

# Perelman-Carley & Associates, Inc. Account Application

3000 Farnam Street • Omaha, NE 68131  
1-800-444-5880



For Office Use Only

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Individual                                 | <input type="checkbox"/> IRA (BENEFICIARY DESIGNATION FORM REQUIRED) | <input type="checkbox"/> Custodian (USE MINOR'S SS#) |
| <input type="checkbox"/> Partnership                                | <input type="checkbox"/> Joint                                       | <input type="checkbox"/> Investment Club             |
| <input type="checkbox"/> Trust (REQUIRES CERTIFICATE OF TRUST FORM) | <input type="checkbox"/> Corporation                                 | <input type="checkbox"/> Other _____                 |

Account # _____
Approved by _____

APPLICANT				CO-APPLICANT				
TITLE OF ACCOUNT (IF APPLICABLE, NAME OF CORPORATION/PARTNERSHIP/TRUST/ETC.)								
NAME	FIRST	MIDDLE	LAST	NAME	FIRST	MIDDLE	LAST	
HOME ADDRESS				HOME ADDRESS				
CANNOT BE A P.O. BOX				CANNOT BE A P.O. BOX				
CITY	STATE		ZIP	CITY	STATE		ZIP	
MAILING ADDRESS (IF DIFFERENT FROM HOME ADDRESS)								
SS, TAX ID, OR ITIM#		CITIZENSHIP (COUNTRY)		DATE OF BIRTH				
SS, TAX ID, OR ITIM#		CITIZENSHIP (COUNTRY)		DATE OF BIRTH				
HOME TELEPHONE #		WORK TELEPHONE #		CELL #				
HOME TELEPHONE #		WORK TELEPHONE #		CELL #				
OCCUPATION (BE SPECIFIC)			DRIVER'S LICENSE #					
OCCUPATION (BE SPECIFIC)			DRIVER'S LICENSE #					
EMPLOYER (IF NOT EMPLOYED, INDICATE RETIRED, UNEMPLOYED, HOMEMAKER, ETC)								
EMPLOYER (IF NOT EMPLOYED, INDICATE RETIRED, UNEMPLOYED, HOMEMAKER, ETC)								
EMPLOYER ADDRESS								
EMPLOYER ADDRESS								
EMAIL ADDRESS								
EMAIL ADDRESS								
BANK REFERENCE				ACCT. #				
BANK REFERENCE				ACCT. #				
HOW DID YOU LEARN ABOUT PERELMAN-CARLEY?						INVESTMENT OBJECTIVES (PLEASE CHECK BOX)		
HOW DID YOU LEARN ABOUT PERELMAN-CARLEY?						TAX STATUS (% Bracket) _____		
ESTIMATED LIQUID NET WORTH				<input type="checkbox"/> GROWTH ..... Increase investment value over time while accepting price fluctuations. <input type="checkbox"/> INCOME ..... Provide current income rather than growth of principal. <input type="checkbox"/> SPECULATION.. Assume the highest degree of risk for potentially higher returns. <input type="checkbox"/> TRADING ..... High risk buying and selling for a potential gain.				
ESTIMATED NET WORTH				** Do you wish Purchased Securities <b>Mailed</b> _____ <b>Held in Account</b> _____ Do you wish Dividends on Stocks held by us <b>Mailed</b> _____ <b>Held in Account</b> _____ Do you wish Proceeds from Securities Sold <b>Mailed</b> _____ <b>Held in Account</b> _____				
ESTIMATED ANNUAL INCOME								
TYPE OF ACCOUNT								
CASH _____		MARGIN _____		OPTION _____				

\*\*Unless specified otherwise in above Standing Instructions, I hereby authorize **PERELMAN-CARLEY & ASSOCIATES, INC.** to hold funds for reinvestment purposes and pay interest. **PERELMAN-CARLEY & ASSOCIATES, INC.** will pay interest on eligible free credit balances if the funds are being held for reinvestment. Funds held must earn \$5 minimum per calendar month to qualify except in states where prohibited by law. Interest earned will be credited to account on the last business day of the month.

Is any applicant employed by or affiliated with a securities firm, a stock exchange or the FINRA? \_\_\_\_\_ yes, please provide the name and address of the company's Compliance Department.

Is any applicant an officer, director, affiliate or 10% shareholder of a publicly-traded company? \_\_\_\_\_ If yes, please provide the ticker symbol and CUSIP # of the related securities.

I/we understand that Perelman-Carley will release my/our name, address, and securities positions to requesting companies in which I/we hold securities, unless I/we check this box .

Under penalties of perjury, I/we certify (1) that the number provided is the payee's correct Tax Identification Number and (2) that the payee is not subject to backup withholding either because the payee has not been notified that the payee is subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified the payee that the payee is no longer subject to backup withholding.

**IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS AGREEMENT BEFORE YOU SIGN IT. BY SIGNING BELOW, YOU ACKNOWLEDGE RECEIPT OF A COPY OF THIS AGREEMENT, AND YOUR NEW ACCOUNT FORM. THIS AGREEMENT CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE. BY AGREEING TO ARBITRATE DISPUTES CLIENTS MAY BE WAIVING CERTAIN RIGHTS THAT WOULD BE AVAILABLE IN COURT (PAGE 2, ITEM #8). See Back.**

Signature \_\_\_\_\_ Date \_\_\_\_\_ Signature (if Jt a/c) \_\_\_\_\_ Date \_\_\_\_\_

# CUSTOMER AGREEMENT

In consideration of PERELMAN-CARLEY & ASSOCIATES, INC, (PCA) accepting one or more accounts of the undersigned (whether designated by name, number or otherwise) and PCA agreeing to act as broker for the undersigned in the purchase or sale of securities and other property, the undersigned agrees as follows:

