TRADITIONAL IRA
CUSTODIAL AGREEMENT & DISCLOSURE STATEMENT

Form 5305-A
(Rev. April 2017)
Department of the Treasury
Internal Revenue Service
TKTC Revised 05/18/2021

Traditional Individual Retirement Custodial Account

(Under Section 408A of the Internal Revenue Code)

The Applicant/Depositor named on the first page of this Application and Custodial Agreement is establishing a Traditional Individual Retirement Account (hereinafter "IRA") under Section 408 of the Internal Revenue Code (26 USC 408) to provide for his or her retirement and for the support of his or her beneficiaries after the applicant's death.

By executing the Application, the Applicant/Depositor acknowledges that he or she has named The Kingdom Trust Company (hereinafter "Kingdom" or "custodian") as the custodian for his or her IRA and has received from Kingdom, the following Custodial Agreement and Disclosure Statement required by Treasury Regulation 1.408-6 and that he or she has read and understood the same.

Applicant/Depositor and the custodian do hereby agree as follows:

ARTICLE I

1.01 Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k), or a recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions up to $6,000 per year for 2019 through 2021. For individuals who have reached the age of 50 by the end of the year, the contribution limit is $7,000 per year for 2019 through 2021. Future contribution limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

2.01 The depositor's interest in the balance in the custodial account is non-forfeitable.

ARTICLE III

3.1 No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).

3.2 No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408 (m)(3), which provides an exception for certain gold, silver and platinum coins, coins issued under the laws of any state, and certain bullion.

ARTICLE IV

4.1 Notwithstanding any provision of this agreement to the contrary, the distribution of the depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations there under, the provisions of which are herein incorporated by reference.

4.2 The depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the depositor's required beginning date, April 1following the calendar year in which the depositor reaches age 70 ½ or 72 (see 4.4 below). By that date, the depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:

(a) A single sum; or

(b) Payments over a period not longer than the life of the depositor or the joint lives of the depositor and his or her designated beneficiary.

4.3 If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

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

(i) the designated beneficiary is the depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy, as determined each year until such spouse's death, or over the period in paragraph 4.03(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 4.03(a)(iii) below, over such period.

(ii) the designated beneficiary is not the depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the depositor and reduced by 1 for each subsequent year, or over the period in paragraph 4.03(a)(iii) below if longer.

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

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

(i) The remaining interest will be distributed in accordance with paragraphs 4.03 (a)(i) and 4.03 (a)(ii) above (but not over the period in paragraph 4.03(a)(iii), even if longer), starting by the end of the calendar year following the year of the depositor's death. If, however, the designated beneficiary is the depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the depositor would have reached age 70 ½ or 72 (see 4.4 below). But, in such case, if the depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph 4.03(a)(ii) above (but not over the period in paragraph 4.03(a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with 4.03(b)(ii) below if there is no such designated beneficiary.

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

4.4 If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is other than the depositor's surviving spouse, no additional contributions may be accepted in the account.

If the Applicant/Plan Participant has reached age 70 1/2 prior to December 31, 2019 and has not chosen any of the distribution methods under Article IV of this custodial agreement by the April 1st following the calendar year in which the Applicant/Plan Participant reaches age 70 1/2 , distribution shall be determined based upon the distribution period in the uniform lifetime distribution period table in Treasury Regulation Section 1.401 (a)(9)-9. If the Applicant/Plan Participant has reached age 72 after December 31, 2019 and has not chosen any of the distribution methods under Article IV of this custodial agreement by the April 1st following the calendar year in which the Applicant/Plan Participant reaches age 72, distribution shall be determined based upon the distribution period in the uniform lifetime distribution period table in Treasury Regulation Section 1.401 (a)(9)-9. However, in either event, no payment will be made until the Applicant/Plan Participant provides the Custodian with a proper distribution request in form and substance acceptable to the Custodian. Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account. Upon receipt of such distribution request, the Applicant/Plan Participant may switch to a joint life expectancy in determining the required minimum distribution if the Applicant/Plan Participant's spouse was the sole beneficiary as of the January 1st of the distribution calendar year and such spouse is more than 10 years younger than the Applicant/Plan Participant.

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

ARTICLE V

5.1 The depositor agrees to provide the custodian with all information necessary to prepare any reports required by section 408(i) and Regulation sections 1.408-5 and 1.408-6.

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

ARTICLE VI

6.01 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

7.01 This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the adoption agreement.

ARTICLE VIII

8.1 Applicable Law: This custodial agreement is subject to all applicable Federal Statutes and Regulations and shall be governed by and construed under all applicable Statutes and regulations of the state of South Dakota.

If any provision of this custodial agreement is determined to be invalid or illegal, those provisions shall be stricken, and the remaining provisions shall remain fully enforceable. A failure to enforce any of the provisions of this agreement by either you or custodian shall not be construed as a waiver of such provisions or of any right to enforce such provisions thereafter.

Any suit filed against custodian arising out of or in connection with this custodial agreement shall only be instituted in the Federal District Court for the District of South Dakota, Southern Division in Sioux Falls, South Dakota or, lacking Federal Jurisdiction, in the county courts of Minnehaha County, South Dakota in Sioux Falls, South Dakota where custodian maintains its principal place of business and you agree to submit to such jurisdiction both in connection with any such suit you may file and in any such suit custodian may file against you.

8.2 Annual Accounting: The custodian shall, at least annually, provide the depositor or beneficiary (in the case of depositor's death) with an accounting of such depositor's account. Such accounting shall be deemed to be accepted by the depositor or the beneficiary, if the depositor or beneficiary does not object in writing within 60 days after the mailing of such accounting statement. This annual accounting may be delivered electronically.

8.3 Amendment: The depositor irrevocably delegates to the custodian the right and power to amend this custodial agreement. Except as hereafter provided, the custodian will give the depositor 30 days prior, written notice of any amendment. In case of a retroactive amendment required by a change in the law, the custodian will provide written notice to the depositor of the amendment within 30 days after the amendment is made, or if later, by the time that notice of the amendment is required to be given under regulations or other guidance provided by the IRS. The depositor shall be deemed to have consented to any such amendment unless the depositor notifies the custodian to the contrary within 30 days after notice to the depositor and requests in writing an immediate distribution or transfer of the balance in the account.

8.4 Resignation and Removal of the Custodian:

(a) The custodian may resign and appoint a successor to serve under this agreement or under another governing agreement selected by the successor by giving the depositor written notice at least 30 days prior to the effective date of such resignation and appointment, which notice shall also include or be provided under separate cover a copy of such other governing instrument, if applicable, and the related disclosure statement. The depositor shall then have 30 days from the date of such notice to either request a distribution of the entire account balance or designate a different successor and notify the custodian of such designation. If the depositor does not request distribution of the account balance or notify the custodian of the designation of a different successor within such 30 day period, the depositor shall be deemed to have consented to the appointment of the successor and the terms of any new governing instrument, and neither the depositor nor the successor shall be required to execute any written document to complete the transfer of the account to the successor. The successor may rely on any information, including beneficiary designations, previously provided by the depositor to the custodian.

(b) The Depositor may at any time remove the Custodian and replace the Custodian with a successor trustee or custodian of the Depositor's choice by giving 30-days prior written notice to the Custodian of such removal and replacement. The Custodian shall then deliver the assets of the account as directed by the Depositor. However, the Custodian may retain a portion of the assets of the IRA as a reserve for payment of any anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor trustee or custodian upon satisfaction of such fees and expenses.

(c) The Custodian may resign and demand that the Depositor appoint a successor Trustee or Custodian of this IRA by giving the Depositor written notice at least 30 days prior to the effective date of such resignation. The Depositor shall then have 30 days from the date of such notice to designate a successor Trustee or Custodian, notify the Custodian of the name and address of the successor Trustee or Custodian, and provide the Custodian with appropriate evidence that such successor has accepted the appointment and is qualified to serve as Trustee or Custodian of an Individual Retirement Account under the Internal Revenue Code.

(i) If the Depositor designates a successor trustee or custodian and provides the Custodian evidence of the successor's acceptance of appointment and qualification within such 30-day period, the Custodian shall then deliver all of the assets held by the Custodian in the account (whether in cash or personal or real property, wherever located, and regardless of value) to the successor Trustee or Custodian, subject to 8(b) above.

(ii) If the Depositor does not notify the Custodian of the appointment of a successor trustee or custodian within such 30 day period, then the Custodian may distribute all of the assets held by the Custodian in the account (whether in cash or personal or real property, wherever located, and regardless of value) to the Depositor, outright and free of trust, and the Depositor shall be wholly responsible for the tax consequences of such distribution.

(d) In any case listed above, the Custodian may expend any assets in the account to pay expenses of valuation and transfer (including re-registering the assets and preparation of deeds, assignments, and other instruments of transfer or conveyance) to the successor trustee or custodian or the Depositor, as the case may be. In addition, the Custodian may retain a portion of the assets as a reserve for payment of any anticipated remaining fees and expenses. Upon satisfaction of such fees and expenses, the Custodian shall pay over any remainder of the reserve to the successor Trustee or Custodian or to the Depositor, as the case may be.

8.5 Fees and Expenses:

(a) The Depositor agrees to pay the any and all fees specified in the fee schedule published by Kingdom Trust as in effect and as modified from time to time for establishing and maintaining this IRA, including but not limited to any Custodian fees, and fees for distributions from, transfers to or from, and terminations of this IRA. Kingdom Trust may change the fee schedule at any time by giving the depositor 30 days prior written notice.

(b) The Depositor agrees to pay any expenses incurred by the Custodian in the performance of its duties in connection with the account. Such expenses include, but are not limited to, administrative expenses, such as legal and accounting fees, a valuation fee from a qualified independent third party appraiser, and any taxes of any kind whatsoever that may be levied or assessed with respect to such account.

(c) All such fees, taxes, and other administrative expenses charged to the account shall be collected either from the assets in the account or from any contributions to or distributions from such account if not paid by the depositor by the due date for same, but the depositor shall be responsible for any deficiency. To effectuate this clause 8.5, depositor does hereby authorize the Custodian to liquidate such assets as are required to satisfy any delinquency caused by depositor’s failure to pay any fee by due date for the same.

