

# Traditional Beneficiary IRA Amendment

## *Dear Traditional Beneficiary IRA Accountholder:*

The purpose of this Amendment is to incorporate changes in law and policy that affect your traditional beneficiary IRA Agreement. This Amendment replaces the IRS Form 5305-A Agreement and Disclosure Statement that you received at the time your traditional beneficiary IRA was established or amended, whichever is later. Our relationship and your traditional beneficiary IRA will be governed by this Amendment. Please read this Amendment carefully as you would any other legal document. This Amendment should be kept in a safe place along with your other traditional beneficiary IRA records.

## **SUMMARY OF CHANGES**

The following Summary of IRA Changes is being provided to you, to show what traditional beneficiary IRA rules have changed over the last 11 years (through 2021) applicable to this account with Cetera Investment Services (us). We have summarized changes to the traditional beneficiary IRA Agreement (Form 5305-A) and Disclosure Statement over this long time span knowing you may have established this traditional beneficiary IRA more recently. If your Agreement was established with us since 2011 you can determine which changes have occurred since your traditional beneficiary IRA was established by taking into account those rules specified by year, from the year when you established the traditional beneficiary IRA with us. For example, if you established your traditional beneficiary IRA with us in 2017, you should review changes listed as 2017 or more current, as those changes impact your traditional beneficiary IRA and the Agreement with us.

### **IRS Form 5305-A, Traditional Individual Retirement Custodial Account**

**Article I.**      **2017 (November):** The cash contribution limits were updated.

#### **Article VIII.**

##### **8.01 Beneficiary IRA Documents.**

**2017 (November):** “Articles I through VII of the IRS 5305 agreement have been reviewed and approved by the IRS.” was added after the first sentence.

##### **8.04 Contributions.**

**2018 (January):** Removed the phrase, “recharacterization by a nonspouse beneficiary from a Roth beneficiary IRA”.

#### **Article IX.**

##### **9.11 Transfer, Recharacterization, or Direct Rollover Contributions / Cash or In-Kind Contributions**

**2016 (November):** This section has been retitled **Cash or In-Kind Contributions**.

**2018 (January):** Removed recharacterization from the list of in-kind contributions that will be accepted.

### **Traditional Beneficiary IRA Disclosure Statement**

#### **Right to Revoke Your Beneficiary IRA.**

**2018 (January):** Amended this section to remove the exception to revoke for recharacterization.

### **IRA Restrictions and Approval.**

#### **11. IRS Approval of Form.**

**2017 (November):** Sentences “Articles I through VII of this IRS agreement have been reviewed and approved by the IRS” and “Article VIII of this IRS agreement contains additional contract provisions that have not been reviewed or approved by the IRS” were added to this section, and the sentence “This IRS document has been approved by the IRS.” was removed from this section.

#### **12. State Laws.**

**2020 (November):** Amended the list of state laws that may affect an IRA.

### **Beneficiary IRA Contributions.**

**2018 (January):** Removed the phrase, “recharacterization by a beneficiary from a Roth beneficiary IRA”.

### **Direct Rollovers from Eligible Retirement Plans / Rollovers and Direct Rollovers from an ERP**

**2016 (November):** This section has been retitled **Rollovers and Direct Rollovers from an ERP**, and has been updated with four numbered subsections.

#### **4. Indirect Rollover and Withholding.**

**2018 (November):** Added language explaining the self-certification procedure that may be used to claim eligibility for waiver of the 60-day rollover period.

**2020 (November):** Changed “waive” to “extend” and “waiver” to “extension” throughout the subsection.

### **IRA Distributions.**

#### **3. Tax-Free Distributions to Charities / Qualified Charitable Distributions.**

**2016 (November):** This section has been retitled **Qualified Charitable Distributions**.

### **RMDs-Generally / Required Minimum Distributions (RMDs)-Generally**

**2020 (November):** This section has been removed and replaced to address new rules for beneficiaries. The section was retitled **Required Minimum Distributions (RMDs)-Generally**.

**RMD Rules for Designated Beneficiaries.**

**RMD Rules If A Named Beneficiary Is Not A Designated Beneficiary.**

**RMD Rules for Spouse Beneficiaries.**

**RMD Rules for a Beneficiary of a Deceased Plan Participant.**

**RMD Rules for Successor Beneficiaries.**

**2020 (November):** These five (5) sections have been removed to address new rules for beneficiaries and replaced with two (2) new sections titled: **RMD Rules for a Death that Occurred in 2019 or Earlier**, and **RMD Rules for a Death that Occurred in 2020 or Later**.

**RMD Rules for a Death that Occurred in 2020 or Later.**

**2. Types of Beneficiaries.**

**2021 (November):** Changed “can have successor beneficiaries” to “can name successor beneficiaries”.

**4. Eligible Designated Beneficiary**

**a. Spouse Beneficiary.**

**2021 (November):** Revised subsection to address IRA options and clarify the ten-year rule for surviving spouse beneficiaries.

**b. Eligible Designated Beneficiary Who is the Traditional IRA Owner’s Minor Child.**

**2021 (November):** Revised subsection to address new IRA rule for eligible designated beneficiaries who are surviving minor children of the IRA account owner, that they must remove all assets from the IRA by the tenth anniversary of the date they attain the age of majority.

**c. Eligible Designated Beneficiary (Other than a Surviving Spouse or Minor Child).**

**2021 (November):** Revised subsection to address IRA options and clarify the ten-year rule for eligible designated beneficiaries who are not a surviving spouse or a minor child of the IRA account owner. Added the requirement that qualifying trusts choosing the single life expectancy option must use the age of the oldest trust beneficiary when calculating the RMD.

**Disaster Tax Relief / Disaster Tax Relief and Repayment of a Qualified Disaster Distribution**

**2017 (November):** Updated the Disaster Tax Relief section to summarize the requirements of the Disaster Tax Relief and Airport and Airway Extension Act of 2017.

**2018 (November):** Removed reference to IRC Section 1400Q. Clarified that the IRS considers qualified disaster distribution amounts put back into an IRA to be “repayments” and not “rollovers.” Added reference to IRS Publication 976, *Disaster Relief*.

**2020 (November):** Removed the sentence saying disaster distributions may be subject to a lifetime aggregate. Removed reference to IRS Publication 976. Updated the URL where disaster relief information can be found on the IRS website.

**2021(November):** Section renamed to: **Disaster Tax Relief and Repayment of a Qualified Disaster Distribution**.

# TRADITIONAL INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT

Form **5305-A** (Rev. April 2017) Department of the Treasury Internal Revenue Service  
The depositor and the custodian make the following agreement:

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

Do Not File with  
Internal Revenue Service

☒ Amendment

**Article I.** Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k), or a recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions up to \$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 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

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

## Article III.

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

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

## Article IV.

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

2. The depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the depositor's required beginning date, April 1 following the calendar year in which the depositor reaches age 70½. By that date, the depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:

(a) A single sum; or

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

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

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

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

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

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

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

(i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the depositor's death. If, however, the designated beneficiary is the depositor's surviving

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

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

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

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

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

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

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

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

## Article V.

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

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

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

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

## Article VIII.

**8.01 Beneficiary IRA Documents.** Beneficiary IRA Documents. This Internal Revenue Service (IRS) Forms 5305 series agreement for traditional IRAs, amendments, application, beneficiary designation,

disclosure statement, and other documentation, if any, set forth the terms and conditions governing your beneficiary individual retirement account (IRA) and your or, after your death, your successor beneficiary's relationship with us. Articles I through VII of the IRS 5305 agreement have been reviewed and approved by the IRS. The disclosure statement sets forth various IRA rules in simpler language. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular.