- 1. Applicable Rules and Regulations:** All transactions under this Agreement shall be subject to the constitution, rules, regulations, customs and usages of the exchange or market and its clearing house, if any, where the transactions are executed by PCA or its agents, and to applicable laws and applicable rules and regulations of duly constituted governmental authorities.
- 2. Definition:** For purposes of this Agreement, "securities and other property" shall include, but not be limited to, money, securities, and instruments of every kind and nature and all contracts and options relating thereto, whether for present or future delivery.
- 3. Settlement of Transactions:** (a) When placing a sell order, the undersigned shall designate such order as being either for short or long account and PCA is authorized to appropriately mark such order. Any order designated as "long" is for securities and other property then owned by the undersigned and, if they are not then deliverable from the undersigned's account, the placing of a "long" order shall constitute a representation by the undersigned that such securities and other property will be delivered to PCA as soon as practicable but no later than the settlement date therefor.  
(b) If PCA is unable to settle any transaction as a result of the undersigned's failure, on or before the settlement date, to deliver securities and other property sold in good form or to make payment for securities and other property purchased, PCA may at its discretion, take such action as it deems necessary or appropriate to make such delivery or payment (including the right to borrow or purchase such securities and other property). The undersigned shall reimburse PCA for any loss it may sustain in any such transaction (including a loss resulting from the inability to borrow securities and other property) and for any premium it may pay to borrow or purchase such securities and other property.  
(c) The undersigned understands that the obligation to deliver securities and other property sold includes delivery of all rights which customarily accompany the sale of securities and other property, such as a cash or stock dividend or stock from a stock split which is paid or delivered to the undersigned after the date of sale if such date is prior to the ex-dividend date.
- 4. Lien and Liquidation:** (a) All securities and other property now or hereafter held, carried or maintained by PCA in or for any account of the undersigned, now or hereafter opened, including accounts in which the undersigned has an interest, shall be subject to a lien for the discharge of all indebtedness and other obligations of the undersigned to PCA and shall be held by PCA as security for the payment of any liability or indebtedness of the undersigned in any such account. PCA has the right to transfer securities and other property so held from or to any other account of the undersigned whenever in PCA's judgment it considers such a transfer necessary for its protection. In enforcing such lien, PCA may in its discretion, determine which securities and other property are to be sold.  
(b) Whenever PCA considers it necessary for its protection, it may sell securities and other property in any account of the undersigned with PCA (whether individually or jointly with others), buy securities and other property which may be short in such accounts, cancel open orders and close outstanding contracts, all without demand for margin, additional margin, notices of sale or purchase, or other notices or demands whatsoever. Any such sale or purchase may be made at PCA's discretion on any exchange or market where such business is usually transacted, or at public auction or private sale and PCA may be a purchaser for its own account. Any prior demand, call or prior notice of the time or place of such sale or purchase shall not be considered a waiver of PCA's right to buy or sell without any such demand, call or notice.
- 5. Payment of Indebtedness Upon Demand:** The undersigned shall at all times be liable for, and shall pay on demand the amount of any debit balance or other obligations owing in any of the undersigned's accounts with PCA, including any deficiency remaining in any such accounts in the event of the liquidation, in whole or in part, by PCA or the undersigned.
- 6. Liability for Collection Costs:** The undersigned shall be liable for, and shall pay on demand the amount of the reasonable costs and expenses (including attorneys fees) of collection of any debit balance and any unpaid deficiency in the undersigned's accounts with PCA.
- 7. Confirmations, Statement and Notices:** (For your knowledge, all exchanges maintain the right to correct a reported execution price up to and including settlement date.)  
(a) The confirmation of the receipt or execution of an order shall be conclusive and binding upon the undersigned if the undersigned does not object thereto verbally or in writing within two days of receipt of confirmation to the undersigned by mail or otherwise.  
(b) Statements of the undersigned's accounts shall be conclusive and binding upon the undersigned if the undersigned does not object thereto in writing within 10 days after PCA has forwarded the statement of account to the undersigned by mail or otherwise.  
(c) Communications may be sent to the undersigned at the address of the undersigned given in the account application or at such other address as the undersigned may hereafter direct, and all communications so sent, whether by mail, telegraph, messenger or otherwise, shall be deemed given to the undersigned personally, whether actually received or not.
- 8. Arbitration:** This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:  
(a) All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of arbitration forum in which a claim is filed. (b) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited. (c) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings. (d) The arbitrators do not have to explain the reason(s) for their award. (e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry. (f) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court. (g) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.  
(h) Any controversy or dispute between PCA and the undersigned arising out of or relating to any of the undersigned's accounts, which includes a margin or options account, to transactions with or for the undersigned or to this agreement or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association or the Code of Arbitration Procedure of the Financial Industry Regulatory Authority, as the undersigned may elect. If the undersigned does not make such election by registered mail addressed to you at your main office in Omaha, Nebraska within five (5) days after receipt of notification from you requesting such election, or the undersigned files a lawsuit in State or Federal Court (or takes any other action inconsistent with arbitration) then the undersigned authorizes you to make the election on behalf of the undersigned and choose the arbitration forum. The arbitration award shall be final, and judgment upon the award rendered may be entered in any court, State or Federal, having jurisdiction.  
(i) No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until, (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.
- 9. Investment Advice:** PCA shall not provide any advice or recommendations and all orders will be considered unsolicited by PCA. PCA maintains no research department and any comments offered must not be construed as a recommendation by the firm.
- 10. Governing Law and Jurisdiction:** This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska and in the event of litigation the parties consent and agree to exclusive jurisdiction of courts located in Nebraska. The agreement shall inure to the benefit of PCA's successors and assigns. PCA may transfer the undersigned's accounts to any such successor or assign. This Agreement shall be binding upon the undersigned's heirs, executors, administrators, successors and assigns.
- 11. Capacity:** The undersigned, if an individual, is of legal age and, except as disclosed to PCA in writing, is not a member, allied member or an employee of any exchange, or of any corporation of which any exchange owns a majority of the capital stock, or of a member firm or member corporation of any exchange, or of a bank, trust company, insurance company or of any corporation, association, firm or individual engaged in the business of dealing, either as broker or as principal, in securities, bills of exchange, acceptances or other forms of commercial paper. No one except the undersigned has or will have an interest in any account of the undersigned with PCA.
- 12. Payments:** No acceptance by PCA of a lesser sum than due in the undersigned's account shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction.
- 13. Miscellaneous:** (a) Free credit balances in any account of the undersigned with PCA shall be maintained in such account solely for the purpose of investing or reinvesting in securities and other property.  
(b) You are hereby authorized to act upon any and all instructions (whether oral or in writing) given or purported to be given by the undersigned with respect to any transactions in or for any account of the undersigned. Telephone calls with PCA may be tape recorded.  
(c) PCA shall not be liable for loss caused directly or indirectly by governmental restrictions, exchange or market rulings, suspension of trading, interruption in telecommunication services or facilities, war, strike or other conditions beyond PCA's control.  
(d) If any provision or condition of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision or condition and all other provisions and conditions of the Agreement shall remain in full force and effect.  
(e) Except as otherwise expressly provided herein, no waiver, modification or amendment of any provision of this Agreement shall be effective unless it is in writing and signed by PCA.
- 14. Joint Accounts:** If the undersigned shall consist of more than one person, the obligations and liabilities of each with respect to any account hereunder shall be joint and several.
- 15. PCAI receives remuneration for directing certain orders to particular broker/dealers or market centers for execution. When such remuneration is received, it is considered compensation to PCAI, and the source and amount of any compensation received by PCAI in connection with your transaction will be disclosed upon request. The customer's order is executed at the "best bid", "best offer", or at a price superior to either one.**

