

# ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-RA under section 408A of the Internal Revenue Code.

FORM (Rev. April 2017)

The depositor named on the application is establishing a Roth individual retirement account (Roth IRA) under section 408A to provide for his or her retirement and for the support of his or her beneficiaries after death.

The custodian named on the application 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 qualified rollover contribution described in section 408A(e) or a recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions up to \$5,500 per year for 2013 through 2017. For individuals who have reached the age of 50 by the end of the year, the contribution limit is increased to \$6,500 per year for tax years 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

## ARTICLE II

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a depositor who is single or treated as a single, the annual contribution is phased out between adjusted gross income (AGI) of \$118,000 and \$133,000; for a married depositor filing jointly, between AGI of \$186,000 and \$196,000; and for a married depositor filing separately, between AGI of \$0 and \$10,000. These phase-out ranges are for 2017. For years after 2017, the phase-out ranges, except for the \$0 to \$10,000 range, will be increased to reflect a cost-of-living adjustment, if any. Adjusted gross income is defined in section 408A(c)(3).
2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the depositor and his or her spouse.

## ARTICLE III

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

## ARTICLE IV

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 V

1. If the depositor dies before his or her entire interest is distributed to him or her and the depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with paragraph (a) below or, if elected or there is no designated beneficiary, in accordance with paragraph (b) below:
  - (a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the depositor.

- (b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.
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 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 designated beneficiary using the attained age of the beneficiary in the year following the year of the depositor's death and subtracting one from the divisor for each subsequent year.
  3. If the depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the depositor.

## ARTICLE VI

1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), Regulations sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (IRS).
2. The custodian agrees to submit to the IRS and depositor the reports prescribed by the IRS.

## ARTICLE VII

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

## ARTICLE VIII

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 on the application.

## ARTICLE IX

- 9.01 **Definitions** – In this part of this agreement (Article IX), the words “you” and “your” mean the inherited Roth IRA owner. The words “we,” “us,” and “our” mean the custodian. The words “inherited Roth IRA owner” mean the individual establishing this inherited Roth IRA with either a direct rollover contribution from an eligible inherited employer-sponsored retirement plan or a transfer from an inherited Roth IRA. The word “Code” means the Internal Revenue Code, and “regulations” means the Treasury regulations.
- 9.02 **Notices and Change of Address** – Any required notice regarding this inherited Roth IRA will be considered effective when we send it to the intended recipient at the last email address we have in our records. If no email address was provided, we will provide such notice by U.S. mail to the last address we have in our records. This notice will direct you to our website to view any new information pertaining to your inherited Roth IRA electronically unless you notify us that you prefer we provide you with paper copies of the same. You, or the intended recipient, must promptly notify us of any change of email or mailing address. Any notice to be given to us will be considered effective when we actually receive it.
- 9.03 **Representations and Responsibilities**
  - a. *In General.* 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 in compliance with applicable laws and 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, if we receive ambiguous directions regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We will not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, or for our exercising our right to take no action until we have received further clarification acceptable to us, and you agree to reimburse and indemnify us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for any penalties, taxes, judgments, or expenses you incur in connection with your inherited Roth 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, and investment manager); we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We will not be responsible for losses of any kind that may result from directions, actions, or failures to act by your authorized agent, and you agree to reimburse and indemnify us for any loss we may incur as a result of such directions, actions, or failures to act by your authorized agent.

You will have 60 days after you receive any documents, statements, or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements, or other information. If you do not notify us within 60 days, the documents, statements, or other information will be deemed correct and accurate, and we will 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 will be construed as conferring fiduciary status upon us. We will 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 inherited Roth IRAs. We may employ agents and organizations for the purpose of performing administrative or other custodial-related services with respect to your inherited Roth IRA for which we otherwise have responsibility under this agreement, and the limitations on our duties to you under this agreement or otherwise will also apply with respect to each agent or organization so employed. You represent to us that if a mandatory distribution arises, you will have the means through your inherited Roth IRA and/or other retirement accounts to meet any mandatory distribution requirements. You agree to release, indemnify, and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses (including, without limitation, attorneys' 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 including, but not limited to, electronic communication.

b. *Prohibited Transactions.* You understand that certain transactions are prohibited in inherited Roth IRA plans under the Code, and specifically Code section 4975. You further understand that the determination of a prohibited transaction depends on the facts and circumstances that

surround the particular transaction. You understand that we have no obligation or duty to make a determination, and accordingly will make no determination, as to whether any inherited Roth IRA investment is prohibited. You further understand that should your inherited Roth IRA engage in a prohibited transaction, you will incur a taxable distribution as well as possible penalties. You agree that we are not responsible for any losses, taxes, penalties, or any other consequences resulting from any investment or transaction that constitutes a prohibited transaction. You represent to us that you have consulted or will consult with your own tax or legal professional to ensure that none of your directions, instructions, transactions, or inherited Roth IRA investments will constitute a prohibited transaction and that your inherited Roth IRA investments will comply with all applicable federal and state laws, regulations, and requirements.

c. *Unrelated Business Income Tax (UBIT).* Since your inherited Roth IRA is a tax-exempt organization under the Code, if your inherited Roth IRA earns income from an investment that uses debt financing or that is derived from a business regarded as not related to the exempt purpose of your inherited Roth IRA, it may be subject to the so-called "unrelated business income tax" if it is in excess of permitted thresholds. For example, income from an inherited Roth IRA investment in a partnership generally will result in unrelated business taxable income. In the event that your investment of inherited Roth IRA assets results in taxable income (unrelated or debt-financed) under the Code (or other rules) for any taxable year, you agree to prepare or have prepared the applicable returns, an application for employer identification number (if not previously obtained), and any other documents that may be required, and to submit them to us for filing with the Internal Revenue Service (IRS) (or any other governmental entity), at least five days before the date on which the return is due for such taxable year, along with an appropriate payment directive authorizing us to execute the forms on behalf of your inherited Roth IRA and to pay the applicable unrelated business income tax from your inherited Roth IRA. You understand that we have no obligation or duty to prepare or have prepared such documents. You agree, however, that we may prepare any forms, returns, or other required documentation if you do not provide them in time. All taxes and the expenses incurred in preparing such documentation will be considered your inherited Roth IRA's expense and may be debited from your inherited Roth IRA. If your inherited Roth IRA has insufficient liquid assets to pay these expenses, you may pay them yourself. Certain inherited Roth IRA reimbursements are considered annual contributions. To ensure proper governmental reporting, you must inform us of any inherited Roth IRA expense that you pay for outside your inherited Roth IRA.

d. *Listed Transactions and Reportable Transactions.* You understand that certain transactions are or may be identified by the IRS as abusive tax shelter schemes or transactions. You further understand that the determination of a listed or reportable transaction may depend upon the facts and circumstances that surround the particular transaction. We have no duty to make a determination as to whether any inherited Roth IRA investment constitutes a listed or reportable transaction. You represent to us that you have consulted or will consult with your own tax or legal professional to ensure that any listed or reportable transactions engaged in by your inherited Roth IRA are identified. You further represent and acknowledge to us that with respect to any listed or reportable transaction you are considered the entity manager who approved or caused your inherited Roth IRA to be a party to the transaction and that you are responsible for: reporting each such transaction to

the IRS, using the applicable IRS form; paying any applicable excise taxes, using the applicable IRS form; disclosing to us that such transaction was a prohibited tax shelter transaction; and directing us as to any necessary corrective action to be taken by your inherited Roth IRA.

