with your Financial Institution or with the Trustee. Each participating Financial Institution has the right to determine which type of account(s) or other investments it will offer to its IRA participants, the rate of earnings paid on the account(s), and the method for calculating those earnings. In addition, the accounts will, at times, be subject to the provisions of the laws and regulations then in effect governing deposits in your Financial Institution. It is advisable, therefore, that you check with your Financial Institution prior to making any withdrawals, since these transactions may result in substantial penalties. Investments in other than savings deposits must be authorized by your Financial Institution and accepted by your Trustee. In general, under the Trust, IRA assets may not be commingled with other IRAs or other property except in a common trust fund or commingled investment fund. Generally,

you select the amount and alternatives offered for the investment of your IRA. If you select to open a brokerage account in connection with your IRA, you will choose the securities to be bought and sold within the investment guidelines adopted by your Trustee. You will be solely responsible for the performance of the investments you select. Funds invested in securities are not protected by federal deposit insurance. All investments will be established in the name of the Trustee (for the benefit of the participant), and any withdrawals, distributions, or transfers must have the prior written approval of the Trustee. All accounts will be established for the benefit of the IRA participant. Under no circumstances may the accounts be set up as "joint tenancy" accounts or for the benefit of someone other than the participant. Your interest in the assets of your IRA is non-forfeitable at all times; it cannot be taken away.

If you choose to invest in any investment which is unacceptable to the Custodian or Trustee, you may receive a written notice that the investment is not acceptable. You will be asked for direction regarding the disposition of those investments. If within 60 days you have made no arrangement to remove the unacceptable investment from your IRA, the Trustee may distribute the unacceptable investment assets to you and report the distribution as taxable income to you in the year the investment is removed from your IRA.

b. Collectibles

You may not invest the assets of your IRA in collectibles (within the meaning of IRC Section 408(m)). A collectible is described as any work of art, antique, gem, metal, stamp, coin, alcoholic beverage, or other tangible property specified by the Internal Revenue Service. Specially minted United States gold and silver bullion coins and certain state-issued coins are allowed investments. Also, under the provisions of the Taxpayer Relief Act of 1997, certain gold, silver, platinum or palladium bullion are permissible IRA investments after January 1, 1998. Your Trustee, however, will not accept investments in bullion or in coins of any kind.

c. Llife Insurance

Life Insurance is not permitted in IRAs by the Internal Revenue Service.

d. Projected Account Balances

The balance of your Individual Retirement Account will generally increase as a direct result of both the level of contributions and earnings on the accumulated contributions and accumulated income. Investments in securities, however, are subject to fluctuation in value due to market conditions. The earnings will be computed and allocated in accordance with the type of investment vehicles selected as described on the attached chart. If you select stocks, bonds, mutual funds, or other types of securities as investments, it is not possible to project the growth of your account in the future. If you select investments in savings accounts, it is possible to project the amount of money that would be available to you at various points in the future, assuming a level annual contribution and a constant rate of earnings on the vehicles in which the funds are invested.

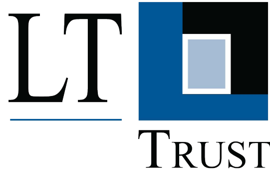
The first growth rate table can give you an idea of what kind of growth you could expect if you made level annual contributions in the allowable amount of $1,000 on the first day of each taxable year, assuming a constant rate of earnings stated. The second growth table projects the growth of your Rollover IRA if you made an initial and only contribution of $1,000 on the first day of the year and no other contributions were made.

e. Factors Affecting Balances

The amounts listed on the charts are projections only, and do not necessarily reflect the amount that you could withdraw in all events. The rate of earnings, compounding thereof, and method of calculation on the investment vehicle selected are subject to change and cannot be guaranteed for the period shown. If you select a fixed-term investment, the balances shown may be subject to a penalty if an early withdrawal is made from the investment before the end of the term. For more detailed information regarding penalties for early withdrawal of principal, you should review your Financial Institution's rules of class for the investment you have selected.

f. Administration Charges

Your Financial Institution has made arrangements to compensate the Trustee for the services provided. If you are permitted to open a brokerage account in connection with your IRA, any broker/dealer affiliated with your Financial Institution or with the Trustee will be entitled to compensation for services provided. Normally, the fees or commissions connected with the sale or purchase of securities will be subtracted from the proceeds of the sale or, if a purchase, debited from your IRA when the purchase is made. Some types of mutual funds charge for purchases ("load funds"), some for sales, and some ("no load funds") charge a management fee. You should carefully review the prospectus related to any security or mutual fund before purchasing it. If you have opened a Self-Directed IRA, you have received a schedule of brokerage charges for securities transactions. Your Financial Institution or Trustee may receive a portion of the brokerage charges as additional compensation. In some cases, a portion of the commission or management fee received by the sponsor of the mutual fund will be paid to the Trustee or your Financial Institution as compensation for record keeping. The charges, which you will pay or which will be deducted from your IRA, if any, are listed on the attached chart which is incorporated into this Disclosure Statement and made a part of it.



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SAVINGS GROWTH TABLE ONE > TIME $1,000 CONTRIBUTIONS

The following growth charts present projections of the future value of the account given the stated assumptions. **These amounts are projections only and are not guaranteed.** Values are provided for the end of the year for the first five years of the account and for the years in which you reach 60, 65, and 70 years of age. The actual amounts available to you will vary based on factors including whether the rate of interest paid changes or is different from the starting assumptions, whether any fees are assessed to the account, and whether you make additional contributions to or distributions from the account. Additionally, you may have the ability to choose different investments from your financial institution; these may pay different rates, have different fees, and have different terms and conditions.

You are strongly advised to seek advice from a tax advisor or financial planning professional to help you determine the best course of action for your individual circumstances.

Assumptions

- $1,000 one-time contribution made on the first of the year.
- 0.15% Annual Percentage Yield.
- No annual or administrative fee.

Projected amount available for withdraw at the end of the first five years:

- Year 1: $1,001.50
- Year 2: $1,003.00
- Year 3: $1,004.51
- Year 4: $1,006.02
- Year 5: $1,007.53

Projected amount available for withdrawal at the end of the year in which the Participant attains age:				Projected amount available for withdrawal at the end of the year in which the Participant attains age:			
Present Age	60	65	70	Present Age	60	65	70
18	$1,066.62	$1,074.65	$1,082.74	48	$1,019.69	$1,027.37	$1,035.10
19	$1,065.02	$1,073.04	$1,081.12	49	$1,018.16	$1,025.83	$1,033.55
20	$1,063.42	$1,071.43	$1,079.50	50	$1,016.63	$1,024.29	$1,032.00
21	$1,061.83	$1,069.82	$1,077.88	51	$1,015.11	$1,022.75	$1,030.45
22	$1,060.24	$1,068.22	$1,076.26	52	$1,013.59	$1,021.22	$1,028.91
23	$1,058.65	$1,066.62	$1,074.65	53	$1,012.07	$1,019.69	$1,027.37
24	$1,057.06	$1,065.02	$1,073.04	54	$1,010.55	$1,018.16	$1,025.83
25	$1,055.48	$1,063.42	$1,071.43	55	$1,009.04	$1,016.63	$1,024.29
26	$1,053.90	$1,061.83	$1,069.82	56	$1,007.53	$1,015.11	$1,022.75
27	$1,052.32	$1,060.24	$1,068.22	57	$1,006.02	$1,013.59	$1,021.22
28	$1,050.74	$1,058.65	$1,066.62	58	$1,004.51	$1,012.07	$1,019.69
29	$1,049.17	$1,057.06	$1,065.02	59	$1,003.00	$1,010.55	$1,018.16
30	$1,047.60	$1,055.48	$1,063.42	60	$1,001.50	$1,009.04	$1,016.63
31	$1,046.03	$1,053.90	$1,061.83	61		$1,007.53	$1,015.11
32	$1,044.46	$1,052.32	$1,060.24	62		$1,006.02	$1,013.59
33	$1,042.89	$1,050.74	$1,058.65	63		$1,004.51	$1,012.07
34	$1,041.33	$1,049.17	$1,057.06	64		$1,003.00	$1,010.55
35	$1,039.77	$1,047.60	$1,055.48	65		$1,001.50	$1,009.04
36	$1,038.21	$1,046.03	$1,053.90	66			$1,007.53
37	$1,036.65	$1,044.46	$1,052.32	67			$1,006.02
38	$1,035.10	$1,042.89	$1,050.74	68			$1,004.51
39	$1,033.55	$1,041.33	$1,049.17	69			$1,003.00
40	$1,032.00	$1,039.77	$1,047.60	70			$1,001.50
41	$1,030.45	$1,038.21	$1,046.03				
42	$1,028.91	$1,036.65	$1,044.46				
43	$1,027.37	$1,035.10	$1,042.89				
44	$1,025.83	$1,033.55	$1,041.33				
45	$1,024.29	$1,032.00	$1,039.77				
46	$1,022.75	$1,030.45	$1,038.21				
47	$1,021.22	$1,028.91	$1,036.65				