# PERELMAN-CARLEY & ASSOCIATES, INC.

3000 Farnam St., Omaha, Nebraska 68131  
 (402) 342-6000 800-444-5880  
 www.pcastocks.com

## INDIVIDUAL RETIREMENT ACCOUNT APPLICATION

IRA HOLDER'S NAME AND ADDRESS			IRA ACCOUNT NUMBER			
			CONTRIBUTION DATE*			
			* If applicable			
SOCIAL SECURITY #	DATE OF BIRTH	PHONE #	CONTRIBUTION AMOUNT*			
			* If applicable			
CONTRIBUTION TYPE			CONTRIBUTION FOR TAX YEAR**			
<input type="checkbox"/> Regular or Spousal <input type="checkbox"/> Simplified Employee Pension (SEP) <input type="checkbox"/> Transfer <input type="checkbox"/> Rollover (including a direct rollover from an employer's plan) <input type="checkbox"/> Recharacterization			** Only applicable for regular and spousal contributions			
DESIGNATION OF BENEFICIARIES						
The following individual(s) or entity shall be my primary and/or contingent beneficiary(ies). If neither primary nor contingent is indicated, the individual or entity will be deemed to be a primary beneficiary. If more than one primary beneficiary is designated and no distribution percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the IRA. Multiple contingent beneficiaries with no share percentage indicated will also be deemed to share equally. If any primary or contingent beneficiary dies before me, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro rata basis. If no primary beneficiary(ies) survive me, the contingent beneficiary(ies) shall acquire the designated share of my IRA.						
No.	Name and Address	Social Security #	Date of Birth	Relationship	Type	Share %
1.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
2.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
3.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
4.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
5.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
SPOUSAL CONSENT			SIGNATURE AND DATE			
This section should be reviewed if either the trust or the residence of the IRA holder is located in a community or marital property state and the IRA holder is married. Due to the important tax consequences of giving up one's community property interest, individuals signing this section should consult with a competent tax or legal advisor.			I understand the eligibility requirements for the type of IRA deposit I am making and I state that I do qualify to make that deposit. I have received a copy of the Application, Form 5305-A (Plan Agreement), Financial Disclosure and Disclosure Statement. I understand that the terms and conditions which apply to this Individual Retirement Account are contained in this Application and the Plan Agreement. I agree to be bound by those terms and conditions. Within seven days from the date I open this IRA, I may revoke it without penalty by mailing or delivering a written notice to Perelman-Carley.  I assume complete responsibility for: 1. Determining that I am eligible for an IRA each year I make a contribution. 2. Insuring that all contributions I make are within the limits set forth by the tax laws. 3. The tax consequences of any contribution (including rollover contributions) and distributions.			
<b>CURRENT MARITAL STATUS</b> <input type="checkbox"/> <b>I Am Not Married</b> - I understand that if I become married in the future, I must complete a new IRA Designation of Beneficiary form. <input type="checkbox"/> <b>I Am Married</b> - I understand that if I choose to designate a primary beneficiary other than my spouse, my spouse must sign below.						
I am the spouse of the above-named IRA holder. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Due to the important tax consequences of giving up my interest in this IRA, I have been advised to see a tax professional.			IRA Holder _____ Date _____			
I hereby give the IRA holder any interest I have in the funds or property deposited in this IRA and consent to the beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by Perelman-Carley.			Signature of Spouse _____ Date _____      Witness _____ Date _____			
Signature of Witness _____ Date _____			Perelman-Carley Representative _____ Date _____			

# TRADITIONAL INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT

Form 5305-A under section 408(a) of the Internal Revenue Code.

FORM (REV. MARCH 2002)

The depositor whose name appears on the Application is establishing a traditional individual retirement account (IRA) under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The custodian has given the depositor the disclosure statement required by Regulations section 1.408-6.

The depositor has assigned the custodial account the sum indicated on the Application.

The depositor and the custodian make the following agreement:

## ARTICLE I

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

## ARTICLE II

The depositor's interest in the balance in the custodial account is nonforfeitable.

## ARTICLE III

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
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 provision of this agreement to the contrary, the distribution of the depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the depositor's required beginning date, April 1 following the calendar year in which the depositor reaches age 70 ½. By that date, the depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:
  - (a) A single sum or
  - (b) Payments over a period not longer than the life of the depositor or the joint lives of the depositor and his or her designated beneficiary.
3. If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
  - (a) If the depositor dies on or after the required beginning date and:
    - (i) The designated beneficiary is the depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
    - (ii) The designated beneficiary is not the depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
    - (iii) There is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the depositor as determined in the year of the depositor's death and reduced by 1 for each subsequent year.
  - (b) If the depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:
    - (i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the depositor's death. If, however, the designated beneficiary is the depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the depositor would have reached age 70½. But, in such case, if the depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.

- (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.
4. If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the depositor's surviving spouse, no additional contributions may be accepted in the account.
5. The minimum amount that must be distributed each year, beginning with the year containing the depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
- (a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the depositor reaches age 70½, is the depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the depositor's (or, if applicable, the depositor 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 the depositor's death (or the year the depositor would have reached age 70 ½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).
- (c) The required minimum distribution for the year the depositor reaches age 70 ½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
6. The owner of two or more traditional IRAs may satisfy the minimum distribution requirements described above by taking from one traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

#### ARTICLE V

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

#### ARTICLE VI

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

#### ARTICLE VII

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

#### ARTICLE VIII

- 8-1 *Definitions:* In this part of this Agreement (Article VIII) the words "you" and "your" mean the depositor and the words "we," "us" and "our" mean Perelman-Carley & Associates, Inc. and "Code" means the Internal Revenue Code.
- 8-2 *Notices and Change of Address:* Any required notice regarding this traditional IRA will be considered effective when we mail it to the last address of the intended recipient that we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You must notify us of any change of address.
- 8-3 *Representations and Responsibilities:* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be proper under this Agreement and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no actions until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings or this Agreement. We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in fact, executor, administrator, investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We shall not be responsible for losses of any kind that may result from directions, actions or failures to act by your authorized agent. You will have sixty (60) days after you receive any documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

By performing services under this Agreement we are acting as your agent. You acknowledge and agree that nothing in this Agreement shall be construed as conferring fiduciary status upon us. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorney's fees, arising from, or in connection with this Agreement.