- e. *Passive Custodian Provides No Investment Advice.* From time to time, we may provide general investment information regarding the products we offer through various media including webinars, newsletters, social media posts, our website, and other forums, which you acknowledge and agree is not intended to be investment advice. Similarly, you acknowledge and agree that we may participate in events with other organizations in our industry, which is not and should not be interpreted as our endorsement of any of the participating organizations. You further acknowledge and agree that we are strictly a passive custodian and as such do not provide legal or tax services or advice with respect to your inherited Roth IRA investments; and you release, indemnify, and agree to hold harmless and defend us in the event that any investment or sale of your inherited Roth IRA assets pursuant to a *Direction of Investment* form violates any federal or state law or regulation or otherwise results in a disqualification, penalty, fine, or tax imposed upon you, your inherited Roth IRA, or us.
- f. *Investment Conforms to All Applicable Securities Laws.* You represent to us that if any investment by your inherited Roth IRA is a security under applicable federal or state securities laws, such investment has been registered or is exempt from registration under federal and state securities laws; and you release and waive all claims against us for our role in carrying out your instructions with respect to such investment. You acknowledge that the foregoing representation is being relied upon by us in accepting your investment directions and you agree to indemnify us with respect to all costs, expenses (including attorneys' fees), fines, penalties, liabilities, damages, actions, judgments and claims arising out of such investment and/or a breach of the foregoing representation, including, without limitation, claims asserted by you.
- g. *Custodian Not Responsible for Insurance.* We will not bear or assume any responsibility to notify you about or to secure or maintain fire, casualty, liability, or other insurance coverage on any personal or real property held by your inherited Roth IRA or that serves as collateral under any mortgage or other security instrument held by your inherited Roth IRA with respect to any promissory note or other evidence of indebtedness. It is incumbent upon you as the inherited Roth IRA owner to arrange for such insurance as you determine necessary or appropriate to protect your inherited Roth IRA assets and to direct us in writing as to the payment of any premiums therefore. Furthermore it is your responsibility to determine that payment has been made upon your written request by verifying same with your inherited Roth IRA statements. We will not be responsible for notification or payments of any insurance premiums, real estate taxes, utilities, or other charges with respect to any investment held in your inherited Roth IRA, unless you specifically direct us to pay the same in writing and sufficient funds are available to pay same from your inherited Roth IRA. Furthermore, it is your responsibility to determine that payment has been made from the inherited Roth IRA. You must use an appropriate *Payment Directive* form available from us within a sufficient period of time for such direction to be accomplished in accordance with our normal business practices (without regard to whether we have undertaken efforts to comply with such directive).
- h. *Fees.* We have the right to charge establishment, document, and custodial fees, as well as other designated fees (e.g.,

a transfer, rollover, or termination fee) for maintaining your inherited Roth IRA. In addition, and as described in more detail in Section 9.09, we have the right to collect or otherwise receive as an additional fee any interest or other income earned or generated from any Uninvested Cash Funds (as defined in Section 9.09), and to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your inherited Roth IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your inherited Roth IRA at our discretion. We reserve the right to charge any additional, reasonable fee to you after giving you 30 days' notice. Fees such as sub-accounting and other service fees may be paid to us or an associated business by third parties for assistance in performing certain transactions with respect to this inherited Roth IRA. In addition, we or an associated business may receive other income from third parties in connection with performing such services or the purchase and sale of publicly traded securities, privately held securities, or any other assets that may or may not be deemed to be securities, which you may have directed us to purchase or sell.

Non-custodial fees and expenses (property management fees, property tax, etc.) associated with your inherited Roth IRA or inherited Roth IRA investments generally must be paid from the inherited Roth IRA. Based on facts and circumstances, certain fees may be paid outside of your inherited Roth IRA. We will not determine what fees may be paid outside of your inherited Roth IRA. If you choose to pay any inherited Roth IRA fees or expenses with assets outside of your inherited Roth IRA, you represent to us that you have consulted with your tax or legal professional to make this determination.

- i. *All Invoices Are Due and Payable Upon Receipt.* If such charge cannot be paid from your inherited Roth IRA assets (e.g., if your inherited Roth IRA does not contain sufficient cash assets), we will submit an invoice to you for all outstanding fees and expenses plus any applicable invoice costs and late charges. Inherited Roth IRA expenses that you pay out of pocket may be considered regular Roth IRA contributions, which are not allowed in inherited Roth IRAs. To collect such fees and/or expenses we may, and you expressly authorize us to, bill any credit card we have in our records related to your inherited Roth IRA, collect from any Uninvested Cash Funds held in your inherited Roth IRA, and/or liquidate sufficient investments in your inherited Roth IRA in accordance with Section 9.17 of this Article to pay such fees and expenses.

Any brokerage commissions attributable to the assets in your inherited Roth IRA will be charged to your inherited Roth IRA.

- j. *Interest and Earnings.* We may perform sub-accounting, recordkeeping, administrative or other services related to your inherited Roth IRA, and for these services we retain and receive interest and other income from assets that you have not directed us to invest. This income includes amounts generated on the Uninvested Cash Funds that we deposit with other financial institutions.

- 9.04 **Limitation on Damages** – You agree that the entire liability of us and our officers, directors, employees, members, agents, licensors, subsidiaries, affiliates, parents and representatives (collectively, "Custodian Parties"), and your exclusive remedy in any cause of action based on contract, tort, warranty, negligence or otherwise in connection with any services rendered pursuant to this agreement or otherwise furnished by us to you shall be limited to the total fees paid by you to us.

UNDER NO CIRCUMSTANCES ARE WE OR ANY CUSTODIAN PARTIES SUBJECT TO OR LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY OR SIMILAR



DAMAGES, INCLUDING WITHOUT LIMITATION, DAMAGES OR COSTS INCURRED AS A RESULT OF LOSS OF TIME, LOSS OF SAVINGS, LOSS OF DATA, LOSS OF REVENUES AND/OR PROFITS, WHETHER FORESEEABLE OR UNFORESEEABLE, THAT MAY ARISE OUT OF OR IN CONNECTION WITH ANY SERVICES RENDERED PURSUANT TO THIS AGREEMENT OR OTHERWISE FURNISHED BY US TO YOU, REGARDLESS IF SUCH DAMAGES ARE BASED IN CONTRACT, TORT, WARRANTY, NEGLIGENCE, OR OTHERWISE.

9.05 **TIME TO BRING LEGAL ACTION; TWO YEAR LIMITATIONS PERIOD** – An action for breach of this agreement, or any obligation arising therefrom, must be commenced within two years after the cause of action has accrued.

9.06 **Class Action Waiver – EACH PARTY MAY BRING CLAIMS AGAINST THE OTHER ONLY IN ITS INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF, REPRESENTATIVE OR CLASS MEMBER IN ANY PUTATIVE CLASS OR REPRESENTATIVE PROCEEDING.** The judge will have no authority to try a class, collective, representative or group claim/action and will have no authority to make any determination as to the enforceability of this agreement's class/collective action waiver. Further, unless you and the Custodian agree otherwise, the judge will have no authority to consolidate your claims with any other claims, and may not otherwise preside over any form of a class or representative proceeding.

9.07 **Disclosure of Account Information** – We may use agents and/or subcontractors to assist in administering your inherited Roth IRA. We may release nonpublic personal information regarding your inherited Roth IRA to such providers as necessary to provide the products and services made available under this agreement, and to evaluate our business operations and analyze potential product, service, or process improvements.

9.08 **Restrictions on Contributions to the Inherited Roth IRA** – Your inherited Roth IRA may receive multiple rollover contributions from inherited qualified retirement plans, 403(a) annuity plans, 403(b) tax-sheltered annuity plans, or 457(b) governmental deferred compensation plans, or multiple transfers from inherited Roth IRAs. In order to combine these inherited retirement assets in the same inherited Roth IRA, you must have inherited the assets from the same owner and they must have been subject to the same beneficiary payment elections and calculation methods as under the receiving inherited Roth IRA. You may not make regular contributions to this inherited Roth IRA.

