IRA Disclosure Statement

Part One: Description of Traditional IRAs

General Information

Part One contains information about the Traditional Individual Retirement Account with US Bank, N.A. as Custodian. A Traditional IRA provides several tax benefits. Earnings on the assets held in a Traditional IRA are not subject to federal income tax until withdrawn. Part or all of a Traditional IRA contribution may be deductible for federal income tax purposes. State income tax treatment may differ from federal treatment; please consult your tax advisor or state tax dept. for details.

Part Two contains information about Roth IRAs. Contributions to a Roth IRA are not deductible (regardless of your Adjusted Gross Income), but withdrawals that meet certain requirements are not subject to federal income tax, so that dividends and investment growth on amounts held in the Roth IRA can escape federal income tax.

Part Three contains information on how to revoke your Traditional IRA, investments and prohibited transactions, fees and expenses, and certain tax requirements.

Traditional IRAs may be used as part of a Simplified Employee Pension (SEP) plan maintained by your employer. Under a SEP your employer may make contributions to your Traditional IRA which may exceed the normal limits on Traditional IRA contributions. This document does not describe IRAs established in connection with a SIMPLE IRA program maintained by your employer. Employers provide special explanatory materials for accounts established as part of a SIMPLE IRA program. Traditional IRAs may be used in connection with a SIMPLE IRA program, but for the first two years of participation a special SIMPLE IRA (not a Traditional IRA) is required.

Eligibility

Who is eligible for a Traditional IRA?

You are eligible to establish and contribute to a Traditional IRA for a tax year if you are younger than age 70 ½ during the year, *and* at any time during the year you received compensation (or earned income if you are self-employed). Taxable alimony is treated as compensation for IRA purposes.

Can I Contribute to a Traditional IRA for my Spouse?

For each year before the year your spouse attains age $70^1/_2$, you may contribute to a separate Traditional IRA for your spouse, regardless of whether your spouse had any compensation or earned income that year. To be eligible to contribute to a spousal IRA, you and your spouse must file a joint tax return for the year. Your spouse must establish a separate Traditional IRA from yours to receive the contributions.

Contributions

When Can I Make Contributions to a Traditional IRA?

You may make a contribution to an existing Traditional IRA or establish a new one for a tax year by the due date (not including any extensions) of your federal income tax return, usually April 15 of the following year. For example, you have until April 15, 2008 to establish and make a contribution to a Traditional IRA for the tax year 2007.

How Much Can I Contribute to my Traditional IRA?

(a) For each tax year you may contribute up to the lesser of your IRA Contribution Limit (see following table) or 100% of your compensation or earned income, if self-employed. However under tax laws, all or a portion of your contribution may not be deductible.

IRA CONTRIBUTION LIMIT

Year	Limit
2006-2007	$4,000
2008	$5,000
2009 and onwards	$5,000 increased by cost-of-living adjustments in $500 increments.

(b) Individuals age 50 or over may make special "catch up" contributions to their Traditional IRAs. (See What are the Special Catch-Up Contribution Rules?)

(c) If you and your spouse have spousal Traditional IRAs, each spouse may contribute up to the IRA Contribution Limit to his or her IRA for a year as long as the combined compensation of both spouses for the year (as shown on your joint income tax return) is at least two times the IRA Contribution Limit. If the combined compensation or earned income shown on the joint income tax return is under two times the IRA Contribution Limit, the spouse with the higher amount of compensation may contribute up to that spouse's compensation amount, or the IRA Contribution Limit, if less. The spouse with the lower compensation amount may contribute any amount up to that spouse's compensation plus any excess of the other spouse's compensation over the other spouse's IRA contribution. However, the maximum contribution to either spouse's Traditional IRA is the individual IRA Contribution Limit for the year.

If you (or your spouse) establish a new Roth IRA and make contributions to both your Traditional IRA and a Roth IRA, the combined limit on contributions to both your (or your spouse's) Traditional IRA and Roth IRA for a single calendar year is the IRA Contribution Limit. (Note: The Traditional IRA Contribution Limit is not reduced by employer contributions made on your behalf to either a SEP or a SIMPLE IRA; salary reduction contributions by you are considered employer contributions for this purpose.)

What are the Special Catch-Up Contribution Rules?

Individuals who are age 50 and over by the end of the tax year may make a special annual $1,000 “catch-up” contribution to a Traditional IRA for that year. If you are over 50 by the end of a year, your catch up limit is added to your normal contribution limit.

Congress intended these "catch-up" contributions specifically for older individuals who may have been absent from the workforce for a number of years and so may have lost the ability to contribute to an IRA. However, the "catch-up" contribution is available to anyone age 50 or over, whether or not they have consistently contributed to an IRA.

Note that rules for determining whether a contribution is tax-deductible also apply to special "catch-up" contributions (see below).

How do I Know if my Contribution is Tax Deductible?

Deductibility of your contribution depends on whether you are an active participant in any employer sponsored retirement plan such as a 401(k). If you are not an active participant, the entire contribution to your Traditional IRA may be deductible.

If you are an active participant in an employer-sponsored plan, your Traditional IRA contribution may still be completely or partly deductible depending on your income.

Similarly, deductibility of a contribution to a Traditional IRA for your spouse depends on whether your spouse is an active participant in any employer-sponsored retirement plan. If your spouse is not an active participant, contributions to your spouse's Traditional IRA may be deductible. If your spouse is an active participant, the contribution may be completely, partly or not deductible depending upon your combined income.

An exception to the preceding rules applies to high-income married taxpayers, where one spouse is an active participant in an employer-sponsored retirement plan and the other spouse is not. A contribution to the non-active participant spouse's Traditional IRA will be only partly deductible starting at an adjusted gross income (AGI) on the joint tax return of $150,000, and the deductibility will be phased out as described below over the next $10,000 so that there will be no deduction at all with an AGI of $160,000 or higher.

How do I Determine My or My Spouse's "Active Participant" status?

Your (or your spouse's) Form W-2 should indicate if you (or your spouse) were an active participant in an employer-sponsored retirement plan for a year. If you have a question, please consult your employer or the plan administrator.

In addition, regardless of income level, your spouse's "active participant" status will not affect deductibility of your contributions to your Traditional IRA if you and your spouse file separate tax returns and you lived apart at all times during the tax year.

What are the Deduction Restrictions for Active Participants?

If you (or your spouse) are an active participant in an employer plan during a year, the contribution to your Traditional IRA (or your spouse's Traditional IRA) may be completely, partly or not deductible depending upon your filing status and AGI. If your AGI is at or below the lower limit, the contribution is deductible. If your AGI falls

between the lower and upper limits, the contribution is partly deductible. If your AGI is equal to or exceeds the upper limit, the contribution is not deductible.

The Lower and Upper Limits for each year are set out on the table below. Use the Lower and Upper Limits from the table to determine deductibility in any particular year. (Note: If you are married but filing separate returns, your Lower Limit is always zero and your Upper Limit is always $10,000.)

Table of Lower and Upper Limits

Year	Single		Married Filing Jointly	
Tax Year	**Lower Limit**	**Upper Limit**	**Lower Limit**	**Upper Limit**
2006	$50,000	$60,000	$75,000	$85,000
2007 and later	$50,000	$60,000	$80,000	$100,000

How do I Calculate my Deduction if I Fall in the "Partly Deductible" Range?

If your AGI falls in the partly deductible range, you must calculate the portion of your contribution that is deductible. To do this, multiply the IRA Contribution Limit for the year by a fraction. The numerator is the amount by which your AGI exceeds the lower limit (for 2006: $50,000 if single, or $75,000 if married filing jointly). The denominator is $10,000 (note that denominator for married joint filers is $20,000 starting in 2007). Round down to the nearest $10 then subtract from the IRA Contribution Limit. When you fall in the "partly deductible" range, your contribution is deductible up to the greater of the amount calculated or $200.

Even though part or all of your contribution is not deductible, you may still contribute to your Traditional IRA (and your spouse may contribute to your spouse's Traditional IRA) up to the IRA Contribution Limit for the year. When you file your tax return for the year, you must designate the amount of non-deductible contributions to your Traditional IRA for the year. See IRS Form 8606.

How Do I Determine My AGI?

AGI is your gross income minus those deductions which are available to all taxpayers even if they don’t itemize. Please see tax Form 1040 or 1040A for instructions.

What Happens if I Contribute more than Allowed to my Traditional IRA?

The maximum contribution to a Traditional IRA is the IRA Contribution Limit (or the IRA Contribution Limit plus a "catch-up" contribution if you are 50 or over) or 100% of compensation or earned income, whichever is less. Any amount contributed to the IRA above the maximum is considered an "excess contribution." Excess contribution is based on contributions over maximum **contribution** limit, not the maximum **deduction** limit. An excess contribution is subject to an annual nondeductible excise tax of 6% for each year it remains in the IRA.

How can I Correct an Excess Contribution?

Excess contributions may be corrected without paying a 6% penalty. To do so, you must withdraw the excess contribution and all earnings attributable to it before the due date (including extensions) of your federal income tax return for the year in which you made the excess contribution. The IRS automatically grants to taxpayers who file their taxes by the April 15th deadline a six-month extension (until October 15) to remove an excess contribution for the tax year covered by that filing. A deduction should not be taken for any excess contribution. (Refer to IRS Publication 590 to see how the amount you must withdraw to correct an excess contribution may be adjusted to reflect gain or loss.) Earnings on the excess contribution must also be withdrawn and included in your income for the tax year for which the excess contribution was made and may be subject to a 10% premature distribution tax if you have not reached age $59^1/_2$.

What if I Don't Correct the Excess Contribution by the Tax Return Due Date?

Any excess contribution withdrawn after the tax return due date (including any extensions) for the year for which the contribution was made will be subject to the 6% excise tax. The IRS automatically grants to taxpayers who file their taxes by the April 15th deadline a six-month extension (until October 15) to re-characterize a contribution or remove an excess contribution for the tax year covered by that filing. There will be an additional 6% excise tax for each year the excess remains in your account. Any excess contributions must be reported to the IRS (see What Tax Information Must I Report to the IRS? in Part Three below).

Under limited circumstances, you may correct an excess contribution after the deadline for the tax year by withdrawing the excess contribution (leaving the earnings in the account). This withdrawal will not be includible in income nor will it be subject to any premature withdrawal penalty if (1) your contributions to all Traditional IRAs do not exceed the IRA Contribution Limit (plus "catch-up" contribution, if eligible) and (2) you did not take a deduction for the excess amount (or you file an amended return (Form1040X) which removes the excess deduction).

How are Excess Contributions Treated if None of the Preceding Rules Apply?

Unless an excess contribution qualifies for the special treatment outlined above, the excess contribution and any earnings on it withdrawn after tax filing time will be includible in taxable income and may be subject to a 10% premature withdrawal penalty. No deduction will be allowed for the excess contribution for the year in which it is made.

Excess contributions may be corrected in a subsequent year to the extent you contribute less than your maximum contribution amount. As the prior excess contribution is reduced or eliminated, the 6% excise tax will become correspondingly reduced or eliminated for subsequent tax years. Also, you may be able to take an income tax deduction for the amount of excess that was reduced or eliminated, depending on whether you would be able to take a deduction if you had instead contributed the same amount.

Conversion of Traditional IRA

Can I convert an Existing Traditional IRA into a Roth IRA?

You may convert a Traditional IRA to a Roth IRA if, for the year of the conversion, your AGI is $100,000 or less. There is a special rule for applying this limit: amounts included in your AGI as a result of converting to a Roth IRA or as a result of receiving amounts under the age 70 ½ required minimum distribution rules during the year of conversion are not counted toward the $100,000 limit. The same limit applies to married and single taxpayers, and limit is not indexed to cost-of-living increases. Married taxpayers are eligible to convert a Traditional IRA to a Roth only if a joint federal income tax return is filed; married taxpayers filing separately are not eligible to convert. However, if you file separately and have lived apart from your spouse for the entire taxable year, you are considered not married, and your filing separately will not prevent you from converting.