To the extent written instructions or notices are required under this Agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

8-4 *Service Fees:* We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) for maintaining your traditional IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your traditional IRA. We may charge you separately for any fees or expenses or we may deduct the amount of fees or expenses from the assets in your traditional IRA at our discretion. We reserve the right to charge any additional fee upon 30 days notice to you that the fee will be effective.

Any brokerage commissions attributable to the assets in your IRA will be charged to your IRA. You cannot reimburse you IRA for those commissions.

8-5 *Investment of Amounts in the Traditional IRA:* You have exclusive responsibility for and control over the investment of the assets of your IRA. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this Agreement. After your death, your beneficiary(ies) shall have the right to direct the investment of you IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement (including, without limitation, Section 8-3 of this article). We shall have no discretions to direct any investment in you IRA. We assume no responsibility for rendering investment advice with respect to your IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for you IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we shall have the right to hold any invested amounts in cash, and we shall have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your IRA unless you provide timely written directions acceptable to us.

You will select the type of investment for your traditional IRA assets; provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter to offer and do in fact offer for investment in traditional IRAs.

8-6 *Beneficiaries:* If you die before you receive all of the amounts in your traditional IRA, payments from your traditional IRA will be made to your beneficiaries.

You may designate one or more persons or entities as beneficiary of your traditional IRA. This designation can only be made on a form prescribed by us, and it will only be effective when it is filed with us during your lifetime. Unless otherwise specified, each beneficiary designation you file with us will cancel all previous ones. The consent of a beneficiary shall not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survives you, the contingent beneficiary(ies) shall acquire the designated share of you IRA. If you do not designate a beneficiary, or if all of your primary and contingent beneficiary(ies) predecease you, your estate will be the beneficiary.

A spouse beneficiary shall have all rights as granted under the Code or applicable Regulations to treat your IRA as his or her own.

We may allow, if permitted by state law, an original IRA beneficiary(ies) (the beneficiary(ies) who is entitled to receive distribution(s) from an inherited IRA at the time of your death) to name a successor beneficiary(ies) for the inherited IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original IRA beneficiary's(ies') lifetime. Unless otherwise specified, each beneficiary designation form that the original IRA beneficiary(ies) files with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for the original IRA beneficiary(ies) to revoke a successor beneficiary(ies) designation. If the original IRA beneficiary(ies) does not designate a successor beneficiary(ies), his or her estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for the original IRA beneficiary.

8-7 *Required Minimum Distributions:* Your required minimum distribution is calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if your spouse is your sole designated beneficiary and is more than 10 years younger than you, your required minimum distribution is calculated each year using the joint and last survivor table in Regulations section 1.401(a)(9)-9.

If you fail to request your required minimum distribution by your required beginning date, we can, at our complete and sole discretion, do any one of the following:

- Make no payment until you give us a proper withdrawal request;
- Pay your entire traditional IRA to you in a single sum payment; or
- Determine your required minimum distribution from your IRA each year based on your life expectancy, calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise.

We will not be liable for any penalties or taxes related to your failure to take a distribution.

8-8 *Termination of Agreement, Resignation, or Removal of Custodian:* Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your traditional IRA to another financial organization. If you do not complete a transfer of your traditional IRA within 30 days from the date we mail the notice to you, we have the right to transfer your traditional IRA assets to a successor IRA trustee or custodian that we choose in our sole discretion or we may pay your traditional IRA to you in a single sum. We shall not be liable for any actions or failures to act on the part of any successor trustee or custodian nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this Agreement is terminated, we may charge to your IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to, one or more of the following:

- Any fees, expenses or taxes chargeable against your traditional IRA;
- Any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your traditional IRA.

If we are required to comply with section 1.408-2(e) of the Treasury Regulations and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or regulations, the IRS may, after notifying you, require you to substitute another custodian.

We may establish a policy requiring distribution of the entire balance of your IRA to you in cash or property if the balance of your IRA drops below the minimum balance required under the applicable investment or policy established.

- 8-9 If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any Federal or State agency) or if our entire organization (or any portion which includes your traditional IRA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your traditional IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.
- 8-10 *Amendments:* We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.
- 8-11 *Withdrawals or Transfers:* All requests for withdrawal shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Any withdrawals shall be subject to all applicable tax and other laws and regulations including possible early withdrawal penalties or surrender charges and withholding requirements.
- 8-12 *Transfers from Other Plans:* We can receive amounts transferred to this traditional IRA from the trustee or custodian of another traditional IRA. In addition, we can accept direct rollovers of eligible rollover distributions from employer plans as permitted by the Code. We reserve the right not to accept any transfer or direct rollover.
- 8-13 *Liquidation of Assets:* We have the right to liquidate assets in your traditional IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties or surrender charges properly chargeable against your traditional IRA. If you fail to direct us as to which assets to liquidate, we will decide in our complete and sole discretion and you agree not to hold us liable for any adverse consequences that result from our decision.
- 8-14 *Restrictions on the Fund:* Neither you nor any beneficiary may sell, transfer or pledge any interest in your traditional IRA in any manner whatsoever, except as provided by law or this Agreement. The assets in your traditional IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.
- 8-15 *What Law Applies:* This Agreement is subject to all applicable Federal and State laws and regulations. If it is necessary to apply any State law to interpret and administer this Agreement, the law of the State of Nebraska shall govern.

If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

## GENERAL INSTRUCTIONS

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

## PURPOSE OF FORM

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

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

For more information on IRAs, including the required disclosures the custodian must give the depositor, see **Pub. 590, Individual Retirement Arrangements (IRAs)**.