**8.02 Use of These Beneficiary IRA Documents.** IRS Form 5305 was initially designed by the IRS for use by a depositor to establish his/her own IRA. Beneficiary IRAs are specifically permitted by the IRS; however, they are subject to certain special rules, which are described below and in the disclosure statement. The IRS has not created a form 5305 series agreement specifically designed for a beneficiary IRA. Therefore, the standard IRS Form 5305-A is used as the basis for our agreement with you. However, certain provisions of Articles I through VII and the instructions of this IRS Form 5305-A do not apply to you, as beneficiary of the depositor, or to your Beneficiary IRA. On the other hand, Articles II, III, V, and VII generally apply to you in the same manner as provided for the depositor.

**8.03 Definitions.**

- (a) **"Application"** means the Traditional Beneficiary IRA Application, as signed by the beneficiary.
- (b) **"Beneficiary"** means the individual or entity named as Beneficiary IRA Accountholder on this Application or any successor beneficiary who becomes an owner of this Beneficiary IRA.
- (c) **"Eligible Retirement Plan" (ERP)** includes qualified trusts under IRC Section 401(a), annuity plans under IRC Section 403(a), annuity contracts under IRC Section 403(b), and certain governmental IRC Section 457(b) plans. Common names for these plans include 401(k), profit sharing, pension, money purchase, federal thrift savings, and tax-sheltered annuity plans.
- (d) **"Depositor"** means the original IRA accountholder who established the traditional IRA (or plan participant in the ERP) and who has died.
- (e) **"Custodian"** means the entity named as Custodian on the Traditional Beneficiary IRA Application, and any successor. References to "you," "your," and "Beneficiary IRA accountholder" will mean the beneficiary, and "we," "us," and "our" will mean the custodian. The terms "you" and "your" will apply to you. In the event you appoint a third party, or have a third party appointed on your behalf, to handle certain transactions affecting your IRA, such agent will be considered "you" for purposes of this agreement.

**8.04 Contributions.** Notwithstanding the provisions of Article I, the contributions permitted to this Beneficiary IRA are transfers from the original deceased owner's traditional (including SEP) or SIMPLE IRA, transfers from an existing traditional beneficiary IRA to establish this Beneficiary IRA, direct rollovers by a beneficiary from the original deceased owner's ERP, or any other contributions permitted by law. If this Beneficiary IRA holds amounts previously in the depositor's traditional IRA (and not from an ERP), you may be able to make a trustee-to-trustee transfer from a traditional IRA inherited from the same depositor. Also, other types of contributions by a surviving spouse are deemed to be an election to treat this Beneficiary IRA as his/her own.

**8.05 Successor Beneficiary Designations.** If we allow successor beneficiary designations, the beneficiary of your Beneficiary IRA will be the person or persons listed on the Application as successor beneficiaries (or other beneficiary designation form approved by us) and received by us prior to your death. If no successor beneficiary survives you (or if no valid successor beneficiary designation is on file with us), your successor beneficiary will be your estate.

**Article IX.**

**9.01 Additional Provisions.** Additional provisions may be attached to, and made a part of, this agreement by either party. The provisions must be in writing, agreed to by us, and in a format acceptable to us.

**9.02 Our Fees and Expenses.** We may charge reasonable fees and are entitled to reimbursement for any expenses we incur in establishing

and maintaining your Beneficiary IRA. We may change the fees at any time by providing you with notice of such changes. We will provide you with fee disclosures and policies. We may deduct fees directly from your Beneficiary IRA assets or bill you separately. Additionally, we have the right to liquidate your Beneficiary IRA assets to pay such fees and expenses. If you do not direct us on the liquidation, we will liquidate the assets of our choice and will not be responsible for any losses or claims that may arise out of the liquidation.

**9.03 Amendments.** We may amend your Beneficiary IRA in any respect and at any time, including retroactively, to comply with applicable laws governing retirement plans and the corresponding regulations. Any other amendments shall require your consent, by action or no action, and will be preceded by written notice to you. Unless otherwise required, you are deemed to automatically consent to an amendment, which means that your written approval is not required for the amendment to apply to the Beneficiary IRA. In certain instances the governing law or our policies may require us to secure your written consent before an amendment can be applied to the Beneficiary IRA. If you want to withhold your consent an amendment, you must provide us with a written objection within 30 days of the receipt date of the amendment.

**9.04 Notice and Delivery.** Any notice mailed to you will be deemed delivered and received by you, five days after the postmark date. This fifth day following the postmark is the receipt date. Notices will be mailed to the last address we have in our records. You are responsible for ensuring that we have your proper mailing address. Upon your consent, we may provide you with notice in a delivery format other than by mail. Such formats may include various electronic deliveries. Any notice, including terminations, transfers, direct rollovers or change in personal information mailed to us will be deemed delivered when actually received by us based on our ordinary business practices. All notices must be in writing unless our policies and procedures provide for oral notices.

**9.05 Applicable Laws.** This agreement will be construed and interpreted in accordance with the laws of, and venue in, our state of domicile.

**9.06 Disqualifying Provisions.** Any provision of this agreement that would disqualify the Beneficiary IRA will be disregarded to the extent necessary to maintain the account as a beneficiary IRA.

**9.07 Interpretation.** If any question arises as to the meaning of any provision of this agreement, then we shall be authorized to interpret any such provision, and our interpretation will be binding upon all parties.

**9.08 Representations and Indemnity.** You represent that any information you and/or your agents provide to us is accurate and complete, and that your actions comply with this agreement and applicable laws governing retirement plans. You understand that we will rely on the information provided by you, and that we have no duty to inquire about or investigate such information. We are not responsible for any losses or expenses that may result from your information, direction, or actions, including your failure to act. You agree to hold us harmless, to indemnify, and to defend us against any and all actions or claims arising from, and liabilities and losses incurred by reason of your information, direction, or actions. Additionally, you represent that it is your responsibility to seek the guidance of a tax or legal professional for your Beneficiary IRA issues.

We are not responsible for determining whether any contribution or distribution complies with this agreement and/or the federal laws governing retirement plans. We are not responsible for any taxes, judgments, penalties or expenses incurred in connection with your Beneficiary IRA, or any losses that are a result of events beyond our control. We have no responsibility to process transactions until after we have received appropriate direction and documentation, and we have had a reasonable opportunity to process the transactions. We are not responsible for interpreting or directing successor beneficiary designations or divisions, including separate accounting, available beneficiary distribution options, court orders, penalty exception determinations, required minimum distribution calculations, or other similar situations.



## 9.09 Investment of IRA Assets.

**(a) IRA Investment Options.** In our capacity as your Beneficiary IRA custodian, we provide various options concerning types of investments and investment direction. At the time you established or amended your Beneficiary IRA we provided you with either of the following investment options: deposit investments only or self-directed investments. This section describes each of the options. We will provide you with any required disclosures concerning your specific investments.

**(1) Deposit Investments Only.** If your Beneficiary IRA allows for deposit investments only, the deposit investments provided by us will be limited to savings, share, and/or money market accounts, and various certificates of deposit (CDs), and will earn a reasonable rate.

**(2) Self-Directed IRA Investments.** If your Beneficiary IRA is self-directed, you may invest your IRA assets in deposit investments as well as in various deposit and nondeposit investments. Nondeposit investments may include investments in property, annuities, mutual funds, stocks, bonds, and government, municipal and U.S. Treasury securities, and other similar investments. Most, if not all, of the nondeposit investments we offer are subject to investment risks, including possible loss of the principal amount invested.

**(b) Investment of Inherited IRA Amounts.** You may invest IRA contributions in any IRA investments we offer. If you fail to provide us with investment direction for a contribution, we will return or hold all or part of such contribution based on our policies and procedures. We will not be responsible for any loss of IRA income associated with your failure to provide appropriate investment direction.

**(c) Directing Investments.** All investment directions must be in a format or manner acceptable to us. You may invest in any IRA investments that you are qualified to purchase, and that we are authorized to offer and do offer at the time of the investment selection, and that are acceptable under the applicable laws governing retirement plans. Your Beneficiary IRA investments will generally be registered in our name or our nominee's name for the benefit of your Beneficiary IRA. Specific investment information may be provided at the time of the investment.