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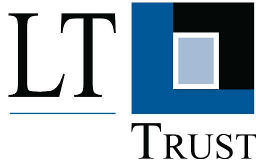

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SAVINGS GROWTH TABLE
ANNUAL $ 1,000 CONTRIBUTIONS

The following growth charts present projections of the future value of the account given the stated assumptions. **These amounts are projections only and are not guaranteed.** Values are provided for the end of the year for the first five years of the account and for the years in which you reach 60, 65, and 70 years of age. The actual amounts available to you will vary based on factors including whether the rate of interest paid changes or is different from the starting assumptions, whether any fees are assessed to the account, and whether you make additional contributions to or distributions from the account. Additionally, you may have the ability to choose different investments from your financial institution; these may pay different rates, have different fees, and have different terms and conditions.

You are strongly advised to seek advice from a tax advisor or financial planning professional to help you determine the best course of action for your individual circumstances.

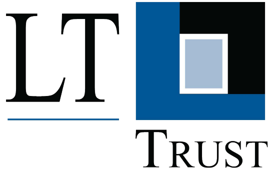
Assumptions

- $1,000 one-time contribution made on the first of the year.
- 0.15% Annual Percentage Yield.
- No annual or administrative fee.

Projected amount available for withdraw at the end of the first five years:

- Year 1: $1,001.50
- Year 2: $2,004.50
- Year 3: $3,009.01
- Year 4: $4,015.03
- Year 5: $5,022.56

Projected amount available for withdrawal at the end of the year in which the Participant attains age:				Projected amount available for withdrawal at the end of the year in which the Participant attains age:			
Present Age	60	65	70	Present Age	60	65	70
18	$44,450.36	$49,807.56	$55,205.08	48	$13,137.42	$18,258.88	$23,418.89
19	$43,383.73	$48,732.90	$54,122.33	49	$12,117.73	$17,231.51	$22,383.79
20	$42,318.70	$47,659.86	$53,041.21	50	$11,099.57	$16,205.68	$21,350.24
21	$41,255.27	$46,588.42	$51,961.71	51	$10,082.93	$15,181.39	$20,318.24
22	$40,193.43	$45,518.59	$50,883.83	52	$9,067.82	$14,158.64	$19,287.79
23	$39,133.19	$44,450.36	$49,807.56	53	$8,054.23	$13,137.42	$18,258.88
24	$38,074.53	$43,383.73	$48,732.90	54	$7,042.16	$12,117.73	$17,231.51
25	$37,017.46	$42,318.70	$47,659.86	55	$6,031.60	$11,099.57	$16,205.68
26	$35,961.98	$41,255.27	$46,588.42	56	$5,022.56	$10,082.93	$15,181.39
27	$34,908.08	$40,193.43	$45,518.59	57	$4,015.03	$9,067.82	$14,158.64
28	$33,855.76	$39,133.19	$44,450.36	58	$3,009.01	$8,054.23	$13,137.42
29	$32,805.01	$38,074.53	$43,383.73	59	$2,004.50	$7,042.16	$12,117.73
30	$31,755.84	$37,017.46	$42,318.70	60	$1,001.50	$6,031.60	$11,099.57
31	$30,708.24	$35,961.98	$41,255.27	61		$5,022.56	$10,082.93
32	$29,662.21	$34,908.08	$40,193.43	62		$4,015.03	$9,067.82
33	$28,617.75	$33,855.76	$39,133.19	63		$3,009.01	$8,054.23
34	$27,574.86	$32,805.01	$38,074.53	64		$2,004.50	$7,042.16
35	$26,533.53	$31,755.84	$37,017.46	65		$1,001.50	$6,031.60
36	$25,493.76	$30,708.24	$35,961.98	66			$5,022.56
37	$24,455.55	$29,662.21	$34,908.08	67			$4,015.03
38	$23,418.89	$28,617.75	$33,855.76	68			$3,009.01
39	$22,383.79	$27,574.86	$32,805.01	69			$2,004.50
40	$21,350.24	$26,533.53	$31,755.84	70			$1,001.50
41	$20,318.24	$25,493.76	$30,708.24				
42	$19,287.79	$24,455.55	$29,662.21				
43	$18,258.88	$23,418.89	$28,617.75				
44	$17,231.51	$22,383.79	$27,574.86				
45	$16,205.68	$21,350.24	$26,533.53				
46	$15,181.39	$20,318.24	$25,493.76				
47	$14,158.64	$19,287.79	$24,455.55				



Toll Free: 1-800-492-0165
Fax: 866-772-8514
www.LTretire.com

TRADITIONAL IRA (WITH STRETCH PROVISIONS) PLAN AND TRUST AGREEMENT

Trustee: LT TRUST COMPANY
1675 Broadway, Suite 500
Denver, CO 80202
1-800-492-0165

Lincoln Trust Company (LT Trust) as Trustee hereby adopts this Traditional Individual Retirement Account with Stretch Provisions Trust Agreement (the Plan) which is intended to follow IRS Form 5305, which provides a model trust account agreement that meets the requirements of Internal Revenue Code (IRC) Section 408 and has been preapproved by the IRS.

The Participant whose name and signature appears on the Traditional/SEP with Stretch Provisions Adoption Agreement is establishing an individual retirement account under Section 408(a) to provide for his/her retirement and for the support of his/her beneficiaries after death.

The Trustee, through the Financial Institution 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 Trust the sum indicated on the Adoption Agreement in cash.

The Participant, the Trustee, and the Financial Institution make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)8, 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k) or a re-characterized contribution described in 408A(d)(6), the trustee will accept only cash contributions up to $3,000 per year for tax years 2002 through 2004. That contribution limit is increased to $4,000 for tax years 2005 through 2007 and $5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to $3,500 per year for tax years 2002 through 2004, $4,500 for 2005, $5,000 for 2006 and 2007, and $6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

The Participant's interest in the balance in the trust account is non-forfeitable.