9.09 **Investment of Amounts in the Inherited Roth IRA**

a. *In General.* You have exclusive responsibility for and control over the investment of the assets of your inherited Roth IRA. All transactions will be subject to any and all restrictions or limitations, direct or indirect, that are imposed by 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 internal policies, standards, and practices; and this agreement. After your death, your successor beneficiaries will have the right to direct the investment of your inherited Roth IRA assets, subject to the same conditions that applied to you during your lifetime under this agreement (including, without limitation, Section 9.03). We will not exercise the voting rights and other shareholder rights with respect to investments in your inherited Roth IRA unless you provide timely written directions acceptable to us according to our then current policies and procedures. You will select the type of investment for your inherited Roth IRA assets, provided, however, that your selection of investments must be limited to those types of investments that comport with our internal policies, practices, and standards and are deemed administratively feasible by us. We may, or an associated business may, in our, or their, sole discretion, make available to you additional opportunities, which may include publicly traded

securities, mutual funds, money market instruments, and other investments that are obtainable by us, or an associated business, and that we, or such associated business, are capable of holding in the ordinary course of business.

b. *Custodian Acting in Passive Capacity Only.* We are acting as a passive, directed, and non-discretionary custodian in holding inherited Roth IRA assets. Accordingly, we are not a fiduciary (as this term is defined in the Code, ERISA, or any other applicable federal, state or local laws) with respect to your inherited Roth IRA, and you acknowledge and agree that we are not a fiduciary with respect to your inherited Roth IRA.

It is not our responsibility to review the prudence, merits, viability or suitability of any investment directed by you or your investment advisors or to determine whether the investment is acceptable under ERISA, the Code or any other applicable law. We do not offer any investment advice, nor do we endorse any investment, investment product or investment strategy; and we do not endorse any investment advisor, representative, broker, or other party selected by you. We have no responsibility to question or otherwise evaluate any investment directions given by you or by any investment advisor or representative appointed by you.

It is your responsibility to perform proper due diligence with regard to any such investment, representative, investment advisor, broker or other party. We will follow the directions of any such investment advisor, representative, broker or other party selected by you, provided you furnish us with written authorization and documentation acceptable to us, which may include a legal opinion. We will be entitled to all the same protections and indemnities in our reliance upon and execution of the directives of such investment advisor or other party as if such directives were given by you. We are under no obligation or duty to investigate, analyze, monitor, verify title to, or otherwise evaluate or perform due diligence for any investment directed by you or your investment advisor, representative or agent; nor are we responsible to notify you or take any action should there be any default or other obligation with regard to any investment. Any review performed by us with respect to an investment is solely for our own purposes of determining compliance with our internal policies, practices and standards, as we determine from time to time and the administrative feasibility of the investment and neither such review nor its acceptance should be construed in any way as an endorsement of any investment, investment company or investment strategy. We also have the right not to effect any transaction/investment that we deem to be beyond the scope of our administrative responsibilities, capabilities, or expertise or that we determine in our sole discretion does not comport with our internal policies, practices, or standards. We have no duty or obligation to notify you with respect to any information, knowledge, irregularities, or our concerns relating to your investment or your investment advisor, broker, agent, promoter, or representative, except as to civil pleadings or court orders received by us. We will use reasonable efforts to acquire or sell investments in accordance with your directions within a reasonable period of time after we have received an investment direction, and we will make reasonable efforts to notify you if we are unable or unwilling to comply with an investment direction. Subject to the foregoing, we will remit funds as directed, but have no responsibility to verify or ensure that such funds have been invested to purchase or acquire the asset selected by you.

c. *Investment Documentation.* In directing us with respect to any investment, you must use our *Direction of Investment* form or such other form acceptable to us. We may act upon any instrument, certificate, paper or transmission believed to be genuine and that is signed or presented by the proper

person or persons whether or not by facsimile or other form acceptable to us. We are under no duty to make any investigation or inquiry as to any statement contained in any such communication, but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained. You authorize and direct us to execute and deliver, on behalf of your inherited Roth IRA, any and all documents delivered to us in connection with your inherited Roth IRA investments; and we have no responsibility to verify or determine that any such documents are complete, accurate, or constitute the documents necessary to comply with your investment direction. You authorize and direct us to correct errors in investment titling without notice to you and to correct other minor clerical errors with telephone or email consent from you upon verification of your identity. We will retain electronic copies of documents related to your inherited Roth IRA as described in Treasury Regulations section 1.408-2(e)(5)(vii) in our capacity as a recordkeeper and not as any type of safekeeping agent. See also, Nevada Revised Statutes (NRS) 719.240; NRS 719.290. However, please note that we require all original stock certificates titled in the name of your inherited Roth IRA to be held by us.

- d. *Uninvested Cash Funds.* From time to time you may deposit funds with us, or we may receive funds in settlement of trades, that are not subject to a current Direction of Investment (or are awaiting your direction) (collectively referred to as "Uninvested Cash Funds"). All cash deposits are initially placed in one or more demand deposit accounts maintained by us, and your account is credited with all Uninvested Cash Funds the same business day they are received. You agree that if we receive no other instructions, Uninvested Cash Funds from your Roth IRA shall be invested in a stable value fund and various overnight deposits with next day availability (hereinafter cash sweep funds) using a formula designed to maintain liquidity of the Uninvested Cash Funds. The formula and the funds themselves are disclosed on our website at <https://trustprovident.com/self-directed-retirement/investment-options>.

Specifically, you authorize and direct us to sweep Uninvested Cash Funds automatically into these cash sweep funds until such time as further direction is received from you or your designated representative(s).

We may adjust the formula for investment between the cash sweep funds or replace any of the cash sweep funds from time to time, but only after providing you with at least a 30 day advance written notice of the change. You will be deemed to have consented to this change and the continued investment of any Uninvested Cash Funds in the updated cash sweep fund, unless you notify us in writing that you do not consent within the 30 day notice period, which begins on the day we mail, or electronically deliver, the notice to you.

You understand and agree that we are entitled to retain as part of our compensation for the services we provide under this Agreement the excess between the earnings credited to your account and any interest or other income earned or otherwise generated from the Uninvested Cash Funds deposited in such accounts. We will credit a percentage of these earnings back to your account. The amount credited back to your account will be calculated monthly and the rate you will receive will be posted on our website at <https://trustprovident.com/self-directed-retirement/investment-options>. You will be notified of any change in the rate in advance of that change. You will be deemed to have consented to this rate change, within 30 days from the date we send you notice of this rate change, which begins on the day we mail, or electronically deliver, the notice to you, unless you notify us in writing that you do not consent.

- e. *Float.* If we receive moneys to be used to fund disbursements that have not yet been presented for payment and moneys to be invested in any investments where the appropriate data or investment direction has not been provided to us (i.e. we have received the funds to be invested but have not received the corresponding investment data) those moneys may be retained by us in cash or invested temporarily. Moneys to be invested will generally be invested within three business days of receipt of funds and the correct corresponding investment data.

As additional compensation for our services, we shall retain any interest earned on amounts to be invested pending receipt of investment instructions and the amounts in our disbursement account until disbursements are presented for payment, and interest earned in our contribution account until the amounts are invested. This interest is commonly known as "float" and is paid by the financial institutions at which we maintain such accounts and/or the investments in which we invest in such accounts. Generally, funds are distributed within three days of the distribution request is received or when the distribution data is in good order. The assets on which float is earned are invested in a privately managed account that may include stable value fund(s) and various overnight deposits with next day availability. The upcoming month's expected rate of return and historical actual rates of return for the assets on which float is earned are disclosed at <https://trustprovident.com/self-directed-retirement/investment-options>.