Conversion may be accomplished in three ways: First, you may withdraw the amount you want to convert from your Traditional IRA and roll it over to a Roth IRA within 60 days. Second, you may establish a Roth IRA and then direct the custodian of your Traditional IRA to transfer the amount in your Traditional IRA to the new Roth IRA. Third, if you want to convert an existing Traditional IRA with US Bank, N.A. as custodian to a Roth IRA, you may give us directions to convert; we will convert your existing account when the paperwork to establish your new Roth IRA is complete.

If you accomplish a conversion by withdrawing from your Traditional IRA and rolling over to a Roth IRA within 60 days, the conversion eligibility requirements in the preceding paragraph apply to the year of the withdrawal (even though the rollover contribution occurs in the following calendar year).

Caution: If you have reached age 70½ by the year when you convert another non-Roth IRA to a Roth IRA, be careful not to convert any amount that would be a required minimum distribution under the applicable age 70½ rules. Under current IRS regulations, required minimum distributions may not be converted.

What Happens if I change my Mind about Converting?

You may undo a conversion by notifying the custodian of each IRA (the Traditional IRA you converted—and the Roth IRA that received the conversion). The amount you want to unconvert by transferring back to the first custodian is treated for income tax purposes as if it had never been converted (however, transfers involved in the original conversion and transfer back are reportable to the IRS by Custodian). This is called re-characterization."

If you want to re-characterize a converted amount, you must do so before the due date (including any extensions) for your federal income tax return for the year of conversion. Any net income (whether gain or loss) on the amount re-characterized must accompany it back to the Traditional IRA.

You may re-characterize for any reason. For example, you may re-characterize if you converted early in a year and then turned out to be ineligible because your income was over the $100,000 limit. Also, if you convert and then re-characterize during a year, you can convert to a Roth IRA a second time if you wish, but you must wait until the later of the next tax year after your original conversion or until 30 days after your re-characterization. You are limited to one conversion of an account per year. If you convert

an amount more than once in a year, any additional conversion transactions will be considered invalid and subject to rules for excess contributions.

Note: Conversions from a Traditional to a Roth IRA that failed because you did not meet the eligibility requirements (more than $100,000 of AGI or married but not filing jointly) must be re-characterized before your tax filing deadline (with extensions) in order to avoid possible taxes and penalties. The IRS automatically grants to taxpayers who file their taxes by the April 15th deadline a six-month extension (until October 15) to re-characterize for the tax year covered by that filing.

These rules are very complex; be sure to consult a competent tax professional for assistance. Always check with your tax adviser for the latest developments.

Under current IRS rules, re-characterization is not restricted to amounts you converted from a Traditional to a Roth IRA. You can, for example, make an annual contribution to a Traditional IRA and re-characterize it as a contribution to a Roth IRA, or vice versa. You must make the election to re-characterize by the due date for your tax return for the year and follow the procedures summarized above.

Transfers/Rollovers

Can I Transfer or Rollover a Distribution I Receive from my Employer's Retirement Plan into a Traditional IRA?

Most distributions from employer plans or 403(b) arrangements (for employees of tax-exempt employers) or eligible 457 plans (for employees of certain governmental plans) are eligible for rollover to a Traditional IRA. The main exceptions are

- payments over the lifetime or life expectancy of the participant (or participant and a designated beneficiary);
- installment payments for a period of 10 years or more;
- required distributions (generally the rules require distributions starting at age $70^1/_2$ or for certain employees starting at retirement, if later), and
- hardship withdrawals from a 401(k) plan or a 403(b) arrangement.

If you are eligible to receive a distribution from a tax qualified retirement plan as a result of termination of employment, plan discontinuance, or retirement, all or part of the distribution may be transferred directly into a Traditional IRA. This is a called a "direct rollover." Or, you may receive the distribution and make a rollover to your Traditional IRA within 60 days. By making a direct rollover or a regular rollover, you can defer income taxes on the amount rolled over until you make withdrawals from your IRA.

If you are over age $70^1/_2$ and are required to take minimum distributions, you may not rollover any amount required to be distributed to you under the minimum distribution rules. You also may not rollover a hardship distribution from a 401(k) or 403(b) plan. Also, if you are receiving periodic payments over your life expectancy or the joint life expectancy of you and your designated beneficiary, or for a period of at least 10 years, you may not rollover these payments. A rollover to a Traditional IRA must be completed within 60 days after the distribution from the employer retirement plan to be valid.

NOTE: A qualified plan administrator or 403(b) sponsor MUST WITHHOLD 20% OF YOUR DISTRIBUTION for federal income taxes UNLESS you elect a direct rollover. Your plan or 403(b) sponsor is required to provide you with information about direct and regular rollovers and withholding taxes before you receive your distribution and must comply with your directions to make a direct rollover.

The rules governing rollovers are complicated. Be sure to consult your tax adviser or the IRS if you have a question about rollovers.

Once I Have Rolled Over a Plan Distribution into a Traditional IRA, Can I Subsequently Roll Over into another Employer's Plan?

Yes. Part or all of an eligible distribution received from a qualified plan may be withdrawn from the Traditional IRA and rolled over to another qualified plan within 60 days of the date of withdrawal.

Can any Amount Held in My Traditional IRA be Rolled Over into an Employer's Retirement Plan?

Yes, generally speaking, withdrawals from your Traditional IRA may be rolled over to an employers qualified plan or 403(b) arrangement.

Note: Before 2002, the IRA must have held no assets other than those which were previously distributed to you from a qualified plan. Specifically, under the old rules a Traditional IRA could not contain any annual contributions by you (or your spouse). Starting in 2002, assets held in a Traditional IRA, whether originally rolled over from an employer plan or attributable to annual contributions, may be rolled over into an employer's plan (if acceptable to them). Such a rollover must be completed within 60 days after the withdrawal from your IRA. Thus, except in some very limited cases, there is no reason to establish a "conduit IRA" to keep track of amounts distributed from an employer plan. In addition, the new employer plan must accept rollovers.

Only amounts that would, absent the rollover, otherwise be taxable may be rolled over to a qualified plan. In general, this means that after-tax contributions to a Traditional IRA may not be rolled over to an employer plan. However, to determine the amount an individual may roll over to plan, all Traditional IRAs are taken into account. If the amount being rolled over from one Traditional IRA is less than or equal to the otherwise taxable amount held in all of the individual's Traditional IRAs, then the total amount can be rolled over into an employer plan, even if some of the funds in the Traditional IRA being rolled over are after-tax contributions.

The following example illustrates this rule: Assume Gail has two IRAs: IRA1 with a $100,000 balance, all of which is attributable to deductible contributions and earnings and thus would be taxable if distributed directly to Gail; and IRA2, with a balance of $150,000, $50,000 of which consists of after-tax contributions (and thus would be non-taxable if distributed directly to Gail) and $100,000 of which consists of deductible contributions and earnings. Between the two IRAs, $200,000 would be taxable if distributed to Gail and $50,000 would not be taxable because it was contributed on an

after-tax basis. Gail may rollover the full $150,000 from IRA2, even though $50,000 is non-taxable since the total amount of taxable funds in all of her IRAs exceeds $150,000.

Can I Make a Rollover from my Traditional IRA to another Traditional IRA?

You may make a rollover from one Traditional IRA to another Traditional IRA you already have or one you establish to receive the rollover. A rollover must be completed within 60 days after the withdrawal from your first IRA.

After making a rollover from one Traditional IRA, you must wait a full year (365 days) before you can make another such rollover from the same Traditional IRA. In addition, after Traditional IRA assets are rolled over from one IRA to another, a second rollover of the same assets cannot be made for a full year (365 days).

What is a Direct Transfer?

As an alternative to a rollover, you may make a direct transfer from one Traditional IRA custodian to another. The one-year waiting period does not apply to direct transfers from one Traditional IRA custodian to another.

May a Rollover or Transfer include After-Tax or Nondeductible Contributions?

Yes. Before January 1, 2002, after-tax contributions could not be rolled over from a qualified employer plan or a 403(b) arrangement to a Traditional IRA. Now such rollovers or transfers, as well as rollovers or transfers of nondeductible contributions from another Traditional IRA, may include after-tax or nondeductible contributions. For tax purposes, you may want to keep separate (not co-mingle) the plan assets funded by pretax (deductible) dollars from those funded with aftertax (non-deductible) dollars. Doing so may result in additional fees for additional accounts.

How Do Rollovers Affect my Contribution or Deduction Limits?

Rollover contributions do not count toward the maximum contribution. Also, rollovers are not deductible and they do not affect your deduction limits as described above.

Withdrawals/ Distributions

When can I make withdrawals from my Traditional IRA?

You can make withdrawals from your Traditional IRA at any time. However, if you withdraw any funds from your Traditional IRA before age 59 ½ , the amount withdrawn may be subject to a 10% penalty tax in addition to regular income taxes (see below).

When must I start making withdrawals?

If you have not withdrawn the total amount held in your Traditional IRA by the April 1 following the year in which you reach $70^1/_2$, you must make minimum withdrawals in order to avoid penalty taxes. The rule allowing certain employees to postpone distributions from an employer qualified plan until actual retirement (even if this is after age $70^1/_2$) does not apply to Traditional IRAs.

Recent IRS rules make it easier for you to calculate your required minimum distribution. Under these rules a uniform table is used to determine required minimum distributions. The distribution period under the uniform table is the equivalent of the joint life expectancy of you and a beneficiary 10 years younger than you. (A joint life expectancy table may be used if your spouse is the sole beneficiary and is more than 10 years younger than you.) The minimum withdrawal amount is determined by dividing the balance in your Traditional IRA (or IRAs) by your life expectancy as shown on the uniform table. You are not required to recalculate because recalculation is built right into the uniform table. **Although the required minimum distribution rules have been simplified in some ways they are still complex. Consult your tax adviser for advice.**

The penalty tax is 50% of the difference between the minimum withdrawal amount and your actual withdrawals during a year. The IRS may waive or reduce the penalty tax if you can show that your failure to make the required minimum withdrawals was due to reasonable cause and you are taking reasonable steps to remedy the problem.

How Are Withdrawals From My Traditional IRA Taxed?

Amounts withdrawn by you are includible in your gross income in the taxable year that you receive them, and are taxable as ordinary income. Amounts withdrawn may be subject to income tax withholding by the custodian unless you elect not to have withholding. See Part Three below for additional information on withholding. Lump sum withdrawals from a Traditional IRA are not eligible for averaging treatment currently available to certain lump sum distributions from qualified employer retirement plans.

Since the purpose of a Traditional IRA is to accumulate funds for retirement, your receipt or use of any portion of your Traditional IRA before you attain age 59½ generally will be considered as an early withdrawal and subject to a 10% penalty tax.

The 10% penalty tax for early withdrawal will not apply if:

- The distribution was a result of your death or disability.
- The purpose of the withdrawal is to pay certain higher education expenses for yourself or your spouse, child, or grandchild. Qualifying expenses include tuition, fees, books, supplies and equipment required for attendance at a post-secondary educational institution. Room and board expenses may qualify if the student is attending at least half-time.
- The withdrawal is used to pay eligible first-time homebuyer expenses. These are the costs of purchasing, building or rebuilding a principal residence (including customary settlement, financing or closing costs). The purchaser may be you, your spouse, or a child, grandchild, parent or grandparent of you or your spouse. An individual is considered a "first-time homebuyer" if the individual did not have (or, if married, neither spouse had) an ownership interest in a principal residence during the two-year period immediately preceding the acquisition in question. The withdrawal must be used for eligible expenses within 120 days after the withdrawal. (If there is an unexpected delay, or cancellation of the home acquisition, a withdrawal may be redeposited as a rollover). There is a lifetime limit on eligible first-time homebuyer expenses of $10,000 per person.