ARTICLE III

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

ARTICLE IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the grantor's interest in the trust account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The Participant's entire interest in the trust account must be, or begin to be, distributed not later than the Participant's required beginning date, April 1 following the calendar year in which the Participant reaches age 70½. By that date, the Participant may elect, in a manner acceptable to the trustee, to have the balance in the trust account distributed in:

   (a) A single sum or

   (b) Payments over a period not longer than the life of the Participant or the joint lives of the Participant and his/her designated beneficiary.
3. If the Participant dies before his/her entire interest is distributed to him/her, the remaining interest will be distributed as follows:

   (a) If the Participant dies on or after the required beginning date and:

   (i) The designated beneficiary is the Participant's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy, as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

   (ii) The designated beneficiary is not the Participant's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Participant and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

   (iii) There is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Participant as determined in the year of the Participant's death and reduced by 1 for each subsequent year.

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(b) If the Participant dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:

(i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the Participant's death. If, however, the designated beneficiary is the Participant's surviving spouse, then this distributions not required to begin before the end of the calendar year in which the Participant would have reached age 70½. But, in such case, if the Participant's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.

(ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Participant's death.

4. If the Participant dies before his or her entire interest has been distributed and if the designated beneficiary is not the Participant's surviving spouse, no additional contributions may be accepted in the account.

5. The minimum amount that must be distributed each year, beginning with the year containing the Participant's required beginning date, is known as the "required minimum distribution" and is determined as follows:

(a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the grantor reaches age 70½, is the Participant's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the Participant's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Participant's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the Participant's (or, if applicable, the Participant and spouse's) attained age (or ages) in the year.

(b) The required minimum distribution under paragraph 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Participant's death (or the year the Participant would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the participant specified in such paragraphs 3(a) and 3 (b)(i).

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

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

ARTICLE V

1. The Participant agrees to provide the trustee with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.

2. The trustee agrees to submit to the Internal Revenue Service (IRS) and Participant the reports prescribed by the IRS.

ARTICLE VI

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

ARTICLE VII

This Trust Agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear below.

ARTICLE VIII

The Participant agrees to provide the Trustee and/or Recordkeeper with such information as they require to substantiate the Participant's or a beneficiary's request to withdraw funds from the Trust Account in a form acceptable to the Trustee and the Recordkeeper. The Participant authorizes the Trustee and the Depository Institution to release information to the Recordkeeper pertaining to this Trust so that the Recordkeeper may perform its duties hereunder.

ARTICLE IX

DEFINITIONS

The following definitions will apply to terms used in this Plan and Trust Agreement: The following definitions will apply to terms used in Article VIII and following:

(a) "Beneficiary" means any First Generation Beneficiary, and Second Generation Beneficiary, and Next Generation Beneficiary or any default Beneficiary.

(i) "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.

(ii) "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.

(iii) "Next Generation Beneficiary" means the person or persons designated in writing by the Second 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.

(b) "Broker" will mean the broker named in the brokerage disclosure statement, a registered broker/dealer, or its successor. The Broker may be affiliated with the Financial Institution or your Trustee or both.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Compensation" means wages, salaries, professional fees, or other amounts derived from or received for personal services actually rendered (including, but not limited to, commissions paid a salesman, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses) and includes earned income, as defined in Code Section 401 (c)(2) (reduced by the deduction the self-employed individual takes for contributions made to a self-employed retirement plan). 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 subsection (c)(6). Compensation also shall include any amount includible in the Participant's gross income under Code Section 71 with respect to a divorce or separation instrument described in Code Section 71 (b)(2)(A). Compensation does not include amounts derived from or received as earnings or profits from property (including but not limited to, interest and dividends), amounts not includible in gross income or amounts received as a pension or annuity or as deferred compensation. In the case of a married individual filing a joint return, the greater compensation of his or her spouse is treated as his or her own compensation, but only to the extent that such spouse's compensation is not being used for purposes of the spouse making a contribution to a Roth IRA or a deductible contribution to a non-Roth IRA.

(e) "Custodian" will mean the Financial Institution acting as the Depository Institution of the Traditional IRA as listed on the Adoption Agreement whenever such Financial Institution is acting in its capacity as a commercial bank, savings and loan, or credit union.

(f) "Participant" means the individual who executes an Adoption Agreement to this Plan and who makes a regular Traditional IRA contribution, or on whose behalf contributions are made to the Traditional IRA, as permitted by Code Section 219, or who makes a Qualifying Rollover Contribution to the Traditional IRA, or who transfers assets of another Traditional IRA to this Traditional IRA.

(g) "Permissible Investment" will mean assets eligible for acquisition pursuant to IRC Section 408 and related Regulations which are permissible under the terms of the agreement between the Financial Institution and the Trustee, and which may be deposits of the Custodian or purchased through a Broker.

(h) "Plan" means the Traditional Individual Retirement Account with Stretch Provisions established by the Participant, subject to acceptance by the Trustee, in the form of this Traditional IRA Plan and Trust (and all subsequent amendments), including the Adoption Agreement under which the Participant has elected to participate in this Plan.

(i) "Qualifying Rollover Contribution" means a rollover contribution that meets the requirements of Code Section 408(d)(3).

(j) "Recordkeeper" will mean Lincoln Trust. As Recordkeeper, Lincoln Trust will serve as agent for the Custodian in order to comply with governmental reporting requirements and changes in law, furnish reports to the Participant, approve distribution and transfer requests, and so forth.

(k) "Trust" means all property of every kind held by the Custodian under this Plan.

(l) "Trust Account" means the Traditional IRA the financial institution, as Custodian, shall maintain for the Participant under the Plan.

(m) "Trustee" will mean Lincoln Trust.

ARTICLE X

PARTICIPANT ADMINISTRATIVE PROVISIONS

1. Participant Information

The Participant agrees to provide the Trustee and/or Recordkeeper with such information as they require to substantiate the Participant's or a Beneficiary's request to withdraw funds from the Trust Account in a form acceptable to the Trustee and the Recordkeeper. The Participant authorizes the Trustee and the Depository Institution to release information to the Recordkeeper pertaining to this Trust so that the Recordkeeper may perform its duties hereunder.

2. Participant's Right to Withdraw

A Participant shall have the right to withdraw all or any part of his Account at any time upon written notice to the Trustee using a form acceptable to the Trustee. The Trustee shall make distributions under the Plan in cash or property, at the value reported by the Trustee at the time of such distribution.

3. Beneficiary Designations

(a) The Participant may from time to time designate, in writing, any person or persons contingently or successively, to whom the Trustee shall pay the Participant's Traditional IRA on event of the Participant's death. The Trustee shall prescribe the form for the written designation of Beneficiary. The Participant's Beneficiary designation will be effective upon the correct completion of the designation form prescribed by the Trustee and received by either the financial institution acting as Custodian or the Trustee on the date of distribution. All Beneficiary designations shall become effective on that date and shall revoke, in their entirety, all designations filed prior to that date by the Participant.

(b) Upon the death of the Participant, the Participant's Traditional IRA will be distributed to the Primary First Generation Beneficiary designated by the Participant as long as the Primary First Generation Beneficiary survives the Participant, in accordance with this Article. 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 Traditional IRA. If all of the Primary First Generation Beneficiaries die before the Participant, then the Participant's Traditional IRA will be distributed to any contingent First Generation Beneficiary that survive the Participant. If more than one First Generation Beneficiary has been 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 that survive the Partici-

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pant 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 as a primary, contingent or successive Beneficiary, to whom the assets in the Traditional IRA are to be paid the First Generation Beneficiary's share of the remaining assets in the Participant's Traditional IRA in the event of the death of the First Generation Beneficiary after the death of the Participant. The Trustee shall prescribe the form for the written designation of Beneficiary and will be effective upon the correct completion of the designation form prescribed by the Trustee and received by either the Financial Institution acting as Custodian or the Trustee on the date of distribution. All Beneficiary designations shall become effective on that date and shall revoke, in their entirety, all designations filed prior to that date by the Participant.