(d) In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the Custodial Funds, the Custodian reserves the right to withhold any payment from the Custodial account, to request a court ruling to determine the disposition of the Custodial account assets, and to charge the Custodial account for any expenses incurred in obtaining such legal determination.

8.6 Withdrawal Requests: All requests for withdrawal shall be in writing and in form and substance acceptable to Custodian. Such written notice must also contain the reason for the withdrawal and the method of distribution being requested. Custodian shall also have the right to reject any withdrawal request it may deem appropriate and to apply to a court of competent jurisdiction to make a determination with respect to the proper party eligible to receive a distribution from the account and to charge the custodial funds and/or the Depositor for any expenses incurred in obtaining such legal determination, including attorneys' fees.

8.7 Required Minimum Distributions: If the Depositor has reached age 70 1/2 prior to December 31, 2019 and has not chosen any of the distribution methods under Article IV of this custodial agreement by the April 1st following the calendar year in which the Depositor reaches age 70 1/2 , distribution shall be determined based upon the distribution period in the uniform lifetime distribution period table in Treasury Regulation Section 1.401 (a)(9)-9. If the Depositor has reached age 72 after December 31, 2019 and has not chosen any of the distribution methods under Article IV of this custodial agreement by the April 1st following the calendar year in which the Depositor reaches age 72 , distribution shall be determined based upon the distribution period in the uniform lifetime distribution period table in Treasury Regulation Section 1.401 (a)(9)-9. However, in either event, no payment will be made until the Depositor provides the Custodian with a proper distribution request in form and substance acceptable to the Custodian. Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account. Upon receipt of such distribution request, the Depositor may switch to a joint life expectancy in determining the required minimum distribution if the Depositor's spouse was the sole beneficiary as of the January 1st of the distribution calendar year and such spouse is more than 10 years younger than the Depositor.

8.8 Death Benefit Default Provisions:

(a) If the Depositor dies before his or her required beginning date and the beneficiary does not select a method of distribution described in Article IV, Section 4.03(b)(i) or (ii) by the December 31st following the year of the Depositor's death, then distributions will be made pursuant to the single life expectancy of the designated beneficiary determined in accordance with IRS regulations. However, no payment will be made until the beneficiary provides Custodian with a proper distribution request in form and substance acceptable to Custodian and other documentation that may be required by Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the custodial account. Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account.

(b) If the Depositor dies on or after his or her required beginning date, distribution shall be made in accordance with Article IV, Section 4.03 (a). However, no payment will be made until the beneficiary provides custodian with a proper distribution request in form and substance acceptable to Custodian and other documentation that may be required by Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the custodial account. Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account.

8.9 Transitional Rule for Determining Required Minimum Distributions for Calendar Year 2002: Unless the Custodian provides otherwise, if a Depositor (or beneficiary) is subject to required minimum distributions for calendar year 2002, such individual may elect to apply the 1987 proposed regulations, the 2001 proposed regulations, or the 2002 final regulations in determining the amount of the 2002 required minimum. However, the Custodian, in its sole discretion, reserves the right to perform any required minimum distribution calculations through its data systems or otherwise based upon any of the three sets of regulations delineated in the previous sentence.

8.10 Responsibilities: Depositor agrees that all information and instructions given by the depositor is complete and accurate and that the custodian shall not be responsible for any incomplete or inaccurate information provided by the depositor, the depositor's beneficiary(ies) or the account designated representative (as described below and in the Traditional IRA adoption agreement). Depositor, on behalf of the depositor and the depositor's beneficiary(ies), agrees to be responsible for all tax consequences arising from contributions to and distributions from this custodial account (including but not limited to all interest, penalties and penalty taxes), and acknowledges that no tax advice has been or will be provided by the custodian.

8.11 Designation of Beneficiary:

(a) Except as may be otherwise required by State law, in the event of the Depositor's death, the balance in the account shall be paid to the beneficiary or beneficiaries designated by the Depositor on a beneficiary designation form acceptable to and filed with Custodian. The Depositor may change the Depositor's beneficiary or beneficiaries at any time by filing a new beneficiary designation with Custodian. If no acceptable beneficiary designation is in effect, if none of the named beneficiaries survive the Depositor, or if Custodian cannot locate any of the named beneficiaries after reasonable search, any balance in the account will be payable to the Depositor's estate.

(b) In the event of the Depositor's death, any beneficiary may name a subsequent beneficiary or beneficiaries to receive the balance of the account to which such beneficiary is entitled upon the death of the original beneficiary by filing a subsequent beneficiary designation form acceptable to and filed with the Custodian. Payments to such subsequent beneficiary(ies) shall be distributed in accordance with the payment schedule applicable to the original beneficiary or more rapidly if the subsequent beneficiary requests. In no event may any subsequent beneficiary, be treated as a designated beneficiary of the Depositor. The preceding sentence shall not apply with respect to the subsequent beneficiary(ies), if any, designated by the original spouse beneficiary where the Depositor dies before his or her required beginning date and his/her spouse was named as beneficiary. In this case, the original spouse beneficiary is treated as the Depositor. If the balance of the account has not been completely distributed to the original beneficiary and such beneficiary has not named a subsequent beneficiary or no named subsequent beneficiary is living on the date of the original beneficiary's death, such balance shall be payable to the estate of the original beneficiary.

ARTICLE IX
SELF-DIRECTED IRA PROVISIONS

9.1 Investment of Contributions: In accordance with instructions given to the Custodian, the Custodian shall invest and reinvest all contributions to the account and earnings thereon as directed by the Depositor (or the direction of the beneficiary(ies) upon the Depositor's death) in investments that the Custodian, at Custodian’s sole discretion, determines it can feasibly administer, which may include but are not limited to marketable securities traded on a recognized exchange or "over the counter" (excluding any securities issued by the custodian), options, mutual funds, common trust funds or other common investment funds that qualify under Section 408(b)(5) (including without limitation qualifying pooled custodial accounts and pooled custodial funds), certificates of deposit, real estate, real estate contracts, mortgages, leases, mortgage notes, debentures, individually negotiated debt instruments, promissory notes, private equity investments in closely held businesses, tax liens and tax anticipation warrants, deeds of trust, and other public, private or alternative investments that the Custodian determines it can feasibly administer, in such amounts as are specifically selected and specified by the Depositor in orders to the Custodian in such form as may be acceptable to the Custodian, without any duty to diversify and without regard to whether such property is authorized by the laws of any jurisdiction as a trust investment or IRA investment or even if such investment will result in a prohibited transaction, unrelated business taxable income ("UBTI") or a reportable transaction. In addition, the account designated representative (as described below and in the Traditional IRA adoption agreement) may give the Custodian directions to have the Custodian buy, sell or reinvest public securities, digital assets and investments that are traded on a recognized exchange or ”over the counter" (excluding any securities issued by the custodian). The account designated representative may not direct the Custodian with regard to any alternative or private investments. The Custodian shall be responsible only for the execution of such orders and for maintaining adequate records thereof. However, if any such orders are not received in a form acceptable to the Custodian as required, or, if received, are unclear or administratively unfeasible in the sole opinion of the Custodian, all or a portion of the account may be held in its current investments or remain un-invested without liability for loss of income or appreciation, and without liability for interest pending receipt of such orders or clarification as are acceptable to the Custodian in its sole discretion, or if a new contribution, the contribution may be returned. The Custodian may, but need not, establish programs under which cash deposits in excess of a minimum set by it will be periodically and automatically invested in interest-bearing investment funds. The Custodian shall have no duty other than to follow the written investment directions of the Depositor, which duty shall be subject to the other terms and conditions of this agreement. The Custodian shall be under no duty to question said instructions and shall not be liable for any investment losses or adverse tax consequences of any kind whatsoever sustained by the Depositor. In addition, the Custodian reserves the right to not follow a direction or process any investment for administrative or cost related reasons. Execution of Depositor's instructions or refusal to execute same does not constitute investment advice or an opinion by the Custodian as to the investment's prudence or viability. Depositor agrees that the Custodian shall have no discretionary power, authority or control with respect to the management, investment or disposition of the Depositor's assets or any discretionary authority with regard to the management of the Depositor's account. Depositor agrees and acknowledges that Custodian is not a fiduciary with respect to the depositor, the Depositor's account or any investment.

9.2 Registration: All assets of the account shall be registered in the name of the Custodian or of a suitable nominee. The same nominee may be used with respect to assets of other investors or other custodians, whether or not held under agreements similar to this one or in any capacity whatsoever. However, each Depositor's account shall be separate and distinct; a separate account therefore shall be maintained by the Custodian, and evidence of the assets thereof shall be held by the Custodian in individual or bulk segregation either in the Custodian's vaults, whether owned or leased by Custodian or, in the case of marketable securities, in depositories approved by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

9.3 Account Designated Representative/Investment Advisor: The Depositor may appoint an account designated representative who may, but is not required to be, an investment advisor qualified under Section 3(38) of the Employee Retirement Income Security Act of 1974, to direct the investment of his/her IRA. The Depositor shall notify the Custodian in writing of any such appointment. If the account designated representative is an investment advisor, then the Depositor shall provide the Custodian a copy of the instruments appointing the investment advisor and evidencing the investment advisor's acceptance of such appointment, an acknowledgment by the investment advisor that the investment advisor is a fiduciary of the account, and a certificate evidencing the investment advisor's current registration under the Investment Advisor's Act of 1940. The Custodian shall comply with any investment directions furnished to the Custodian by the account designated representative, but only with regard to public securities, digital assets and investments that are traded on a recognized exchange or "over the counter" (excluding any securities issued by the Custodian), and will do so until the Custodian receives written notification from the Depositor that the account designated representative's appointment has been terminated. The Custodian shall have no duty other than to follow the written investment directions of such account designated representative subject to the provisions of this Agreement, shall be under no duty to question said instructions, and shall not be liable for any investment losses or adverse tax consequences sustained by the Depositor.

9.4 No Investment Advice: Custodian shall have no responsibility for rendering advice with respect to the investment and reinvestment of Depositor's account and shall not be liable for any loss which result from Depositor's exercise of control over his/her account. Depositor shall have and exercise exclusive responsibility for control over all the investment decisions concerning the assets of his/her account, and the Custodian shall have no duty to question his/her investment directives. Custodian reserves the right, in its sole discretion, to deny any investment direction that it cannot feasibly administer, which is violative of Custodian's policy or which might result in a violation of Federal, State or Local laws. Depositor hereby agrees that the exercise of such right shall not be construed as Custodian providing investment or legal advice.