- The distribution is one of a scheduled series of substantially equal periodic payments for your life or life expectancy (or the joint lives or life expectancies of you and your beneficiary).

  If there is an adjustment to the scheduled series of payments, the 10% penalty tax may apply. The 10% penalty will not apply if you make no change in the series of payments until the end of five years or until you reach age $59^1/_2$, whichever is later. If you make a change before then, the penalty will apply. For example, if you begin receiving payments at age 50 under a withdrawal program providing for substantially equal payments over your life expectancy, and at age 58 you elect to receive the remaining amount in your Traditional IRA in a lump-sum, the 10% penalty tax will apply to the lump sum and to amounts previously paid to you before age $59^1/_2$.
- The distribution does not exceed the amount of your deductible medical expenses for the year (generally, medical expenses paid during a year are deductible if they are greater than $7^1/_2$% of your adjusted gross income for that year).
- The distribution does not exceed the amount you paid for health insurance coverage for yourself, your spouse and dependents. This exception applies only if you have been unemployed and received federal or state unemployment compensation payments for at least 12 weeks; this exception applies to distributions during the year in which you received the unemployment compensation and during the following year, but not to any distributions received after you have been re-employed for at least 60 days.
- A distribution is made pursuant to an IRS levy to pay overdue taxes.

How are Nondeductible Contributions Taxed When Withdrawn?

A withdrawal of nondeductible contributions (not including earnings) will be tax-free. However, if you made both deductible and nondeductible contributions to your Traditional IRA, then each distribution will be treated as partly a return of your nondeductible contributions (not taxable) and partly a distribution of deductible contributions and earnings (taxable). The nontaxable amount is the portion of the amount withdrawn which bears the same ratio as your total nondeductible Traditional IRA contributions bear to the total balance of all your Traditional IRAs (including rollover IRAs and SEPs, but not including Roth IRAs).

A loss in your Traditional IRA investment may be deductible. Consult your tax adviser for further details on the appropriate calculation for this deduction if applicable.

Part Two: Description of Roth IRAs

General Information

Part Two describes rules generally applicable to Roth IRAs. As part of the Taxpayer Relief Act of 1997, Congress created the Roth IRA, which was first made available in 1998. Contributions to a Roth IRA are not tax deductible, but withdrawals that meet certain requirements are not subject to federal income taxes. Earnings and gains on investments held in your Roth IRA generally accumulate tax free until withdrawn.

This Part Two also does not describe IRAs established in connection with a SIMPLE IRA or a Simplified Employee Pension (SEP) plan maintained by your employer. Roth IRAs may not be used in connection with a SIMPLE IRA or SEP plan.

Be sure to read Part three of this Disclosure Statement for important additional information, including information on how to revoke your Roth IRA, investments and prohibited transactions, fees and expenses and certain tax requirements.

Eligibility

What are the eligibility requirements for a Roth IRA?

You are eligible to establish and contribute to a Roth IRA for a year if you receive compensation (or earned income if you are self-employed) or alimony (which is treated as compensation); and your (and your spouse's) adjusted gross income is within the limits described below. Unlike Traditional IRAs, you may continue to make contributions to your Roth IRA after you reach age $70^1/_2$.

Can I Contribute to Roth IRA for my Spouse?

If you meet the eligibility requirements you can not only contribute to your own Roth IRA, but also to a separate Roth IRA for your spouse out of your compensation or earned income, regardless of whether your spouse had compensation or earned income that year. This is called a "spousal Roth IRA." To make a contribution to a Roth IRA for your spouse, you must file a joint tax return with your spouse. For a spousal Roth IRA, your spouse must set up a different Roth IRA, separate from yours, to which you contribute.

Of course, if your spouse has compensation or earned income, your spouse can establish his or her own Roth IRA and make contributions to it in accordance with the rules and limits described in this Part Two of the Disclosure Statement.

Contributions

When Can I Make Contributions to a Roth IRA?

You may make a contribution to your Roth IRA or establish a new Roth IRA for a tax year by the due date (not including any extensions) for your federal income tax return for the year. Usually this is April 15 of the following year. For example, you will have until April 15, 2008 to establish and make a contribution to a Roth IRA for 2007.

How Much Can I Contribute to my Roth IRA?

(a) For each year when you are eligible, you can contribute up to the lesser of the IRA Contribution Limit (see below table) or 100% of your compensation (or earned income, if you are self-employed).

IRA CONTRIBUTION LIMIT

Year	Limit
2006 - 2007	$4,000

2008	$5,000
2009 and future years	$5,000 increased by cost-of-living adjustments (in $500 increments)

(b) Individuals age 50 and over may make “catch-up” contributions to their IRAs. (See What are the Special Catch-Up Contribution Rules? below for details.)

(c) If you establish a Roth IRA and make contributions to both your Traditional IRA and the Roth IRA, the combined limit on contributions to both the Traditional IRA and Roth IRA for a single calendar year for you may not exceed the Contribution Limit for the year. (Note: The Roth IRA contribution limit is not reduced by contributions made to either a SEP IRA or a SIMPLE IRA; salary reduction contributions by you are considered employer contributions for this purpose.)

(d) If you and your spouse have spousal Roth IRAs, each spouse may contribute up to the IRA Contribution Limit to his or her Roth IRA for a year as long as the combined compensation of both spouses for the year (as shown on your joint income tax return) is at least two times the IRA Contribution Limit. If the combined compensation of both spouses is less than two times the IRA Contribution Limit, the spouse with the greater compensation may contribute up to his/her compensation or the Contribution Limit, whichever is less. The other spouse may contribute up to his/her compensation limit plus the difference between the other spouse’s compensation and contribution, if any.

As noted above, the Roth IRA limits are reduced by any contributions for the same calendar year to a Traditional IRA maintained by you or your spouse. For high income taxpayers, contribution limits may be reduced (see next page).

What are the Special Catch-Up Contribution Rules?

Individuals who are age 50 and over by the end of any year may make special $1,000 "catch-up" contributions to a Roth IRA for that year. If you are over 50 by the end of a year, your catch-up limit is added to your normal IRA Contribution Limit for that year.

Congress intended these "catch-up" contributions specifically for older individuals who may have been absent from the workforce for a number of years and so may have lost out on the ability to contribute to an IRA. However, the "catch-up" contribution is available to anyone age 50 or over, whether or not they have previously contributed to a Roth IRA.

Note: The rules on contribution limits for Roth IRAs (see next page) apply to special "catch-up" contributions.

Are Contributions to a Roth IRA Tax Deductible?

Contributions to a Roth IRA are not deductible. This is a major difference between Roth IRAs and Traditional IRAs. Contributions to a Traditional IRA may be deductible on your federal income tax return depending on whether or not you are an active participant in an employer-sponsored plan and on your income level.

Are the Earnings on my Roth IRA Funds Taxed?

Earnings or gains on investments held in your Roth IRA are generally exempt from federal income taxes and will not be taxed until withdrawn by you, unless the tax exempt status of your Roth IRA is revoked. If the withdrawal qualifies as a tax-free withdrawal (see Withdrawals), amounts reflecting earnings or growth of assets in your Roth IRA will not be subject to federal income tax.

Which is Better, a Roth IRA or a Traditional IRA?

This depends upon your individual situation. A Roth IRA may be better if you are an active participant in an employer-sponsored plan and your adjusted gross income is too high to make a deductible IRA contribution (but not too high to make a Roth IRA contribution). Also, the benefits of a Roth IRA vs. a Traditional IRA may depend upon a number of other factors including: your current income tax bracket vs. your expected income tax bracket when you make withdrawals from your IRA, whether you expect to be able to make nontaxable withdrawals from your Roth IRA (see Withdrawals), how long you expect to leave your contributions in the IRA, how much you expect the IRA to earn in the meantime, and possible future tax law changes.

Consult a qualified tax or financial adviser for assistance on this question.

Are there Any Restrictions on Contributions to my Roth IRA?

Taxpayers with very high income levels may not be able to contribute to a Roth IRA at all, or their contribution may be limited to an amount less than the IRA Contribution Limit. This depends upon your filing status and the amount of your adjusted gross income (AGI). The following table shows how the contribution limits are restricted:

Roth IRA Contribution Limits *Adjusted Gross Income (AGI) Level*

If You Are Single Taxpayer	If You Are Married Filing Jointly	Then You May Make
Up to $95,000	Up to $150,000	Full IRA Contribution Limit
More than $95,000 but less than $110,000	More than $150,000 but less than $160,000	Reduced IRA Contribution Limit (see explanation below)
$110,000 and up	$160,000 and up	Zero (No Contribution)

Note: If you are a married taxpayer filing separately, your maximum Roth IRA Contribution Limit phases out over the first $10,000 of adjusted gross income. If your AGI is $10,000 or more you may not contribute to a Roth IRA for the year.

How do I Calculate my Limit if I Fall in the "Reduced Contribution" Range?

If your AGI falls in the reduced contribution range, you must calculate your contribution limit. To do this, multiply your normal IRA Contribution Limit (or your compensation if less) by a fraction. The numerator is the amount by which your AGI exceeds the lower limit of the reduced contribution range ($95,000 if single, or $150,000 if married filing

jointly). The denominator is $15,000 (single taxpayers) or $10,000 (married filing jointly). Round this down to the nearest $10 and then subtract this from your normal limit. If you have AGI in the reduced contribution range, your Roth IRA Contribution Limit is the greater of the amount calculated or $200.

Remember, your Roth IRA Contribution Limit is reduced by any contributions for the same year to a Traditional IRA. If you fall in the reduced contribution range, the reduction formula applies to the Roth IRA contribution limit left after subtracting your contribution for the year to a Traditional IRA. (If you are 50 or older at the end of a year, the reduction formula above applies to your increased annual IRA Contribution Limit.)

How Do I Determine My AGI?

AGI is your gross income minus those deductions which are available to all taxpayers even if they don't itemize. Please see tax Form 1040 or 1040A for instructions.

There are three additional rules when calculating AGI for purposes of Roth IRA contribution limits. First, if you are making a deductible contribution for the year to a Traditional IRA, your AGI is not reduced by the amount of the deduction. Second, if you are converting a Traditional IRA to a Roth IRA, the amount includible in your income as a result of the conversion is not considered AGI when computing your Roth IRA contribution limit for the year. Third, any amounts received during the year under the age 701/2 Required Minimum Distribution (RMD) are not considered part of your AGI.

What Happens if I Contribute more than Allowed to my Roth IRA?

The maximum contribution you can make to a Roth IRA generally is the IRA Contribution Limit (plus the amount of any "catch-up" contribution, if eligible) or 100% of compensation or earned income, whichever is less. As noted above, your maximum is reduced by the amount of any contribution to a Traditional IRA for the same year and may be further reduced as described above if you have high AGI. Any amount contributed to a Roth IRA above the maximum is considered an "excess contribution" and is subject to a 6% excise tax for each year it remains in the Roth account.

How can I Correct an Excess Contribution?