(d) Subject to (f) below:

Any Second Generation Beneficiary may from time to time (but only after the death of the Participant) designate, in writing, any person or persons as a primary, contingent or successive Beneficiary, to whom the assets in the Traditional IRA are to be paid the Second Generation Beneficiary's share of the remaining assets in the Participant's Traditional IRA in the event of the death of the Second Generation Beneficiary after the death of the Participant.

(e) Subject to (f) below:

Any Next Generation Beneficiary may from time to time (but only after the death of the Participant) designate, in writing, any person or persons as a primary, contingent or successive Beneficiary, to whom the assets in the Traditional IRA are to be paid the Next Generation Beneficiary's share of the remaining assets in the Participant's Traditional IRA in the event of the death of the Next Generation Beneficiary after the death of the Participant.

(f) Any designation by any Second Generation Beneficiary or Next Generation Beneficiary under Paragraph (c), (d) or (e) above may be made only after the death of the First Generation Beneficiary or Second Generation Beneficiary, respectively. The Trustee shall prescribe the form for the written designation of Beneficiary and will be effective upon the correct completion of the designation form prescribed by the Trustee and received by either the financial institution acting as Custodian or the Trustee on the date of distribution. All Beneficiary designations shall become effective on that date and shall revoke, in their entirety, all designations filed prior to that date by the Participant.

(g) If a Participant fails to designate any Beneficiary in accordance with this Article X, 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 Participant. A deemed First Generation Beneficiary under this Article X will be treated as a "designated First Generation Beneficiary" for purposes of determining the minimum required distributions for the Traditional IRA.

(h) If any First Generation Beneficiary fails to designate a Second Generation Beneficiary in accordance with this Article X, 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 Traditional IRA 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.

(i) If any Second Generation Beneficiary fails to designate a Next Generation Beneficiary in accordance with this Article X, upon the death of the Second Generation Beneficiary after the death of the Participant, the Next Generation Beneficiary for such Second Generation Beneficiary's remaining interest in the Traditional IRA 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.

(j) 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 Traditional IRA 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.

If the Participant's surviving spouse is the sole designated primary First Generation Beneficiary, after the death of the Participant, the spouse may elect to treat the Traditional IRA as the Traditional IRA of the surviving spouse. This election will be made upon written notice to the Trustee, using a form acceptable to the Trustee, and may be made at any time after the Participant's death. In such event, the assets of the deceased Participant's Traditional IRA will be moved to the Traditional IRA in the name of the surviving spouse, rather than the surviving spouse maintaining an interest in the deceased Participant's Traditional IRA as a First Generation Beneficiary, and the distribution provisions of this Article X will not apply. Alternatively, this election will be deemed to have been made if the surviving spouse, who is the sole primary First Generation Beneficiary of the Traditional IRA, makes a contribution to the Traditional IRA or fails to take his/her required distribution as a First Generation Beneficiary, from the Traditional IRA of the deceased Participant.

4. Distributions Upon the Death of the Participant

(a) Notwithstanding any provisions of this Traditional IRA Plan and Trust and the Traditional IRA to the contrary, the distribution of a Participant's Traditional IRA shall be made in accordance with the minimum distribution requirements of IRC Section 408(a)(6), and the applicable regulations thereunder, the provisions of which are incorporated herein by reference.

(b) Upon the death of the Participant, the Participant's Traditional IRA shall be distributed to the Participant's First Generation Beneficiary at least as rapidly as under this Paragraph (b)(1), (b)(2), or (b)(3):

(1) If the designated First Generation Beneficiary is someone other than the Participant's surviving spouse, the First Generation Beneficiary's entire interest will be distributed, starting at 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 Gen-

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eration Beneficiary's age as of of his or her birthday in the year following the year of the Participant's death, or, if elected, over the period described in Paragraph (b)(3) below.

(2) If the Participant's sole designated First Generation Beneficiary is the Participant's surviving spouse, the First Generation Beneficiary's entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death (or by the end of the calendar year in which the Participant would obtain age 70½, if later), over such spouse's life or, if elected, over the period described in Paragraph (b)(3). If the surviving spouse dies before distributions are required to begin to the surviving spouse, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the Second Generation Beneficiary's remaining life expectancy determined using such Second Generation Beneficiary's age as of his or her birthday in the year following the year of the surviving spouse's death, of, if elected, will be distributed over the period described in Paragraph (b)(3) below. If the surviving spouse dies after distributions are required to begin to the surviving spouse, any remaining interest will be distributed over the spouse's remaining life expectancy determined using the spouse's age as of the spouse's birthday in the year of the spouse's death.

(3) If there is no designated First Generation Beneficiary or if this Paragraph (b)(3) is applicable under Paragraph (b)(1) or (b)(2) 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)(2) above).

(4) The amount to be distributed each year under this Paragraph (b) is the quotient obtained by dividing the value of the applicable Traditional IRA interest as of the end of the preceding year by the remaining life expectancy specified above. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401 (a)(9)-9(Q&A-1). If distributions are being made to a surviving spouse as the sole designated First Generation Beneficiary, such surviving spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. 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)(1) or (b)(2) above, and reduced by one for each subsequent calendar year.

(c) The value of the interest in this Traditional IRA includes the amount of any outstanding rollover, transfer and re-characterization under Treasury Regulation Section 1.408-8(Q&A-7) and (Q&A-8).

(d) Notwithstanding the above, if any First Generation Beneficiary or (after the death of the First Generation Beneficiary) the Second Generation Beneficiary informs the Trustee in writing on a form acceptable to the Trustee that distribution to such First Generation or Second Generation Beneficiary under this Section for any calendar year is equal to an amount less than the minimum required above, the Trustee shall comply with the First Generation Beneficiary's or Second Generation Beneficiary's request for a distribution. 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 Trustee in writing in a form acceptable to the Trustee. In the event such information is not provided, the Trustee may assume the Beneficiary's minimum distribution requirement for this Plan has been satisfied by distribution from another Traditional IRA.

(e) The Participant's designated First Generation Beneficiary, for purposes of determining the minimum required distributions under IRC 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)) and will be determined as of September 30 of the calendar year following the calendar year of the Participant's death, provided that no person or entity 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 trust or by the Participant as of the date of the Participant's death. If the sole designated primary 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 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 an entity 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 primary First Generation Beneficiary if the surviving spouse is the sole primary Beneficiary at all times during the distribution year.

(g) If more than one individual is designated as a First Generation Beneficiary, then separate subaccounts may be established, if allowed by the financial institution acting as Custodian of the Traditional IRA, for each such First Generation Beneficiary reflecting the First Generation Beneficiary's interest in the Traditional IRA determined as of the Participant's date of death (adjusted for any post-death contributions, distributions, gains and losses), which separate accounts will be established by the last day of the calendar year of the Participant's death, as provided in Treasury Regulation Section 1.401(a)(9)-8(Q&A-2). Separate subaccounts may, if allowed by the financial institution acting as Custodian of the Traditional IRA, be established by the Second Generation Beneficiaries for one or more Second Generation Beneficiaries, and by any Next Generation Beneficiaries, for one or more Next Generation Beneficiaries.

5. <u>Separate Accounting for Sub-accounts</u>

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

6. <u>Beneficiary Dispute</u>

The Trustee is under no obligation to distribute funds if the Trustee has been given written notice that a Beneficiary dispute exists. In

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this case, the Trustee may make payment after receiving either written payout instructions containing witnessed signatures of all parties to the Beneficiary dispute, or an order from a court of competent jurisdiction.