- 9.10 **Successor Beneficiaries** – We may allow you, if permitted by state law, to name successor beneficiaries for your inherited Roth 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 your lifetime. Each inherited Roth IRA beneficiary designation form that you file with us will cancel all previous designations. The consent of a successor beneficiary will not be required for you to revoke a successor beneficiary designation. If you do not designate a successor beneficiary, your estate will be the successor beneficiary. In no event will the successor beneficiary be able to extend the distribution period beyond that required for you.

If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a successor beneficiary take total distribution of all inherited Roth IRA assets by December 31 of the year following the year of death.

- 9.11 **Required Minimum Distributions** – You are required to take minimum distributions from your inherited Roth IRA. The options available to you as a beneficiary of a deceased plan participant or deceased Roth IRA owner are determined according to the type of plan you have inherited and are described below. Any payment elections you either made or defaulted to under the plan you inherited generally carry over to the inherited Roth IRA.
- a. *Beneficiary of an Employer-Sponsored Retirement Plan.* The calculation of the required minimum distribution is based, in part, on determining the original owner's designated beneficiary. A designated beneficiary is determined based on the beneficiaries designated as of the date of the original owner's death, who remain beneficiaries as of September 30 of the year following the year of the original owner's death. The options available to you as the beneficiary of an eligible employer-sponsored retirement plan are described below. A spouse beneficiary will have all rights as granted under the Code or applicable regulations to treat the inherited account as his or her own.
- (i) If the original participant died on or after his or her required beginning date, the remaining interest will be distributed over the designated beneficiary's remaining life expectancy as determined in the year following the

death of the original participant and reduced by one for each subsequent year or, if longer, over the remaining life expectancy of the original participant as determined in the year of the participant's death and reduced by one for each subsequent year.

(ii) If the original participant died before his or her required beginning date, the plan may provide that the remaining interest will be distributed in accordance with (1) or (2) below:

(1) the remaining interest will be distributed over the designated beneficiary's remaining life expectancy as determined in the year following the death of the original participant and reduced by one for each subsequent year, starting by the end of the calendar year following the year of the original participant's death, or if there is no designated beneficiary, the remaining interest will be distributed in accordance with (2) below.

(2) the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the original participant's death.

b. *Beneficiary of a Roth IRA.* If you are a beneficiary of a Roth IRA, your required minimum distribution options are described in Article V of this agreement. If you elect to take life expectancy payments, the payment must be removed each year by December 31. If you are a surviving spouse beneficiary of a Roth IRA, you also will be entitled to such additional beneficiary payment options as are granted under the Code or applicable regulations.

If you have previously made a distribution election with the prior inherited retirement plan or Roth IRA, you may not extend the distribution period for that election by moving it to an inherited Roth IRA. An exception applies if you have inherited an eligible employer-sponsored retirement plan and previously elected or defaulted to the five-year rule. The five-year rule payment election may be changed to a life expectancy payment election if, by December 31 of the year following the year of the plan participant's death, you remove a life expectancy-based payment before rolling over the remaining assets to your inherited Roth IRA.

If you have elected to take life expectancy payments and fail to request your required minimum distribution by December 31, we can, at our complete and sole discretion, do any one of the following.

- Make no distribution until you give us a proper withdrawal request
- Distribute your entire inherited Roth IRA to you in a single sum payment
- Determine your required minimum distribution from your inherited Roth IRA each year based on your life expectancy, calculated using the single life 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 required minimum distribution.

After your death your successor beneficiaries, if any, must continue with payments in accordance with the distribution method you had chosen, or must accelerate the payments.

9.12 **Termination of Agreement, Resignation, or Removal of Custodian** – Either party may terminate this agreement at any time by giving written notice to the other. However, your termination of this agreement will not be effective until such time as all outstanding fees, costs, indemnities, penalties, expenses, or payments due to us are paid. We can resign as custodian at any time effective 30 days after we send written

notice of our resignation to you through email (if an email address was provided, otherwise such notice will be sent to you through U.S. mail). Upon receipt of that notice, you must make arrangements to transfer your inherited Roth IRA to another financial organization. If you do not complete a transfer of your inherited Roth IRA within 30 days from the date we send the notice to you, we have the right to transfer your inherited Roth IRA assets to a successor inherited Roth IRA trustee or custodian that we choose in our sole discretion, or we may pay or distribute your inherited Roth IRA assets to you in a single sum or assignment. If we transfer your inherited Roth IRA, the existing inherited Roth IRA documents will govern your inherited Roth IRA relationship with the new custodian or trustee unless the successor custodian/trustee notifies you in writing of any changes and/or requires new inherited Roth IRA documents to be signed by you. We will 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 we terminate this agreement, we reserve the right to distribute your inherited Roth IRA assets to you "in kind" instead of in cash. This will generally result in a taxable distribution and will be reported to the IRS and to you. If we distribute your inherited Roth IRA assets in kind, we will not withhold federal or state income taxes. Instead, you understand and agree that we may deem you to have waived all federal and state income tax withholding on the distribution. You will still be responsible for all tax implications resulting from the distribution, and you agree not to hold us accountable for any such income tax withholding.

If this agreement is terminated, we may charge to your inherited Roth 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 inherited Roth IRA
- Any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your inherited Roth IRA. After your inherited Roth IRA with us is closed, if there are additional assets remaining in or subsequently credited to your inherited Roth IRA, we will seek to distribute or transfer such assets in accordance with your prior direction, but only after offsetting any applicable administrative expenses and custodial fees (according to our then operative fee schedule).

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

9.13 **Successor Custodian** – 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 that includes your inherited Roth IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your inherited Roth IRA, but only if it is the type of organization authorized to serve as an inherited Roth IRA trustee or custodian.

9.14 **Amendments** – We have the right to amend this agreement at any time. Any amendment we make, including those made 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 send the amendment, you notify us in writing that you do not consent.



9.15 **Withdrawals or Transfers** – All requests for withdrawal or transfer will be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing or in any other method acceptable to us. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, including but not limited to possible early distribution penalty taxes, surrender charges, and withholding requirements.

9.16 **Transfers From Other Plans** – We can receive amounts transferred to this inherited Roth IRA from the trustee or custodian of another inherited Roth IRA as permitted by the Code. In addition, we can accept rollovers of eligible rollover distributions from inherited employer-sponsored retirement plans as permitted by the Code. We reserve the right not to accept any transfer or direct rollover.

9.17 **Liquidation of Assets; Grant of Security Interest Upon Default**

a. We have the right to liquidate assets in your inherited Roth IRA if necessary to make distributions or to pay fees, expenses, indemnities, taxes, federal tax levies, penalties, or surrender charges properly chargeable against your inherited Roth 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.

b. If payment is not received on or before the due date listed on your invoice, a late fee will be assessed to your inherited Roth IRA and a *Past Due Notice* will be issued to you. In the event you fail to pay any fees, costs, indemnities, penalties, expenses, or payments due to us required by your *Account Agreement* or otherwise, and upon issuance of the *Past Due Notice*, we reserve the right to proceed with the process for establishing a lien on and security interest in all of your rights, title and interests in such portion of the inherited Roth IRA, the Uninvested Cash Funds and any other deposit, monies, accounts and other assets in such accounts or otherwise deposited with us at such time in an amount equal to the amounts necessary to pay in full such amounts then due to us, as collateral security for the prompt and complete payment of such unpaid fees or other amounts due and owing, to the maximum extent permitted by law or regulations, at our complete and sole discretion. Upon our providing you with notice through email (or through U.S. mail if no email address was provided) of our intent to pursue such security interest, you hereby authorize us to file all financing statements and other documents and take such other actions as may from time to time be necessary or desirable in our complete and sole discretion to perfect and to maintain the perfection and priority of such security interest and/or authorize us to liquidate the asset(s) without your prior approval and without any further notice. You understand and agree that pursuant to Code section 408(e) the portion of any inherited Roth IRA funds pledged as collateral may be treated as distributed to you and subject to taxes, interest, and penalties, which you will be responsible for and agree to indemnify and hold us harmless therefrom. Such a deemed distribution may also trigger IRS Form 1099-R reporting, either when the lien is created or at some other required point.