You can correct the excess contributions without paying a 6% penalty by withdrawing the excess and any earnings on the excess before the due date (including extensions) for filing your federal income tax return for the year in which the excess contribution was made. The IRS automatically grants to taxpayers who file their taxes by the April 15th deadline a six-month extension (until Oct. 15) to remove an excess contribution for the tax year covered by that filing. A deduction should not be taken for any excess contribution. Earnings on the amount withdrawn must also be withdrawn. (Refer to IRS Publication 590 to see how the amount you must withdraw to correct an excess contribution may be adjusted to reflect earnings as a gain or loss.) Earnings on the IRA must be included in your income for the tax year for which the contribution was made and may be subject to a 10% premature withdrawal tax if you have not reached age 59$^1/_2$ (unless an exception to the 10% penalty tax applies).

What if I Don't Correct the Excess Contribution by the Tax Return Due Date?

Any excess contribution not withdrawn by the tax return due date (including extensions) for the year for which the contribution was made will be subject to the 6% excise tax. There will be an additional 6% excise tax for each subsequent year the excess remains in your account.

You may reduce the excess contributions by making a withdrawal equal to the excess. Earnings need not be withdrawn. To the extent that no earnings are withdrawn, the withdrawal will not be subject to income taxes or possible penalties for premature withdrawals before age $59^1/_2$. Excess contributions may also be corrected in a subsequent year to the extent that you contribute less than your Roth IRA Contribution Limit for the subsequent year. As the prior excess contribution is reduced or eliminated, the 6% excise tax will become correspondingly reduced or eliminated for subsequent tax years.

Conversion of Existing Traditional IRA

Can I convert an Existing Traditional IRA into a Roth IRA?

Yes, you can convert an existing Traditional IRA into a Roth IRA if you meet the eligibility requirements described below. Conversion may be accomplished in any of three ways: First, you can withdraw the amount you want to convert from your Traditional IRA and roll it over to a Roth IRA within 60 days. Second, you can establish a Roth IRA and then direct the custodian of your Traditional IRA to transfer the amount in your Traditional IRA you wish to convert to the new Roth IRA. Third, if you want to convert an existing Traditional IRA with US Bank, N.A. as custodian to a Roth IRA, you may give us directions to convert; we will convert your existing account when the paperwork to establish your new Roth IRA is complete.

You are eligible to convert a Traditional IRA to a Roth IRA if, for the year of the conversion, your AGI is $100,000 or less. There is a special rule for applying this limit: amounts included in your AGI as a result of converting to a Roth IRA or as a result or receiving amounts under the age 70 1/2 RMD rules during the year of conversion are not counted towards the $100,000 limit. The same limit applies to married and single taxpayers, and the limit is not indexed to cost-of-living increases. Married taxpayers are eligible to convert a Traditional IRA to a Roth IRA only if they file a joint income tax return; married taxpayers filing separately are not eligible to convert. However, if you file separately and have lived apart from your spouse for the entire tax year, you are considered not married, and your filing separately will not prevent you from converting.

If you accomplish a conversion by withdrawing from your Traditional IRA and rolling it over to a Roth IRA within 60 days, the conversion eligibility requirements in the preceding sentence apply to the year of the withdrawal (even though the rollover contribution occurs in the following calendar year).

Caution; If you have reached age $70^1/_2$ by the year when you convert another non-Roth IRA you own to a Roth IRA, be careful not to convert any amount that would be a

required minimum distribution under the applicable age $70^{1}/_{2}$ rules. Under current IRS regulations, required minimum distributions (RMD) may not be converted.

What Happens if I change my Mind about Converting?

You can undo a conversion by notifying the custodian or trustee of each IRA (the custodian of the first IRA—the Traditional IRA you converted—and the custodian of the second IRA—the Roth IRA that received the conversion). The amount you want to unconvert by transferring back to the first custodian is treated for income tax purposes as if it had not been converted (however the transfers involved in the original conversion and in the transfer back are reportable to the IRS by the Custodian). This is called "re-characterization." If you want to re-characterize a converted amount, you must do so before the due date (including any extensions) for your federal income tax return for the year of the conversion. Any net earnings (whether gain or loss) on the amount re-characterized must accompany it back to the Traditional IRA.

Under current IRS rules, you can re-characterize for any reason. For example, you would re-characterize if you converted early in a year and then turned out to be ineligible because your income was over the $100,000 limit. Also, if you convert and then re-characterize during a year, you can then convert to a Roth IRA a second time if you wish, but you must wait until the later of the next tax year after your original conversion or until 30 days after your re-characterization. Under the current IRS rules, you are limited to one conversion of an account per year. If you convert an account more than once in a year, any additional conversion transactions will be considered invalid and subject to the rules for excess contributions.

Note: Conversions from a Traditional IRA to a Roth IRA that failed because you did not meet the eligibility requirements (more than $100,000 of AGI or married but not filing jointly) must be re-characterized before your tax filing deadline (with extensions) in order to avoid possible taxes and penalties. The IRS automatically grants to taxpayers who file their taxes by the April 15th deadline a six-month extension (until October 15) to re-characterize for the tax year covered by that filing.

Caution: **These rules are very complex; be sure to consult a tax professional for assistance. Always check with your tax adviser for the latest developments**.

Under current IRS rules, re-characterization is not restricted to amounts you converted from a Traditional IRA to a Roth IRA. You can, for example, make an annual contribution to a Traditional IRA and re-characterize it as a contribution to a Roth IRA, or vice versa. You must make the election to re-characterize by the due date for your tax return (plus extension, if any) for the year and follow the procedures summarized above.

What are the Tax Results from Converting?

The taxable amount in your Traditional IRA you convert to a Roth IRA will be considered taxable income on your federal income tax return for the year of the conversion. All amounts in a Traditional IRA are taxable except for your prior non-deductible contributions to the Traditional IRA.

If you convert a Traditional IRA (or a SEP IRA or SIMPLE IRA - see below) to a Roth IRA, under IRS rules income tax withholding will apply unless you elect not to have withholding. The IRA Application has more information about withholding. However, withholding income taxes from the amount converted (instead of paying applicable income taxes from another source) may adversely affect the anticipated financial benefits of converting. Consult your tax or financial adviser for more information.

Can I Convert a SEP IRA or SIMPLE IRA Account to a Roth IRA?

If you have a SEP IRA as part of an employer simplified employee pension (SEP) program, or a SIMPLE IRA as part of an employer SIMPLE IRA program, you can convert the IRA to a Roth IRA. However, with a SIMPLE IRA account, this can be done only after the SIMPLE IRA account has been in existence for at least two years. You must meet the eligibility rules summarized above to convert.

Should I convert my Traditional IRA to a Roth IRA?

Only you can answer this question, in consultation with your tax or financial advisers. A number of factors, including the following, may be relevant. Conversion may be advantageous if you expect to leave the converted funds on deposit in your Roth IRA for at least five years and to be able to withdraw the funds under circumstances that will not be taxable (see Withdrawals). The benefits of converting will also depend on whether you expect to be in the same tax bracket when you withdraw from your Roth IRA as you are now. Also, conversion is based upon an assumption that Congress will not change the tax rules for withdrawals from Roth IRAs in the future, but this cannot be guaranteed.

Transfers/Rollovers

Can I Transfer or Roll Over a Distribution I Receive from my Employer's Retirement Plan into a Roth IRA?

No. Distributions from qualified employer-sponsored retirement plans or 403(b) arrangements (for employees of tax-exempt employers) or eligible 457 plans (for employees of certain governmental employers) are not eligible for rollover or direct transfer to a Roth IRA. However, in certain circumstances it may be possible to make a direct rollover of an eligible distribution to a Traditional IRA and then to convert the Traditional IRA to Roth IRA (see discussion of converting an existing Traditional IRA). Consult your tax or financial adviser for further information on this possibility.

Can I Make a Rollover from my Roth IRA to another Roth IRA?

Yes. You may make a rollover from one Roth IRA to another Roth IRA you have or you establish to receive the rollover. Such a rollover must be completed within 60 days after the withdrawal from your first Roth IRA. After making a rollover from one Roth IRA to another, you must wait a full year (365 days) before you can make another such rollover from the same Roth IRA. In addition, after Roth IRA assets are rolled over from one IRA to another, a second rollover of the same assets cannot be made for a full year.

What is a Direct Transfer?

As an alternative to a rollover, you may make a direct transfer from one Roth IRA custodian or trustee to another. The one-year waiting period does not apply to direct transfers from one Roth IRA custodian to trustee to another.

How Do Rollovers Affect my Roth IRA Contribution Limits?

Rollover contributions do not count toward the IRA Contribution Limit. Also, you may make a rollover from one Roth IRA to another even during a year when you are not eligible to contribute to a Roth IRA (for example, because your AGI is too high).

Withdrawals/ Distributions

When can I make withdrawals from my Roth IRA?

You can make withdrawals from your Roth IRA at any time. If the withdrawal meets the requirements for a qualified distribution discussed below, it is tax-free. This means that you pay no federal income tax even though the withdrawal includes earnings or gains on your contributions while held in your Roth IRA.

When must I start making withdrawals?

There are no rules on when you must start making withdrawals from your Roth IRA or on minimum required withdrawal amounts for any particular year during your lifetime. Unlike Traditional IRAs, you are not required to start making withdrawals from a Roth IRA by April 1 following the year in which you reach age $70^1/_2$.

After your death, there are IRS rules on the timing and amount of distributions. In general, the amount in your Roth IRA must be distributed by the end of the fifth year after your death. However, distributions to a designated beneficiary that begin by the end of the year following the year of your death and that are paid over the life expectancy of the beneficiary satisfy the rules. Also, if your surviving spouse is your designated beneficiary, the spouse may defer the start of distributions until you would have reached age $70^1/_2$ had you lived.

What are the requirements for a tax-free withdrawal?

To be tax-free, a withdrawal from your Roth IRA must meet two requirements. First, the Roth IRA must have been open for five or more years before the withdrawal. Second, at least one of the following conditions must be satisfied:

- You are age $59^1/_2$ or older when you make the withdrawal.
- The withdrawal is made by your beneficiary after you die.
- You are disabled (as defined in IRS rules) when you make the withdrawal.
- You are using the withdrawal to cover eligible first time homebuyer expenses. These are the costs of purchasing, building or rebuilding a principal residence (including customary settlement, financing or closing costs). The purchaser may be you, your spouse or a child, grandchild, parent or grandparent of you or your spouse. An individual is considered a "first-time homebuyer" if the individual did not have (or, if married, neither spouse had) an ownership interest in a principal residence during the two-year period immediately preceding the acquisition in

question. The withdrawal must be used for eligible expenses within 120 days after withdrawal (if there is an unexpected delay, or cancellation of the home acquisition, a withdrawal may be re-deposited as a rollover). Note that there is a lifetime limit on eligible first-time homebuyer expenses of $10,000 per individual.

For purposes of the 5-year rule, all your Roth IRAs are considered. As soon as the 5-year rule is satisfied for any Roth IRA, it is considered satisfied for *all* your Roth IRAs. For a Roth IRA that you started with annual contribution, the 5-year period starts with the year for which you make the initial annual contribution. For a Roth IRA that you set up with amounts rolled over or converted from a non-Roth IRA, the 5-year period begins with the year in which the conversion or rollover was made.

How Are Roth IRA Withdrawals Taxed if the Tax-Free Requirements are not Met?

If the qualified withdrawal requirements are not met (also called a non-qualified withdrawal), the tax treatment of such withdrawal depends on the character of the amounts withdrawn. To determine this, all your Roth IRAs (if you have more than one) are treated as one, including any Roth IRA you may have established with another Roth IRA custodian. Amounts withdrawn are considered to come out in the following order:

- First, all annual contributions.
- Second, all conversion amounts (on a first-in, first-out basis).
- Third, earnings (including dividends and gains).