7. Distribution Elections

If no formal distribution election is made by the Participant, an election shall be deemed to have been made by the Participant for periodic payments over the distribution period in the Uniform Lifetime Table in Regulation Section 1.401 (a) (9)-9, using the Participant's age as of his or her birthday in the year. If no formal distribution election is made by the Beneficiary, an election shall be deemed to have been made by a spouse Beneficiary for periodic payments under Article IV, paragraph 3(b)(i) above and by a non-spouse beneficiary for payment under Article IV, paragraph 3(b)(ii) above. Notwithstanding the above, if the Participant or, after the Participant's death, a Beneficiary informs the Trustee in writing on a form acceptable to the Trustee that distribution to such Participant or Beneficiary for any calendar year is to equal an amount less than is payable under an election or deemed election, if applicable, the Trustee shall comply with the Participant's or Beneficiary's request. The Participant and, after the Participant's death, each Beneficiary shall be responsible for computing the amount and form of the distribution required to be paid to him each year from his IRA Account, for determining the date by which the amount shall be paid, and for timely providing this information to the Trustee in writing in a form acceptable to the Trustee. In the event such information is not provided by the Participant during the Participant's life, the Trustee may assume the Participant's minimum distribution requirement for this IRA has been satisfied by distribution from another IRA.

ARTICLE XI

INVESTMENT OF TRUST/PARTICIPANT AND TRUSTEE POWERS

1. Investment Contributions

Contributions and funds held in the Trust Account will be invested in one or more Permissible Investments as directed by the Participant. If the Participant elects the brokerage option, the Participant will instruct the Broker as to such purchases and sales of assets in the Trust Account. The Participant expressly authorizes the Broker to execute transactions upon his or her instructions, and the Broker will not have any responsibility to review the investment directions of the Participant, nor will they have any liability for any loss resulting from the following of such directions. Furthermore, the Broker will not have any liability for losses resulting from the acts or omissions of the Participant.

2. No Responsibility for Participant Action

The Trustee shall have no obligation or responsibility with respect to any act of, or failure to act, on the part of a Participant or his/her duly authorized agent, or, if the Participant is deceased, on the part of the Beneficiary or his duly authorized agent.

The Trustee is not required to determine the correctness of the amount of any Participant contribution, nor is required to determine whether a Participant's rollover contribution satisfies the definition of Qualifying Rollover Contribution.

3. Liquidation of Non-Permissible Investments

In the event that a Participant invests in an asset which is not a Permissible Investment and is unacceptable to the Trustee or the recordkeeper, the Trustee may give 60 days' written notice of the unacceptableness of the investment(s) purchased by the Participant, either by mailing or actual delivery, and may seek direction from the Participant as to the disposition of such investment. If the Participant does not instruct the Trustee as to the disposition of the unacceptable investment within the 60 day period after notice is either mailed or given, the Trustee in its sole discretion may either liquidate the investment and invest in savings deposits at the Depository Institution or distribute such unacceptable investment to the Participant in kind. The Participant will be deemed to have consented to such action and accepts any tax consequences which may arise out of the Participant's failure to invest only in Permissible Investments.

4. Asset Ownership/Investment Direction

The Depository Institution will hold all investments of the Trust Account in the name of the Trustee (for the benefit of the Participant) subject to all federal and applicable state statutory and regulatory provisions and the internal rules and regulations of the Trustee and the Broker. Any duty or responsibility of a Participant under this Trust Agreement, including the discretion to direct the investment of the Trust Account assets, will apply to the Beneficiary or beneficiaries of the Trust Account after the death of the Participant.

5. Trust Not Guaranteed

The Trustee does not, in any way, guarantee the Trust from loss or depreciation. The liability of the Trustee to make any payment from the Trust at any time and all times is limited to the then-available assets of the Trust. Some products offered by the Custodian may be FDIC insured.

6. Indemnification of Trustee

The Participant, and, upon the death of the Participant, the Beneficiary (hereinafter, "Participant"), agrees to indemnify and hold harmless the Trustee from and against all losses, expenses, settlement, payments, or judgments incurred by, or entered against, the Trustee as the result of any threatened or asserted claim against the Trustee that pertains in any way to: (1) the Trustee's activities with the Participant; (2) the Participant's investments; and/or (3) a situation or matter associated with this Trust or Plan. The Participant's indemnification obligation also includes the responsibility to reimburse the Trustee for all attorney's fees and costs incurred by the Trustee in: (1) responding to threatened claims by any party; (2) defending (including on appeal) against asserted claims by any party; and/or (3) prosecuting (including on appeal) a claim or counterclaim against the Participant requesting payment of the indemnification obligation set forth herein. The Participant's indemnification obligation applies to any threatened or asserted claim against the Trustee, including specifically a claim that is threatened or asserted by the Participant against the Trustee. The Participant's indemnification obligation hereunder also applies to any threatened or asserted claims brought by the Participant against the Trustee resulting from wrongful conduct by the Participant's financial representative (or other agent of the Participant), including, but not limited to, fraud, forgery, or any other illegal act engaged in by the financial representative or other agent retained by the Participant.

7. **Trustee Powers**

Subject to any limitations stated elsewhere in this Plan and Trust Agreement, the Trustee will have the following powers in addition to those powers held by a holder of a deposit and any other powers conferred by law:

(a) To pay any estate, inheritance, income, or other tax, charge, or assessment attributable to any property or benefit. The Trustee, before making payment of any benefit, may require such release or documents from any lawful taxing authority and may require such indemnity from the intended payee as it considers necessary for its protection against tax liability.

(b) To employ counsel who may be, but need not be, counsel for the Trustee individually and the Trustee will be fully protected in acting upon the advice of such counsel.

(c) To employ suitable agents and to delegate to them such ministerial and limited discretionary duties as the Trustee sees fit. The Financial Institution may be designated as an agent or custodian or both, and the duties delegated to it will include, but not necessarily be limited to, taking custody of the certificates or other evidence of accounts opened at the Financial Institution, maintaining accounting records, and rendering periodic statements showing the contributions, earnings, withdrawals, and current balance of each such account or other investment. If authorized by the Financial Institution and if the Participant has signed a separate agreement acceptable to the Trustee, at the direction of the Participant, the Trustee may also employ any broker/dealer providing brokerage services affiliated with the Trustee or the Financial Institution and compensate such broker/dealer in accordance with its normal schedule of charges.

(d) To perform any and all other acts in its judgment necessary or appropriate for the proper or advantageous management, investment, and distribution of the assets of this Trust.

8. **Trustee Responsibility**

The Trustee will act solely in the interest of the Participant and his or her beneficiaries and with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The exercise or non-exercise of any power, or duty by the Trustee in good faith and with reasonable care will be conclusive and binding on all persons. The Trustee will be fully protected in taking or failing to take any action in reliance on the written instruction of the Participant. The Participant agrees to hold the Trustee harmless and indemnify it from all liabilities and expenses incurred in connection with any action taken or failure to act in reliance upon the Participant written instructions, or in the exercise of any right, power, or duty of the Trustee in good faith and with reasonable care.

9. **Exclusive Benefit**

No amendments or modification or termination of this Trust Agreement will cause any part of the Trust Account to be used for or diverted to or for the benefit of anyone other than the Participant and his or her beneficiaries; furthermore, the rights, duties, or responsibilities of the Trustee will not be changed without its written consent.

ARTICLE XII

FEES AND EXPENSES TO TRUSTEE

All expenses incurred by the Trustee, the Recordkeeper, Custodian and the Broker under this Trust Agreement, including fees for legal services rendered, and such reasonable compensation to the Trustee as may be agreed upon from time to time between the Financial Institution, the Recordkeeper, and the Trustee, may be paid from the assets of this Trust and charged to the accounts of the Participant and his or her beneficiaries in such manner and proportion as the Trustee in its discretion deems equitable.