We may, at our complete and sole discretion, liquidate sufficient asset(s) to cover outstanding fees plus one year's estimated fees, including the Account Termination Fee, and you agree not to hold us responsible for any adverse consequences that result from our decision. Upon receipt, such liquidated funds will first be applied to outstanding fees. Remaining balances, if any, will be placed into your inherited Roth IRA. We have no liability for any adverse tax

or other financial consequences as a result of liquidating your inherited Roth IRA to cover the fees and charges. Inherited Roth IRAs with past due fees, unfunded inherited Roth IRAs, and inherited Roth IRAs with zero value will continue to incur administration and maintenance fees until such time as you notify us in writing of your intent to close the inherited Roth IRA or of your wish that we resign. Should fees not be collected, we have the option to cease performing any functions, including, but not limited to, processing investment transactions, until such time as all fees charged against the inherited Roth IRA are fully paid. We may then close your inherited Roth IRA and distribute all assets to you, which will be reported to the IRS on Form 1099-R and may subject you to possible taxes and penalties. In the event of non-payment, we may employ a collection agency to recover any unpaid fees or expenses. You will be personally liable for all Re-registration Fees, Late Fees, Account Termination Fees, and any other fees related to collection of fees, including but not limited to, third party fees incurred.

9.18 **Restrictions on the Fund** – Neither you nor any successor beneficiary may sell, transfer, or pledge any interest in your inherited Roth IRA in any manner whatsoever, except as provided by law or this agreement.

9.19 **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 in which we are chartered will govern.

Each party hereby agrees that the federal courts located in the State of Nevada will have exclusive jurisdiction and venue over any claim or other action pertaining to or arising out of this agreement.

If any part of this agreement is held to be illegal or invalid, the remaining parts will 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 will be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

9.20 **Valuations Policy** – Each year (and when you take inherited Roth IRA distributions), we are required to report the fair market value ("FMV") of the assets within your inherited Roth IRA to the IRS. The IRS definition of FMV is the price at which the asset would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell, and both having a reasonable knowledge of the relevant facts. For additional guidance to determine FMV, please refer to the Code and to the Treasury Regulations.

You must provide us with a credible valuation of your inherited Roth IRA assets at least annually no later than 30 days after we request the valuation in order for us to generate accurate IRS reporting. You may also direct us in writing to accept and report a credible valuation of the assets provided by another party or directly from the investment provider (hereinafter designee). We may report the FMV of your inherited Roth IRA assets based on supporting documentation that you (or your designee) provide and that, in our sole discretion, we deem reasonable and applicable. We will not be responsible for verifying the accuracy of the FMV you or your designees provide to us. No material write-down of any prior valuation will be accepted without adequate supporting documentation and/or third-party valuation.

If you do not provide to us an acceptable inherited Roth IRA valuation when required, you agree that we may, but are not required to, seek a valuation determination. The expenses incurred in preparing such a valuation will be considered your inherited Roth IRA's expense and may be debited from your inherited Roth IRA. If your inherited Roth IRA has insufficient

liquid assets to pay these expenses, you may pay them yourself. Certain inherited Roth IRA reimbursements may be considered annual contributions. To ensure proper governmental reporting, you must inform us of any inherited Roth IRA expense that you pay for outside your inherited Roth IRA. If we obtain a determination of the value of any asset in your inherited Roth IRA for recordkeeping or reporting purposes, we will use reasonable, good faith efforts. Illiquid assets can be difficult to value accurately, particularly without sometimes costly and time-consuming appraisals. Therefore, we neither guarantee the appropriateness of the appraisal techniques that we use, nor do we assume responsibility for the accuracy of the valuations obtained.

At any point after you, or your designee, fail to provide an acceptable valuation of an asset for a period exceeding 12 months, we may, but are not required to, distribute the asset to you and issue an IRS Form 1099-R using the last acceptable valuation you provided to us (or the valuation that was originally provided), as appropriate, and we shall have no responsibility or liability for the tax, legal, or other consequences related to that distribution.

We may receive documentation from investment providers or asset holders regarding assets in your inherited Roth IRA. We may, but are not obligated to, forward this information to you. It will remain your sole responsibility to request and ensure you receive all applicable documentation regarding your investments.

9.21 **Survival** – This Article IX, and any other provisions necessary to interpret the respective rights and obligations of the parties under this agreement, shall survive the expiration or termination of this agreement and any resignation or removal of us as custodian.

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## GENERAL INSTRUCTIONS

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

### PURPOSE OF FORM

Form 5305-RA is a model custodial account agreement that meets the requirements of section 408A. However, only Articles I through VIII have been reviewed by the IRS. A Roth individual retirement account (Roth IRA) is established after the form is fully executed by both the individual (depositor) and the custodian. 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-RA with the IRS. Instead, keep it with your records.

Unlike contributions to Traditional individual retirement arrangements, contributions to a Roth IRA are not deductible from the depositor's gross income; and distributions after five years that are made when the depositor is 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the custodian must give the depositor, see Pub. 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and Pub. 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

### DEFINITIONS

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

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

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## SPECIFIC INSTRUCTIONS

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**Article I** – The depositor may be subject to a six percent tax on excess contributions if (1) contributions to other individual retirement arrangements of the depositor have been made for the same tax year, (2) the depositor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or (3) the depositor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year.

**Article V** – This article describes how distributions will be made from the Roth IRA after the depositor's death. Elections made pursuant to this article should be reviewed periodically to ensure they correspond to the depositor's intent. Under paragraph three of Article V, the depositor's spouse is treated as the owner of the Roth IRA upon the death of the depositor, rather than as the beneficiary. If the spouse is to be treated as the beneficiary and not the owner, an overriding provision should be added to Article IX.

**Article IX** – Article IX 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.



# DISCLOSURE STATEMENT

## RIGHT TO REVOKE YOUR INHERITED ROTH IRA

You have the right to revoke your inherited Roth IRA within seven days of the receipt of the disclosure statement. If revoked, you are entitled to a full return of the contribution you made to your inherited Roth IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in 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 inherited Roth IRA, please call the custodian at the telephone number listed on the application.

## REQUIREMENTS OF AN INHERITED ROTH IRA

- A. **Form of Contribution** – Your contribution must be either a rollover contribution from an eligible inherited employer-sponsored retirement plan or a transfer contribution from an inherited Roth IRA. Your rollover or transfer contribution may be in cash and/or property.
- B. **Contribution Restrictions** – You may not make regular contributions to your inherited Roth IRA.
- C. **Nonforfeitable** – Your interest in your inherited Roth IRA is nonforfeitable.
- D. **Eligible Custodians** – The custodian of your inherited Roth IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- E. **Commingling Assets** – The assets of your inherited Roth IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- F. **Life Insurance** – No portion of your inherited Roth IRA may be invested in life insurance contracts.
- G. **Collectibles** – You may not invest the assets of your inherited Roth IRA in collectibles (within the meaning of IRC Sec. 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 IRC Sec. 408(m)(3)) are also permitted as inherited Roth IRA investments.
- H. **Required Minimum Distributions** – You are required to take minimum distributions from your inherited Roth IRA at certain times in accordance with Treasury Regulation 1.408-8. The calculation of the required minimum distribution is based, in part, on determining the original owner's designated beneficiary. A designated beneficiary is determined based on the beneficiaries designated as of the date of the original owner's death, who remain beneficiaries as of September 30 of the year following the year of the original owner's death. Any payment elections you either made or defaulted to under an inherited retirement plan or Roth IRA generally carry over to this inherited Roth IRA. Below is a summary of the inherited Roth IRA distribution rules.