A withdrawal treated as your own prior contribution to a Roth IRA will not be considered taxable income in the year you receive it, nor will the 10% penalty apply. A withdrawal consisting of previously taxed conversion amounts is not considered taxable income in the year of withdrawal, but may be subject to the 10% premature withdrawal penalty. To the extent that the non-qualified withdrawal consists of dividends or gains while your contributions were held in a Roth IRA, the withdrawal is included in your gross income in the taxable year you receive it, and may be subject to the 10% withdrawal penalty.

As mentioned, for purposes of determining what portion of any withdrawal is includible in income, all of your Roth IRA accounts are considered as one single account. Withdrawals from Roth IRA accounts are not considered to be from earnings or interest until an amount equal to *all* prior annual contributions and, if applicable, all conversion amounts, made to *all* of an individual's Roth IRA accounts has been withdrawn.

Roth IRA taxable withdrawals of dividends and gains are treated as ordinary income. Roth IRA withdrawals of taxable amounts are not eligible for averaging treatment currently available to certain lump sum distributions from qualified employer-sponsored retirement plans, nor are such withdrawals eligible for capital gains tax treatment.

Your receipt of any taxable withdrawal from your Roth IRA before you attain age $59^1/_2$ generally will be considered as an early withdrawal and subject to a 10% penalty tax. 10% penalty tax for early withdrawal will not apply if any of these exceptions applies:

- The withdrawal was a result of your death or disability.

- The withdrawal is one of a scheduled series of substantially equal periodic payments for your life or life expectancy (or the joint lives or life expectancies of you and your beneficiary).

  If there is an adjustment to the scheduled series of payments, the 10% penalty tax will apply. If you begin receiving payments at age 50 under a withdrawal program providing for substantially equal payments over your life expectancy, and at age 58 you elect to withdraw the remaining amount in your Roth IRA in a lump-sum, the 10% penalty tax will apply to the lump sum and to the amounts previously paid to you before age $59^1/_2$ if they were includible in your taxable income.

- The withdrawal is used to pay eligible higher education expenses. These are expenses for tuition, fees, books, and supplies required to attend an institution for post-secondary education. Room and board expenses are also eligible for a student attending at least half-time. The student may be you, your spouse, or your child or grandchild. However, expenses that are paid for with a scholarship or other educational assistance payment are not eligible expenses.
- The withdrawal is used to cover eligible first time homebuyer expenses (as described above in the discussion of tax-free withdrawals).
- The withdrawal does not exceed the amount of your deductible medical expenses for the year (medical expenses paid during a year are deductible if they are greater than $7^1/_2$% of your adjusted gross income for that year).
- The withdrawal does not exceed the amount you paid for health insurance coverage for yourself, your spouse and dependents. This exception applies only if you have been unemployed and received federal or state unemployment compensation payments for at least 12 weeks; this exception applies to distributions during the year in which you received the unemployment compensation and during the following year, but not to any distributions received after you have been re-employed for at least 60 days.
- A distribution is made pursuant to an IRS levy to pay overdue taxes.

There is one additional time when the 10% penalty tax may apply. If you convert an amount from a non-Roth IRA to a Roth IRA, and then make a withdrawal that is treated as coming from that converted amount within five years after the conversion, the 10% penalty applies (unless there is an exception). This rule is the one exception to the usual Roth IRA rule that, once the five-year requirement is satisfied for one of your Roth IRAs, it is satisfied for all your Roth IRAs.

See the Table at the end of this Part for a summary of the rules on when withdrawals from your Roth IRA will be subject to income taxes or the 10% penalty tax.

Two Important Points: First, the Custodian will report withdrawals from your Roth IRA to the IRS on Form 1099-R as required and will complete Form 1099-R based on your Roth IRA account with the Custodian. However, since all Roth IRAs are considered together when determining the tax treatment of withdrawals, and since you may have other Roth IRAs with other custodians (about which we have no information) **you have sole responsibility for correctly reporting withdrawals on your tax return**. It is **essential** that you keep proper records and report the income taxes properly if you have multiple Roth IRAs. Second, the discussion of tax rules for Roth IRAs in this Disclosure

Statement is based on the best available information. However, there may be changes in IRS regulations or further legislation on the requirements for and tax treatment of Roth IRA accounts. You should consult your tax adviser for the latest developments or for advice about how maintaining a Roth IRA will affect your personal tax situation.

Note: In order to facilitate proper record keeping and tax reporting for your Roth IRA, the service company maintaining certain account records may require you to set up separate Roth IRAs to hold annual contributions and conversion amounts. The service company may require separate Roth IRAs for conversion amounts from different calendar years. Any such requirement will be noted on the Roth IRA Application or in the instructions for opening your Roth IRA.

SUMMARY OF TAX RULES FOR WITHDRAWALS FROM YOUR ROTH IRA

The following table summarizes when income taxes or the 10% premature withdrawal penalty tax will apply to a withdrawal from your Roth IRA. Remember, income taxes or penalties apply or not depending on the type of contribution withdrawn. This is determined under the IRS rules described above, considering all of your Roth IRAs together (including any you may maintain with another trustee or custodian). Therefore, if you have multiple Roth IRAs, the tax treatment of a withdrawal will not necessarily follow from the type of contributions held in the particular Roth IRA account you withdrew from. Also, the income and penalty tax rules for Roth IRA withdrawals are extremely complex; the following table is only a summary and may not cover every possible situation. Consult the IRS or your personal tax adviser if you have a question about your individual situation.

Type of Contribution Withdrawn	**Qualified Withdrawal**	**Not a Qualified Withdrawal**	
	The requirements for a qualified withdrawal are outlined above	**Exception to 10% tax applies (exceptions are listed above)**	**Exception to 10% tax does not apply**
• Annual Contribution Amounts	No income or penalty tax on withdrawal		
• Amount Converted from Another Form of IRA	No income or penalty tax on withdrawal.	No income or penalty tax on withdrawal.	No income tax on withdrawal. Penalty tax applies to taxable amounts included in the conversion if the withdrawal occurs within 5 years of conversion.
• Earnings, Gains or Growth of Account	No Income or penalty tax on withdrawal.	Income tax applies. No penalty tax.	Income and penalty tax apply.

The above table summarizes the tax rules that may apply if you withdraw from your Roth IRA. However, what happens if you die and your beneficiary wants to make withdrawals from the account? The following is a summary of those rules.

- First, if your beneficiary is not your surviving spouse, withdrawals by the beneficiary will be subject to income taxes depending on the type of contribution withdrawn as summarized in the table. However, in determining what type of contribution the beneficiary is withdrawing, any Roth IRAs the beneficiaries owns in his or her own right are not considered (this is an exception to the normal rule that all Roth IRAs are considered together). A beneficiary will not be subject to the 10% premature withdrawal penalty because withdrawals following the original owner's death are an exception to the 10% penalty tax.
- Second, if your surviving spouse is the beneficiary, the spouse can elect either to receive withdrawals as beneficiary, or to treat your Roth IRA as the spouse's Roth IRA. If the spouse receives withdrawals as a beneficiary, the rules in the preceding paragraph generally apply to the spouse just as to any other beneficiary. If the spouse treats the Roth IRA as the spouse's own, there are a couple of special rules. First, the spouse will be treated as having had a Roth IRA for five years (one of the requirements for tax-free withdrawals) if either your Roth IRA or any of the spouse's Roth IRAs has been in effect for at least five years. Second, withdrawals will be subject to the 10% penalty tax unless an exception applies. Since the spouse has elected to treat your Roth IRA as the spouse's own Roth IRA, the exception for payments following your death will not apply.

Part Three: Rules for Both Traditional IRAs and Roth IRAs

IRA Requirements

All IRAs must meet certain requirements. Contributions generally must be made in cash. The IRA trustee or custodian must be a bank or other person who has been approved by the Secretary of the Treasury. Your contributions may not be invested in life insurance or collectibles or be commingled with other property except in a common trust or investment fund. Your interest in the account must be non-forfeitable at all times. You may obtain further information on IRAs from any district office of the IRS.

May I Revoke My IRA?

You may revoke a newly established Traditional or Roth IRA at any time within seven days after the date on which you receive this Disclosure Statement. A Traditional or Roth IRA established more than seven days after the date of your receipt of this Disclosure Statement may not be revoked. To revoke your Traditional or Roth IRA, mail or deliver a written notice of revocation to the Custodian at the address which appears at the end of this Disclosure Statement. Mailed notice will be deemed given on the date that it is postmarked (or, if sent by certified or registered mail, on the date of certification or registration). If you revoke your Traditional or Roth IRA within the seven-day period, you are entitled to a return of the entire amount you originally contributed into your Traditional or Roth IRA, without adjustment for such items as sales charges, administrative expenses or fluctuations in market value.

How Are My IRA Contributions Invested?

You control the investment and reinvestment of contributions to your Traditional or Roth IRA. Investments must be in one or more of the Fund(s) available from time to time as listed in the Traditional or Roth IRA Application or in an investment selection form provided with your Application or from the Fund Sponsor or Service Company. You direct the investment of your IRA by giving your investment instructions to the Sponsor or Service Company for the Fund(s). Since you control the investment of your Traditional or Roth IRA, you are responsible for any losses; neither Custodian, Sponsor or Service Company has any responsibility for any loss or diminution in value occasioned by your exercise of investment control. Transactions for your Traditional or Roth IRA will generally be at the Fund's net asset value established after the Transfer Agent receives proper investment instructions from you; consult the current Fund prospectus for additional information which contains information about the Fund's investment objectives and risks, and minimum initial investment or minimum balance requirements and any sales, redemption or other charges.

Because you control the selection of investments for your Traditional or Roth IRA and because mutual fund shares fluctuate in value, the growth in value of your Traditional or Roth IRA cannot be guaranteed or projected.

Are There Any Restrictions on the Use of my IRA Assets?

The tax-exempt status of your Traditional or Roth IRA will be revoked if you engage in any of the prohibited transactions listed in Section 4975 of the tax code. Upon such revocation, your Traditional or Roth IRA is treated as distributing its assets to you. The taxable portion of the amount in your IRA will be subject to income tax (unless, in the case of a Roth IRA, the requirements for a tax-free withdrawal are satisfied). You may be subject to a 10% penalty tax on the taxable amount as a premature withdrawal if you have not yet reached the age of $59^1/_2$. There may also be prohibited transaction penalty taxes.

Any investment in collectibles (for example, rare stamps) by your Traditional or Roth IRA is treated as a withdrawal; the only exception involves certain types of government-sponsored coins or certain types of precious metal bullion.

What Is A Prohibited Transaction?

Generally, a prohibited transaction is any improper use of the assets in your Traditional or Roth IRA. Examples of prohibited transactions include direct or indirect sale, transfer or exchange of property between you and your Traditional or Roth IRA.

Your Traditional or Roth IRA could lose its tax exempt status if you use all or part of your interest in either as security for a loan or borrow any money from your Traditional or Roth IRA. Any portion of your Traditional or Roth IRA used as security for a loan will be treated as a withdrawal in the year in which the money is borrowed. Amount may be taxable and you may be subject to the 10% premature withdrawal penalty on the amount.

What are Fees and Expenses?

There is an $8 annual maintenance fee per IRA account(s) and this fee may be paid directly or collected by redeeming sufficient shares from your IRA account(s). This fee is subject to change and other services like wire transfers may also incur fees.

What IRA Reports are made to the IRS?

All withdrawals are reported to the IRS and the recipient on Form 1099-R. For reporting purposes, a direct transfer of assets to a successor custodian or trustee is not considered a withdrawal (except for such a transfer that effects a conversion of a Traditional IRA to a Roth IRA, or a re-characterization of a Roth IRA back to a Traditional IRA).

Also reported to the IRS is the year-end value of your account and the amount of any rollover (including conversions of a Traditional to a Roth IRA) or a regular contribution made during a calendar year, as well as the tax year for which a contribution is made. Be sure to indicate the tax year to which a contribution applies. Unless indicated otherwise, a contribution will be designated for the tax year in which it is received. It is very important that contributions received between Jan. 1 and April 15 specify the tax year.