ARTICLE XIII

AMENDMENT AND TERMINATION

1. **Amendment**

It shall be the responsibility of the Trustee to maintain the qualification of this Plan and Trust Agreement under IRS Code Sections 408(a). The Trustee shall have the right at any time and from time to time to amend or terminate this Plan consistent with the provisions of applicable law without obtaining the consent of the Participant. The Participant and the Trustee shall be furnished a copy of any such amendment. If the Participant dies before distribution of his entire Account, the rights and responsibilities of the Participant under this Article XIII shall be assumed by the Beneficiary.

2. **Termination**

The Participant shall have the right, at any time, to terminate this Plan and the Trust 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 Trustee at least 60 days prior to termination;

(b) Upon the written request of the Participant to terminate the Plan after the Trustee has distributed all assets in the Participant's Account; or

(c) On the date the Participant's Plan ceases to be (1) an individual retirement account within the meaning of Code Section 408(a), or (2) a Roth IRA within the meaning of Code Section 408A.

As soon as administratively practicable after this date, the Trustee shall distribute all of the assets in the Trust in single sum payment to the Participant. The Plan will not be considered terminated if the Trustee has not authorized the removal of assets from the Plan.

3. **Resignation or Removal of Trustee**

The Trustee 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 is duly appointed before that date. The Trustee may be removed at any time with or without cause by the Participant on 60 days' written notice to the Trustee. Such effective date may be changed upon written mutual agreement. To be effective, the Participant's notice of removal of the Trustee must include notice of the appointment of a successor trustee and a written acceptance of such appointment by the successor trustee. If, by the effective date of either the Trustee's resignation, removal, or such longer time as the Trustee may agree to, the Participant has not appointed a successor trustee which has duly accepted such appointment, the Trustee shall terminate the Plan which shall be effective by dis-

tributing all assets in the Participant's Account in a single sum in cash or in kind to the Participant, subject to the Trustee's right to reserve funds as provided below. Upon the resignation or removal of the Trustee, the Trustee shall be entitled to deduct from the Trust 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 Trust for which it may be liable. If the Trust is not sufficient for such purposes, the Trustee shall have the right to a settlement of its account, which, at the option of the Trustee, may be by judicial settlement in an action the Trustee institutes in a court of competent jurisdiction, or by a settlement agreement between the Trustee and the Participant (or Beneficiary if the Participant has died). Upon settlement under this Section 3, all right, title, and interest of the Trustee in the assets of the Trust shall vest in the successor trustee. At that time, all future liability of the Trustee shall terminate under the Plan; provided, however, the Trustee 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 Trust, to the successor trustee.

4. In the event the Trustee wishes to amend this Trust Agreement or offer it to newly acquired customers as substitution for an existing qualified Traditional IRA program, the Trustee may do so by notifying such Participant or customers of the amendment or substitution and by giving them a reasonable period of time in which to respond. If no response is received within the time period stated, such Participant or customers will be deemed to have consented to the amendment or to have adopted the provisions of this Trust Agreement and to be bound by them.

ARTICLE XIV

MISCELLANEOUS

1. Prohibited Transactions

Neither the Participant nor any Beneficiary will have any right to pledge, borrow against, or in any way create a lien upon any assets or part of the Trust. Distribution to the Participant, his or her beneficiaries, spouse, heirs-at-law or legal representatives, excepting minors and persons under legal disability, will be made only to them and upon their personal receipts or endorsements and no interest in the Trust, or any part thereof, will be assignable in anticipation of payment either by involuntary act, or by operation of law, or be liable in any way for the debts and defaults of such Participant, his or her beneficiaries, spouse, or heirs-at-law. The provisions of this Paragraph will not apply to the extent that they violate any applicable law. Notwithstanding the provisions of this Paragraph, the Participant may transfer part or all of his or her interest in the Trust Account to his or her former spouse pursuant to a divorce decree or under a written instrument incident to such divorce, including a separation agreement, and any interest so transferred will be treated as an individual retirement account for the benefit of the former spouse.

2. Notices

Any notice or statement which the Trustee or Recordkeeper is required to give hereafter will be deemed given when mailed to the intended recipient at his or her last known address. Any notice or statement to be given to the Trustee or Recordkeeper will be deemed given only when actually received by the Trustee or Recordkeeper.

The Trustee 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 Trustee may accept such notice or election in any form (including electronically) approved by the Trustee for such notice or election.

3. Controlling Provisions

Any provision of this Plan and Trust Agreement, or of a Participant's Adoption Agreement, shall be wholly invalid if it is inconsistent, in whole or in part, with IRC Section 408(a) and 408A and the regulations under those IRC sections. This Plan shall be governed by and construed, administered, and enforced according to the laws of the state in which is located the Trustee's principal place of business except to the extent preempted by the Federal law.

4. Successors

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

5. Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Trust Agreement.

6. Counterparts

This Agreement may be executed in any number of counterparts, each of which will be considered as an original, and no other counterparts need to be produced. In no event will this Agreement be of any binding effect until executed by the Trustee.

7. Interpretation of Agreement

In interpreting this Agreement, words in the masculine gender will include the feminine, words in the singular will include the plural and vice versa, as may be appropriate. The word person will include natural and legal persons.

8. Trustee's Acceptance of Account

By the acceptance of the IRA Adoption Agreement, the Trustee agrees to perform the obligations imposed upon the Trustee under the plan.

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Form **5305-SEP**
(Rev. December 2004)
Department of the Treasury
Internal Revenue Service

Simplified Employee Pension—Individual Retirement Accounts Contribution Agreement

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

OMB No. 1545-0499

Do not file with the Internal Revenue Service

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

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

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

Article II—SEP Requirements (see instructions)

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

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

______________________________ Employer's signature and date

______________________________ Name and title

Instructions

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

Purpose of Form

Form 5305-SEP (Model SEP) is used by an employer to make an agreement to provide benefits to all eligible employees under a simplified employee pension (SEP) described in section 408(k).

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

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

Instructions to the Employer

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

When not to use Form 5305-SEP. Do not use this form if you:

1. Currently maintain any other qualified retirement plan. This does not prevent you from maintaining another SEP.

2. Have any eligible employees for whom IRAs have not been established.

3. Use the services of leased employees (described in section 414(n)).

4. Are a member of an affiliated service group (described in section 414(m)), a controlled group of corporations (described in section 414(b)), or trades or businesses under common control (described in sections 414(c) and 414(o)), unless all eligible employees of all the members of such groups, trades, or businesses participate in the SEP.

5. Will not pay the cost of the SEP contributions. Do not use Form 5305-SEP for a SEP that provides for elective employee contributions even if the contributions are made under a salary reduction agreement. Use Form 5305A-SEP, or a nonmodel SEP.

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

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

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

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

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

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

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

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

Deducting contributions. You may deduct contributions to a SEP subject to the limits of section 404(h). This SEP is maintained on a calendar year basis and contributions to the

* *For 2005 and later years, this amount is subject to annual cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS website at* www.irs.gov.

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SEP are deductible for your tax year with or within which the calendar year ends. Contributions made for a particular tax year must be made by the due date of your income tax return (including extensions) for that tax year.

Completing the agreement. This agreement is considered adopted when:

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

1. A copy of Form 5305-SEP.

2. A statement that traditional IRAs other than the traditional IRAs into which employer SEP contributions will be made may provide different rates of return and different terms concerning, among other things, transfers and withdrawals of funds from the IRAs.

3. A statement that, in addition to the information provided to an employee at the time the employee becomes eligible to participate, the administrator of the SEP must furnish each participant within 30 days of the effective date of any amendment to the SEP, a copy of the amendment and a written explanation of its effects.

4. A statement that the administrator will give written notification to each participant of any employer contributions made under the SEP to that participant's IRA by the later of January 31 of the year following the year for which a contribution is made or 30 days after the contribution is made.