Based on our policies, we may allow you to delegate the investment responsibility of your Beneficiary IRA to an agent by providing us with written notice of delegation in a format acceptable to us. We will not review or guide your agent's decisions, and you are responsible for the agent's actions or failure to act. We are not responsible for directing your investments, or providing investment advice, including guidance on the suitability or potential market value of various investments. For investments in securities, we will exercise voting rights and other similar rights only at your direction, and according to our then current policies and procedures.

**(d) Investment Fees and Asset Liquidation.** Certain investment-related fees, which apply to your Beneficiary IRA, must be charged to your Beneficiary IRA and cannot be paid by you. We have the right to liquidate your Beneficiary IRA assets to pay fees and expenses, federal tax levies, or other assessments on your Beneficiary IRA. If you do not direct us on the liquidation, we will liquidate the assets of our choice and will not be responsible for any losses or claims that may arise out of the liquidation.

**9.10 Distributions.** Withdrawal requests must be in a format acceptable to us, and/or on forms provided by us. We may require you, or your successor beneficiary after your death, to elect a distribution reason, provide documentation, and provide a proper tax identification number before we process a distribution. These withdrawals may be subject to taxes and withholding. Distributions will generally be in cash or in kind based on our policies. In-kind distributions will be valued according to our policies at the time of the distribution.

RMDs will be based on Internal Revenue Code Section 401(a)(9)(B), Treasury Regulation Sections 1.401(a)(9) and 1.408-8, additional IRS guidance, and our then current policies and procedures. The RMD regulations are described within the

Disclosure Statement. In the event you, or your successor beneficiary after your death, fail to take a RMD we may do nothing, distribute your entire Beneficiary IRA balance, or distribute an amount based on our own calculation.

You are ultimately responsible for determining your beneficiary RMD as well as for the consequences of taking more or less than the required amount. We may choose to estimate your beneficiary RMD; however, we are not required to provide you with such an estimate. If we provide you with an estimated RMD, we will do so based on the divisor we assume to be correct. Because the ultimate responsibility for calculating the RMD is yours, we recommend you seek guidance from your tax or legal professional regarding your RMD calculation and the taxation of distributions.

**9.11 Cash or In-Kind Contributions.** We may accept transfer, rollover, direct rollover, and any similar contributions in cash or in kind from other beneficiary IRAs, ERPs, and as allowed by law. Prior to completing such transactions we may require that you provide certain information in a format acceptable to us. In-kind contributions will be valued according to our policies and procedures at the time of the contribution.

**9.12 Reports and Records.** We will maintain the records necessary for IRS reporting on this Beneficiary IRA. Required reports will be provided to you, or your successor beneficiary after your death, and the IRS. If you believe that your report is inaccurate or incomplete you must notify us in writing within 30 days following the receipt date. Your investments may require additional state and federal reporting.

**9.13 Termination.** You may terminate this Agreement without our consent by providing us with a written notice of termination. A termination and the resulting distribution or transfer will be processed and completed as soon as administratively feasible following the receipt of proper notice. At the time of termination we may retain the sum necessary to cover any fees and expenses, taxes, or investment penalties.

**9.14 Our Resignation.** We can resign at any time by providing you with 30 days written notice prior to the resignation date, or within five days of our receipt of your written objection to an amendment. In the event you materially breach this agreement, we can terminate this agreement by providing you with five days prior written notice. Upon our resignation, you must appoint a qualified successor custodian or trustee. Your Beneficiary IRA assets will be transferred to the successor custodian or trustee once we have received appropriate direction. Transfers will be completed within a reasonable time following our resignation notice and the payment of your remaining IRA fees or expenses. At the time of our resignation we may retain the sum necessary to cover any fees and expenses, taxes, or investment penalties. We reserve the right to retain IRA assets to pay any remaining fees or expenses. If you fail to provide us with acceptable transfer direction within 30 days from the date of the notice, we can transfer the assets to a successor custodian or trustee of our choice, distribute the assets to you in kind, or liquidate the assets and distribute them to you in cash.

**9.15 Successor Organization.** If we merge with, purchase, or are acquired by, another organization, such organization, if qualified, may automatically become the successor custodian or trustee of your Beneficiary IRA.

**Beneficiary IRAs are specifically permitted by the IRS; however, they are subject to certain special rules, which are described above and in the disclosure statement. The IRS has not created a form 5305 series agreement specifically designed for a beneficiary IRA. Therefore, the standard IRS Form 5305-A is used as the basis for our agreement with you. However, certain provisions of Articles I through VII and the instructions of this IRS Form 5305-A do not apply to you, as beneficiary of the depositor, or to your Beneficiary IRA.**

## General Instructions

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

### Purpose of Form

Form 5305-A is a model custodial account agreement that meets the requirements of section 408(a). However, only Articles I through VII have been reviewed by the IRS. A traditional individual retirement account (traditional IRA) is established after the form is fully executed by both the individual (depositor) and the custodian. To make a regular contribution to a traditional IRA for a year, the IRA must be established no later than the due date of the individual's income tax return for the tax year (excluding extensions). This account must be created in the United States for the exclusive benefit of the depositor and his or her beneficiaries.

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

For more information on IRAs, including the required disclosures the custodian must give the depositor, see **Pub. 590-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.

### Traditional IRA for Nonworking Spouse

Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse.

Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse.

## Specific Instructions

**Article IV.** Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the depositor reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met.

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

## TRADITIONAL BENEFICIARY IRA DISCLOSURE STATEMENT

**Right to Revoke Your Beneficiary IRA.** You may have the right to revoke this individual retirement account (IRA) within seven days of receiving this Disclosure Statement. If you revoke your Beneficiary IRA, we will return your entire IRA contribution without any adjustment for items such as sales commissions, administrative expenses, or fluctuation in market value. However, you do not have the right to revoke upon amendment of this agreement.

You may revoke your Beneficiary IRA by providing us with written notice. The revocation notice may be mailed by first-class mail, or hand delivered to us. If your notice is mailed by first-class, postage pre-paid mail, the revocation will be deemed mailed on the date of the postmark. (Note that the amounts you receive from us upon revocation of this Beneficiary IRA will not be eligible to be rolled over or deposited into any other beneficiary IRA, but instead will be reported as a distribution to you and will be subject to taxation.)

If you have any questions or concerns regarding the revocation of your Beneficiary IRA, please call or write to us. Our telephone number, address, and contact name, to be used for communications, can be found on the application that accompanies this Disclosure Statement and Internal Revenue Service (IRS) Forms 5305 series agreement.

**Right to Disclaim.** You may disclaim your interest in this Beneficiary IRA subject to the following requirements. To be eligible to disclaim, you must be a natural person of legal age and under no other legal disability and must not have received a distribution of any part of the Beneficiary IRA at the time the disclaimer is received by us (except for the required minimum distribution (RMD) for the year of the decedent's death).

Alternatively, a disclaimer may be executed by (i) your duly-appointed legal guardian or conservator if you are a minor or under other legal disability or (ii) your duly-appointed personal representative.

The disclaimer must be made in writing and must be executed personally by you (or a duly-appointed legal guardian, conservator or personal representative acting on your behalf) and acknowledged before a notary public. The disclaimer must state that your entire interest in the Beneficiary IRA is disclaimed or must specify what portion thereof is disclaimed.

To be effective, the disclaimer must be irrevocable and both executed by you and received by us after the date of the depositor's death but not later than nine (9) months after the depositor's death. If you have any questions regarding disclaiming this Beneficiary IRA, please call or write us. You may also wish to consult with your tax or legal professional regarding the consequences of a disclaimer.

**This Disclosure Statement.** This Disclosure Statement provides you, or your successor beneficiaries after your death, with a summary of the rules and regulations governing this Beneficiary IRA.