What Tax Information Must I Report to the IRS?

You must file Form 5329 with the IRS for each tax year where you made an excess contribution or take a premature withdrawal that is subject to the 10% penalty tax, or you withdraw less than the minimum amount required from your Traditional IRA. If your beneficiary fails to make required minimum withdrawals from your Traditional or Roth IRA , your beneficiary may be subject to an excise tax and be required to file Form 5329.

For Traditional IRAs, you must report each nondeductible contribution to the IRS by designating it a nondeductible contribution on your tax return using Form 8606. For any year in which you make a nondeductible contribution or take a withdrawal, you must include additional information on your tax return including (1) amount of your nondeductible contributions for that year; (2) amount of withdrawals from Traditional IRAs in that year; (3) amount by which your total nondeductible contributions for all the years exceeds the total amount of your distributions previously excluded from gross income; and (4) total value of all your Traditional IRAs at year end. If you fail to report any of this information, the IRS will assume that all your contributions were deductible. This will result in the taxation of the portion of your withdrawals that should be treated as a nontaxable return of your nondeductible contributions.

Which Withdrawals Are Subject to Withholding?

Roth IRA: Withdrawals are not subject to 10% withholding applying to Traditional IRAs or to the mandatory 20% income tax withholding applying to most distributions from qualified plans or 403(b) accounts that are not directly rolled over to another plan or IRA.

Traditional IRA: Federal income tax will be withheld at a 10% rate from any withdrawal unless you elect not to have the tax withheld. Withdrawals are not subject to the mandatory 20% income tax withholding applying to most distributions from employer plans that are not directly rolled over to another plan or IRA.

Account Termination

You may terminate your Traditional or Roth IRA at any time by sending transfer or withdrawal instructions to:

Pinnacle Value Fund
8000 Town Centre Drive Suite 400
Broadview Heights, OH 44147

Your Traditional or Roth IRA will terminate upon the occurrence of the following:

- The date your properly executed withdrawal or transfer instructions is received and accepted by the Transfer Agent and Custodian.
- The date the Traditional or Roth IRA ceases to qualify under the tax code.

  The date of transfer of your IRA to another custodian/ trustee.

Any outstanding fees must be received prior to such a termination of your account.

If your IRA is terminated before you reach age $59^1/_2$, the 10% early withdrawal penalty may apply to the taxable amount you receive.

Traditional IRA Documents

Terms contained in Articles I to VII of Part One of the IRA Custodial Agreement have been promulgated by the IRS in Form 5305-A for use in establishing a Traditional IRA Account that meets the requirements of Code Section 408(a) for a valid Traditional IRA. This IRS approval relates only to the form of Articles I to VII and is not an approval of the merits of the Traditional IRA or of any investment permitted by the Traditional IRA.

Roth IRA Documents

Terms contained in Articles I to VII of Part Two of the IRA Custodial Agreement have been promulgated by the IRS in Form 5305-RA for use in establishing a Roth IRA Account that meets the requirements of Code Section 408A for a valid Roth IRA. This IRS approval relates only to the form of Articles I to VII and is not an approval of the merits of the Roth IRA or of any investment permitted by the Roth IRA.

IRA Custodial Agreement

Part One: Provisions Applicable to Traditional IRAs

The following provisions of Articles I to VII are in the form promulgated by the Internal Revenue Service in Form 5305-A (Rev. March 2002) for use in establishing a Traditional IRA. References are to sections of Internal Revenue Code of 1986, as amended ("Code").

Article I.

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

Article II.

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

Article III.

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

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.

1.Notwithstanding any provisions of this agreement to the contrary, the distribution of Investor'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 thereunder, the provisions of which are herein incorporated by reference.

2.Investor’s entire interest in the custodial account must be, or begin to be, distributed by Investor's required beginning date, April 1 following the calendar year end in which Investor reaches age $70^1/_2$. By that date, Investor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in:

(a) A single-sum payment or

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

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

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

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

subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

(ii) designated Beneficiary is not Investor'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 Investor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

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

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

(i)The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of Investor's death. If, however, the designated Beneficiary is Investor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which Investor would have reached age $70^1/_2$. But, in such case, if Investor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated Beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated Beneficiary. The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of Investor's death.

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

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

(a) Required minimum distribution under paragraph 2(b) for any year, beginning with the year Investor reaches age $70^1/_2$, is Investor's account value at close of business on Dec. 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if Investor's designated Beneficiary is his or her surviving spouse, required minimum distribution for a year shall not be more than Investor's account value at close of business on Dec. 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using Investor's (or, if applicable, Investor and spouse's) attained age (or ages) in the year.

(b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of Investor's death (or year Investor would have reached age $70^1/_2$, if applicable under paragraph 3(b)(i)) is the account value at the close of business on Dec. 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).

(c) The required minimum distribution for the year Investor reaches age $70^1/_2$ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

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

Article V.

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

2. Custodian agrees to submit to IRS and Investor the reports prescribed by the IRS.

Article VI.

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles that are not consistent with section 408(a) and the related regulations will be invalid.

Article VII.

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 Application.

Part Two: Provisions Applicable to Roth IRAs

The following provisions of Articles I to VII are in the form promulgated by the Internal Revenue Service in Form 5305-RA (revised March 2002) for use in establishing a Roth Individual Retirement Custodial Account. References are to sections of the Internal Revenue Code of 1986, as amended ("Code").

Article I.

Except in the case of a rollover contribution described in section 408A(e), a re-characterized contribution described in section 408A(d)(6), or an IRA Conversion Contribution, the custodian will accept only cash contributions up to $4,000 for tax years 2005 through 2007 and $5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to $5,000 for 2006 and 2007, and $6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

Article IA.

1.The annual contribution limit described in Article I is gradually reduced to $0 for higher income levels. For a single Investor, the annual contribution is phased out between adjusted gross income (AGI) of $95,000 and $110,000; for a married Investor filing jointly, between AGI of $150,000 and $160,000; and for a married Investor filing separately, between AGI of $0 and $10,000. In the case of a conversion, the Custodian will not accept IRA Conversion Contributions in a tax year if Investor's AGI for the tax year the funds were distributed from the other IRA exceeds $100,000 or if Investor is married and files a separate return. AGI in section 408A(c)(3) does not include IRA Conversion Contributions.

2.In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of Investor and his or her spouse.

Article II.

Investor's interest in the balance in the custodial account is non-forfeitable.

Article III.

1.No part of 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)).

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.

1.If Investor dies before his or her entire interest is distributed to him or her and Investor's surviving spouse is not the designated Beneficiary, the entire remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated Beneficiary, in accordance with (b) below:

(a) The remaining interest will be distributed, starting by the end of the calendar year following the year of Investor's death, over the designated Beneficiary's remaining life expectancy as determined in the year following the Investor’s death.

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

2.The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on Dec. 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the designated Beneficiary using the attained age of the beneficiary in the year following the year of Investor's death and subtracting 1 from the divisor for each subsequent year.

3.If Investor's spouse is designated Beneficiary, such spouse will be treated as Investor.

Article V.

1.Investor agrees to provide Custodian with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), and Regulations section 1.408-5 and 1.408-6, or other guidance published by the IRS.

2.Custodian agrees to submit to IRS and Investor reports prescribed by the IRS.

Article VI.

Notwithstanding any other articles which may be added or incorporated, provisions of Articles I - IV and this sentence will be controlling. Any additional articles not consistent with section 408A, related regulations, and other published guidance will be invalid.

Article VII.

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

Part Three: Provisions Applicable to Both Traditional and Roth IRAs

Article VIII.

1.As used in this Article VIII the following terms have the following meanings:

“Application” means agreement signed by each individual establishing an Account.

"Investor" means the person signing the Application.

"Account" or “Custodial Account” means IRA established using the terms of either Part One , Two or Three of the IRA Custodial Agreement signed by Investor. Account may be Traditional or Roth IRA, as specified by Investor. See Section 24 below.

"Custodian" means US Bank, N.A.

"Fund" means any registered investment company which is advised or distributed by Sponsor; provided that such a mutual fund or registered investment company must be legally offered for sale in the state of Investor's residence.

"Distributor" means the entity which has a contract with the Fund(s) to serve as distributor of the shares of such Fund(s). In any case where there is no Distributor, duties assigned hereunder to Distributor may be performed by the Fund(s) or by an entity that has a contract to perform management or investment advisory services for the Fund(s).

"Service Company" means any entity employed by the Custodian or the Distributor, including the transfer agent for the Fund(s), to perform various administrative duties of either the Custodian or the Distributor. In any case where there is no Service Company, the duties assigned hereunder to the Service Company will be performed by the Distributor (if any) or by an entity specified in the second preceding paragraph.

"Sponsor" means Bertolet Capital Trust and any series of funds thereunder.

2.Investor may revoke Custodial Account established hereunder by mailing or delivering a written notice of revocation to the Custodian within seven (7) calendar days after Investor receives the Disclosure Statement related to the Custodial Account. Mailed notice is treated as given to the Custodian on date of the postmark (or on the date of Post Office certification or registration in the case of notice sent by certified or registered mail). Upon timely revocation, Investor's initial contribution will be returned, without adjustment for administrative expenses, commissions or sales charges, fluctuations in market value or other changes.

Investor may certify in Application that Investor has read the Disclosure Statement related to the Custodial Account before Investor signed the Application to establish the Custodial Account, and the Custodian may rely upon such certification.

3.All contributions to Custodial Account shall be invested and reinvested in full and fractional shares of one or more Funds. All such shares shall be issued and accounted for as book entry shares, and no physical shares or share certificate will be issued. Such investments shall be made in such proportions and/or in such amounts as Investor from time to time in the Application or by other written notice to the Service Company (in such form as may be acceptable to the Service Company) may direct.

Service Company shall be responsible for promptly transmitting all investment directions by Investor for the purchase or sale of shares of one or more Funds hereunder to the Funds' transfer agent for execution. However, if investment directions with respect to the investment of any contribution hereunder are not received from Investor as required or, if received, are unclear or incomplete in the opinion of the Service Company, the contribution will be returned to Investor, or will be held un-invested (or invested in a money market fund if available) pending clarification or completion by Investor, in either case without liability for interest or for loss of income or appreciation. If any other directions or orders by the Investor with respect to the sale or purchase of shares of one or more Funds for the Custodial Account are unclear or incomplete in the opinion of Service Company, Service Company will refrain from carrying out such investment directions or from executing any such sale or purchase, without liability for loss of income or for appreciation or depreciation of any asset, pending receipt of clarification or completion from the Investor.

All Investor investment directions will be subject to any minimum initial or additional investment or minimum balance rules applicable to Fund as described in its prospectus.

All distributions received on the shares of any Fund held in Investor's Account shall be reinvested in full and fractional shares of such Fund.

In the event that any Fund held in the Custodial Account is liquidated or is otherwise made unavailable by the Sponsor as a permissible investment for a Custodial Account hereunder, the liquidation or other proceeds of such Fund shall be invested in accordance with the instructions of Investor; if Investor does not give such instructions, or if such instructions are unclear or incomplete in the opinion of the Service Company, the Service Company may invest such liquidation or other proceeds in such other Fund (including a money market fund if available) as the Sponsor designates, and neither the Service Company nor the Custodian will have any responsibility for such investment.

4.Subject to the minimum initial or additional investment, minimum balance and other exchange rules applicable to a Fund, Investor may at any time direct the Service Company to exchange all or a specified portion of the shares of a Fund in Investor's Account for shares and fractional shares of one or more other Funds. Investor shall give such directions by written or telephonic notice acceptable to the Service Company, and the Service Company will process such directions as soon as practicable after receipt thereof (subject to the second paragraph of Section 3 of this Article VIII).