Employers who have established a SEP using Form 5305-SEP and have furnished each eligible employee with a copy of the completed Form 5305-SEP and provided the other documents and disclosures described in *Instructions to the Employer* and *Information for the Employee,* are not required to file the annual information returns, Forms 5500 or 5500-EZ for the SEP. However, under Title I of the Employee Retirement Income Security Act of 1974 (ERISA), this relief from the annual reporting requirements may not be available to an employer who selects, recommends, or influences its employees to choose IRAs into which contributions will be made under the SEP, if those IRAs are subject to provisions that impose any limits on a participant's ability to withdraw funds (other than restrictions imposed by the Code that apply to all IRAs). For additional information on Title I requirements, see the Department of Labor regulation at 29 CFR 2520.104-48.

Information for the Employee

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

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

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

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

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

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

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

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

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

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

SEP-IRA amounts—rollover or transfer to another IRA. You can withdraw or receive funds from your SEP-IRA if, within 60 days of receipt, you place those funds in the same or another IRA. This is called a "rollover" and can be done without penalty only once in any 1-year period. However, there are no restrictions on the number of times you may make "transfers" if you arrange to have these funds transferred between the trustees or the custodians so that you never have possession of the funds.

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

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

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

1. The law that relates to your IRA.

2. The tax consequences of various options concerning your IRA.

3. Participation eligibility rules, and rules on the deductibility of retirement savings.

4. Situations and procedures for revoking your IRA, including the name, address, and telephone number of the person designated to receive notice of revocation. This information must be clearly displayed at the beginning of the disclosure statement.

5. A discussion of the penalties that may be assessed because of prohibited activities concerning your IRA.

6. Financial disclosure that provides the following information:

a. Projects value growth rates of your IRA under various contribution and retirement schedules, or describes the method of determining annual earnings and charges that may be assessed.

b. Describes whether, and for when, the growth projections are guaranteed, or a statement of the earnings rate and the terms on which the projections are based.

c. States the sales commission for each year expressed as a percentage of $1,000.

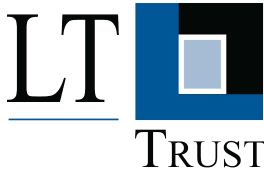
In addition, the financial institution must provide you with a financial statement each year. You may want to keep these statements to evaluate your IRA's investment performance.

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

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

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

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



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www.LTRetire.com

SEP IRA DISCLOSURE: NOTICE FOR THE EMPLOYEES AND ADOPTING EMPLOYERS

I. SIMPLIFIED EMPLOYEE PENSION-DEFINED

A SEP is a retirement income arrangement.

The employer must provide the employee with a copy of the completed IRS Form 5305-SEP containing eligibility requirements and a description of the basis upon which contributions may be made.

All amounts contributed to the employees IRA belong to the employee, even after the employee no longer is employed by the employer.

II. MAKING THE AGREEMENT

This SEP agreement is considered made when:

The employer has completed IRS Form 5305-SEP and provided a copy to all eligible employees.

Note: An employer wishing to coordinate a Qualified Plan with the SEP Plan may not use IRS form 5305. Employers wishing to do this should contact their financial adviser regarding the use of a prototype or individually designed SEP document.

III. ADDITIONAL TOP-HEAVY CONTRIBUTIONS

If the employee is not a “key employee,” the employer may be required to make an additional contribution to the employee’s SEP for a year in which the SEP is considered “top heavy.” (The employer will be able to tell the employee if he/she is a key employee.) This additional contribution will not exceed 3% of the employee’s compensation. It may be less if the employer has already made a contribution to the employee’s account, and for certain other reasons.

IV. DEDUCTIBILITY OF CONTRIBUTIONS

The employer may deduct, subject to applicable limits, those contributions made to a SEP. Contributions made for a particular tax year and contributed by the due date of the employer’s income tax return, including extensions, are deemed made in that taxable year. The trustee of the SEP, however, reports the contribution on each employee’s annual IRS Form 5498 for the calendar year in which it was made.

V. SEP CONTRIBUTION LIMITS

Contributions to all SEP plans for 2014 may not exceed the lesser of $52,000 or 25% of compensation for any employee (subject to cost of living adjustments).

VI. EXCESS SEP CONTRIBUTIONS

The employer is responsible for notifying each affected employee, if any, within 2½ months following the end of the plan year, of the amount of excess SEP contributions to that employee’s SEP. Such excess SEP contributions are includible in the employee’s gross income in the calendar year the contribution was made. This may require the employee to file an amended individual income tax return. However, if the excess SEP contributions total less than $100, then the excess contributions are includible in the employee’s gross income in the calendar year of notification. Income allocable to the excess SEP contributions is includible in gross income in the year of withdrawal from the IRA.

The employee is responsible for withdrawing the excess SEP contribution and Net Income Attributable from the IRA. The employee may withdraw these amounts without penalty until April 15 following the calendar year in which the employee was notified by his/her employer of the excess SEP contributions.

If the employer fails to notify any of its affected employees within 2½ months following the end of the plan year of an excess SEP contribution, the employer must pay a tax equal to 10% of the excess SEP contribution. If the employer fails to notify its employees by the end of the plan year following the plan year in which the excess SEP contributions arose, the SEP no longer will be considered to meet the requirements of IRC Section 408(k)(6). If the SEP no longer meets the requirements of IRC section 408(k)(6), then any contribution to an employee’s IRA will be subject to the IRA contribution limitations of IRC Sections 219 and 408 and thus may be considered an excess contribution to the employee’s IRA.

If the employee fails to withdraw the excess SEP contributions by April 15 following the calendar year of notification, the excess SEP contributions will be subject to the IRA contribution limitations of IRC Sections 219 and 408 and thus may be considered an excess contribution to the employee’s IRA. Thus, such excess SEP contributions may be subject to 6% excise tax for each year they remain in the employee’s IRA.

Also, if the employee does not withdraw the income on these excess SEP contributions by April 15 following the calendar year of notification by the employer, the income may be subject to a 10% tax on early distributions if the employee is not 59½ when he/she withdraws it.

The employer’s notification to each affected employee of the excess SEP contributions must specifically state in a manner calculated to be understood by the average employee:

A. The amount of excess SEP contribution;

B. The calendar year in which the excess SEP contribution is includible in gross income; and

C. That the employee must withdraw the excess SEP contributions (and net income attributable) from the SEP by April 15 following the calendar year of notification by the employer. Any excess contribution not withdrawn by April 15 following the year of notification will be subject to the IRA contribution limitations of IRC Sections 219 and 408 for the preceding calendar year and thus may be considered an excess contribution to the employee’s IRA. Such excess contributions may be subject to the 6% tax on

excess contributions under IRC Section 4973. If the net income attributable to an excess SEP contribution is not withdrawn by April 15 following the calendar year of notification by the employer, the income may be subject to the 10% tax on early distributions under IRC Section 72(t) when withdrawn.

For information on reporting excess SEP contributions, see Notice 87-77, 1987-2 C.B. 385, and Notice 88-33, 1988-1 C.B. 513, as modified by Notice 89-32, 1989-1 C.B. 671.

VII. INCOME ALLOCABLE TO EXCESS AMOUNTS

The rules for determining the Net Income Attributable to an excess SEP contribution are the same as those governing regular IRA contributions. The trustee or custodian of the employees SEP will inform the employee of the Net Income Attributable to excess amounts.

VIII. AVAILABILITY OF IRA CONTRIBUTION DEDUCTION TO SEP PARTICIPANTS

In addition to any SEP amounts, the employee may contribute the lesser of $5,500 (for 2014) or 100% of compensation to an IRA. However, the amount that the employee may deduct is subject to various limitations. See IRS Publication 590 for more specific information.