If you fail to remove a required minimum distribution, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

## Death of Original Owner Before January 1, 2020

1. If you are the beneficiary of a deceased employer-sponsored retirement plan participant, and the original participant died
  - (a) on or after his or her required beginning date, distributions must be made to you over the longer of your single life expectancy, or the original participant's remaining life expectancy. If the original participant's designated beneficiary was not an individual or qualified trust as defined in the Treasury Regulations, the original employer-sponsored retirement plan will be treated as having no designated beneficiary for purposes of determining the distribution period. If there is no designated beneficiary of the original employer-sponsored retirement plan, distributions will commence using the original participant's single life expectancy, reduced by one in each subsequent year.
  - (b) before his or her required beginning date, the entire amount remaining in the account will, at your election, either
    - (i) be distributed by December 31 of the year containing the fifth anniversary of the original participant's death, or
    - (ii) be distributed over your remaining life expectancy.

If the original participant's spouse is the sole designated 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 the original participant's death, or December 31 of the year life expectancy payments would be required to begin. A designated beneficiary of the original participant, 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 the original participant's death. If no election is made, the 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 the original participant's death. Generally, if the original participant's spouse is the designated beneficiary, distributions need not commence until December 31 of the year the original participant would have attained age 72 (70½ if the original participant would have attained 70½ before 2020), if later.

If the original participant's designated beneficiary is not an individual or qualified trust as defined in the Treasury Regulations, the original retirement plan will be treated as having no designated beneficiaries for purposes of determining the distribution period. If there is no designated beneficiary of the original retirement plan, the entire inherited Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of the original participant's death.

If you have inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan and have either elected or defaulted to payments under the five-year rule, you may change to a life expectancy payment election if, by December 31 of the year following the year of the original owner's death, you remove a life expectancy-based payment before rolling over the remaining assets to your inherited Roth IRA.

2. If you are the beneficiary of a deceased Roth IRA owner, the entire amount remaining in the inherited account will, at your election, either
  - (a) be distributed by December 31 of the year containing the fifth anniversary of the original Roth IRA owner's death, or
  - (b) be distributed over your remaining life expectancy.

If you are a spouse who is the sole designated beneficiary of a Roth IRA owner, you must elect either option (a) or (b) by the earlier of December 31 of the year containing the fifth anniversary of the original owner's death, or December 31 of the year life expectancy payments would be required to begin. If you are a designated beneficiary of the original Roth IRA owner, other than a spouse who is the sole designated beneficiary, you must elect either option (a) or (b) by December 31 of the year following the year of the original Roth IRA owner's death. If no election is made, the distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of the original Roth IRA owner's death. Generally, if the original Roth IRA owner's spouse is the designated beneficiary, distributions need not commence until December 31 of the year the original Roth IRA owner would have attained age 72 (70½ if the original Roth IRA owner would have attained 70½ before 2020), if later.

If the original Roth IRA owner's designated beneficiary is not an individual or qualified trust as defined in the Treasury Regulations, the original Roth IRA will be treated as having no designated beneficiaries for purposes of determining the distribution period. If there is no designated beneficiary of the original Roth IRA, the entire inherited Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of the original Roth IRA owner's death.

3. If you have elected to take life expectancy payments and fail to request your required minimum distribution by December 31, we reserve the right to do any one of the following.
  - (a) Make no distribution until you give us a proper withdrawal request
  - (b) Distribute your entire inherited Roth IRA to you in a single sum payment
  - (c) Determine your required minimum distribution each year based on your life expectancy calculated using the Single Life Expectancy Table, and pay those distributions to you until you direct otherwise

#### **Death of Original Owner On or After January 1, 2020**

The entire amount remaining in your account will generally be distributed by December 31 of the year containing the tenth anniversary of the original owner's death unless you are an eligible designated beneficiary or the account has no designated beneficiary for purposes of determining a distribution period.

If you are an eligible designated beneficiary, the entire amount remaining in your account may be distributed (in accordance with the Treasury Regulations) over your remaining life expectancy (or over a period not extending beyond your life expectancy).

An eligible designated beneficiary is any designated beneficiary who is

- the original owner's surviving spouse,
- the original owner's child who has not reached the age of majority,
- disabled (A physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration.),
- an individual who is not more than 10 years younger than the original owner, or
- chronically ill (A chronically ill individual is someone who (1) is unable to perform (without substantial assistance from another individual) at least two activities of daily living for an indefinite period due to a loss of functional capacity, (2) has a level of disability similar to the level of disability described above requiring assistance with daily living based on loss of functional capacity, or (3) requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.)

Note that certain trust beneficiaries (e.g., certain trusts for disabled and chronically ill individuals) may take distribution of the entire amount remaining in the account over the remaining life expectancy of the trust beneficiary.

Generally, life expectancy distributions to an eligible designated beneficiary must commence by December 31 of the year following the year of the original owner's death. However, if the original owner's spouse is the eligible designated beneficiary, distributions need not commence until December 31 of the year the original owner would have attained age 72, if later. If the eligible designated beneficiary is the original owner's minor child, life expectancy payments must begin by December 31 of the year following the year of the original owner's death and continue until the child reaches the age of majority. Once the age of majority is reached, the beneficiary will have 10 years to deplete the account.

If a beneficiary other than a person (e.g., the original owner's estate, a charity, or a certain type of trust) is named, the original owner will be treated as having no designated beneficiary of the Roth IRA for purposes of determining the distribution period. If there is no designated beneficiary of the Roth IRA, the entire Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of the original owner's death.

- I. **Waiver of 2020 RMD** – In spite of the general rules described above, you are not required to take a life expectancy payment from your inherited Roth IRA for calendar year 2020. In addition, if the five-year rule applies to your inherited Roth IRA, the five-year period is determined without regard to calendar year 2020. For example, if the original Roth IRA owner died in 2017, your five-year period will end in 2023 instead of 2022.

### **INCOME TAX CONSEQUENCES OF ESTABLISHING AN INHERITED ROTH IRA**

- A. **Tax-Deferred Earnings** – The investment earnings of your inherited Roth IRA are not subject to federal income tax as they accumulate in your inherited Roth IRA. In addition, distributions of your inherited Roth IRA earnings will be free from federal income tax if you take a qualified distribution, as described below.
- B. **Taxation of Distributions** – The taxation of inherited Roth IRA distributions depends on whether the distribution is a qualified distribution or a nonqualified distribution.
  1. **Qualified Distribution.** A qualified distribution is a distribution that is made after the expiration of a five-year period. Qualified distributions from your inherited Roth IRA are not included in your income.
  2. **Nonqualified Distribution.** If you have not satisfied the five-year period for a qualified distribution, any earnings you withdraw from your inherited Roth IRA will be included in your gross income. When you take a distribution from the inherited Roth IRA, the amounts the original owner contributed to a Roth IRA, Roth 401(k), Roth 403(b), or governmental Roth 457(b) as Roth elective deferrals or Roth IRA contributions, will be deemed to be removed first, followed by conversion and employer-sponsored retirement plan rollover contributions the original owner made to a Roth IRA on a first-in, first-out basis. Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of the regular contributions, conversion, and employer-sponsored retirement plan rollovers. These "ordering rules" are complex. If you have any questions regarding the taxation of distributions from your inherited Roth IRA, see a competent tax advisor.
- C. **Income Tax Withholding** – Any nonqualified withdrawal of earnings from your inherited Roth IRA may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your inherited Roth IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.