5.Any purchase or redemption of Fund shares for or from Investor's Account will be effected at the public offering price or net asset value of such Fund (as described in the then effective prospectus for such Fund) next established after Service Company has transmitted Investor's investment directions to the transfer agent for the Fund(s). Any purchase, exchange, transfer or redemption of shares of a Fund for or from the Investor's Account will be subject to any applicable sales, redemption or other charge as described in the then effective prospectus for such Fund.

6. Service Company shall maintain adequate records of all purchases or sales of shares of one or more Funds for Investor's Account. Any account maintained in connection herewith shall be in the name of the Custodian for the benefit of Investor. All Account assets shall be registered in the name of Custodian or of a suitable nominee. Custodian books and records shall show that all such investments are part of the Custodial Account. Custodian shall maintain or cause to be maintained adequate records reflecting transactions of Account. In the discretion of the Custodian, records maintained by the Service Company with respect to the Account hereunder will be deemed to satisfy the Custodian's record-keeping responsibilities therefor. Service Company agrees to furnish Custodian with any information Custodian requires to carry out record-keeping function.

7.Neither Custodian nor any other party providing services to the Account will have any responsibility for rendering advice with respect to the investment and reinvestment of Investor's Account, nor shall such parties be liable for any loss or diminution in value which results from Investor's exercise of investment control over his Account. Investor shall have and exercise exclusive responsibility for and control over the investment of the assets of Account, and neither Custodian nor any other such party shall have any duty to question his directions in that regard or to advise him regarding the purchase, retention or sale of shares of one or more Funds for the Account.

8.Investor may in writing appoint an investment adviser with respect to the Account on a form acceptable to Custodian and Service Company. Investment adviser's appointment will be in effect until written notice to the contrary is received by the Custodian and the Service Company. While an adviser's appointment is in effect, the adviser may issue investment directions or may issue orders for the sale or purchase of shares of one or more Funds to the Service Company which will be fully protected in carrying out such investment directions or orders to the same extent as if they had been given by Investor.

Investor's appointment of any investment adviser will also be deemed to be instructions to Custodian and Service Company to pay such investment adviser's fees to the

investment adviser from the Account hereunder without additional authorization by the Investor or Custodian.

9.(a) Distribution of Account assets shall be made at such time and in such form as Investor (or Beneficiary if Investor is deceased) shall elect by written order to the Custodian. Investor acknowledges that any distribution of a taxable amount from the Account (except for distribution on account of Investor's disability or death, return of an "excess contribution" referred to in Code Section 4973, or a "rollover" from Account) made earlier than age $59^1/_2$ may subject Investor to an "additional tax on early distributions" under Code Section 72(t) unless an exception to such additional tax is applicable. For that purpose, Investor will be considered disabled if Investor can prove, as provided in Code Section 72(m)(7), that Investor is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or be of long-continued and indefinite duration. It is responsibility of Investor (or Beneficiary) by appropriate distribution instructions to the Custodian to insure that any applicable distribution requirements of Code Section 401(a)(9) and Article IV above are met. If Investor (or Beneficiary) does not direct the Custodian to make distributions from Account by the time such distributions are required to commence in accordance with such distribution requirements, Custodian (and Service Company) shall assume Investor (or Beneficiary) is meeting any applicable minimum distribution requirements from another individual retirement arrangement maintained by Investor (or Beneficiary) and Custodian and Service Company shall be fully protected in so doing.

(b) Investor acknowledges (i) that any withdrawal from Account will be reported by the Custodian in accordance with applicable IRS requirements (currently, on Form 1099-R), (ii) that the information reported by Custodian will be based on the amounts in Account and will not reflect any other individual retirement accounts Investor may own and that, consequently, the tax treatment of the withdrawal may be different than if Investor had no other IRAs, and (iii) that, accordingly, it is the responsibility of Investor to maintain appropriate records so that Investor (or other person ordering the distribution) can correctly compute all taxes due. Neither Custodian nor any other party providing services to Account assumes any responsibility for the tax treatment of any distribution from the Account; such responsibility rests solely with the person ordering the distribution.

10.Custodian assumes (and shall have) no responsibility to make any distribution except upon the written order of Investor (or Beneficiary) containing such information as Custodian may reasonably request. Before making any distribution from or honoring any assignment of the Account, Custodian shall be furnished with any and all applications, certificates, tax waivers, signature guarantees, releases, indemnification agreements, and other documents (including proof of any legal representative's authority) deemed necessary or advisable by Custodian, but Custodian shall not be responsible for complying with any order or instruction which appears on its face to be genuine, or for refusing to comply if not satisfied it is genuine, and Custodian has no duty of further inquiry. Distributions from Account may be mailed, first-class postage prepaid, to last known address of person who is to receive such distribution, as shown on Custodian's records, such distribution shall completely discharge Custodian's liability for payment.

11.(a) The term "Beneficiary" means the person or persons designated as such by the "designating person" (as defined below) on a form acceptable to the Custodian for use in connection with Account, signed by the designating person, and filed with Custodian. If, in opinion of Custodian or Service Company, any designation of beneficiary is unclear or incomplete, in addition to any documents or assurances the Custodian may request under Section 10, Custodian or Service Company shall be entitled to request and receive such clarification or additional instructions as Custodian deems necessary to determine correct Beneficiary(ies) following Investor's death. The form designating the Beneficiary(ies) may name individuals, trusts, estates, or other entities as either primary or contingent beneficiaries. However, if designation does not effectively dispose of entire Account as of the time distribution is to commence, the Beneficiary" shall then mean the designating person's estate with respect to the assets of the Account not disposed of by the designation form. The form last accepted by the Custodian before such distribution is to commence, provided it was received by the Custodian (or deposited in the U.S. Mail or with a reputable delivery service) during the designating person's lifetime, shall be controlling and, whether or not fully dispositive of Account, thereupon shall revoke all such forms previously filed by that person. Term "designating person" means Investor during his/her lifetime; after Investor's death, it also means Investor's spouse if the spouse is a Beneficiary and elects to transfer assets from Account to the spouse's own Account in accordance with applicable provisions of the Code. (Note: Married Investors who reside in a community property or marital property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington or Wisconsin), may need to obtain spousal consent if they have not designated their spouse as the primary Beneficiary for at least half of their Account. Consult a lawyer or other tax professional for additional information and advice.)

(b) Notwithstanding any provisions in this Agreement to the contrary, when and after the distribution from Account to Investor's Beneficiary begins, all rights and obligations assigned to Investor hereunder shall inure to, and be enjoyed and exercised by, Beneficiary instead of Investor.

(c) Notwithstanding Section 3 of Article IV of Part Two above, if Investor's spouse is the sole Beneficiary on Investor's date of death, the spouse will not be treated as Investor if the spouse elects not to be so treated. In such event, the Custodial Account will be distributed in accordance with the other provisions of such Article IV, except that distributions to the Investor's spouse are not required to commence until Dec. 31 of the year in which the Investor would have turned age $70^{1}/_{2}$.

12.(a) Investor agrees to provide information to Custodian at such time and in such manner as may be necessary for Custodian to prepare any reports required under Section 408(i) or Section 408A(d)(3)(e) of the Code and the regulations thereunder or otherwise.

(b) Custodian or Service Company will submit reports to the IRS and Investor at such time and manner and containing such information as is prescribed by the IRS.

(c) Investor, Custodian and Service Company shall furnish to each other such information relevant to the Account as may be required under the Code and any regulations issued or forms adopted by the Treasury Department thereunder or as may otherwise be necessary for the administration of the Account.

(d) Investor shall file reports to the IRS which are required of him by law (including Form 5329), and neither Custodian nor Service Company shall have any duty to advise Investor concerning or monitor Investor's compliance with such requirement.

13.(a) Investor retains the right to amend Account document in any respect at any time, effective on a stated date which shall be at least 60 days after giving written notice of the amendment (including its exact terms) to Custodian by registered or certified mail, unless Custodian waives notice as to such amendment. If Custodian does not wish to continue serving as such under this Account document as so amended, it may resign in accordance with Section 17 below.

(b) Investor delegates to Custodian the Investor's right so to amend, provided (i) the Custodian does not change the investments available under this Custodial Agreement and (ii) the Custodian amends in the same manner all agreements comparable to this one, having the same Custodian, permitting comparable investments, and under which such power has been delegated to it; this includes the power to amend retroactively if necessary or appropriate in the opinion of the Custodian in order to conform this Account to pertinent provisions of the Code and other laws or successor provisions of law, or to obtain a governmental ruling that such requirements are met, to adopt a prototype or master form of agreement in substitution for this Agreement, or as otherwise may be advisable in the opinion of the Custodian. Such an amendment by the Custodian shall be communicated in writing to Investor, and Investor shall be deemed to have consented thereto unless, within 30 days after such communication is mailed, Investor either (i) gives Custodian a written order for a complete distribution or transfer of the Account, or (ii) removes the Custodian and appoints a successor under Section 17 below.

Pending the adoption of any amendment necessary or desirable to conform Account document to the requirements of any amendment to any applicable provision of the Internal Revenue Code or regulations or rulings thereunder (including any amendment to Form 5305-A or 5305-RA), Custodian and Service Company may operate the Account in accordance with such requirements to the extent that the Custodian and/or Service Company deem necessary to preserve the tax benefits of the Account.

(c) Notwithstanding the provisions of subsections (a) and (b) above, no amendment shall increase the responsibilities or duties of Custodian without its prior written consent.

(d) This Section 13 shall not be construed to restrict the Custodian's right to substitute fee schedules in the manner provided by Section 16 below, and no such substitution shall be deemed to be an amendment of this Agreement.

14.(a) Custodian shall terminate Account if this Agreement is terminated or if, within 30 days (or such longer time as Custodian agrees) after resignation or removal of Custodian under Section 17, Investor has not appointed a successor which has accepted such appointment. Account termination shall be effected by distributing all assets thereof in a single payment in cash or in kind to Investor, subject to Custodian's right to reserve funds as provided in Section 17.

(b) Upon termination of Account, this custodial account document shall have no further force and effect (except for Sections 15(f), 17(b) and (c) hereof which shall survive

Account termination and this document), and Custodian shall be relieved from all further liability hereunder or with respect to Account and all assets thereof so distributed.

15.(a) In its discretion, Custodian may appoint one or more contractors or service providers to carry out any of its functions and may compensate them from the Account for expenses attendant to those functions. In event of such appointment, all rights and privileges of Custodian under this Agreement shall pass through to such contractors or service providers who shall be entitled to enforce them as if a named party.

(b) Service Company shall be responsible for receiving all instructions, notices, forms and remittances from Investor and for dealing with or forwarding the same to the transfer agent for the Fund(s).

(c) The parties do not intend to confer any fiduciary duties on Custodian or Service Company (or any other party providing services to Account), and none shall be implied. Neither shall be liable (or assumes any responsibility) for the collection of contributions, the proper amount, time or tax treatment of any contribution to Account or the propriety of any contributions under this Agreement, or the purpose, time, amount (including any minimum distribution amounts), tax treatment or propriety of any distribution hereunder, which matters are the sole responsibility of Investor and Investor's Beneficiary.

(d) Not later than 60 days after the close of each calendar year (or after Custodian's resignation or removal), Custodian or Service Company shall file with Investor a written report or reports reflecting the transactions effected by it during such period and the assets of the Account at its close. Upon the expiration of 60 days after such a report is sent to Investor (or Beneficiary), the Custodian or Service Company shall be forever released and discharged from all liability and accountability to anyone with respect to transactions shown in or reflected by such report except with respect to any such acts or transactions as to which Investor shall have filed written objections with the Custodian or Service Company within such 60 day period.