IX. SEP AMOUNTS ROLLOVER OR TRANSFER TO ANOTHER IRA

The employee may withdraw, or receive, funds from his/her SEP, and re-contribute the funds to the same or another IRA within 60 calendar days. This is called a “rollover” and may not be done without penalty more frequently than once every 12 months. However, there are no restrictions on the number of times that an employee may make “transfers” if the employee arranges to have such funds transferred between trustees/custodians so that the employee never has constructive receipt of the funds.

An employee may not roll over or transfer an excess SEP contribution from his/her SEP to another IRA. These excess amounts may be reduced only by a distribution to the employee.

X. FILING REQUIREMENTS

The employee does not need to file any additional forms with the IRS because of participation in the SEP.

XI. FINANCIAL INSTITUTION WHERE IRA IS ESTABLISHED TO PROVIDE INFORMATION

The financial institution must provide the employee with a Traditional IRA Disclosure Statement and Trust Agreement booklet that contains the following items of information in plain non-technical language.

1. The statutory requirements that relate to the IRA;

2. The tax consequences that follow the exercise of various options and what those options are;

3. Participation eligibility rules and rules on the deductibility and non-deductibility of retirement savings;

4. The circumstances and procedures under which the employee may revoke the IRA including the name, address, and telephone number of persons designated to receive notice of revocation (this explanation must be prominently displayed at the beginning of the disclosure statement);

5. Explanations of when penalties may be assessed against the employee because of specified prohibited or penalized activities concerning the IRA; and

6. Financial disclosure information which:

Either projects value, growth, rates of the IRA under various contribution and retirement schedules, or describes the method of computing and allocation annual earnings and charges which may be assessed;

Describes whether, and for what period, the growth projections for the plan are guaranteed or a statement of earnings rate and terms on which these projections are based, and;

States the sales commission to be charged in each year expressed as a percentage of $1,000.

See Publication 590, “Individual Retirement Arrangements,” which is available at most IRS offices, for a more complete explanation of the disclosure requirements.

In addition to the disclosure statement, the financial institution is required to provide the employee with a financial statement each year. It may be necessary to retain and refer to statements for more than one year in order to evaluate the investment performance of the employee’s IRA and in order that he/she will know how to report IRA distributions for tax purposes.

XII. FOR MORE INFORMATION

This Notice is provided for informational purposes only and is not intended to be complete guide for every employer or situation. Please refer to IRS Publication 590 and 560 for specific information regarding SEPs.

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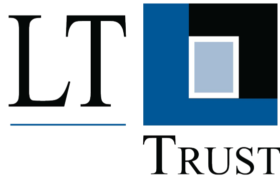

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SEP IRA DISCLOSURE:
QUESTIONS AND ANSWERS (FOR EMPLOYEES AND EMPLOYERS)

The information provided below explains what a Simplified Employee Pension (SEP) plan is, how contributions are made, and how to treat your employer's contributions for tax purposes. Please read the questions and answers carefully. For more specific information, see IRS Publications 590 and 560 and review the completed IRS Form 5305-SEP for your specific plan.

Q1 What is a SEP?

A SEP is a written arrangement (retirement plan) that allows an employer to make contributions on behalf of its employees. Contributions are made to a Traditional Individual Retirement Arrangement (IRA).

The employer provides each eligible employee with a copy of a completed IRS Form 5305-SEP, containing participation rules and a description of how employer contributions may be made to the employee's IRA.

All amounts contributed by an employer immediately and irrevocably belong to the employee whose IRA the funds were contributed to.

Q2 What are the benefits of a SEP?

Because a SEP combines the advantages of a qualified plan with the simplicity of an IRA, the benefits are many:

- It is simple – Because of the way a SEP is designed, the employer has no complicated reporting requirements. Each participant employee can open their own IRA (to receive the SEP contributions from the employer), and chose their own IRA custodian and investments, thus relieving the employer of administrative responsibilities.
- It is low cost – Each employee maintains his/her own IRA to hold SEP contributions, so the employer avoids hefty maintenance fees that traditional employer-sponsored retirement plans often incur.
- It is tax deductible – The employer is permitted (but not required) to contribute on behalf of each employee an amount up to the lesser of 25% of the employee's compensation or the annual statutory[1] maximum, whichever is less. The employee's annual compensation is capped by a statutory maximum as well.[2]

Q3 How does a SEP work?

Once the employee's IRA has been established, the employer can make SEP contributions directly into that employee's IRA. There are no special distribution rules and no extra reporting requirements, other than IRA Form 5498. Distributions are reported using IRS Form 1099-R.

Q4 What types of employers can offer a SEP to its employees?

Any incorporated or unincorporated business, partnership, or a self-employed individual can have a SEP.

Q5 How do I open a SEP?

The steps to open a SEP are:

1. The employer completes IRS Form 5305-SEP. The employer provides a copy of the completed Form 5305-SEP to each eligible employee and keeps the original. Form 5305-SEP outlines the terms and conditions of the employer's SEP.
2. Each eligible employee, or the employer on behalf of the employee, completes a Traditional IRA Adoption Agreement and Designation of Beneficiary form, checking the SEP IRA box, to establish an IRA. A SEP can hold both the employee's annual IRA contribution as well as the employer's SEP contribution on behalf of the employee.

Q6 How are SEP contributions reported?

Employer SEP contributions are reported as employer contributions on IRS Form 5498, in the calendar year they are made. The employer reports the tax year that the contribution is to be applied to on its business tax return. An employee's annual contribution is also reported on IRS Form 5498, however, it is reported for the tax year in which it is made, not the calendar year for which it was made.

Q7 Do all employees have to be covered by an employer's SEP?

The employer establishes the eligibility requirements when completing IRS Form 5305-SEP, and all eligible employees must participate. However, the requirements set by the employer cannot exceed the maximum requirements established by the IRS:

1. the employee must be at least 21 years old;
2. the employee has to have earned at least $500;[3]
3. the employee must have received compensation for up to three of the five prior years.

Q8 Does the employer have to contribute every year?

No. An employer is not required to make SEP contributions. However, if a contribution is made, it must be allocated to all the eligible employees according to the SEP Agreement.

[1] The statutory maximum may be adjusted each year by the US Department of Treasury for Cost-of-Living Adjustments.
[2] The statutory maximum may be adjusted each year by the US Department of Treasury for Cost-of-Living Adjustments.
[3] The statutory minimum may be adjusted each year by the US Department of Treasury for Cost-of-Living Adjustments.

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Q9 Can an employee also contribute to an IRA if he/she is a participant in a SEP?

Yes. The employee can contribute his/her annual maximum individual IRA contribution to the same SEP that accepts the employer contribution, or a different Roth or Traditional IRA. However, the employee may be limited or excluded from deducting all or a portion of his/her individual IRA contribution from his/her gross income because he/she is a participant in a SEP.

Q10 What if an employee does not want to participate in a SEP?

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

Q11 Can the employee immediately withdraw employer contributions made to his/her SEP?

Yes. The employee is immediately 100% vested in the employer contributions.

Q12 Can an employee participate in a SEP if he/she is covered by another retirement/pension plan?

An employer cannot adopt a SEP, using IRS Form 5305-SEP, in conjunction with another pension plan, such as a 401(k) or Profit Sharing Plan, thus the employee cannot be covered by both with the same employer. However, if the employee works for more than one employer, he/she can be covered by a pension plan with one employer and a SEP by another employer.

If an employer wishes to coordinate a SEP plan with another Qualified Plan it must use a prototype or individually designed document. Employers wishing to do this should seek the advice of a financial advisor.

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