9.5 Prohibited Transactions: Notwithstanding anything contained herein to the contrary, the Depositor shall not direct the Custodian to engage in or make any investment that Depositor knows or should know involves or facilitates any criminal activity, nor shall the Depositor direct the Custodian to lend any part of the corpus or income of the account to; pay any compensation for personal services rendered to the account to; make any part of its services available on a preferential basis to; acquire for the account any property, other than cash, from; or sell any property to the Depositor, any member of Depositor's family, or any entity controlled by Depositor through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of ownership entitled to vote, or of 50 percent or more of the total value of all ownership interests of such entity. Generally, if a Depositor engages in or directs the engagement in a prohibited transaction as described in Section 4975 of the Code, the Depositor's account ceases to be an IRA as of the first day of the year in which the prohibited transaction takes place, and the account is treated as having distributed all its assets to the depositor or beneficiary at their fair market values on the first day of that year which may result in taxes and penalties. Depositor hereby agrees to be solely responsible for determining and avoiding prohibited transactions and reportable events and will indemnify and hold Custodian harmless should Depositor engage in a prohibited transaction or other transaction described in this paragraph.

9.6 Unrelated Business Taxable Income ("UBTI"): Investments may generate taxable income within the IRA account, referred to as Unrelated Business Taxable Income (UBTI). Such income must be considered in conjunction with all such income from all IRA accounts and may be taxable to the IRA account to the extent that all UBTI for a given taxable year exceeds the threshold amount set by the IRS. If the Depositor directs investment of the account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Depositor to so advise the Custodian and to provide the Custodian with all forms necessary to file any required returns or reports for the account. All forms, returns and reports must be completed by the Depositor and delivered in a timely manner to Custodian for signature and filing. In such instances, the IRS requires that a Form 990-T be filed for the IRA account along with the appropriate amount of tax.

The Depositor, by signing this agreement, understands the Custodian:

1. does not make any determination of UBTI;
2. does not monitor whether the account has UBTI; and
3. does not prepare Form 990-T or other necessary forms, returns or reports.

Therefore, the Depositor must monitor UBTI for this and any other IRA account which he/she may hold and prepare, or have prepared at their expense, the proper 990-T tax form, along with any other necessary forms, returns or reports and forward it to Custodian for signatures and filing, along with authorization to pay any tax due from the IRA account.

9.7 Disclosures and Voting: The Custodian shall deliver to Depositor, or cause to be executed and delivered to Depositor all notices, prospectuses, financial statements, proxies and proxy soliciting materials relating to assets credited to the account. The Custodian shall not vote any shares of stock or take any other action, pursuant to such documents, with respect to such assets except upon receipt by the Custodian of written instructions from Depositor that the Custodian, in its sole discretion, finds to be adequate.

9.8 Miscellaneous Expenses: In addition to those expenses set out in Article VIII, section 8.5 of this plan, the Depositor agrees to pay any and all expenses incurred by the Custodian in connection with the account, including, but not limited to, expenses of valuation of account assets, tax payments, and filing of any returns and reports with regard to UBTI. Moreover, all estimated taxes, together with any transfer and other taxes, including any interest and penalties thereon, as well as any expenses incurred in connection with the investment or reinvestment of the assets of the account shall be paid by the Depositor. The Custodian may, at the Depositor's expense, retain suitable accountants, attorneys, or other agents to advise and assist the custodian in performing their respective duties under this agreement.

9.9 Indemnification of Custodian: To the extent not prohibited by Federal or State law, the depositor agrees to indemnify and hold harmless Kingdom Trust, its respective subsidiaries and administrators, officers, directors, managers, members, representatives, agents, employees, affiliates, successors and assigns from and against any and all claims, demands, liabilities, damages, costs, expenses, attorneys' fees, payments and assessments arising in connection with the depositor or the depositor's IRA or which may result from any good faith actions, errors or omissions and from following or attempting to follow any directions of the depositor (or the beneficiary(ies), or an account designated representative), and further agrees that the custodian shall not be subject to margin calls or have any other obligation to extend credit or otherwise disburse payment beyond the cash balance of depositor's account for any reason whatsoever.

General Instructions - Section references are to the Internal Revenue Code unless otherwise noted. Regulation references are to U.S. Treasury Regulations.

Purpose of Form - Form 5305-A is a model custodial account agreement that meets the requirements of section 408(a) and has been pre-approved by the IRS. A Traditional individual retirement account (Traditional IRA) is established after the applicable adoption agreement is fully executed by the individual (depositor) and the custodian and must be completed no later than the due date (excluding extensions) of the individual's income tax return for the tax year. This account must be created in the United States for the exclusive benefit of the depositor or his or her beneficiaries.

Do not file Form 5305-A with the IRS. Instead, keep it with your records. For more information on IRAs, including the required disclosures the custodian must give the depositor, see **Pub. 590-A**, Contributions to Individual Retirement Arrangements (lRAs), and **Pub. 590-B** Distributions from Individual Retirement Arrangements (IRAs).

Definitions -

Custodian: The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian. The term custodian includes Kingdom Trust and any successor thereto who serves under this custodial agreement.

Depositor: The depositor is the person who establishes the custodial account. The term depositor also includes the depositor's beneficiary(ies) in the case of the depositor's death.

Identifying Number - The depositor's social security number will serve as the identifying number of his or her IRA. An employer identification number (EIN) is required only for an IRA for which a return is filed to report unrelated business taxable income. An EIN is required for a common fund created for IRAs.

Traditional IRA for Nonworking Spouse - Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse. Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse.

Specific Instructions -

Article IV: Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the depositor reaches age 70 ½ or 72 (See Article 4.4 above) to ensure that the requirements of section 408(a)(6) have been met.

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

TRADITIONAL IRA DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR IRA ACCOUNT

You may revoke your IRA within 7 days after you sign the IRA adoption agreement by hand-delivering or mailing a written notice to Kingdom Trust at the address indicated on the IRA adoption agreement. If you revoke your account by mailing a written notice, such notice must be postmarked by the 7th day after you sign the adoption agreement. If you revoke your IRA within the 7-day period you will receive a refund of the entire amount of your contributions to the IRA without any adjustment for earnings or any administrative expenses. If you exercise this revocation, we are still required to report the contribution on Form 5498 (except transfers) and the revoked distribution on Form 1099-R.

GENERAL REQUIREMENTS OF A TRADITIONAL IRA

- Your contributions must be made in cash, unless you are making a rollover or transfer contribution and the Custodian accepts non-cash rollover or transfer contributions.
- The annual contributions you make on your behalf may not exceed the lesser of 100% of your compensation or the "applicable annual dollar limitation" (defined below), unless you are making a rollover, transfer, or SEP contribution. If contributions are being made under an employer's SIMPLE Retirement Plan, you must establish a separate SIMPLE-IRA document to which only SIMPLE contributions may be made. This type of IRA is called a "SIMPLE-IRA". "SIMPLE-IRA" contributions may not be made into this account. Roth IRA contributions may not be made into this account.
- Regular, annual contributions cannot be made for any year beginning the year you attain the age of 70½.
- Your regular annual contributions for any taxable year may be deposited at any time during that taxable year and up to the due date for the filing of your Federal income tax return for that taxable year, no extensions. This generally means April 15th of the following year.
- The Custodian of your IRA must be a bank, savings and loan association, credit union or a person who is approved to act in such a capacity by the Secretary of the Treasury.
- No portion of your IRA funds may be invested in life insurance contracts.
- Your interest in your IRA is nonforfeitable at all times.
- The assets in your IRA may not be commingled with other property except in a common trust fund or common investment fund.
- You may not invest the assets of your IRA in collectibles (as described in Section 408(m) of the Internal Revenue Code.) A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property specified by the IRS. However, if the Custodian permits, specially minted US gold, silver and platinum coins and certain state-issued coins are permissible IRA investments. You may also invest in certain gold, silver, platinum or palladium bullion. Such bullion must be permitted by the Custodian and held in the physical possession of the IRA Custodian.
- Your interest in your IRA must begin to be distributed to you by the April 1st following the calendar year you attain the age of 70½. The methods of distribution, election deadlines, and other limitations are described in detail below.

WHO IS ELIGIBLE TO MAKE A REGULAR TRADITIONAL IRA CONTRIBUTION?

You are permitted to make a regular contribution to your IRA for any taxable year prior to the taxable year you attain age 70 1/2, and if you receive compensation for such taxable year. Compensation includes salaries, wages, tips, commissions, bonuses, alimony, royalties from creative efforts and "earned income" in the case of the self-employed. Members of the Armed Forces who serve in combat zones who receive compensation that is otherwise nontaxable, are considered to have taxable compensation for purposes of making regular IRA contributions. The amount of your regular, annual contribution that is deductible depends upon whether or not you are an active participant in a retirement plan maintained by your employer; your modified adjusted gross income (Modified AGI); your marital status; and your tax filing status. **(NOTE: that pursuant to the SECURE Act, individuals with earned income can make Traditional IRA Contributions at any age. The above restriction no longer applies.)**

ACTIVE PARTICIPANT

You are considered an active participant if you participate in your employer's qualified pension, profit-sharing, or stock bonus plan qualified under Section 401(a) of the Internal Revenue Code ("the Code"); qualified annuity under Section 403(a) of the Code; a simplified employee pension plan (SEP) under Section 408(k) of the Code; a retirement plan established by a government for its employees (this does not include a Section 457 plan); Tax-Sheltered Annuities (TSA) or custodial accounts under Section 403(b) of the Code; pre-1959 pension trusts under Section 501(c)(18) of the Code; and SIMPLE IRA plans under Section 408(p) of the Code.

If you are not sure whether you are covered by an employer-sponsored retirement plan, check with your employer or check your Form W-2 for the year in question. The W-2 form will have a check in the "retirement plan" box if you are covered by a retirement plan. You can also obtain IRS Notice 87-16 for more information on active participation in retirement plans for IRA deduction purposes.