**Definitions.** The IRS Form 5305 series agreement for traditional IRAs contains a definitions section. The definitions found in such section apply to this agreement. References to "you," "your," and "Beneficiary IRA account holder" will mean the beneficiary, and "we," "us," and "our" will mean the custodian. In the event you appoint a third party, or have a third party appointed on your behalf to handle certain transactions affecting your Beneficiary IRA, such third party will be considered your agent and, therefore, "you" for purposes of this agreement. Additionally, references to "IRA" will mean the custodial account.

**For Additional Guidance.** It is in your best interest to seek the guidance of a tax or legal professional before completing any beneficiary IRA establishment documents. For more information, you can also refer to IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, instructions to your federal income tax return, or the IRS's web site at [www.irs.gov](http://www.irs.gov).

**IRA Restrictions and Approval.**

- 1. IRS Form 5305 or 5305-A Agreement.** This Disclosure Statement and the IRS Forms 5305 series agreement, amendments, additional provisions, and the Application, set forth the terms and conditions governing your Beneficiary IRA. Such documents are the agreement.
- 2. Individual/Successor Beneficiary Benefit.** This Beneficiary IRA must be for the exclusive benefit of you, and upon your death, your successor beneficiaries. The Beneficiary IRA must be established in your name and not in the name of your beneficiary, living trust, or another party or entity.
- 3. Successor Beneficiary Designation.** If we allow you to name successor beneficiaries, you may complete the appropriate section on the corresponding Beneficiary IRA application (or other beneficiary designation form approved by us) and designate any person(s) as your successor beneficiary to receive your Beneficiary IRA assets upon your death. You may also change or revoke an existing designation in such manner and in accordance with such rules as we prescribe for this purpose. If there is no successor beneficiary designation on file at the time of your death, your Beneficiary IRA assets will be paid to your estate. We may rely on the latest successor beneficiary designation on file at the time of your death, will be fully protected in doing so, and will have no liability whatsoever to any person making a claim to the Beneficiary IRA assets under a subsequently filed designation or for any other reason.
- 4. IRA Custodian.** An IRA custodian must be a bank, federally insured credit union, savings and loan association, trust company, or other entity, which is approved by the Secretary of the Treasury to act as an IRA custodian.
- 5. Prohibition Against Life Insurance and Commingling.** None of your Beneficiary IRA assets may be invested in life insurance contracts, or commingled with other property, except in a common trust fund or common investment fund.
- 6. Nonforfeitable.** The assets in your Beneficiary IRA are not forfeitable.
- 7. Collectibles.** Generally, none of your Beneficiary IRA assets may be invested in collectibles, including any work of art, rug, or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property. If we allow, you may invest your Beneficiary IRA assets in the following coins and bullion: certain gold, silver, and platinum coins minted by the United States; a coin issued under the laws of any state; and any gold, silver, platinum, and palladium bullion of a certain fineness, and only if such coins and bullion are held by us. For additional guidance on collectibles, see Section 408(m) of the Internal Revenue Code (IRC).
- 8. RMD Rules.** Your Beneficiary IRA is subject to the RMD rules summarized in this agreement.
- 9. No Prohibited Transactions.** If you engage in a prohibited transaction, the Beneficiary IRA loses its tax exempt status as of the first day of the year. You must include the fair market value of your Beneficiary IRA as of that first day in your gross income for the year during which the prohibited transaction occurred, and pay all applicable taxes and penalties.
- 10. No Pledging.** If you pledge all or a portion of your Beneficiary IRA as security for a loan, the portion pledged will be treated as a distribution to you, and the taxable portion will be included in gross income and may be subject to the 10 percent early-distribution penalty tax.
- 11. IRS Approval of Form.** This agreement includes an IRS Forms 5305 series agreement. Articles I through VII of this IRS agreement have been reviewed and approved by the IRS. This approval is not a determination of its merits, and not an endorsement of the investments provided by us, or the operation of the Beneficiary IRA. Article VIII of this IRS agreement contains additional contract provisions that have not been reviewed or approved by the IRS.



**12. State Laws.** State laws may affect your Beneficiary IRA in certain situations, including successor beneficiary designations, agency relationships, unclaimed property, spousal consent, taxes, tax withholding, and reporting.

**Eligibility to Establish a Beneficiary IRA.** You may establish a beneficiary IRA with this agreement to hold amounts received as a direct or successor beneficiary from the traditional (including SEP) or SIMPLE IRA of a depositor. You may also establish a beneficiary IRA to hold amounts received as a beneficiary of a participant in an eligible retirement plan (ERP).

**Separate Beneficiary IRA Accounts.** You are required to maintain this Beneficiary IRA separate from your own individual IRAs and from any other beneficiary IRAs that you may inherit from other decedents. If you are the surviving spouse of the depositor and the sole beneficiary of the IRA with unlimited rights to withdraw amounts from the IRA, you may elect to treat this IRA as your own IRA or to maintain it as a beneficiary IRA. If you elect to treat it as your own IRA, the rules described in this Disclosure Statement generally will not apply to you and you will be treated as the IRA owner. A surviving spouse will be deemed to have treated the Beneficiary IRA as his/her own if any contributions (including rollover contributions) are made to the Beneficiary IRA or if any RMD as a beneficiary for a year is not taken. If you are the surviving spouse of the depositor and you have elected to treat or have been deemed to have treated this Beneficiary IRA as your own, you agree to notify us of such circumstance and we recommend that you execute a new IRA agreement with us. If no such agreement is executed, the provisions of Articles I through VII of this agreement, the relevant provisions of Articles VIII and IX of this agreement, and the provisions of IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, shall govern your IRA.

**Beneficiary IRA Contributions.** The contributions permitted to this Beneficiary IRA include transfers from the original deceased owner's traditional (including SEP) or SIMPLE IRA, transfers from an existing traditional beneficiary IRA to establish this Beneficiary IRA, direct rollovers by a beneficiary from the original deceased owner's ERP, rollovers by a spouse beneficiary from an ERP, or any other contributions permitted by law. If this Beneficiary IRA holds amounts previously in the depositor's traditional (including SEP) or SIMPLE IRA (and not from an ERP), you may be able to make a trustee-to-trustee transfer from a traditional (including SEP) or SIMPLE IRA inherited from the same depositor. Except as allowed by law, no other contributions of any kind may be made to this Beneficiary IRA. Also, any other type of contribution not permitted by a surviving spouse is deemed to be an election to treat this Beneficiary IRA as his/her own.

**Trustee-to-Trustee Transfers.** A trustee-to-trustee transfer is a transfer of assets from one IRA custodian/trustee to another IRA custodian/trustee, without the assets being distributed to you. A trustee-to-trustee transfer means that the IRA assets move from one IRA to another IRA in a manner that prevents you from cashing or liquidating the IRA assets, or even depositing the assets anywhere except in the receiving IRA. Transfers are not taxable or reportable, and the IRS does not impose timing or frequency restrictions on these transfers. You may be required (by us or the other financial organization involved) to complete a transfer authorization form or other documentation prior to transferring your Beneficiary IRA assets. Any trustee-to-trustee transfer will be subject to our policies. We have sole discretion on whether we will accept, and how we will process, movements of assets to and from IRAs.

**Rollovers and Direct Rollovers from an ERP.** If certain requirements are met, you may directly roll to a beneficiary IRA the assets that you inherit as a beneficiary of a deceased plan participant under an ERP. A qualified trust may also complete this direct rollover. A spouse beneficiary may also roll over assets from a deceased plan participant's ERP to a traditional beneficiary IRA or to his/her own IRA.

IRC Section 402(c)(8)(B) defines ERPs and includes employer sponsored retirement plans such as qualified plans, tax-sheltered annuities, and certain governmental IRC Section 457(b) plans.