## DEFINITIONS

*Custodian:* The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

*Depositor:* The depositor is the person who establishes the custodial account.

## IDENTIFYING NUMBER

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

## TRADITIONAL IRA FOR NON-WORKING SPOUSE

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

## SPECIFIC INSTRUCTIONS

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

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

# FINANCIAL DISCLOSURE STATEMENT

(For Self-Directed Traditional Individual Retirement Account)

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The amount of money that will be available at any period of time whether the first year, the end of five years, or upon attaining age 60, 65 or 70 ½ will depend on the following: (a) amount of contributions; (b) total years of participation; (c) earnings from such account including interest, dividends, realized and unrealized losses; (d) expenses incurred for brokerage commissions and custodian fees; and (e) due to the numerous modes of investments that you may choose, neither a guaranteed return or a projected amount can be practically furnished.

*Custodial Fees:* Perelman-Carley & Associates, Inc. (Perelman-Carley) has established the following fee schedule for its traditional IRAs.

Account set-up fee:	\$25.00
Annual maintenance fee:	None
Minimum balance:	None
Conversion fee:	\$40.00
Recharacterization fee:	\$25.00
Early distribution penalty	¼ of 1%, minimum of \$15.00, maximum of \$50.00
Returned check fee	\$25.00

Perelman-Carley reserves the right to institute new fees and charges or to change any of the administrative fees or charges listed above upon 30 days written notice.

You have the option to pay for any custodial fees separately from the traditional individual retirement account (IRA) itself. If, however, payment is not made separately, the fees will be automatically charged to your account, or as directed by you in writing, charged against another account over which you have investment authority. When separately billed and paid, such fees are deductible to the extent that they constitute ordinary and necessary expenses for the management of the traditional IRA, but are subject to the 2% floor on miscellaneous itemized deductions.

*Brokerage Commissions:* Commissions shall be charged as outlined in Perelman-Carley's commission schedule.

*Other Expenses:* Any taxes of any kind which may be imposed with respect to the traditional IRA and any reasonable expenses incurred by Perelman-Carley in the management of the assets under the traditional IRA together with any fees referred to above, shall be paid by you, or if not timely paid, will be charged against your account, or as directed by you in writing, charged against another account over which you have investment authority.

# DISCLOSURE STATEMENT

(For Self-Directed Traditional Individual Retirement Account)

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This Disclosure Statement provides you with information in non-technical language regarding the requirements and the responsibilities that you must assume in order to obtain the tax benefits of a traditional IRA. Please read it carefully. The governing instruments for your Perelman-Carley traditional IRA are specific laws and the Traditional IRA Agreement (See Traditional Individual Retirement Custodial Account). We will be happy to respond to your questions, but we cannot serve as your legal counsel or tax adviser. You should consult your own professional tax adviser when your questions will require the application of IRA law to your particular circumstances.

## RIGHT TO REVOKE YOUR IRA

If you receive this Disclosure Statement at the time you establish your IRA, you have the right to revoke your IRA within seven (7) days of its establishment. If revoked, you are entitled to a full return of the contribution you made to your IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation of market value. You may make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the Application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your IRA, please call the Custodian at the telephone number listed on the Application.

## REQUIREMENTS OF AN IRA

- A. **CASH CONTRIBUTIONS** – Your contributions must be in cash, unless it is a rollover contribution.
- B. **MAXIMUM CONTRIBUTION** – The total amount you may contribute to an IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$3000 for years 2002-2004, \$4000 for years 2005-2007, and \$5000 for 2008, with possible cost of living adjustments in years 2009 and thereafter. If you also maintain a Roth IRA, the maximum contribution to your Traditional IRA (i.e. IRAs subject to Internal Revenue Code (Code) sections 408(a) or 408(b)) is reduced by any contributions you make to your Roth IRA. Your total annual contributions to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.
- C. **CONTRIBUTION ELIGIBILITY** – You are eligible to make a regular contribution to your IRA if you have compensation and have not attained age 70 ½ by the end of the taxable year for which the contribution was made.
- D. **CATCH-UP CONTRIBUTIONS** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution is \$500 for years 2002-2005 and \$1000 for years 2006 and beyond.
- E. **CATCH-UP CONTRIBUTIONS ALLOWED IN CERTAIN EMPLOYER BANKRUPTCIES** – You may be eligible to contribute an additional catch-up contribution of up to \$3,000 each year in 2006 through 2009. To be eligible, the following conditions must be met: 1) you were a participant in a 401k plan in which the employer matched at least 50% of your contributions to the plan with employer stock, 2) the employer must have been a debtor in a bankruptcy case in an earlier year and must have been indicted or convicted as a result of the events leading up to the bankruptcy, and 3) you must have been a participant in the 401k plan at least six months before the bankruptcy case was filed. If you choose to make these special catch-up contributions, you will not be eligible for the normal catch-up contributions for individuals age 50 and older.

- F. **NONFORFEITABILITY** – Your interest in your IRA is nonforfeitable.
- G. **ELIGIBLE CUSTODIANS** – The Custodian of your IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- H. **COMMINGLING ASSETS** – The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- I. **LIFE INSURANCE** – No portion of your IRA may be invested in life insurance contracts.
- J. **COLLECTIBLES** – You may not invest the assets of your IRA in collectibles (within the meaning of Code section 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in Code section 408(m)(3)) are also permitted as IRA investments.
- K. **REQUIRED MINIMUM DISTRIBUTIONS** – You are required to take minimum distributions from your IRA at certain times in accordance with Regulations section 1.408-8. Below is a summary of the IRA distribution rules.
  1. You are required to take a minimum distribution from your IRA for the year in which you reach age 70 ½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70 ½. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the year by the applicable divisor.
  2. The applicable divisor is generally determined using the uniform lifetime table provided by the IRS. The table assumes a designated beneficiary exactly ten years younger than you, regardless of who is named as your beneficiary(ies), if any. If your spouse is your sole designated beneficiary, and is more than 10 years younger than you, the required minimum distribution is determined annually using the actual joint life expectancy of you and your spouse obtained from the joint and last survivor table provided by the IRS, rather than the life expectancy divisor from the uniform lifetime table.