CONTRIBUTIONS

Regular Contributions -

The maximum amount you may contribute for any one year is the lesser of 100% of your compensation or the "applicable annual dollar limitation" described below. This is your contribution limit. The deductibility of regular IRA contributions depends upon your marital status, tax filing status, whether or not you are an "active participant" and your Modified AGI.

Applicable Annual Dollar Limitation

Tax Year	Contribution Limit
2001	$2,000
2002 through 2004	$3,000
2005 through 2007	$4,000
2008 through 2012	$5,000
2013 through 2018	$5,500
2019-2021	$6,000

The $6,000 annual limit is subject to cost-of living increases in increments of $500, rounded to the lower increment. This means that it may take several years beyond 2020 for the $6,000 annual limit to increase to $6,500.

Catch-up Contributions -

Beginning for 2002, if an individual has attained the age of 50 before the close of the taxable year for which an annual contribution is being made and meets the other eligibility requirements for making regular Traditional IRA contributions, the annual IRA contribution limit for that individual would be increased as follows:

Tax Year	Normal Limit	Additional Catch-up	Total Contribution
2002	$3,000	$500	$3,500
2003	$3,000	$500	$3,500
2004	$3,000	$500	$3,500
2005	$4,000	$500	$4,500
2006	$4,000	$1,000	$5,000
2007	$4,000	$1,000	$5,000
2008-2012	$5,000	$1,000	$6,000
2013-2018	$5,500	$1,000	$6,500
2019-2021	$6,000	$1,000	$7,000

The additional catch-up amount for Traditional IRAs is not subject to COLAs. Therefore, after 2020 when the $6,000 normal limit increases to $6,500 due to COLAs, the additional catch-up amount will remain at $1,000 with no further increases to the catch-up amount.

Special IRA Catch-up Contributions for Certain Section 401(k) Participants -
Special IRA catch-up contributions are permitted for each of years 2007, 2008 and 2009 equal to the applicable year's age-50 catch-up limit multiplied by 3. To be eligible for this special catch-up IRA contribution, the individual must have been a participant in an employer's §401(k) plan where employer-matching contributions were being made at the rate of at least 50% of the participant's deferrals with employer stock and such employer is in bankruptcy and is subject to an indictment or conviction. The individual is not required to be age 50 in order to take advantage of this rule. However, if the individual is age 50 or over, he or she may not contribute the age-50 catch-up amount in addition to this special catch-up.

The deadline for making such special catch-up contributions was the normal deadline for the applicable year. For example, an eligible individual took advantage of this rule for calendar year 2008. The normal regular IRA contribution limit for 2008 was $5,000 and the normal age-50 catch-up contribution limit for 2008 was $1,000. The eligible individual was able to contribute the $5,000 normal limit plus a special catch-up contribution of $3,000 for a total of $8,000. The deadline for making this contribution was the 2008 tax filing deadline, no extensions.

Deductibility for Non-active Participants -

If you (and your spouse) are not an active participant, then the applicable annual dollar limitation is also your deduction limit for Federal income tax purposes.

Deductibility for Active Participants –

Unmarried Active Participant (or a Married Person filing a separate tax return who did not live with their spouse at any time during the year) - The amount of your IRA deduction depends upon your Modified Adjusted Gross Income (MAGI) for the taxable year. If your MAGI is below a certain amount, you can deduct the entire contribution. If your MAGI is above a certain amount, you cannot deduct any of the contribution. If your MAGI is between certain amounts, you are entitled to a partial deduction. Any contributions that you cannot deduct because of the active participation rules are called nondeductible contributions and you must report these contributions to the IRS on Form 8606. Refer to the chart below for the MAGI ranges. Also refer to IRS Publication 590 for additional information.

Married Active Participant Filing a Joint Tax Return -

The amount of your IRA deduction depends upon your Modified Adjusted Gross Income (MAGI) for the taxable year. If your MAGI is below a certain amount, you can deduct the entire contribution. If your MAGI is above a certain amount, you cannot deduct any of the contribution. If your MAGI is between certain amounts, you are entitled to a partial deduction. Any contributions that you cannot deduct because of the active participation rules are called nondeductible contributions and you must report these contributions to the IRS on Form 8606. Refer to the chart below for the MAGI ranges. Also refer to IRS Publication 590 for additional information.

Married Active Participant Filing a Separate Return (who lived together at any time during the year) -

If you have a separate Modified AGI of more than $10,000 no deduction is permitted if either you or your spouse was an active participant for the year. If you or your Spouse's separate Modified AGI is more than $0 but less than $10,000, then each spouse's deductible limit is reduced for every $1 of Modified AGI between $0 and $10,000.

Deductibility of Regular Contributions - The AGI dollar ranges for certain active participants in employer-sponsored plans are as follows:

	Married Participants Filing Jointly	Unmarried Participants	Married Participants Filing Separately*
1998	$50,000 - $ 60,000	$30,000 - $40,000	$0 - $10,000
1999	$51,000 - $ 61,000	$31,000 - $41,000	$0 - $10,000
2000	$52,000 - $ 62,000	$32,000 - $42,000	$0 - $10,000
2001	$53,000 - $ 63,000	$33,000 - $43,000	$0 - $10,000
2002	$54,000 - $ 64,000	$34,000 - $44,000	$0 - $10,000
2003	$60,000 - $ 70,000	$40,000 - $50,000	$0 - $10,000
2004	$65,000 - $ 75,000	$45,000 - $55,000	$0 - $10,000
2005	$70,000 - $ 80,000	$50,000 - $60,000	$0 - $10,000
2006	$75,000 - $ 85,000	$50,000 - $60,000	$0 - $10,000
2007	$83,000 - $103,000	$52,000 - $62,000	$0 - $10,000
2008	$85,000 - $105,000	$53,000 - $63,000	$0 - $10,000
2009	$89,000 - $109,000	$55,000 - $65,000	$0 - $10,000
2010	$89,000 - $109,000	$56,000 - $66,000	$0 - $10,000
2011	$90,000 - $110,000	$56,000 - $66,000	$0 - $10,000
2012	$92,000 - $112,000	$58,000 - $68,000	$0 - $10,000
2013	$95,000 - $115,000	$59,000 - $69,000	$0 - $10,000
2014	$96,000 - $116,000	$60,000 - $70,000	$0 - $10,000
2015 – 2016	$98,000 - $118,000	$61,000 - $71,000	$0 - $10,000
2017	$99,000 - $119,000	$62,000 - $72,000	$0 - $10,000
2018	$101,000 - $121,000	$63,000 - $73,000	$0 - $10,000
2019-2020	$103,000-$123,000	$64,000-$74,000	$0 - $10,000

* This AGI dollar range also applies to a nonactive participant spouse who files separately, where his or her spouse is an active participant.

Special Deduction Rule for Spouse Who Is not an Active Participant -

In the case where an IRA participant is not an active participant in an employer plan at any time during a taxable year but whose spouse is an active participant, a special AGI range applies in calculating the non-active participant's IRA deduction. In order to use this special deduction rule, such spouse must file a joint income tax return with their spouse who is the active participant. In this case, the AGI range for deductible IRA contributions is $150,000 - $160,000 for years prior to 2007. For years beginning in 2007, the AGI dollar ranges for the spouse who is not an Active Participant are as follows:

2007	$156,000 - $166,000
2008	$159,000 - $169,000
2009	$166,000 - $176,000
2010	$167,000 - $177,000
2011	$169,000 - $179,000
2012	$173,000 - $183,000
2013	$178,000 - $188,000
2014	$181,000 - $191,000
2015	$183,000 - $193,000
2016	$184,000 - $194,000
2017	$186,000 - $196,000
2018	$189,000 - $199,000
2019-2020	$193,000-$203,000

Spousal IRAs

If during any year you receive compensation and your spouse receives no compensation (or chooses to be treated as receiving no compensation), you may make contributions to both your IRA and your spouse's IRA. If you are eligible then you may contribute 100% of your combined compensation not to exceed the applicable annual dollar limitation divided any way you wish so long as no more than the applicable annual dollar limitation is contributed into either account. You and your spouse must file a joint tax return and have unequal compensations to take advantage of this spousal contribution limit.

If you are over the age of 70 1/2 and your spouse is under age 70 1/2, then a regular contribution may still be made for the year into the IRA established by your spouse. Such contribution, however, is limited to the lesser of 100% of your combined compensation or the applicable annual dollar limitation. **(NOTE: that pursuant to the SECURE Act, individuals with earned income can make Traditional IRA Contributions at any age. The above restriction no longer applies.)**

If you or your spouse are an active participant in an employer-sponsored plan, then the IRA deduction for your IRA and your spouse's IRA contribution is based upon the AGI "phase-out" ranges in exactly the same manner as the phase-out under the "Married Active Participant Filing Joint Tax Returns" or under the "Special Deduction Rule for Spouse Who is not an Active Participant", whichever applies, as explained above.

$200 Minimum Deduction –

If you fall into any of the categories listed above, your minimum allowable deduction will be $200 until phased out under the appropriate marital status. In other words, if your deductible amount calculated under the appropriate dollar amounts above results in a deduction between $0 and $200, your permitted deduction is $200 instead of the calculated deduction.

Nondeductible IRA Contributions –

You may make a nondeductible IRA contribution in one of two ways. First, you are permitted to treat any regular IRA contributions that are not deductible due to your active participation status as explained above as nondeductible contributions. Secondly, you are permitted to treat an otherwise deductible IRA contribution as a nondeductible contribution. Your total contribution for the year, however, is still limited to the lesser of 100% of your compensation or the applicable annual dollar limitation.

Nondeductible IRA contributions represent money in your IRA which has already been taxed. Therefore, when you receive a distribution from any of your traditional IRAs (including SEP IRAs and SIMPLE IRAs), a portion of each distribution will be treated as a tax-free return of your nondeductible contributions. You are responsible for indicating the amount of nondeductible IRA contributions you make for a year on IRS Form 8606 which is attached to your Federal income tax return. You should also be aware that there is a penalty of $100 if you should overstate the nondeductible amount unless you can show it was due to a reasonable cause. There is also a $50 penalty if you do not file the IRS Form 8606 for years that you are required to do so.