- D. **Early Distribution Penalty Tax** – No 10 percent early distribution penalty tax will apply to the inherited Roth IRA distribution because the distribution is due to the death of the original owner.
- E. **Rollovers and Transfers** – Your inherited Roth IRA may receive multiple rollover contributions from inherited qualified retirement plans, 403(a) annuity plans, 403(b) tax-sheltered annuity plans, or 457(b) governmental deferred compensation plans, or multiple transfers from inherited Roth IRAs. In order to combine these inherited retirement assets in the same inherited Roth IRA, you must have inherited the assets from the same owner and they must have been subject to the same beneficiary payment elections and calculation methods as under the receiving inherited Roth IRA. Rollover is a term used to describe a direct movement of cash or other property to your inherited Roth IRA from an eligible retirement plan that you have inherited as an eligible beneficiary. The rollover and transfer rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover or transfer, please see a competent tax advisor.
1. **Roth IRA-to-Inherited Roth IRA Transfers.** Assets you have inherited from a deceased Roth IRA owner may be directly transferred to an inherited Roth IRA.
  2. **Rollovers from 401(k) or 403(b) Plans Containing Roth Elective Deferrals to an Inherited Roth IRA.** If you are a nonspouse beneficiary or the trustee of an eligible type of trust named as beneficiary of a deceased 401(k), 403(b), or governmental 457(b) plan participant who had made Roth elective deferrals to the plan, you may directly roll over the Roth elective deferrals, and their earnings, to an inherited Roth IRA, as permitted by the IRS. If you are a spouse beneficiary, you may either directly or indirectly roll over assets from an eligible inherited employer-sponsored retirement plan to an inherited Roth IRA. Regardless of the method of rollover, the Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements. Roth elective deferrals may not be rolled over to an inherited Traditional IRA.
  3. **Rollovers from Eligible Retirement Plans Without Roth Elective Deferrals to an Inherited Roth IRA.** If you are a nonspouse beneficiary or the trustee of an eligible type of trust named as beneficiary of a deceased employer-sponsored retirement plan participant, you may directly roll over any inherited assets eligible for rollover from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan to an inherited Roth IRA, as permitted by the IRS. If you are a spouse beneficiary, you may either directly or indirectly roll over assets from an eligible inherited employer-sponsored retirement plan to an inherited Roth IRA, as permitted by the IRS. The amount of the rollover from the retirement plan will be treated as a distribution for income tax purposes, and is includible in your gross income (except for any after-tax contributions). Although the rollover amount generally is included in income, the 10 percent early distribution penalty tax will not apply to rollovers from an eligible retirement plan to an inherited Roth IRA.
  4. **Written Election.** At the time you make a rollover to an inherited Roth IRA, you must designate in writing to the custodian your election to treat that contribution as a rollover. Once made, the election is irrevocable.
- C. **Prohibited Transactions** – If you or any successor beneficiary engage in a prohibited transaction with your inherited Roth IRA, as described in IRC Sec. 4975, your inherited Roth IRA will lose its tax-deferred or tax-exempt status, and you generally must include the value of the earnings in your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your inherited Roth IRA. (1) Taking a loan from your inherited Roth IRA (2) Buying property for personal use (present or future) with inherited Roth IRA assets (3) Receiving certain bonuses or premiums because of your inherited Roth IRA.
- D. **Pledging** – If you pledge any portion of your inherited Roth IRA as collateral for a loan, the amount so pledged will be treated as a distribution and may be included in your gross income for that year.

## OTHER

- A. **IRS Plan Approval** – Articles I through VIII of the agreement used to establish this inherited Roth IRA have 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** – For further information on Roth IRAs, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, or Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, by calling 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 the 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. Therefore, when you open an inherited Roth IRA, 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. **Qualified Charitable Distributions** – If you are age 70½ or older, you may be eligible to take tax-free inherited Roth IRA distributions of up to \$100,000 per year and have these distributions paid directly to certain charitable organizations. Special tax rules may apply. For further detailed information you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).
- E. **Coronavirus-Related Distributions (CRDs)** – If you qualify, you may withdraw up to \$100,000 in aggregate from your IRAs and eligible retirement plans as a CRD, without paying the 10 percent early distribution penalty tax. You are a qualified individual if you (or your spouse or dependent) is diagnosed with the COVID-19 disease or the SARS-CoV-2 virus in an approved test; or if you have experienced adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reduced hours of a business owned or operated by you due to such virus or disease, or other factors as determined by the IRS. A CRD must be made on or after January 1, 2020, and before December 31, 2020.

CRDs will be taxed ratably over a three-year period, unless you elect otherwise. If you are a spouse beneficiary, you may repay these distributions over three years beginning with the day following the day a CRD is made. Repayments may be made to your eligible retirement plan or IRA.

An eligible retirement plan is defined as a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or an IRA.

## LIMITATIONS AND RESTRICTIONS

- A. **Gift Tax** – Transfers of your inherited Roth IRA assets to a successor beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.
- B. **Special Tax Treatment** – Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to inherited Roth IRA distributions.



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## **FINANCIAL DISCLOSURE**

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The value of your inherited Roth IRA will be dependent solely upon the performance of any investment instrument used to fund your inherited Roth IRA. Therefore, no projection of the growth of your inherited Roth IRA can reasonably be shown or guaranteed.

### **INVESTMENT OPTIONS**

You may direct the investment of your funds within this inherited Roth IRA into any investment instrument offered by or through the custodian. The custodian will not exercise any investment discretion regarding your inherited Roth IRA, as this is solely your responsibility.

### **FEES**

There are certain fees and charges connected with your inherited Roth IRA investments. These fees and charges may include the following.

- Account Fees
- Transaction Fees
- Processing Fees
- Miscellaneous Fees

To find out what fees may apply, refer to the Fee Schedule.

We reserve the right to change any of the above fees after notice to you, as provided in your inherited Roth IRA agreement.

### **EARNINGS**

The method for computing and allocating annual earnings (e.g., interest, dividends) on your inherited Roth IRA will differ based on the nature and issuer of the investments chosen. Refer to the investment prospectus or contract for the methods used for computing and allocating annual earnings.

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## Our Fees and Fee Schedule

The Custodian's Establishment and Custodial Fees are due at the time the account is established. The Establishment Fee is a one-time set-up fee charged to open the account. This fee is nonrefundable except in the occurrence of an account revocation. The Custodial Fee is initially charged at the time the Custodial Agreement ("Document") is provided to the client, and recurs every year thereafter upon the anniversary date of the account opening. The Custodial Fee is initially charged at the time the account is opened and represents the annual fee for custodial services. The Custodial Fee then recurs every year thereafter upon the anniversary date of the account opening. Transactional Fees are charged each time you either purchase, sell, or otherwise dispose of an asset in your account. Transactions are normally processed within five business days from the date we have sufficient funds in our possession and all of the properly executed investment paperwork. We make no representations or warranties with respect to the timing of our processing of your transaction if the investment paperwork is incomplete or in the event your account does not have sufficient funds. Transaction Fees are not charged for receipt of income or contributions. The fees designated as Miscellaneous Fees on the Fee Schedule are charged at the time services are provided. Distribution fees are charged each time you request funds or assets to be distributed from your account. Additional fees may apply for distribution of non-cash assets (such as Asset Re-registrations). Custodian reserves the right to charge and/or sweep the Account Termination Fee from your account at any time. To avoid delays in processing your request, please ensure you have sufficient cash in your account to pay your outstanding fees, including Account Termination Fees and Re-registration Fees. If cash is not available, an invoice will be sent to you. Any fee charged by a third party to re-register assets will be billed directly to an account holder's account or credit card. Custodian reserves the right to assess additional fees for other services. In the event that you provide clear, written instruction to Custodian to pay fees to third parties on your account's behalf, Custodian will so act and shall invoice you for payment of such fees; however, Custodian will not be responsible to pay any such fees without said written instruction. Under certain circumstances investment companies or financial advisors may offer to pay fees associated with your account with Custodian; regardless, you are personally responsible for payment of all fees.