If the plan assets are distributed to you as a nonspouse beneficiary, you will not be able to roll such amounts to a beneficiary IRA. We have sole discretion on whether we will accept, and how we will process, movements of assets from ERPs to beneficiary IRAs.

Beneficiary IRAs of this type are generally subject to the beneficiary IRA rules described in this Disclosure Statement, including the RMD rules described below. If you inherit amounts in an employer-sponsored ERP that you wish to have transferred to a beneficiary IRA, you should consult with a tax or legal professional to aid you in the determination and calculation of RMDs.

- 1. ERP.** IRC Section 402(c)(8)(B) defines ERPs. Such plans include qualified trusts under IRC Section 401(a), annuity plans under IRC Section 403(a), annuity contracts under IRC Section 403(b), and certain governmental IRC Section 457(b) plans.
- 2. Eligible Distribution "Amounts".** Not all distribution "amounts" from an ERP are eligible for rollover to a beneficiary IRA. The most common amounts which are not eligible for rollover include RMDs. The employer determines which assets may not be rolled over and may provide you with an IRC Section 402(f) notice of taxation which explains the tax issues concerning the distribution.
- 3. Direct Rollover.** A direct rollover moves eligible distribution assets from the deceased plan participant's ERP to your Beneficiary IRA in a manner that prevents you from cashing or liquidating the plan assets, or even depositing the assets anywhere except in the receiving beneficiary IRA. A direct rollover is reported to the IRS. There are no IRS limitations, such as the 60-day period or one rollover per 1-year period (12-month) rule, on direct rollovers.
- 4. Indirect Rollover and Withholding.** An indirect rollover is available to spouse beneficiaries only and begins with a plan distribution made payable to you as spouse beneficiary. In general, the employer is required to withhold 20 percent on the taxable portion of your eligible distribution as a prepayment of federal income taxes on distributions. You may make up the 20 percent withholding

from your own funds at the time you deposit the distribution into this Beneficiary IRA. Your distribution is only eligible to be contributed to this Beneficiary IRA during the 60 days following your receipt of a plan distribution. Your decision to contribute the assets to the Beneficiary IRA as a rollover contribution is irrevocable. The 12-month rule does not apply to rollovers from ERPs. State withholding may apply to eligible distributions. The Secretary of the Treasury may extend the 60-day period for completing rollovers in certain situations such as casualty, disaster, or other events beyond the reasonable control of the individual who is subject to the 60-day period. The IRS also provides for a self-certification procedure (subject to verification by the IRS) that you may use to claim eligibility for an extension with respect to a rollover into an IRA. It provides that we may rely on the certification provided by you in accepting and reporting receipt of a rollover contribution after the 60-day period if we don't have actual knowledge that is contrary to the self-certification.

**Tax Deductions.** You may not deduct your Beneficiary IRA assets on your tax return.

**Traditional IRA to Roth IRA Conversions.** If the depositor was someone other than your spouse, you are not eligible to convert any portion of the Traditional Beneficiary IRA assets to your Roth IRA.

**IRA Distributions.** You or, after your death, your successor beneficiary may take an IRA distribution, in cash or in kind based on our policies, at any time. However, your distribution may be subject to income taxes, depending on the nature of the contributions previously made to the IRA or ERP.

- 1. Distribution of Nondeductible and Nontaxable Contributions.** If your Beneficiary IRA contains nondeductible amounts (such as nondeductible contributions or rollovers of nontaxable distributions from employer-sponsored ERPs as made by the depositor), any distribution you take from your Beneficiary IRA will return to you a proportionate share of the taxable and nontaxable balance in your Beneficiary IRA at the end of the tax year of your distribution. IRS Form 8606, *Nondeductible IRAs*, has been specifically designed to calculate this proportionate return. You must calculate the taxable and nontaxable amount separately for your individual IRAs and for this Beneficiary IRA, as well as any other beneficiary IRAs that you may inherit from other decedents. You must complete IRS Form 8606 each year you take distributions under these circumstances, and attach it to your tax return for that year to validate the nontaxable portion of your Beneficiary IRA distributions reported for that year.
- 2. Qualified Health Savings Account (HSA) Funding Distribution.** If you are an HSA eligible individual, you may elect to take a qualified HSA funding distribution from your Beneficiary IRA to the extent such distribution is contributed to your HSA in a trustee-to-trustee transfer. This amount is aggregated with all other annual HSA contributions and is subject to your annual HSA contribution limit. A qualified HSA funding distribution election is irrevocable and is generally available once in your lifetime. A testing period applies. The testing period for this provision begins with the month of the contribution to your HSA and ends on the last day of the 12th month following such month. If you are not an eligible individual for the entire testing period, unless you die or become disabled, the amount of the distribution made under this provision will be includable in gross income for the tax year of the month you are not an eligible individual, and is subject to a 10 percent penalty tax.
- 3. Qualified Charitable Distributions.** If you have attained age 70½, you may make tax-free distributions directly from your Beneficiary IRA to a qualified charitable organization. Tax-free distributions are limited to \$100,000. Qualified charitable distributions are not permitted from an on-going SEP or SIMPLE IRA. Consult with your tax or legal professional regarding tax-free charitable distributions.

**Required Minimum Distributions (RMDs)—Generally.** The law generally requires you to take RMDs from your Beneficiary IRA. The RMD rules that apply to your Beneficiary IRA depend on a number of factors. These factors include whether you are the surviving spouse or a non-spouse beneficiary of an IRA owner or a deceased employer plan participant, the identity of any other beneficiaries, and the age of the IRA owner or plan participant at his/her death. You are responsible for determining which rules apply to your Beneficiary IRA. In addition, the RMD rules are different depending on whether the person you inherited the IRA from died in 2019 or earlier, or whether he/she died in 2020 or later. Importantly, we are not required to calculate your RMD. Regardless of whether we calculate your RMD amount, you should always discuss your RMD calculation and requirements with your tax professional. You may always take more than your RMD amount.

- 1. Separate Accounting.** Our policies may permit separate accounting rules to be applied. If there are other beneficiaries, the RMD rules may (if the other requirements are satisfied) be applied using your life expectancy if you establish your own Beneficiary IRA by December 31 of the year following the year in which the IRA owner died. If our policy permits separate accounting, we will apply the separate accounting rules in accordance with Treasury Regulation 1.401(a)(9)-8, Q&A 2 and 3.
- 2. Distributions of Less than the RMD Amount.** Any portion of your RMD that is not distributed to you by its deadline is subject to a 50 percent excess accumulation penalty tax. The IRS may waive this penalty upon your proof of reasonable error and that reasonable steps were taken to correct the error, including remedying the shortfall. You are responsible for reporting the excess accumulation penalty tax and paying it to the IRS, or requesting a waiver of the tax. You can do either by completing IRS Form 5329, *Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts*, and attaching the form to your federal income tax return.
- 3. Distributions of More than the RMD Amount.** If you take an IRA distribution in a year that is more than the RMD amount, you will not receive credit toward an RMD due in a subsequent year. The additional amount cannot be rolled over unless you are a surviving spouse beneficiary.