If you make a nondeductible IRA contribution for a year and you decide not to treat it as a nondeductible contribution, you must withdraw the contribution plus earnings attributable to the nondeductible contribution on or before the tax filing deadline, including extensions, for the year during which the contribution was made. You may not take a deduction for such amounts. Such earnings will be taxable to you in the year in which the contribution was made and may be subject to the 10% additional tax if you are under the age of 59 1/2.

Special Rules for Qualified Reservist Distributions –

Qualified Reservist Distributions are eligible to be repaid to an IRA within a 2-year period after the end of active duty. A Qualified Reservist Distribution is a distribution received from an IRA by members of the National Guard or reservists who are called to active duty for a period of at least 180 days and such distribution is taken during the period of such active duty. This provision is retroactively effective with respect to distributions after September 11, 2001, for individuals called to active duty after September 11, 2001. The repayments are not treated as tax-free rollovers. Instead, these repayments become basis in the IRA.

Simplified Employee Pension Plan (SEP) Contributions

Your employer may make a SEP contribution on your behalf into this IRA up to 25% of your compensation not to exceed a specified dollar limit. This limit is a per employer limit. Therefore, if you work for more than one employer who maintains a SEP plan, you may receive up to 25% of your compensation from each employer not to exceed a specified dollar limit. Your employer may contribute to this IRA or any other IRA on your behalf under a SEP plan even if you are age 70 1/2 or older, and even if you are covered under a qualified plan for the year.

In calculating a SEP contribution, there is a maximum compensation limit that can be considered, and this compensation limit is subject to cost-of-living adjustments. For 2013, the compensation limit was $255,000; for 2014 it was $260,000; for 2015 and 2016 it is $265,000. Also, there is a maximum SEP contribution limit for each year that is subject to cost-of-living adjustments. For 2013, the maximum SEP contribution limit was $51,000; for 2014 it was $52,000; it was $53,000 2015 and 2016; and for 2017 it is $54,000.

EXCESS CONTRIBUTIONS

Generally, an excess IRA contribution is any contribution which exceeds the applicable contribution limits, and such excess contribution is subject to a 6% excise tax penalty on the principal amount of the excess each year until the excess is corrected. You must file IRS Form 5329 to report this excise tax.

Method #1: Withdrawing Excess in a Timely Manner (For Years Prior to 2018)

This 6% penalty may be avoided if the excess amount plus the earnings attributable to the excess are distributed by your tax filing deadline including extensions for the year during which the excess contribution was made, and you do not take a deduction for such excess amount. If you decide to correct your excess in this manner, the principal amount of the excess returned is not taxable, however, the earnings attributable to the excess are taxable to you in the year in which the contribution was made. In addition, if you are under age 59 1/2, the earnings attributable are subject to a 10% premature distribution penalty. This is the only method of correcting an excess contribution that will avoid the 6% penalty.

Method #1: Withdrawing Excess in a Timely Manner (For Years After 2017)

This 6% penalty may be avoided if the excess amount plus the earnings attributable to the excess are distributed by your tax filing deadline including extensions *for the year for which the excess contribution was made*, and you do not take a deduction for such excess amount. If you decide to correct your excess in this manner, the principal amount of the excess returned is not taxable; however, the earnings attributable to the excess are taxable to you in the year in which the contribution was made. In addition, if you are under age 59 1/2, the earnings attributable are subject to a 10% premature distribution penalty. This is the only method of correcting an excess contribution that will avoid the 6% penalty.

Method #2: Withdrawing Excess After Tax Filing Due Date

If you do not correct your excess contribution under Method #1 prescribed above, then you may withdraw the principal amount of the excess (no earnings need be distributed). The 6% penalty will, however, apply first to the year in which the excess was made and each subsequent year until it is withdrawn.

Excess Amount May be Taxable

If the principal amount of your excess contribution is withdrawn after your tax filing deadline for the year during which the contribution was made in accordance with Method #2, it is not taxable unless the total amount of contributions you made during the year the excess was made exceeded the applicable annual dollar limitation. If the aggregate contribution is greater than the applicable annual dollar limitation, the principal amount of the excess withdrawn under Method #2 is taxable and is subject to the 10% additional tax if you are not yet age 59 1/2. There are exceptions to this rule if the excess was due to a rollover where the taxpayer received erroneous information or if the contribution was a SEP contribution.

Method #3: Under-contributing in a Subsequent Year

Another method of correcting an excess contribution is to treat a prior year excess as a regular contribution in a subsequent year where you have an unused contribution limit for such subsequent year. Basically, all you do is under-contribute in the first subsequent year where you have an unused contribution limit until your excess amount is used up. However, once again, you will be subject to the 6% penalty in the first year and each subsequent year on any excess contribution that remains as of the end of each year.

ROLLOVERS AND RECHARACTERIZATIONS

Rollover Contribution from Another Traditional IRA

A rollover from another traditional IRA is any amount you receive from one traditional IRA and redeposit (roll over) some or all of it over into another traditional IRA. You are not required to roll over the entire amount received from the first traditional IRA. However, any amount you do not roll over will be taxed at ordinary income tax rates for Federal income tax purposes.

The following special rules also apply to rollovers between IRAs:

- The rollover must be completed no later than the 60th day after the day the distribution was received by you. However, if the reason for distribution was for qualified first-time home buyer expenses and there has been a delay or cancellation in the acquisition of such first home, the 60-day rollover period is increased to 120 days. This 60-day rollover period may also be extended in cases of disaster or casualty beyond the reasonable control of the taxpayer.
- Beginning in 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. The limit will apply by aggregating all of an individual's IRAs, including SEP and SIMPLE IRAs as well as traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. (See IRS Publication 590-A for more information).
- The same property you receive in a distribution must be the same property you roll over into the second IRA. For example, if you receive a distribution from an IRA of property, such as stocks, that same stock must be the property that is rolled over into the second IRA.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to receive a complete distribution from your IRA in order to make a rollover contribution into another IRA, nor are you required to roll over the entire amount you received from the first IRA.
- If you inherit an IRA due to the death of the participant, you may not roll this IRA into your own IRA unless you are the spouse of the decedent.
- If you are age 70 ½ (or 72 - see Article IV 4.4 above) or older and wish to roll over to another IRA, you must first satisfy the required minimum distribution for that year and then the rollover of the remaining amount may be made.
- Rollovers from a SEP IRA or an Employer IRA follow the IRA to IRA rollover rules since your contributions under these types of plans are funded directly into your own traditional IRA.

Special Rollover Rules for Qualified Hurricane Distributions

Qualified Hurricane Distributions (QHDs) are eligible to be rolled over to an IRA (or other eligible retirement plan) within a 3-year period after the eligible individual received such distribution. The maximum amount of a QHD is $100,000 per taxpayer; is not subject to the premature distribution penalty tax of 10%, and will be taxed pro rata over a 3 year period unless the taxpayer elects to pay all of the taxes in the year of the distribution. More information on Qualified Hurricane Distributions and other tax relief provisions applicable to affected individuals of Hurricanes Harvey, Irma and Maria as well as other disaster relief can be found in IRS Publication 976 and in the instructions for Form 8915B. Taxpayers using these tax relief provisions must file Form 8915B with his or her Federal income tax return.

Special Rules for Other Qualified Disaster Distributions

Qualified Wildfire Distributions (QWDs) follow the same rules as above for QHDs. The maximum amount of a QWD is $100,000 per taxpayer, the 10% premature penalty does not apply; the distribution is taxed pro rata over a 3-year period unless the taxpayer elects to include the entire distribution in income for the year of the distribution; and they will have 3 years to roll the amount back to an IRA or another eligible retirement plan. Refer to IRS Publication 976 for more information.

2016 Presidentially Declared Disaster Areas where distributions occurred either in 2016 or 2017 will be reported on Form 8915A. The form contains a chart of all of the disaster areas (45) that the form can be used for. Same pro rata taxation and rollover rules as described above apply. See Publication 976 for more information

Special Rules for Qualified Settlement Income Received from Exxon Valdez Litigation

Any qualified taxpayer who receives qualified settlement income during the taxable year, at any time before the end of the taxable year in which such income was received, make one or more contributions to an eligible retirement plan of which such qualified taxpayer is a beneficiary in an aggregate amount not to exceed the lesser of: (a) $100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior taxable years); or (b) the amount of qualified settlement income received by the individual during the taxable year.

The contribution will be deemed made on the last day of the taxable year in which such income is received if the contribution is made on account of such taxable year and is made not later than the deadline for filing the income tax return for such year, not including extensions thereof.

If the settlement income is contributed to a traditional IRA such income is not currently includible in the taxpayer's gross income.

A qualified taxpayer means:

1. Any individual who is a plaintiff in the civil action In Re Exxon Valdez, No. 89-095-CV (HRH) (Consolidated) (D. Alaska); or
2. Any individual who is a beneficiary of the estate of such a plaintiff who acquired the right to receive qualified settlement income from that plaintiff and was the spouse or an immediate relative of that plaintiff.

Special Rules for Rollovers/Recharacterizations of Amounts Received in Airline Carrier Bankruptcy

Effective December 11, 2008, a "qualified airline employee" may contribute any portion of an "airline payment" amount to a Roth IRA within 180 days of receipt of such payment (or, if later, within 180 days of the enactment of the Worker, Retiree and Employer Recovery Act of 2008). Such contribution is treated as a qualified rollover contribution to the Roth IRA, and as such, the airline payment is includible in gross income of the recipient to the extent it would be so includible were it not part of the rollover contribution.

An "airline payment" means any payment by a commercial airline carrier to a "qualified airline employee" that is paid: (1) under an order of a Federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007; and (2) in respect of the employee's interest in a bankruptcy claim against the airline carrier.
In determining the amount that may be contributed to a Roth IRA, any reduction in the airline payment on account of employment tax withholding is disregarded. A "qualified airline employee" is an employee or former employee of a commercial passenger airline who was a participant in a qualified defined benefit plan maintained by the airline carrier that was terminated or became subject to the benefit accrual and other restrictions applicable to plans maintained by commercial passenger airlines.

Effective February 14, 2012, under the FAA Modernization and Reform Act of 2012 ("The Act") certain qualified airline employees may rollover or recharacterize to a Traditional IRA in lieu of a Roth IRA. The Act permits 'qualified airline employees' and their surviving spouses, who received an 'airline payment amount', and did *not* roll over any portion of such payment to a Roth IRA:

- To rollover now to a Traditional IRA 90% of the payment received, and the amount rolled over is excludible from income in the taxable year payment was made.
- The rollover must take place within 180 days after the receipt of the 'airline payment amount' or within 180 days of February 14, 2012, the date of enactment i.e. August 13, 2012, whichever is later.