## Payment of Fees, Late Fees, Collection Procedures, and Liquidation of Assets for Non-Payment of Fees

Fees for all new accounts with us must accompany the Account Application at the time when the account is established (unless specified otherwise on the Account Application). All items subject to collection or to any right of rescission may be held until collection or expiration of any applicable rescission period. After account establishment, fees are billed annually. Regardless of whether or not the fee has been collected, an invoice will be generated detailing the fees due for your account. Invoicing for the fees associated with your account will be done 60 days prior to the anniversary date of your account opening. All fees are due and payable upon receipt of an invoice. Such fees may be charged to your credit card (Visa, American Express, or MasterCard) or deducted automatically from available cash in your account no earlier than the due date listed on your invoice. Credit card charges may be billed under the name of Provident Trust Group, LLC or Provident Trust Group. Rejected credit card charges are subject to a \$25 reprocessing fee. Account fees and charges are charged in advance or in connection with the applicable services and events and are non-refundable. If payment is not received on or before the due date listed on your invoice, a \$50 late fee will be assessed to your account and a Past Due Notice will be issued to you. In the event you fail to pay any fees, costs, indemnities, penalties, expenses, or payments due to Custodian required by your Account Agreement or otherwise, and upon issuance of the Past Due Notice, Custodian reserves the right to proceed with the process for establishing a lien on and security interest in all of your rights, title and interests in such portion of the custodial account, the Uninvested Cash Funds and any other deposit, monies, accounts and other assets in such accounts or otherwise deposited with Custodian at such time in an amount equal to the amounts necessary to pay in full such amounts then due to Custodian, as collateral security for the prompt and complete payment of such unpaid fees or other amounts due and owing, to the maximum extent permitted by law or regulations, at Custodian's complete and sole discretion. Upon Custodian providing you with notice through email (or through U.S. mail if no email address was provided) of Custodian's intent to pursue such security interest, you hereby authorize Custodian

to file all financing statements and other documents and take such other actions as may from time to time be necessary or desirable in Custodian's complete and sole discretion to perfect and to maintain the perfection and priority of such security interest and/or authorize Custodian to liquidate the asset(s) without your prior approval and without any further notice. You understand and agree that pursuant to Code section 408(e) the portion of any account funds pledged as collateral may be treated as distributed to you and subject to taxes, interest, and penalties, which you will be responsible for and agree to indemnify and hold Custodian harmless therefrom. Such a deemed distribution may also trigger IRS Form 1099-R reporting, either when the lien is created or at some other required point.

Custodian may, at its complete and sole discretion, liquidate sufficient asset(s) to cover outstanding fees plus one year's estimated fees, including the Account Termination Fee, and you agree not to hold Custodian liable for any adverse consequences that result from Custodian's decision. Upon receipt, such liquidated funds will first be applied to outstanding fees. Remaining balances, if any, will be placed into your account. Custodian has no liability for any adverse tax or other financial consequences as a result of liquidating your account to cover the fees and charges. Accounts with past due fees, unfunded accounts, and accounts with zero value will continue to incur administration and maintenance fees until such time as you notify Custodian in writing of your intent to close the account or of your wish that Custodian resigns. Should fees not be collected, Custodian has the option to cease performing any functions, including, but not limited to, processing investment transactions, until such time as all fees charged against the account are fully paid. Custodian may then close your account and distribute all assets to you, which will be reported to the IRS on Form 1099-R and may subject you to possible taxes and penalties. In the event of non-payment, Custodian may employ a collection agency to recover any unpaid fees or expenses. You will be personally liable for all Re-registration Fees, Late Fees, Account Termination Fees, and any other fees related to collection of fees, including but not limited to, third party fees incurred.

## Minimum Account Balance Required and Termination

A minimum cash balance of \$500 must be maintained in your account at all times. This cash balance is part of your account and must originate from a contribution, rollover, or transfer from another qualified plan or earnings or liquidations from within your account. Failure to maintain this balance may result in the distribution of the account to you. This distribution will be reported to the IRS on Form 1099-R and may subject you to possible taxes and penalties. Custodian reserves the right to withdraw \$250 of the minimum account balance at any time as a pre-payment of the Account Termination Fee, as disclosed in the Fee Schedule, plus any applicable fees to facilitate the termination as set forth in the Fee Schedule. A transfer of assets from your account to a third party, including to another individual retirement account for your benefit is considered a termination for purposes of the imposition of the Account Termination Fee. A lump sum distribution is considered a termination for purposes of the Account Termination Fee. Please note that your decision to terminate your account will not be effective until such time as all outstanding fees, costs, indemnities, penalties, expenses or payments due to Custodian are paid. Please refer to your Account Agreement for more information on termination.

## Right to Make Adjustments to the Fee Schedule and Fees

Custodian reserves the right to make any adjustments in our fees for our services when such adjustments are warranted. Such instances include, but are not limited to, changes in governing laws regulations, or operating technology; non-payment of fees; the occurrence of activities which are not contemplated in your Fee Schedule; or economic conditions. Custodian reserves the right to adjust the Fee Schedule at any time and agrees to provide you with notice through email (if an email address was provided, otherwise such notice will be sent to you through U.S. mail) within thirty days in advance of the effective date of change. This notice will direct you to Custodian's website to view such adjustments electronically unless you notify us that you prefer we provide you with paper copies of the same.

## Custodial Agreement and Disclosure Information

Additional fee disclosures are made in your Custodial Agreement and such disclosures shall also apply to your account. Please keep a copy of the Custodial Agreement and disclosure information for your records.

### Why?

Financial companies choose how they share your personal information. Privacy laws give individuals the right to limit some but not all sharing. Privacy laws also require us to tell you how Provident Trust Group collects, shares, and protects your personal information. Please read this notice carefully to understand what we do.

### What?

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

- Social Security number, name, date of birth, address, email, and account balances
- account transactions and transaction history
- retirement assets and wire transfer instructions

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

### How?

Financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Provident Trust Group chooses to share; and whether you can limit this sharing.

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



## Who we are

<b>Who is providing this notice?</b>	Provident Trust Group
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## What we do

<b>How does Provident Trust Group protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with U.S. data privacy law. These measures include computer safeguards and secured files and buildings.
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<b>How does Provident Trust Group collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>■ open an account or make deposits or withdrawals</li> <li>■ provide account information or give us your contact information</li> <li>■ provide your government-issued ID</li> </ul> <p>We also collect your personal information from our affiliates, or other companies.</p>
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<b>Why can't I limit all sharing?</b>	<p>Applicable privacy law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>■ sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>■ affiliates from using your information to market to you</li> <li>■ sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
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## Definitions

<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ <i>Our affiliates include companies under the ownership of Ascensus.</i></li> </ul>
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<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ <i>Provident Trust Group does not share with nonaffiliates so they can market to you.</i></li> </ul>
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<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>■ <i>Provident Trust Group does not jointly market.</i></li> </ul>
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## Questions?

Call 888-855-9856

For additional information about Ascensus' privacy practices, and to view our updates, please visit our privacy management page at [www2.ascensus.com/privacy-management/](http://www2.ascensus.com/privacy-management/)