We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70 ½:

- A. Make no distribution until you give us a proper withdrawal request,
  - B. Distribute your entire IRA to you in a single sum payment, or
  - C. Determine your required minimum distribution each year based on your life expectancy calculated using the uniform lifetime table, and pay those distributions to you until you direct otherwise.
3. Your designated beneficiary is determined based on the beneficiary(ies) designated as of the date of your death, who remains your beneficiary(ies) as of September 30 of the year following the year of your death. If you die,
    - A. on or after your required beginning date, distributions must be made to your beneficiary(ies) over the longer of the single life expectancy of your designated beneficiary(ies), or your remaining life expectancy. If a beneficiary other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.
    - B. Before your required beginning date, the entire amount remaining in your account will, at the election of your designated beneficiary(ies), either
      - (i) be distributed by December 31 of the year containing the fifth anniversary of your death, or
      - (ii) be distributed over the remaining life expectancy of your designated beneficiary(ies).
 If your spouse is your sole beneficiary, he or she must elect either option (i) or (ii) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year you would have attained age 70 ½. Your designated beneficiary(ies), other than a spouse who is the sole designated beneficiary, must elect either option (i) or (ii) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (ii). In the case of distributions under option (ii), distributions must commence by December 31 of the year following the year of your death. Generally if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70 ½, if later. If a beneficiary(ies) other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary(ies) of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.
 

A spouse who is the sole designated beneficiary of your entire IRA will be deemed to elect to treat your IRA as his or her own by either making contributions to your IRA or (2) failing to timely remove a required minimum distribution from your IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own IRA.
- L. **WAIVER OF 2009 RMD** – If you are an IRA holder age 70 ½ or older, you are not required to remove an RMD for calendar year 2009. In addition, no beneficiary life expectancy payments are required for calendar year 2009. If the five year rule applies to a SIMPLE IRA with respect to any decedent, the five year period is determined without regard to calendar year 2009. For example, if a SIMPLE IRA owner died in 2007, the beneficiary's five year period ends in 2013 instead of 2012.

## INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

- A. **IRA DEDUCTIBILITY** – If you are eligible to contribute to your IRA, the amount of the contribution for which you may take a tax deduction will depend upon whether you (or, in some cases, your spouse) are an active participant in an employer-maintained retirement plan. If you (and your spouse, if married) are not an active participant, your entire IRA contribution will be deductible. If you are an active participant (or are married to an active participant), the deductibility of your contribution will depend on your modified adjusted gross income (MAGI) and your tax filing status for the tax year for which the contribution was made. MAGI are determined on your income tax return using your adjusted gross income but disregarding any deductible IRA contribution.

**Definition of Active Participant** – Generally, you will be an active participant if you are covered by one or more of the following employer-maintained retirement plans:

1. a qualified pension, profit sharing 401(k), or stock bonus plan;
2. a qualified annuity plan of an employer;
3. a simplified employee pension (SEP) plan;
4. a retirement plan established by the federal government, a state, or a political subdivision (except for unfunded deferred compensation plans under Code section 457);
5. a tax-sheltered annuity for employees of certain tax-exempt organizations or public schools;
6. a plan meeting the requirements of Code section 501(c)(18);
7. a qualified plan for self-employed individuals (H.R. 10 or Keogh Plan); and
8. a savings incentive match plan for employees of small employers (SIMPLE) IRA plan or a SIMPLE 401(k) plan.

If you do not know whether your employer maintains one of these plans, or whether you are an active participant in it, check with your employer or your tax advisor. Also, the IRS Form W-2, Wage and Tax Statement, that you receive at the end of the year from your employer will indicate whether you are an active participant.

If you are an active participant and are single, and have MAGI within the applicable phaseout range listed below, the deductible amount of your contribution is determined as follows: (1) begin with the appropriate phase-out range maximum for the applicable year (specified below), and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$36,000 in 2002, your maximum deductible contribution is \$2400 (the 2002 phase-out range maximum of \$44,000 minus your MAGI of \$36,000, is divided by the difference between the maximum and minimum phase-out range limits of \$10,000 and multiplied by the contribution limit of \$3000).

If you are an active participant, are married and you file a joint income tax return, and have MAGI within the applicable phaseout range, the deductible amount of your contribution is determined as follows: (1) begin with the appropriate phase-out maximum for the applicable year, and subtract your MAGI range; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$56,000 in 2002, your maximum deductible contribution is \$2400 (the 2002 phase-out maximum of \$64,000 minus your MAGI of \$56,000, divided by the difference between the maximum and minimum phase-out limits of \$10,000 and multiplied by the contribution limit of \$3000.)

If you are an active participant, are married and you file a separate income tax return, your MAGI phase-out range is generally \$0-\$10,000. However, if you lived apart for the entire tax year, you are treated as a single filer.

Tax Year	Joint Filers	Single Taxpayers
	Phase-out Range*	Phase-out Range*
	(minimum/maximum)	(minimum/maximum)
2002	\$54,000-\$64,000	\$34,000-\$44,000
2003	\$60,000-\$70,000	\$40,000-\$50,000
2004	\$65,000-\$75,000	\$45,000-\$55,000
2005	\$70,000-\$80,000	\$50,000-\$60,000
2006	\$75,000-\$85,000	\$50,000-\$60,000
2007**	\$80,000-\$100,000	\$50,000-\$60,000

\*MAGI limits are subject to cost-of-living increases for tax years beginning after 2006.

\*\*The MAGI limits for 2007 may be subject to additional increases.

The MAGI phaseout range for an individual that is not an active participant, but is married to someone who is an active participant is \$150,000-\$160,000. This limit is also subject to cost-of-living increases for tax years beginning after 2006. If you are not an active participant in an employer-maintained retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phaseout range for the year, your maximum deductible contribution is determined as follows: (1) begin with the appropriate phase-out maximum for the applicable year and subtract your MAGI from it; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

You must round the resulting deduction to the next highest \$10 if the number is not a multiple of 10. If your resulting deduction is between \$0 and \$200 you may round up to \$200.

- B. CONTRIBUTION DEADLINE – The deadline for making an IRA contribution is your tax return date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar year taxpayer, and you make your IRA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designate it as such.
- C. TAX CREDIT FOR CONTRIBUTIONS – You may be eligible to receive a tax credit for your Traditional IRA contributions. This credit may not exceed \$1000 in a given year. You may be eligible for this tax credit if you are
  - Age 18 or older as of the close of the taxable year.
  - Not a dependent of another taxpayer, and
  - Not a full-time student

The credit is based upon your income (see chart below), and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your Traditional or Roth IRA and reduce these contributions by any distributions that you have taken during the testing period. The testing periods begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2000.