4. **Naming a Successor Beneficiary.** A successor beneficiary named by you, or by default, receives any of your Beneficiary IRA assets that remain after your death. State law or your policy may limit your ability to name a successor beneficiary.
5. **Year of Death RMD.** You must withdraw your share of any RMD amount that the person you inherited the IRA or employer plan benefit from should have received during the year of his/her death and had not already taken.
6. **Designated Beneficiary.** A designated beneficiary is generally any individual beneficiary who is named as of the date of death and has an interest in the Beneficiary IRA on the determination date, which is September 30 of the year following the year in which the IRA owner died.
7. **Beneficiary Determination.** Named beneficiaries who completely distribute their interests in the IRA by the determination date, or who completely disclaim their interests in the IRA under IRC Section 2518, will not be considered when designated beneficiaries are determined. Named beneficiaries who die after the IRA owner's death but before the determination date will still be considered for the sake of determining the distribution period. If any named beneficiary that is not an individual, such as an estate or charity, has an interest in the IRA on the determination date, and separate accounting does not apply, the IRA will be treated as having no designated beneficiary (i.e., not a designated beneficiary).
8. **Qualifying Trust.** A qualified trust is defined in Treasury Regulation 1.401(a)(9)-4, Q&A 5. If the IRA owner named a qualified trust as his/her IRA beneficiary, the beneficiaries of the trust are treated as the beneficiaries of the IRA owner for purposes of determining designated beneficiaries as well as for determining any life expectancy or other distribution period available. We may require documentation of qualified trust status. A qualified trust must provide documentation of its beneficiaries to us by October 31 of the year following the year of the grantor's death.
9. **Required Beginning Date (RBD).** For IRA purposes, the RBD is April 1 of the year following the year an IRA owner attains age 72. For tax years 2019 and earlier, the RBD was April 1 of the year following the year an IRA owner attained age 70½.

**RMD Rules for a Death that Occurred in 2019 or Earlier.** The following rules apply where the person you inherited the IRA from died in 2019 or earlier. There may be different rules if the person you inherited the IRA from died in 2020 or later. Those rules are described later.

1. **Generally (2019 or Earlier).** Under the rules for a person who died in 2019 or earlier, the available options depend on whether the IRA owner died before, or on or after, his/her RBD.

2. **IRA Owner's Death Occurred on or after His or Her RBD.**

- a. **RMD Rules for Designated Beneficiaries.** If you are a designated beneficiary (as defined below) of the IRA owner, you generally had until December 31 of the year following the IRA owner's year of death to begin RMDs. However, if the year of death was 2019, RMDs must begin by December 31, 2021.

- i. **Distribution Rules in General.** Beneficiary IRA accountholders must take distributions at least as rapidly as the IRA owner was required to take distributions and generally will use a single life expectancy method to satisfy these RMDs.

This general rule applies if the IRA owner had at least one designated beneficiary. The single life expectancy method uses the age of the designated beneficiary in the year following the IRA owner's death to calculate RMDs and then reduces the divisor by one for each subsequent RMD calculation. However, if the IRA owner was more than one year younger than you, the IRA owner's remaining life expectancy, as determined in his or her year of death and reduced by one in each subsequent year, is used to determine the distribution amount each year. The deceased IRA owner's remaining life expectancy is also used if your IRA was treated as having no designated beneficiary. Your annual RMD is determined by dividing the prior year's ending balance by the applicable life expectancy divisor.

- ii. **Spouse Beneficiaries.** If you are the only beneficiary of the IRA, or if there are multiple beneficiaries and separate accounting applies, and you are the IRA owner's surviving spouse, you may use your age each year to determine the life expectancy divisor for calculating that year's RMD. Also, you may calculate your RMD by using the longer of your single life expectancy, determined each year after the year of death using your attained age, or by using the IRA owner's remaining single life expectancy determined in his/her year of death and reduced by one for each subsequent year.

You can treat your share of the IRA as your own IRA any time after the IRA owner's death. In this case, different RMD rules will apply. However, the option to treat the Beneficiary IRA as your own is not available if a qualified trust is named as beneficiary of the IRA, even if you are the sole beneficiary of the trust. You may always roll over a death distribution less any RMD for that year.

- b. **Named Beneficiary is Not a Designated Beneficiary.** If any beneficiary that has an interest in the IRA on the determination date is not an individual (such as an estate, charity or nonqualified trust), the following RMD rules, for a death on or after the RBD, will apply to your Beneficiary IRA, even if you are an individual. (However, if there are multiple beneficiaries and separate accounting applies, the application of the RMD rules described under this heading may not apply to you as an individual.)

If you are not a designated beneficiary, you will receive an RMD from your Beneficiary IRA based on the IRA owner's remaining single expectancy as determined in the IRA owner's year of death. Once determined, this life expectancy divisor will be reduced by one for each subsequent year of the distribution period.

- c. **Deceased Employer Plan Participant.** Generally, the rules for determining RMDs under an employer plan continue to apply to you under your Beneficiary IRA. An RMD under the employer plan is not eligible for rollover.

3. **IRA Owner's Death Occurred before His or Her RBD.**

- a. **RMD Rules for Designated Beneficiaries.** If you are a designated beneficiary (as defined above) of the IRA, you generally had until December 31 of the year following the IRA owner's year of death to begin RMDs. Exceptions exist for a surviving spouse who is the sole beneficiary of the IRA or for a beneficiary who selects, or defaults to, the five-year rule. However, if the year of death was 2019, RMDs must begin by December 31, 2021.

- i. **Distribution Rules in General.** Beneficiary IRA accountholders use a single life expectancy method to satisfy these RMDs as a general rule unless the five-year rule is elected. The election deadline is generally December 31 of the year following death, however there are exceptions for a spouse beneficiary and a 2019 year of death. If the IRA owner died prior to 2020 (generally in 2019) and your election deadline would have been the end of 2020, you may elect either the five-year rule or the single life expectancy method through December 31, 2021.

The "five-year rule" requires you to completely withdraw your Beneficiary IRA assets by the end of the fifth year following the year in which the IRA owner died. Note that for purposes of determining the five-year period, due to an exception found in the CARES Act, the year 2020 is not counted and you essentially have until the end of the sixth year to withdraw the entire IRA balance.

The general rule applies to you if you are a spouse or nonspouse designated beneficiary. If you are a nonspouse designated beneficiary and selected the life expectancy method, the life expectancy divisor was determined in the year after the IRA owner's death and the number is reduced by one in each subsequent year. If you are a spouse beneficiary, the determination of life expectancy divisors are discussed below. Your annual RMD is determined by dividing the prior year's ending balance by the applicable life expectancy divisor.

- ii. **Spouse Beneficiaries.** If you are the only beneficiary of the IRA, or if there are multiple beneficiaries and separate accounting applies, and you are the IRA owner's surviving spouse, you may use your age each year to determine the life expectancy divisor for calculating that year's RMD. If you are the only beneficiary, or if there are multiple beneficiaries and separate accounting applies, you, as surviving spouse, can postpone commencement of RMDs until the end of the year in which the IRA owner would have attained age 70½.

If you are the only beneficiary of the IRA, or if there are multiple beneficiaries and separate accounting applies, you can treat your share of the IRA as your own IRA any time after the IRA owner's death. After treating the IRA as your own, the RMD rules for an IRA owner will apply. However, the option to treat the Beneficiary IRA as your own is not available if a qualified trust is named as beneficiary of the IRA, even if you are the sole beneficiary of the trust. As a spouse beneficiary, you may take a distribution any time, and rollover amounts in excess of the current year's RMD amount.

- b. **Named Beneficiary is Not a Designated Beneficiary.** If any beneficiary that has an interest in the IRA on the determination date is not an individual (such as an estate, charity or nonqualified trust), the five-year rule will apply to your Beneficiary IRA, even if you are an individual. (However, if there are multiple beneficiaries and separate accounting applies, the application of the five-year rule described under this heading does not apply to you as an individual.)

If the IRA is treated as having no designated beneficiary, you will be required to completely withdraw your Beneficiary IRA assets by the end of the fifth year following the year in which the IRA owner died (or the end of the sixth year due to 2020 being excluded). Annual RMDs are not required.

- c. **Deceased Employer Plan Participant.** Generally, the rules for determining RMDs under an employer plan continue to apply to you under your Beneficiary IRA. Exceptions apply if a plan participant dies before his/her RBD. If you are a designated beneficiary, one such exception allows you to directly roll over the assets in the year of the plan participant's death and then elect by the end of the following year to utilize either the five-year rule or the single life expectancy method. The other exception applies to you if you elected to be, or by default under the employer plan's terms are, subject to the five-year rule. In this situation, during the year following death, if you roll over the plan balance, less an RMD based on the life expectancy rule (and take such amount from the plan), you may use the life expectancy rule in subsequent years to satisfy RMDs from the Beneficiary IRA. Note that for a 2019 year of death, this exception for the year following death is applied to 2021. Also, under an employer plan's five-year rule, you may not directly roll assets to the Beneficiary IRA during the fifth calendar year following the year of the plan participant's death, nor, if you are a spouse, could you roll over the assets to your own IRA. Note that for purposes of determining the five-year period, the CARES Act does not require the year 2020 to be counted.