Additionally, the Act permits 'qualified airline employees' and their surviving spouses who contributed all or a portion of an 'airline payment amount' previously to a Roth IRA:

- To recharacterize up to 90% of such amounts, to a traditional IRA,
- The recharacterization transfer must be made within 180 days of February 14, 2012, the date of enactment i.e. August 13, 2012,
- The IRA owner can then claim a refund of the Federal taxes they previously paid on such transferred funds if made under certain time frames,
- The amount rolled over will be excluded from income in the taxable year payment was made,
- The transfer must be 'trustee to trustee, and
- The contribution amount (including any net income allocable to it), rolled into the traditional IRA, will be deemed to have been rolled over at the time of the rollover to the ROTH.

The Act does *not* apply to employees who in the taxable year or any preceding years, when payment were made, were chief executive officers ("CEO") or one of the 4 highest compensated officers (other than the CEO), whose total compensation had to be reported to shareholders (as required by Securities and Exchange Commission Act of 1934).

The PATH Act of 2015 extended this rollover deadline to 180 after enactment or until June 15, 2016.

Rollovers from SIMPLE IRA Plans

Prior to December 19, 2015, a SIMPLE IRA is a separate IRA that may only receive contributions under an Employer-sponsored SIMPLE IRA Retirement Plan. These contributions must remain segregated in a SIMPLE IRA account for a two-year period measured from the initial contribution made into your SIMPLE IRA under the Employer's SIMPLE IRA plan. A rollover or transfer from a SIMPLE IRA to any other IRA may not occur until this initial two-year period has been satisfied. Rollovers or transfers between SIMPLE IRA plans are permitted without waiting the two-year period. All IRA to IRA rollover rules generally apply to rollovers between SIMPLE IRAs.

Rollover Contributions from Another Plan into a SIMPLE IRA

Beginning December 19, 2015, if you’re Employer’s Plan permits, you are permitted to rollover from a qualified plan, a qualified annuity, a 403(b) Plan, a governmental 457(b) Plan and from a Traditional IRA into your SIMPLE IRA Plan. Your SIMPLE IRA may only accept these rollovers after your SIMPLE IRA has been in existence for 2 years measured from the date of the first contribution into your SIMPLE IRA account.

Recharacterizations

You may be able to recharacterize certain contributions under the following two different circumstances:

1. By recharacterizing a current year regular contribution plus earnings explained in this section; or
2. Prior to 1/1/2018, by recharacterizing a conversion made to a Roth IRA by transferring the amount plus earnings back to a traditional IRA discussed in the next section under the heading "Conversion from a Traditional IRA to a Roth IRA". Beginning 1/1/2018, recharacterizations of conversions are no longer permitted.

If you decide by your tax filing deadline (including extensions) of the year for which the contribution was made to transfer a current year contribution plus earnings from your traditional IRA to a Roth IRA, no amount will be included in your gross income as long as you did not take a deduction for the amount of the contribution. You may also recharacterize a current year contribution plus earnings from your Roth IRA to a traditional IRA by your tax filing deadline including extensions of the year for which the contribution was made. A regular contribution that is appropriately recharacterized from your Roth IRA to a traditional IRA may be deductible depending upon the deductibility rules previously discussed. In order to recharacterize a regular contribution from one type of IRA to another type of IRA, you must be eligible to make a regular contribution to the IRA to which the contribution plus earnings is recharacterized. All recharacterizations must be accomplished as a direct transfer, rather than a distribution and subsequent rollover. You are also required to report recharacterizations to the IRS in accordance with the instructions to IRS Form 8606. Any recharacterized contribution (whether a regular contribution or a conversion) cannot be revoked after the transfer. You are required to notify both trustees (and custodians) and to provide them with certain information in order to properly effectuate such a recharacterization.

Conversion from a Traditional IRA to a Roth IRA

You are permitted to make a qualified rollover contribution from a traditional IRA to a Roth IRA. [Note: Prior to 2010 only taxpayers who’s Modified AGI for the year during which the distribution was not in excess of $100,000 and you were not a married person filing a separate tax return.] This is called a "conversion" and may be done at any time without waiting the usual 12 months.

Beginning in 2018, for conversions made in 2018, you are no longer permitted to recharacterize a conversion made to a Roth IRA i back to a traditional IRA.

Taxation in Completing a Conversion from a Traditional IRA to a Roth IRA

If you complete a conversion from a traditional IRA to a Roth IRA, the conversion amount (to the extent taxable) is generally included in your gross income for the year during which the distribution is made from your traditional IRA that is converted to a Roth IRA. However, the 10% additional income tax for premature distributions does not apply.

Reconversions

Once an amount has been properly converted, and is then recharacterized back to a traditional IRA, any subsequent conversion of that amount is called a "reconversion". In general, for reconversions beginning in 2000 and ending for 2017 conversions, you may reconvert an amount at any time after the later of (1) the tax year following the tax year during which the original conversion of that amount occurred; or (2) 30 days following the date that the original conversion of that amount was recharacterized back to a traditional IRA. Since adverse tax consequences could arise, it is recommended that you seek the advice of your own tax advisor. Since recharacterizations of IRA conversions are no longer permitted beginning with 2018 conversions, reconversions will no longer apply, unless it is a 2017 conversion that was recharacterized in 2018.

Qualified Rollover Contribution

This term includes: (a) Rollovers between Roth IRA accounts; (b) Traditional IRA converted to a Roth IRA; (c) Direct Rollover from an Employer’s plan of funds other than a Designated Roth Contribution Account; and (d) a rollover from a Designated Roth Contribution Account to a Roth IRA. Qualified Rollover Contributions must meet the general IRA rollover rules, except that the 12-month rollover restriction does not apply to rollovers (conversions) between a traditional IRA and a Roth IRA. However, the 12- month rule does apply to rollovers between Roth IRAs. Beginning in 2008, rollovers from employer-sponsored plans, such as qualified plans and 403(b)s, to a Roth IRA are permitted. You could also roll over from the employer's plan to a traditional IRA, and then roll over (convert) to a Roth IRA.

Rollovers from Employer-Sponsored Plans to a Traditional IRA

The rules discussed in this section apply only to amounts under an employer's plan, other than Designated Roth Contribution Accounts. An eligible rollover distribution from a Designated Roth Contribution Account can be rolled over only to a Roth IRA or another accepting employer's plan. Rollovers to traditional IRAs are permitted if you have received an eligible rollover distribution from one of the following:

- A qualified plan under Section 401(a),
- A qualified annuity under Section 403(a),
- A Tax-Sheltered Annuity (TSA) or Custodial Account under Section 403(b),
- A governmental section 457(b) plan, or
- The Federal Employees' Thrift Savings Plan.

Eligible Rollover Distributions

An eligible rollover distribution from one of the employer-sponsored plans listed above generally include any distribution that is not:

- part of a series of substantially equal payments that are made at least once a year and that will last for:
  - your lifetime (or your life expectancy), or
  - your lifetime and your beneficiary's lifetime (or joint life expectancies), or
  - a period of ten years or more.
- attributable to your required minimum distribution for the year
- amounts attributable to any hardship distribution
- deemed distributions of any defaulted participant loan
- certain corrective distributions and ESOP dividends

Rollovers of After-Tax Employee Contributions

Beginning for eligible rollover distributions you receive after December 31, 2001, you can roll over your after-tax employee contributions to a traditional IRA either as a 60-day rollover or as a direct rollover. If you roll over your after-tax employee contributions to a traditional IRA, you are required to keep track of these amounts as required by the IRS according to their instructions. This will enable you to calculate the nontaxable amount of any future distributions from your traditional IRAs. Once you roll over your after-tax employee contributions to a traditional IRA, it becomes basis in the IRA, and these amounts cannot later be rolled over to an employer plan.

Direct Rollover to Another Plan

You can elect a direct rollover of all or any portion of your payment that is an "eligible rollover distribution ", as described above. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to a traditional IRA or another employer plan that accepts rollovers. If you elect a direct rollover, you are not taxed on the payment until you later take it out of the IRA or the employer plan, and you will not be subject to the 20% mandatory Federal income tax withholding otherwise applicable to Eligible Rollover Distributions that are paid directly to you. Your employer is required to provide you with a Notice regarding the effects of electing or not electing a direct rollover to an IRA or another employer plan. Although a direct rollover is accomplished similar to a transfer, the IRA Custodian must report the direct rollover on Form 5498 as a rollover contribution.

Eligible Rollover Distribution Paid to You

If you choose to have your eligible rollover distribution paid to you (instead of electing a direct rollover), you will receive only 80% of the payment, because the plan administrator is required to withhold 20% of the payment and send it to the IRS as Federal income tax withholding to be credited against your taxes. However, you may still roll over the payment to an IRA within 60 days after receiving the distribution. The amount rolled over will not be taxed until you take it out of the IRA. If you want to roll over 100% of the payment to an IRA, you must replace the 20% that was withheld from other sources. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over. In either event, the 20% that was withheld can be claimed on your Federal income tax return as a credit toward that year's tax liability.

Conduit Rollover IRAs

A direct rollover (or rollover within 60 days) of any eligible rollover distribution may generally be treated as a "Conduit IRA", provided that a separate IRA is established for purposes of retaining the ability to later roll these funds back into an employer's plan that accepts the rollover. The conduit IRA need not be completely distributed in order for a rollover back to an employer's plan that accepts rollovers. In addition, a surviving spouse may also treat such conduit IRA for purposes of rolling over into the surviving spouse's employer plan that accepts rollovers.