Adjusted Gross Income*			
Joint Return	Head of a Household	All Other Cases	Applicable Percentage
\$1 – 30,000	\$1 – 22,500	\$1 – 15,000	50
30,001 – 32,500	22,500 – 24,375	15,001 – 16,250	20
32,501 – 50,000	24,376 – 37,500	16,251 – 25,000	10
Over 50,000	Over 37,500	Over 25,000	0

\*Adjusted gross income includes foreign earned income and income from Guam, America Samoa, North Mariana Islands and Puerto Rico. AGI limits are subject to cost-of-living adjustments for tax years beginning after 2006.

- D. TAX DEFERRED EARNINGS – The investment earning of your IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).
- E. NONDEDUCTIBLE CONTRIBUTIONS – You may make nondeductible contributions to your IRA to the extent that deductible contributions are not allowed. The sum of your deductible and nondeductible IRA contributions cannot exceed your contribution limit (the lesser of the allowable contribution limit described previously, or 100 percent of compensation). You may elect to treat deductible IRA contributions as nondeductible contributions. If you make nondeductible contributions for a particular tax year, you must report the amount of nondeductible contribution along with your income tax return using IRS Form 8606. Failure to file IRS Form 8606 will result in a \$50 per failure penalty.

If you overstate the amount of designated nondeductible contributions for any taxable year, you are subject to a \$100 penalty unless reasonable cause for the overstatement can be shown.

- F. **TAXATION OF DISTRIBUTIONS** – The taxation of IRA distributions depends on whether or not you have ever made nondeductible IRA contributions. If you have only made deductible contributions, any IRA distribution will be fully included in income. If you have ever made nondeductible contributions to any IRA, the following formula must be used to determine the amount of any IRA distribution excluded from income.

$$\frac{\text{(Aggregate Nondeductible Contributions)} \\ \times \text{(Amount Withdrawn)}}{\text{Aggregate IRA Balance}} = \text{Amount Excluded from Income}$$

Note: Aggregate nondeductible contributions include all nondeductible contributions made by you through the end of the year of the distribution (which have not previously been withdrawn and excluded from income). Also note that the aggregate IRA balance includes the total balance of all of your IRAs as of the end of the year of distribution and any distributions occurring during the year.

- G. **ROLLOVERS AND CONVERSIONS** – Your IRA may be rolled over to an IRA of yours, may receive rollover contributions, and may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your IRA from another IRA, or from your employer’s qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.
1. **Traditional IRA to Traditional IRA Rollovers** – Funds distributed from your IRA may be rolled over to an IRA of yours if the requirements of the Code section 408(d)(3) are met. A proper IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another IRA to IRA rollover from the distributing IRA during the 12 months preceding the date you receive the distribution. Further, you may rollover the same dollars or assets only once every 12 months.
  2. **SIMPLE IRA to Traditional IRA Rollovers** – Funds may be distributed from your SIMPLE IRA and rolled over to your IRA without IRS penalty provided, two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of Code 408(d)(3) must be met. A proper SIMPLE IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to IRA or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the 12 months preceding the date you received the distribution. Further, you may roll over the same dollars or assets only once every 12 months.
  3. **Employer-Sponsored Retirement Plan to Traditional IRA Rollover** – You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan (other than distributions to nonspouse beneficiaries), unless it is part of a certain series of substantially equal periodic payments, a required minimum distribution, or a hardship distribution, or a distribution of Roth 401(k) or Roth 403(b) elective deferrals. If you elect to receive your rollover distribution prior to placing it in an IRA, thereby conducting an indirect rollover, your plan administrator will generally be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up the amount withheld, out of pocket, and roll over the full amount distributed from your employer-sponsored retirement plan. To qualify as a rollover, your eligible rollover distribution must be rolled over to your IRA not later than 60 days after you receive it. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax and, if you are under age 59 ½, the 10 percent early distribution penalty (unless an exception to the penalty applies). As an alternative to the indirect rollover, your employer generally must give you the option to directly roll over your employer-sponsored retirement plan balance to an IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the IRA (or other eligible employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.
  4. **Beneficiary Rollovers from Employer-Sponsored Retirement Plans** – If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased employer plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements, (i.e. you may not roll these assets to your own IRA.)
  5. **Traditional IRA to Employer-Sponsored Retirement Plans** – You may roll over, directly or indirectly, any eligible rollover distribution from an IRA to an employer’s qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan so long as the employer-sponsored retirement plan accepts such rollover contributions. An eligible rollover distribution is defined as any taxable distribution from an IRA that is not part of a required minimum distribution.
  6. **Traditional IRA to Roth IRA Conversions** – If your modified adjusted gross income is not more than \$100,000 and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing Traditional IRA(s) into your Roth IRA(s). Beginning in 2010, the \$100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated for conversion eligibility. If you are age 70 ½ or older you must remove your required minimum distribution prior to converting your Traditional IRA. The amount of the conversion from your Traditional IRA to your Roth IRA shall be treated as a distribution for income tax purposes, and is includable in your gross income (except for any nondeductible contributions). Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.
  7. **Qualified HSA Funding Distribution** - If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free HSA funding distribution from your IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e. single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*.
  8. **Rollover of Exxon Valdez Settlement Payments** – If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to \$100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including tax extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRA website at [www.irs.gov](http://www.irs.gov).
  9. **Written Election** – At the time you make a proper rollover to an IRA, you must designate in writing to us, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

- H. TRANSFER DUE TO DIVORCE – If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse’s IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of your spouse), and will not be considered a taxable distribution to you. Transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another.
- G. RECHARACTERIZATIONS – If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. If you have converted from a Traditional IRA to a Roth IRA you may recharacterize the conversion along with net income attributable back to the Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline. (including any extensions), for the year for which the original contribution was made or conversion completed.