- d. **Successor Beneficiaries of Deceased Spouse Beneficiary.** You may be treated as a nonspouse designated beneficiary for purposes of determining the method of distribution if the original IRA owner died before his/her RBD, and his/her spouse was the sole designated beneficiary through the determination date, and if the spouse beneficiary died in 2019 or earlier before payments were required to begin.



4. **Successor Beneficiaries.** In general, if you inherited assets from a beneficiary in 2019 or earlier, you must continue with the same distribution method used by the previous beneficiary. You also should have taken the previous beneficiary's year of death RMD. As a spouse that is a successor beneficiary you do not have the option to treat the account as your own, or the option to complete a rollover to your own personal IRA.
5. **Separate Accounting (Multiple Beneficiaries).** If separate accounting applies, the rules above apply to you based on whether you are a spouse beneficiary, a designated beneficiary, or a beneficiary that is not a designated beneficiary and also based on whether the IRA owner's death occurred before or on or after his or her RBD.

**RMD Rules for a Death that Occurred in 2020 or Later.** The following rules apply where the person you inherited the IRA from died in 2020 or later. There may be different rules if the person you inherited the IRA from died in 2019 or earlier. Those rules are described above.

1. **Generally (2020 or Later).** Specific individuals or other entities—including, but not limited to, an estate, a trust, or a charitable organization—can be named as IRA death beneficiaries. The named beneficiaries that survive inherit any assets remaining in the decedent's IRA. Different types of beneficiaries may have different options available.
2. **Types of Beneficiaries.** Under the rules for a person who died in 2020 or later, the different types of beneficiaries are designated beneficiaries, eligible designated beneficiaries and those that are not designated beneficiaries. Generally, each of these types of beneficiaries can name successor beneficiaries. Designated beneficiaries and eligible designated beneficiaries will each have separate rules. In some cases, different options or elections and distribution periods apply to different beneficiary types.
3. **Designated Beneficiary.** A designated beneficiary is any individual named by the IRA owner as a beneficiary who has an interest in the IRA on the determination date, which is September 30 of the year following the year of the IRA owner's death. Certain qualifying trusts can also be a designated beneficiary. For a qualifying trust to be a designated beneficiary, the qualifying trust beneficiaries must all be designated beneficiaries.

If you are a designated beneficiary who is not an eligible designated beneficiary, you will have to follow the "ten-year rule" and are required to remove all assets from the IRA by December 31 of the tenth year following the year of the IRA owner's death.

4. **Eligible Designated Beneficiary.** An eligible designated beneficiary is a designated beneficiary who is: 1) the IRA owner's surviving spouse; 2) an IRA owner's minor child (through the age of majority); 3) disabled (as defined by law); 4) a chronically ill individual (as defined by law); or 5) an individual who is not more than 10 years younger than the IRA owner. Certain qualifying trusts can also be an eligible designated beneficiary. For a qualifying trust to be an eligible designated beneficiary, the qualifying trust beneficiaries must all be eligible designated beneficiaries.

- a. **Spouse Beneficiary.** As a spouse beneficiary you may have the option of distributing the IRA assets over a single life expectancy period or within ten years (the ten-year rule). The option to elect the ten-year rule is only available if the IRA owner died before his/her RBD. You may alternatively choose to treat the entire interest (all of the account) of the IRA as your own IRA.

Under the single life expectancy, if you are the only designated beneficiary on the determination date, or if there are multiple designated beneficiaries and separate accounting applies, you will use your age each year to determine the life expectancy divisor for calculating that year's RMD. If you are the only designated beneficiary, or if there are multiple designated beneficiaries and separate accounting applies, and the IRA owner dies before his/her RBD, you can postpone commencement of your RMDs until the end of the year in which the IRA owner would have attained age 72. If the IRA owner dies on or after his/her RBD, you will use the longer of your single life expectancy, determined each year after the year of death using your attained age, or the IRA owner's remaining single life expectancy determined in the IRA owner's year of death and reduced by one each subsequent year.

If you choose the ten-year rule, you are required to remove all assets from the IRA by December 31 of the tenth year following the year of the IRA owner's death.

If you are the only designated beneficiary, or if there are multiple designated beneficiaries and separate accounting applies, you can treat the IRA as your own IRA at any time after the IRA owner's death even if you had chosen one of the options above. This generally occurs after any of the remaining RMD amount for the year of the IRA owner's death has been distributed.

As a spouse beneficiary, you can take a distribution of part or all of your share of the IRA and roll it over to an IRA of your own, less that year's RMD.

- b. **Eligible Designated Beneficiary Who is the Traditional IRA Owner's Minor Child.** If you are an eligible designated beneficiary who is a minor child of the deceased IRA owner, you must remove all assets from the IRA by the tenth anniversary of the date you attain the age of majority, even if you initially chose to receive life expectancy payments. The age of majority is determined by state law.
- c. **Eligible Designated Beneficiary (Other than a Surviving Spouse or Minor Child).** If you are an eligible designated beneficiary who is someone other than a spouse beneficiary or the IRA owner's minor child, you have the option of taking distribution of the IRA assets over a single life expectancy period or within ten years. The option to elect the ten-year rule is only available to you if the IRA owner's death occurred before his/her RBD.

If the IRA owner died before his/her RBD and you chose the life expectancy option you use your age at the end of the year following the year of the IRA owner's death to determine the initial single life expectancy divisor and reduce this number by one for each following year's RMD calculation. For a qualifying trust, you use the age of the oldest trust beneficiary.

If you choose the life expectancy method, your annual RMD is determined by dividing the prior year's ending balance by the applicable life expectancy divisor.

If you choose the ten-year rule, you are required to remove all assets from the IRA by December 31 of the tenth year following the year of the IRA owner's death.

5. **Not a Designated Beneficiary.** A beneficiary that is not a designated beneficiary includes a nonindividual that is an estate, charitable organization, or nonqualified trust. If you are not a designated beneficiary and the IRA owner dies before his/her RBD, you are required to remove all assets from the IRA by December 31 of the fifth year following the year of the IRA owner's death (the five-year rule). If the IRA owner dies after his/her RBD, you must use the IRA owner's remaining single life expectancy to calculate the RMD. The IRA owner's remaining single life expectancy divisor is determined in the year of the IRA owner's death using the IRA owner's age at the end of that year and then reducing the divisor by one for each subsequent year's RMD calculation.
6. **Successor Beneficiaries.** Generally, if the original beneficiary died in 2020 or later, as a successor beneficiary you will have to distribute all the remaining IRA assets within a ten-year period.
7. **Separate Accounting (Multiple Beneficiaries).** If separate accounting applies, the rules above apply to you based on whether you are a designated beneficiary, an eligible designated beneficiary, or not a designated beneficiary.

#### **Federal Income Tax Status of Distributions.**

1. **Taxation.** Beneficiary IRA distributions will be taxed as income in the year distributed except for the portion of your Beneficiary IRA distribution that represents the depositor's nondeductible contributions, nontaxable rollover amounts, or other nontaxable basis amounts. You may also be subject to state or local taxes and withholding on your Beneficiary IRA distributions. After your death, beneficiaries should pay careful attention to the rules for the disclaiming any portion of your IRA under IRC Section 2518.
2. **Earnings.** Earnings, including gains and losses, on your Beneficiary IRA will not be subject to federal income taxes until they are considered distributed.
3. **Ordinary Income Taxation.** Your taxable Beneficiary IRA distribution is usually included in gross income in the distribution year. Beneficiary IRA distributions are not eligible for special tax treatment, such as ten-year averaging, that may apply to other employer-sponsored retirement plan distributions.