(e) Service Company shall deliver, or cause to be delivered, to Investor all notices, prospectuses, financial statements and other reports to shareholders, proxies and proxy soliciting materials relating to the shares of Funds(s) credited to the Account. No shares shall be voted, and no other action shall be taken pursuant to such documents, except upon receipt of adequate written instructions from Investor.

(f) Investor shall fully indemnify Service Company, Fund(s), Distributor, Sponsor and Custodian and save them harmless from any and all liability whatsoever which may arise either (i) in connection with this Agreement and matters which it contemplates, except that which arises directly out of the Service Company's, Fund's, Distributor’s, Sponsor’s or Custodian's bad faith, gross negligence or willful misconduct, (ii) with respect to making or failing to make any distribution, other than for failure to make distribution in accordance with an order therefor which is in full compliance with Section 10, or (iii) actions taken or omitted in good faith by such parties. Neither Service Company nor Custodian shall be obligated or expected to commence or defend any legal action or proceeding in connection with this Agreement or such matters unless agreed upon by that party and Investor, and unless fully indemnified for so doing to that party's satisfaction.

(g) Custodian and Service Company shall each be responsible solely for performance of those duties expressly assigned to it in this Agreement, and neither assumes any responsibility as to duties assigned to anyone else hereunder or by operation of law.

(h) Custodian and Service Company may each conclusively rely upon and shall be protected in acting upon any written order from Investor or Beneficiary, or any adviser appointed under Section 8, or any other notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed, and so long as it acts in good faith, in taking or omitting to take any other action in reliance thereon. In addition, Custodian will carry out the requirements of any apparently valid court order relating to Account and will incur no liability or responsibility for so doing.

16.(a) Custodian, in consideration of its services under this Agreement, shall receive fees specified on the applicable fee schedule. Fee schedule originally applicable shall be the one specified in the Disclosure Statement, as applicable. Custodian may substitute a different fee schedule at any time upon 30 days' written notice to Investor. Custodian shall also receive reasonable fees for any services not contemplated by any applicable fee schedule and either deemed by it to be necessary or desirable or requested by Investor.

(b) Any income, gift, estate and inheritance taxes and other taxes of any kind whatsoever, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the Account, that may be levied or assessed in respect to such assets, and all other administrative expenses incurred by the Custodian in the performance of its duties (including fees for legal services rendered to it in connection with Account) shall be charged to Account. If Custodian is required to pay any such amount, Investor (or Beneficiary) shall promptly upon notice thereof reimburse the Custodian.

(c) All such fees and taxes and other administrative expenses charged to Account shall be collected either from the amount of any contribution or distribution to or from the Account, or (at the option of the person entitled to collect such amounts) to the extent possible under the circumstances by the conversion into cash of sufficient shares of one or more Funds held in the Account (without liability for any loss incurred thereby). Notwithstanding the foregoing, Custodian or Service Company may make demand upon the Investor for payment of fees, taxes and other administrative expenses. Fees which remain outstanding after 60 days may be subject to a collection charge.

17.(a) Upon 30 days' prior written notice to Custodian or Investor as the case may be, may remove it from its office hereunder. Such notice, to be effective, shall designate a successor custodian and shall be accompanied by the successor's written acceptance. Custodian also may at any time resign upon 30 days' prior written notice to Sponsor, whereupon the Sponsor shall notify the Investor (or Beneficiary) and shall appoint a successor to Custodian. In connection with its resignation hereunder, Custodian may, but is not required to, designate a successor custodian by written notice to the Sponsor or Investor (or Beneficiary), and Sponsor or Investor (or Beneficiary) will be deemed to have consented to such successor unless the Sponsor or Investor (or Beneficiary) designates a different successor custodian and provides written notice thereof together with such a different successor's written acceptance by such date as the Custodian specifies in its original notice to the Sponsor or Investor (or Beneficiary) (provided that

Sponsor or Investor (or Beneficiary) will have a minimum of 30 days to designate a different successor).

(b)Successor custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury under Code Section 408(a)(2). Upon receipt by Custodian of written acceptance by its successor of such successor's appointment, Custodian shall transfer and pay over to such successor the assets of the Account and all records (or copies thereof) of Custodian pertaining thereto, provided that the successor custodian agrees not to dispose of any such records without the Custodian's consent. Custodian is authorized, however, to reserve such sum of money or property as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the successor custodian.

(c) Any Custodian shall not be liable for acts or omissions of its predecessor or successor.

18.References herein to the "Internal Revenue Code" or "Code" and sections thereof shall mean the same as amended from time to time, including successors to such sections.

19.Except where otherwise specifically required in this Agreement, any notice from Custodian to any person provided for in this Agreement shall be effective if sent by first-class mail to such person at that person's last address on the Custodian's records.

20.Investor (or Beneficiary) shall not have the right or power to anticipate any part of the Account or to sell, assign, transfer, pledge or hypothecate any part thereof. Account shall not be liable for the debts of Investor (or Beneficiary) or subject to any seizure, attachment, execution or other legal process in respect thereof except to the extent required by law. At no time shall it be possible for any part of the assets of Custodial Account to be used for or diverted to purposes other than for the exclusive benefit of Investor (or Beneficiary) except to the extent required by law.

21.When accepted by Custodian, this Agreement is accepted in and shall be construed and administered in accordance with the laws of the state where the principal offices of the Custodian are located. Any action involving the Custodian brought by any other party must be brought in a state or federal court in such state.

If in Application, Investor designates that Custodial Account is a Traditional IRA, this Agreement is intended to qualify under Code Section 408(a) as an individual retirement custodial account and to entitle Investor to the retirement savings deduction under Code Section 219 if available. If in Application, Investor designates that Custodial Account is a Roth IRA, this Agreement is intended to qualify under Code Section 408A as a Roth individual retirement Custodial Account and to entitle Investor to the tax-free withdrawal of amounts from the Custodial Account to the extent permitted in such Code section.

If any provision hereof is subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with the intent expressed in whichever of the two preceding sentences is applicable.

However, Custodian shall not be responsible for whether or not such intentions are achieved through use of this Agreement, and Investor is referred to Investor's attorney for any such assurances.

22.Investor should seek advice from Investor's attorney regarding legal consequences (including but not limited to federal and state tax matters) of entering into this Agreement, contributing to Custodial Account, and ordering Custodian to make distributions from Account. Investor acknowledges that Custodian and Service Company (and any firm associated therewith) are prohibited by law from rendering such advice.

23.If any provision of any document governing Custodial Account provides for notice, instructions or other communications from one party to another in writing, to the extent provided for in the procedures of Custodian, Service Company or another party, any such notice, instructions or other communications may be given by telephonic, computer, electronic or other means, and requirement for written notice will be deemed satisfied.

24. The legal documents governing the Account are as follows:

(a) If in Application, Investor designated Account as a Traditional IRA under Code Section 408(a), provisions of Part One and Part Three of this Agreement and the provisions of the Application are the legal documents governing Investor's Account.

(b) If in the Application, Investor designated Account as a Roth IRA under Code Section 408A, the provisions of Part Two and Part Three of this Agreement and the provisions of the Adoption Agreement are the legal documents governing the Investor's Account.

(c) In Application, Investor must designate Account as either a Roth or Traditional IRA, and a separate account will be established for such IRA. One Account may not serve as a Roth and a Traditional IRA (through use of subaccounts or otherwise).

(d) Investor acknowledges that the Service Company may require the establishment of different Roth IRA accounts to hold annual contributions under Code Section 408A(c)(2) and to hold conversion amounts under Code Section 408A(c)(3)(b). The Service Company may also require the establishment of different Roth IRA accounts to hold amounts converted in different calendar years. If the Service Company does not require such separate account treatment, the Investor may make annual contributions and conversion contributions to the same account.

(e) Investor acknowledges that Service Company may require the establishment of different Traditional IRA accounts to hold pre-tax amounts and any after-tax amounts.

25.This Agreement and Application signed by Investor (as either may be amended) are the documents governing Investor's Custodial Account. Articles I through VII of Part One of this Agreement are in the form promulgated by the IRS as Form 5305-A. It is anticipated that, if and when the IRS promulgates changes to Form 5305-A, the Custodian will amend this Agreement correspondingly.

Articles I through VII of Part Two of this Agreement are in the form promulgated by the IRS as Form 5305-RA. It is anticipated that, if and when the IRS promulgates changes to Form 5305-RA, the Custodian will amend this Agreement correspondingly.

The IRS has endorsed the use of documentation permitting Investor to establish either a Traditional or Roth IRA (but not both using a single Application), and this Kit complies with the requirements of the IRS guidance for such use. If the IRS subsequently determines that such an approach is not permissible, Custodian will furnish Investor with replacement documents and Investor will if necessary sign such replacement documents. Investor acknowledge and agrees to such procedures and to cooperate with Custodian to preserve Account's tax treatment.

26.If Investor maintains an IRA under Code Section 408(a), Investor may convert or transfer such other IRA to a Roth IRA under Code Section 408A using the terms of this Agreement and the Adoption Agreement by completing and executing the Application and giving suitable directions to Custodian and custodian or trustee of such other IRA. Alternatively, Investor may convert or transfer such other IRA to a Roth IRA by use of a reply card or by telephonic, computer or electronic means in accordance with procedures adopted by Custodian or Service Company intended to meet the requirements of Code Section 408A, and Investor will be deemed to have executed the Application and adopted the provisions of this Agreement and Application in accordance with such procedures.

In accordance with the requirements of Code Section 408A(d)(6) and regulations thereunder, the Investor may re-characterize a contribution to a Traditional IRA as a contribution to a Roth IRA, or may re-characterize a contribution to a Roth IRA as a contribution to a Traditional IRA. Investor agrees to observe any limitations imposed by Service Company on the number of such transactions in any year (or any such limitations or other restrictions that may be imposed by Service Company or the IRS).

27.Investor acknowledges that he or she has received and read the current prospectus for each Fund in which his or her Account is invested and the IRA Disclosure Statement related to Account. Investor represents under penalties of perjury that his or her Social Security number (or Taxpayer Identification Number) as stated in Application is correct.

28.If all required forms and information are properly submitted, US Bank, N.A. will accept appointment as Custodian of Investor's Account. However, this Agreement is not binding upon the Custodian until Investor has received a statement confirming the initial transaction for the Account. Receipt by Investor of a confirmation of purchase of Fund shares indicated in the Investor's Application will serve as notification of US Bank, N.A.'s acceptance of appointment as Custodian of Investor's Account.

29.If Investor is a minor under the laws of his or her state of residence, then a parent or guardian shall exercise all powers and duties of Investor, as indicated herein, and shall sign the Application on behalf of minor. Custodian's acceptance of Account on behalf of any Investor minor is expressly conditioned upon the agreement of the parent or guardian to accept the responsibility to exercise all such powers and duties, and all parties hereto so acknowledge. Upon attainment of the age of majority under the laws of Investor's state residence at such time, Investor may advise the Custodian in writing (accompanied by such documentation as may be required) that he or she is assuming sole responsibility to exercise all rights, powers, obligations, responsibilities, authorities or requirements associated with Account. Upon such notice to Custodian, Investor shall have and shall be responsible for all of the foregoing, Custodian will deal solely with Investor as the person

controlling administration of Account, and Investor's parent or guardian thereafter shall not have or exercise any of the foregoing. Absent written notice from Investor, Custodian shall be under no obligation to acknowledge Investor's right to exercise such powers and authority and may continue to rely on parent or guardian to exercise such powers and authority until notified to the contrary by Investor.