**LIMITATION AND RESTRICTION**

- A. SEP PLANS - Under a simplified employee pension (SEP) plan that meets the requirements of Code section 408(k), your employer may make contributions to your IRA. Your employer is required to provide you with information which describes the terms of your employer’s SEP plan.
- B. SPOUSAL IRA – If you are married and have compensation, you may contribute to an IRA established for the benefit of your spouse for any year prior to the year your spouse turns age 70 1/2, regardless of whether or not your spouse has compensation. You may make these spousal contributions even if you are age 70 ½ or older. You must file a joint income tax return for the year for which the contribution is made. The amount you may contribute to your IRA and your spouse’s IRA is the lesser of 100 percent of your combined compensation or \$6,000 for 2002-2004, \$8,000 for 2005 – 2007, and \$10,000 for 2008. This amount may be increased with cost-of-living adjustments in 2009 and beyond. However, you may not contribute more than the individual contribution limit to each IRA. If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution for to your spouse’s IRA. The maximum additional contribution is \$500 for years 2002 – 2005, and \$1,000 for years 2006 and beyond.
- C. DEDUCTION OF ROLLOVERS AND TRANSFERS – a deduction is not allowed for rollover contributions or transfers.
- D. GIFT TAX – Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code section 2501.
- E. SPECIAL TAX TREATMENT – Capital gains treatment and 10-year forward income averaging authorized by Code section 402 do not apply to IRA distributions.
- F. INCOME TAX TREATMENT – Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- G. CHARITABLE DISTRIBUTIONS - If you are age 70 ½ or older, you may make tax-free distributions of up to \$100,000 per year directly from your IRA to certain charitable organizations. Special tax rules may apply. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS. This provision applies to distributions during tax years 2006 and 2007.
- H. PROHIBITED TRANSACTIONS - If you or your beneficiary engage in a prohibited transaction with your IRA, as described in Code section 4975, your IRA will lose its tax-deferred status, and you must include the value of account in your gross income for the taxable year you engage in the prohibited transaction. The following transactions are examples of prohibited transactions with your IRA: (1) taking a loan from your IRA; (2) buying property for personal use (present or future) with IRA funds; or (3) receiving certain bonuses or premiums because of your IRA.
- I. PLEDGING – If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution, and will be included in your gross income for the taxable year in which you pledge the assets.

**FEDERAL TAX PENALTIES**

- A. EARLY DISTRIBUTION PENALTY – If you are under age 59 ½ and receive an IRA distribution, an additional tax of 10 percent will apply, unless made on account of 1) death, 2) disability, 3) a qualifying rollover, 4) the timely withdrawal of an excess contribution, 5) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your beneficiary, 6) medical expenses which exceed 7.5 percent of you adjusted gross income, 7) health insurance payments if you are separated from employment and have received unemployment compensation under a federal or state program for at least 12 weeks, 8) certain qualified education expenses, 9) first-home purchases (up to a life-time maximum of \$10,000), 10) a levy issued by the IRS, or 11) active military duty (see Qualified Reservist Distributions, below). This additional tax will apply only to the portion of a distribution which is includible in your taxable income.
- B. EXCESS CONTRIBUTION PENALTY – An additional tax of six percent is imposed upon any excess contribution you make to your IRA. This additional tax will apply each year in which an excess remains in your IRA. An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute.
- C. EXCESS ACCUMULATION PENALTY – As previously described, you must take a required minimum distribution by your required beginning date for the year you attain age 70 ½ and by the end of each year thereafter. Your beneficiary(ies) is required to take certain minimum distributions after your death. An additional tax of 50 percent is imposed on the amount of the required minimum distribution which should have been taken but was not.
- D. PENALTY REPORTING – You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes.

**OTHER**

- A. IRS PLAN APPROVAL – The agreement used to establish this IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. ADDITIONAL INFORMATION – You may obtain further information on IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAX-FORM, or by visiting [www.irs.gov](http://www.irs.gov) on the internet.
- C. IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT – To help government fight the funding of terrorism and money laundering activities, Federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. What this means to you: When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.
- D. HURRICANE-RELATED RELIEF – If you are an individual who sustained an economic loss due to, or are otherwise considered affected by, hurricane Katrina, Rita, or Wilma, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified distributions include IRA distributions made on or after specified dates for each hurricane and before January 1, 2007 to a qualified individual. For a complete definition of what constitutes a qualified individual and a qualified hurricane distribution for purposes of hurricane relief, refer to IRS Publication 4492, *Information for Taxpayers Affected by Hurricanes Katrina, Rita, and Wilma*.
  - 1. **10 Percent Penalty Exception on Qualified Distributions** – Qualified hurricane distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
  - 2. **Taxation May be Spread Over Three Years** – If you receive qualified hurricane distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
  - 3. **Repayment of Qualified Hurricane Distributions** – You may roll over qualified hurricane distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60-day rollover rule does not apply to these distributions.

For further detailed information on tax relief granted for hurricanes Katrina, Rita and Wilma, and other exceptions which may be granted in the future by the IRS, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements*, by calling 1-800-TAXFORM, or by visiting [www.irs.gov](http://www.irs.gov) on the internet.

- E. **QUALIFIED RESERVIST DISTRIBUTIONS** – If you are a qualified reservist called to active duty, you may be eligible to take penalty-free distributions from your IRA and recontribute those amounts to an IRA generally within a two-year period from your date of return. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.
- F. **CHARITABLE DISTRIBUTIONS** – If you are age 70 ½ or older, you may make tax-free distributions of up to \$100,000 per year directly from your IRA to certain charitable organizations. Special tax rules may apply. This provision applies to distributions during tax years 2008 and 2009, or until such later time as extended by Congress. For further detailed information you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements* from the IRS.
- G. **HEARTLAND DISASTER RELATED TAX RELIEF** - If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified disaster recovery assistance distributions include IRA distributions made on or after specified dates for each disaster, and before January 1, 2010 to a qualified individual. For more information on this tax relief, refer to IRA publication 4492-B, *Information for Affected Taxpayers in the Midwestern Disaster Area*.
  - a. **10 Percent Penalty Exception on Qualified Distributions** – Qualified disaster recovery assistance distributions are not subject to the 10 percent early distribution penalty tax. This penalty exception applies only to the first \$100,000 of qualified distributions to each individual.
  - b. **Taxation May be Spread Over Three Years** - If you received qualified disaster recovery assistance distributions, you may elect to include the distribution in your gross income ratably over three years, beginning with the year of the distribution.
  - c. **Repayment of Qualified Disaster Recovery Assistance Distributions** – You may roll over qualified disaster recovery assistance distributions to an eligible retirement plan, and avoid federal income taxation, within three years of the date of receipt of the distribution. The 60 day rollover rule does not apply to these distributions.