Rollovers from Traditional IRAs into Employer-Sponsored Plans

Beginning for distributions made after December 31, 2001, traditional IRAs are permitted to be rolled over into an employer's plan. The employer's plan must accept these types of rollovers. The maximum amount that can be rolled over from a traditional IRA to an employer's plan that accepts these rollovers cannot exceed the amount that would be taxable. Any amount in a traditional IRA that represents the principal amount of a nondeductible IRA contribution or a rollover of after-tax employee contributions to a traditional IRA or any other basis amount may not be rolled over to an employer's plan. The types of IRAs that can be rolled over to an employer's plan that accepts these rollovers include regular traditional IRAs, rollover "conduit" IRAs, SEP IRAs and SIMPLE IRAs (after the two-year waiting period has been satisfied applicable to SIMPLE IRAs). In determining the maximum amount eligible to be rolled over from an IRA to an employer's plan, you must treat all of these types of IRAs as one IRA. Only the taxable amount is eligible to be rolled over. If you are interested in rolling over your traditional IRAs into your employer's plan, you should contact the plan administrator of your employer's plan for additional information.

Special Rules for Surviving Spouses, Alternate Payees, and Other Beneficiaries

If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to your own traditional IRA, an inherited traditional IRA, your own employer's plan that accepts rollovers, or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to your employer's plan that accepts rollovers. If you are the spouse or former spouse alternate payee with respect to a Qualified Domestic Relations Order (QDRO), you may have the payment paid as a direct rollover or paid to you which you may roll over to your own traditional IRA or your own employer's plan that accepts rollovers.

Special Rules for Non-spouse Beneficiaries

For distributions prior to 2007, any distribution to a beneficiary other than a surviving spouse was not eligible to be rolled over to an IRA. Beginning in 2007, eligible rollover distributions payable from an employer’s plan to a non-spouse beneficiary is eligible for direct rollover into an Inherited IRA. Such amounts must be paid in the form of a direct rollover, rather than a distribution and subsequent rollover. Thus, if the distribution is paid directly by the employer’s plan to the non-spouse beneficiary, no rollover is permitted. Also, the IRA receiving the direct rollover must be an Inherited IRA, rather than an IRA owned by the non-spouse beneficiary. The Inherited IRA is subject to the same required minimum distributions that apply to beneficiaries under the employer’s plan and carries over to the Inherited IRA. The IRA must be established and titled in a manner that identifies it as an IRA with respect to a deceased individual and must also identify the deceased individual and the beneficiary, for example, “Tom Smith as beneficiary of John Smith”.

For these purposes, a non-spouse beneficiary includes an individual beneficiary and a trust beneficiary that meets the special “look through” rules under the IRS regulations. A nonindividual beneficiary (such as an estate or charity) or a non-look through trust is not eligible for direct rollover. Any required minimum distributions applicable to the employer’s plan for the year in which the direct rollover occurs and any prior year is not eligible for direct rollover.

The following additional rules apply to a rollover from an employer-sponsored plan to a traditional IRA:

- The rollover must be completed no later than the 60th day after the day the distribution was received by you.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to roll over the entire amount you received from the employer's plan.
- If you are age 70 ½ (or 72 – see Article IV 4.4 above) or older and wish to roll over your employer's plan to a traditional IRA, you must first satisfy the minimum distribution requirement for that year and then the rollover of the remaining amount may be made.
- If your distribution consists of property (i.e., stocks) you may either roll over the same property (the same stock) or you may sell the distributed property and roll over the proceeds from the sale. This is true whether the proceeds from the sale are more or less than the fair market value of the property on the date of distribution. You may not keep the property received in the distribution and roll over cash which represents the fair market value of the property.

DISTRIBUTIONS

Taxation of Distributions

When you start withdrawing from your IRA, you may take the distributions in periodic payments, random withdrawals or in a single sum payment. Generally, all amounts distributed to you from your IRA are included in your gross income in the taxable year in which they are received. However, if you have made nondeductible contributions to your IRA, rolled over after-tax employee contributions from your employer's plan or repaid a Qualified Reservist Distribution (collectively referred to as "basis"), the nontaxable portion of any distribution from any of your IRAs (except Roth IRAs), if any, will be a percentage based upon the ratio of your unrecovered "basis" to the aggregate of all IRA balances, including SEP, SIMPLE and rollover contributions, as of the end of the year in which you take the distribution, plus distributions from the account during the year. All taxable distributions from your IRA are taxed at ordinary income tax rates for Federal income tax purposes and are not eligible for any favorable tax treatment. You must file Form 8606 to calculate the portion of any IRA distribution that is not taxable.

Premature Distributions

If you are under age 59 1/2 and receive a distribution from your IRA account, a 10% additional income tax will apply to the taxable portion of the distribution unless the distribution is received due to death; disability; a series of substantially equal periodic payments at least annually over your life expectancy or the joint life expectancy of you and your designated beneficiary; medical expenses in excess of 7.5% (applies for 2017 and 2018) of your adjusted gross income; health insurance premiums paid by certain unemployed individuals; qualified acquisition costs of a first time homebuyer; qualified higher education expenses; a qualifying rollover distribution; the timely withdrawal of the principal amount of an excess or nondeductible contribution; due to an IRS levy; Qualified Hurricane Distributions; Qualified Wildfire Distributions and 2016 Disaster Distributions, or qualified reservist distributions.

If you request a distribution in the form of a series of substantially equal payments and you modify the payments before 5 years have elapsed and before attaining age 59 1/2, the 10% additional income tax will apply retroactively to the year payments began through the year of such modification.

Age 70 1/2 Required Minimum Distributions

You are required to begin receiving minimum distributions from your IRA by your required beginning date (the April 1 of the year following the year you attain age 70 1/2). The year you attain age 70 1/2 is referred to as your "first distribution calendar year". The required minimum for your first distribution calendar year must be withdrawn no later than your required beginning date. The required minimum distribution for your second distribution calendar year and for each subsequent distribution calendar year must be made by December 31 of each such year. Your minimum distribution for each year beginning with the calendar year you attain the age of 70 1/2 is generally based upon the value of your account at the end of the prior year divided by the factor for your age derived from the Uniform Lifetime Distribution Period Table regardless of who or what entity is your named beneficiary. This uniform table assumes you have a designated beneficiary exactly 10 years younger than you. However, if your spouse is your sole beneficiary and is more than 10 years younger than you, your required minimum distribution for each year is based upon the joint life expectancies of you and your spouse. The account balance that is used to determine each year's required minimum amount is the fair market value of each IRA you own as of the prior December 31st, adjusted for outstanding rollovers (or transfers) as of such prior December 31st and recharacterizations that relate to a conversion or failed conversion made in the prior year. **(NOTE: The SECURE Act has changed the RMD age to 72. See Article IV 4.4 above.)**

However, no payment will be made from this IRA until you provide the Custodian with a proper distribution request acceptable by the Custodian. Upon receipt of such distribution request, you may switch to a joint life expectancy in determining the required minimum distribution if your spouse was your sole beneficiary as of the January 1st of the relevant distribution calendar year and such spouse is more than 10 years younger than you. In any distribution calendar year you may take more than the required minimum. However, if you take less than the required minimum with respect to any distribution calendar year, you are subject to a Federal excise tax penalty of 50% of the difference between the amount required to be distributed and the amount actually distributed. If you are subject to that tax, you are required to file IRS Form 5329.

Reporting the Required Minimum Distribution

Beginning for minimum distributions that are required for calendar 2003, the Custodian must provide a statement to each IRA owner who is subject to required minimum distributions that contains either the amount of the minimum or an offer by the Custodian to perform the calculation if requested by the IRA owner. The statement must inform the IRA owner that required minimum distributions apply and the date by which such amount must be distributed. The statement must further inform the IRA owner that beginning in 2004; the Custodian must report to the IRS that the IRA owner is required to receive a minimum for the calendar year.

Death Distributions

If you die before your required beginning date and you have a designated beneficiary, the balance in your IRA will be distributed to your beneficiary over the beneficiary's single life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. However, if your spouse is your sole beneficiary, these distributions are not required to commence until the December 31st of the calendar year you would have attained the age of 70 ½ or 72 (see Article IV 4.4 above), if that date is later than the required commencement date in the previous sentence. If you die before your required beginning date and you do not have a designated beneficiary, the balance in your IRA must be distributed no later than the December 31st of the calendar year that contains the fifth anniversary of your death.

If you die on or after your required beginning date and you have a designated beneficiary, the balance in your IRA will be distributed to your beneficiary over the longer of the beneficiary's single life expectancy or your remaining life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. If you die on or after your required beginning date and you do not have a designated beneficiary, the balance in your IRA must be distributed over a period that does not exceed your remaining single life expectancy determined in the year of your death reduced by one each year thereafter. However, the required minimum distribution for the calendar year that contains the date of your death is still required to be distributed. Such amount is determined as if you were still alive throughout that year. If your spouse is your sole beneficiary, your spouse may elect to treat your IRA as his or her own IRA, whether you die before or after your required beginning date. If you die after your required beginning date and your spouse elects to treat your IRA as his or her own IRA, any required minimum that has not been distributed for the year of your death must still be distributed to your surviving spouse and then the remaining balance can be treated as your spouse's own IRA.

PROHIBITED TRANSACTIONS

If you or your beneficiary engage in a prohibited transaction (as defined under Section 4975 of the Internal Revenue Code) with your IRA, it will lose its tax exemption and you must include the value of your account in your gross income for that taxable year. If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

PENALTIES

If you are under age 59 1/2 and receive a premature distribution from your IRA, an additional 10% income tax will apply on the taxable amount of the distribution unless an exception applies. If you make an excess contribution to your IRA and it is not corrected on a timely basis, an excise tax of 6% is imposed on the excess amount. This tax will apply each year to any part or all of the excess which remains in your account. If you are age 70 ½ or 72 (See Article IV 4.4 above) or over or if you should die, and the appropriate required minimum distributions are not made from your IRA, an additional tax of 50% is imposed upon the difference between what should have been distributed and what was actually distributed.

You must file IRS Form 5329 with the Internal Revenue Service for any year an additional tax is due. You must file IRS Form 8606 for any year you make a nondeductible IRA contribution, rollover after-tax employee contributions from your employer's plan, convert from your Traditional IRA to a Roth IRA or re characterize a contribution to your Traditional IRA. The penalty for not filing Form 8606, when required, is $50.

INCOME TAX WITHHOLDING

All withdrawals from your IRA (except certain transfers and any recharacterization) are subject to Federal income tax withholding. You may, however, elect not to have withholding apply to your IRA distribution in most cases. If withholding does apply to your distribution, the applicable rate of withholding is 10% of the amount of the distribution. In addition to Federal income tax withholding, distributions from IRAs may also be subject to state income tax withholding.

IRA distributions delivered outside the United States - In general, if you are a US citizen or resident alien and your home address is outside of the United States or its possessions, you cannot choose exemption from withholding on distributions from your traditional IRA.

To choose exemption from withholding, you must certify to the payer under penalties of perjury that you are not a U.S. citizen, a resident alien of the United States, or a tax-avoidance expatriate. Even if this election is made, the payer must withhold tax at the rates prescribed for nonresident aliens.

For more information on withholding on pensions and annuities, see “Pensions and Annuities” in Chapter 1 of *Publication 505, Tax Withholding and Estimated Tax*. For more information on withholding on nonresident aliens and foreign entities, see *Publication 515, Withholding of tax on Nonresident Aliens and Foreign Entities*.

TRANSFERS

Transfers Between “Like” IRAs - A direct transfer of all or a portion of your funds is permitted from this IRA to another traditional IRA or visa versa. Transfers do not constitute a distribution since you are never in receipt of the funds. The monies are transferred directly to the new trustee or custodian. If you should transfer all or a portion of your IRA to your former spouse's IRA under a divorce decree (or under a written instrument incident to divorce) or separation instrument, you will not be deemed to have made a taxable distribution, but merely a transfer. The portion so transferred will be treated at the time of the transfer as the IRA of your spouse or former spouse. If your spouse is the beneficiary of your IRA, in the event of your death, your spouse may "assume" your IRA. The assumed IRA is then treated as your surviving spouse's IRA.

Qualified Charitable Distributions - If an IRA owner is exactly age 70½ or over, the IRA owner may direct the IRA trustee or custodian to transfer up to $100,000 per year from the IRA to a qualified charity. Such transfer will not be subject to Federal income taxes. Qualified Charitable Distributions may also be made by a beneficiary who is exactly age 70½ or over. Qualified Charitable Distributions are not subject to Federal income tax withholding. SEP IRAs or SIMPLE IRAs are <u>not</u> permitted to be transferred under this rule. **(NOTE: The SECURE Act has changed this age to 72 effective in 2020.)**

The amount transferred will be treated as coming from the taxable portion of the IRA and will be an exception to the pro-rata basis recovery rules applicable to traditional IRAs. The tax-free transfer to a qualified charity applies only if the IRA owner could otherwise receive a charitable deduction with respect to the transferred amount. In other words, it must be made to a qualified charitable organization that the taxpayer would have otherwise been able to take a tax deduction for making the charitable contribution. However, since such transfer will be tax-free, the taxpayer may not also take a charitable deduction on his or her tax return.

Since the eligible individual must be at least exactly age 70½ or over, the taxpayer is also subject to required minimum distributions with respect to his or her traditional IRA. However, any amount transferred to the qualified charity under this rule from a traditional IRA will be treated toward satisfying the individual's required minimum distribution for the year, even though the transferred amount is tax-free.

This provision is effective with respect to distributions transferred directly to a qualified charity beginning in 2006, through the end of 2009. The Tax Relief, Unemployment Compensation Reauthorization, and Job Creation Act of 2010 extended Qualified Charitable Distributions for 2010 and 2011 under the same rules that originally applied. Eligible taxpayers who make a Qualified Charitable Distribution during January 2011 may elect to treat such Qualified Charitable Distribution as made on December 31, 2010. On January 2, 2013, the President signed the American Taxpayer Relief Act of 2012 ("ATRA") which extended QCDs through the end of 2013, and on December 16, 2014, the President signed the Tax Increase Prevention Act of 2014 to extend QCDs through the end of 2014 only. On December 18, 2015, the Protecting Americans from Tax Hikes Act of 2015 ("PATH") was signed into law and extended QCDs permanently retroactively for the 2015 year.

Although the IRA trustee or custodian must pay the Qualified Charitable Distribution directly to the qualified charity, the taxpayer is responsible for substantiating and reporting the Qualified Charitable Distribution on his or her Federal income tax return. The trustee or custodian of the IRA will report the amount transferred on IRS Form 1099-R as if the IRA owner withdrew the money. After the IRA trustee or custodian issues the payment in the name of the charity, the trustee or custodian may deliver the payment to the IRA owner, who then would deliver the payment to the charity.

Qualified HSA Funding Distribution - Beginning for contributions made for 2007 and thereafter, a special one-time, tax-free transfer from an IRA to an HSA is permitted. This one-time transfer counts toward the eligible individual's HSA contribution limit for the year of the transfer.

Prior to 2007, if an IRA owner wanted to use the money in an IRA to make an annual HSA contribution, the distribution from the IRA was taxable and subject to the 10% additional tax if the individual was under the age of 59 ½ . Prior law did not provide for a tax-free transfer from an IRA to an HSA.

Beginning for annual HSA contributions made for 2007 or thereafter, an HSA–eligible individual may make an irrevocable once-in-a-lifetime, tax-free "qualified HSA Funding distribution" from an IRA to an HSA, subject however to strict requirements. The amount of the HSA funding distribution must be made in the form of a trustee-to-trustee transfer from the IRA to the HSA. The amount of the transfer cannot exceed the maximum HSA contribution limit for the year that the amount is transferred. Consequently, this one-time transfer from an IRA to an HSA counts toward the individual's total HSA contribution limit for the year depending upon the type of coverage under the HDHP (self-only or family).

FEDERAL ESTATE AND GIFT TAXES

Generally, there is no specific exclusion for IRAs under the estate tax rules. Therefore, in the event of your death, your IRA balance will be includible in your gross estate for Federal estate tax purposes. However, if your surviving spouse is the beneficiary of your IRA, the amount in your IRA may qualify for the marital deduction available under Section 2056 of the Internal Revenue Code. A transfer of property for Federal gift tax purposes does not include an amount which a beneficiary receives from an IRA plan.

IRS APPROVAL AS TO FORM

This IRA Custodial Agreement has been approved by the Internal Revenue Service as to form. This is not an endorsement of the plan in operation or of the investments offered.

ADDITIONAL INFORMATION

You may obtain further information on IRAs from your District Office of the Internal Revenue Service. In particular you may wish to obtain IRS Publication 590-A Contributions to Individual Retirement Arrangements (IRAs), and 590-B Distributions from Individual Retirement Arrangements (IRAs).

AIRDROPS & BLOCKCHAIN FORKS

If you hold digital assets inside your IRA, you may be the recipient of additional digital assets through airdrops or blockchain network forks from time to time. Kingdom Trust aims to support these events provided it has the technology and resources to do so and has been examined in accordance with Kingdom Trust's policy regarding decisions on digital assets to be custodied.

However, Kingdom Trust does not control these events, and may not be able to store, access and/or provide a trading venue for the new asset(s) resulting from an airdrop or fork. Furthermore, these capabilities may take an undefined amount of time to develop and are not guaranteed to be developed.

Support for airdrops and forks are evaluated on a case-by-case basis on many factors, including but not limited to: 1) client interest in the new asset(s); 2) value, liquidity and market structure of the new asset(s); 3) regulatory, legal and compliance considerations surrounding the new asset(s); and 4) administrative feasibility of supporting the airdrop or fork and associated asset(s) for clients.

You understand this policy and acknowledge that by holding digital assets inside your IRA you are not guaranteed to receive additional digital assets through airdrops or blockchain forks, and hereby indemnify and hold Kingdom Trust harmless from any and all damages and claims arising from or in connection with airdrops or blockchain forks or similar events involving the distribution of digital assets and the associated asset(s).

FINANCIAL DISCLOSURE

In General: IRS regulations require the Custodian to provide you with a financial projected growth of your IRA account based upon certain assumptions.

Growth in the Value of Your IRA: Growth in the value of your IRA is neither guaranteed nor projected. The value of your IRA will be computed by totaling the fair market value of the assets credited to your account. At least once a year the Custodian will send you a written report stating the current value of your IRA assets. The Custodian shall disclose separately a description of:

- the type and amount of each charge
- the method of computing and allocating earnings, and
- any portion of the contribution, if any, which may be used for the purchase of life insurance.

Custodian Fees: The Custodian may charge reasonable fees or compensation for its services and it may deduct all reasonable expenses incurred by it in the administration of your IRA, including any legal, accounting, distribution, transfer, termination or other designated fees. Any charges made by the custodian will be separately disclosed on an attachment hereto. Such fees may be charged to you or directly to your custodial account. In addition, depending on your choice of investment vehicles, you may incur brokerage commissions attributable to the purchase or sale of assets.

Non-Interest-Bearing Accounts: You hereby appoint Kingdom Trust as your attorney-in-fact with respect to investments and distributions concerning your account at Kingdom Trust. As part of this, among other things, you direct Kingdom Trust:

1. to deposit all cash for which you have not already provided investment instructions into a pooled custodial deposit account or accounts with one or more third party financial organizations selected by Kingdom Trust at Kingdom's sole discretion and without any further approval from you or other Account Holders provided that any and all such accounts qualify as common investment funds under IRC Section 408(a)(5), such deposit accounts may include without limitation negotiable order of withdrawal accounts, checking accounts, savings accounts, money market accounts, certificates of deposit or similar accounts,
2. to retain such interest as further compensation for the services it renders to its Account Holders and, in its sole discretion, place the funds in a non-interest-bearing pooled deposit account or accounts,
3. to enter into such sub-accounting agreements as may be required by the nature of the deposit accounts between the selected financial organizations and Kingdom Trust under which Kingdom Trust may receive a fee from the selected financial organizations to keep all records pertaining to the Account Holder's share of the pooled custodial accounts which fees will be retained by Kingdom Trust, and
4. to sign checks from time to time on the pooled custodial accounts which are to be honored by the financial organizations for withdrawal of Account Holder's funds from such pooled custodial accounts for distributions, investments, fees and other disbursements directed or agreed to by the Account Holder, and
5. to retain digital assets resulting from any distribution event that are administratively unfeasible as further compensation for the services it renders to Account Holders and, in its sole discretion, liquidate these holdings if possible.

You hereby indemnify and agree to hold such financial organization(s) harmless from following the directions received from Kingdom Trust on your behalf including but not limited to honoring checks drawn on the Account Holder's portion of the pooled custodial accounts that are written by Kingdom Trust.