**Estate and Gift Tax.** The designation of a successor beneficiary to receive Beneficiary IRA distributions upon your death will not be considered a transfer of property for federal gift tax purposes. Upon your death, the value of all assets remaining in your Beneficiary IRA will usually be included in your gross estate for estate tax purposes, regardless of the named beneficiary or manner of distribution. There is no specific estate tax exclusion for assets held within a beneficiary IRA.

**Federal Income Tax Withholding.** Beneficiary IRA distributions are subject to federal income tax withholding unless you or, upon your death, your successor beneficiary affirmatively elect not to have withholding apply. The required federal income tax withholding rate is 10 percent of the distribution. Upon your request for a distribution, by providing IRS Form W-4P, *Withholding Certificate for Pension or Annuity Payments*, or an appropriate substitute, we will notify you of your right to waive withholding or elect to have greater than 10 percent withheld.

**Annual Statements.** Each year we will furnish you and the IRS (to the extent required) with statements showing the transactions and balance in your Beneficiary IRA. You and the IRS will receive IRS Forms 5498, *IRA Contribution Information*, and 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.* IRS Form 5498 or an appropriate substitute indicates rollover contributions and the fair market value of the account at year end. IRS Form 1099-R reflects your IRA distributions for the year.

By January 31 of each year, you will receive a report of your fair market value as of the previous calendar year end.

#### **Disaster Tax Relief and Repayment of a Qualified Disaster Distribution.**

Subject to applicable law, individuals in certain federally declared disaster areas may be given the opportunity to take qualified disaster distributions without an early distribution penalty (e.g., for a qualified hurricane distribution). When these qualified disaster distributions are allowed, they are subject to any time periods as defined by law and, if multiple distributions are made for the same event, are aggregated with distributions from other IRAs and eligible retirement plans up to prescribed limits (e.g., \$100,000). Typically, the qualified disaster distributions are included in gross income over a three tax year period or all in the year of distribution. In addition, a spouse beneficiary may be allowed three years after the date of receipt to repay all or part of the qualified disaster distribution without being subject to the one rollover per 1-year limitation or the 60-day requirement. However, any RMD may not be rolled over. Also, for additional disaster area information and IRS guidance on associated tax relief, refer to IRS forms, notices and publications, or visit the IRS's web site at [www.irs.gov/DisasterRelief](http://www.irs.gov/DisasterRelief).

## PART I - GENERAL PROVISIONS

**1. Meaning of words specific to this Brokerage Customer Agreement and in the Important Disclosures which follow.**

The words “I, me, my, we, our” and “us” refer to each customer who signs this Agreement. The words “you” and “your” refer to Cetera Investment Services LLC (Cetera Investment Services) or, if applicable, any insurance agency affiliated with or controlled by Cetera Investment Services. The phrase “Contact Location” refers to the financial institution where I obtained services. This Agreement remains in full force and effect subsequent to any name change by me, Cetera Investment Services, or the Contact Location.

**2. Part I Applicability.** Part I of this Agreement applies to all securities, investment, insurance, and other Cetera Investment Services accounts. I agree as follows:**3. Authority.** I have the legal capacity and am authorized to enter into this Agreement. I have obtained and will provide all documents of authority that you deem appropriate or necessary to establish my account. You may freeze or refuse to activate my account until necessary or appropriate documents are provided.**4. Joint accounts.** If this is a joint account, each of us has the authority to act individually without the consent of any other joint account holder to: **(A)** buy, sell, sell short, and otherwise deal in securities or other investments on margin or otherwise; **(B)** receive demands, notices, confirmations, reports, account statements, and any other communications on behalf of the other joint account holders; **(C)** receive and dispose of money, securities, or property of every kind on behalf of the other joint account holders; **(D)** make agreements and terminate, modify, or waive the provisions of this Agreement on behalf of the other joint account holders; and **(E)** deal with and provide account instructions to you as fully and completely, and without notice to the other joint account holders, as if I alone were interested in this account. You may rely upon my individual authorization, and I hold you harmless from any costs, expenses, losses, or liabilities I incur as the result of your reliance upon this authorization.

Each of us are jointly and severally liable for all obligations and liabilities arising out of this account and you may enforce this Agreement against any or all joint account holders. You are under no obligation to inquire as to the purpose or propriety of any instructions delivered to you by any joint account holder.

I will provide written notice to you of the death of a joint account holder. Until that notice is provided, you may comply with any account instruction, and any actions taken in compliance with this Agreement will be binding upon the surviving joint account holders and the estate of the deceased joint account holders. After notice is provided, you may take any action or impose any restriction upon the account that you deem necessary or proper to protect your interests. Each joint account holder and the estate of each deceased joint account holder remains jointly and severally liable for any account obligations after notice of death is provided.

**5. Freezing/closing accounts.** You may, at any time without cause, close my account and require that I liquidate or transfer my account positions. You may, in your discretion and without cause, refuse to execute any transaction I order (“freeze” my account). I hold you harmless from any costs, expenses, losses, or liabilities I incur as the result of your exercise of your right to close or freeze my account.**6. Extraordinary events.** You are not liable to me for any loss caused directly or indirectly by war, natural disasters, government restrictions, exchange or market rulings, acts of terrorism, or other conditions beyond your control.**7. Recording conversations.** Any telephone conversation between you and anyone acting on your behalf, the Contact Location and anyone acting on its behalf, and/or me and anyone acting on my behalf may be recorded.**8. Exchange of information.** Except as stated otherwise in the applicable Privacy Promise, information about my account is confidential and will be provided only to me and any person to whom I have given authorization to receive that information. Any personal, financial, credit, or other confidential information about

me may be exchanged between and among you and the Contact Location. You may provide confidential information concerning my account to appropriately authorized regulatory or law enforcement officials and to any other person or entity who or which presents to you a subpoena or other court order.

**9. Fees/debit balances.** I will pay any fees or commissions due you for any service provided to me. You may amend your fee and commission schedules at any time. I acknowledge that I have received your fee schedule that includes, among other things, a fee to transfer my account to another firm. I am responsible for payment of any debit balance in my account or other obligations owed to you. You may charge interest on unpaid debit balances in my account at a variable rate equal to the published broker call rate plus an amount determined by you. The additional amount will be determined at your discretion, but the rate charged will not exceed applicable usury rates.**10. Collection costs.** I am responsible for any reasonable costs incurred by you (including reasonable attorney’s fees) as a result of my failure to pay when due any account debit balance or other obligations owed to you.**11. Communications.** Communications sent to the last known address provided by me will be presumed delivered when sent. My last known address will be the address I provided on my New Account Application or the most recent substitute address received by you. Any account statements or transaction confirmations sent to my last known address will be deemed conclusive unless I object in writing within thirty (30) business days after the day the communication is sent.**12. Householding.** I consent to receiving any statements or notices generated by you regarding my accounts (including account statements and trade confirmations) by mail or any other delivery methods, including electronic delivery. I also consent to you combining in one mailing or delivery my account statements and notices and the account statements and notices of other accounts in which I have an interest, accounts of parties related to me, and/or accounts whose address or delivery destination is shared with me (this is referred to as “Householding”). My consent to Householding will remain valid until I revoke my consent in writing to you. I hold you harmless from any costs, expenses, losses or liabilities I incur as a result of Householding.**13. Unclaimed funds.** Any funds in my account may be deemed unclaimed if certain circumstances as provided by applicable state laws are met (generally, these laws may deem my account to be unclaimed if I fail to take control of my account or communicate with you for a three-year period). When required by state law, you will pay any unclaimed funds in my account to the appropriate state and may collect a dormant account fee from my account balance.**14. Tax and legal matters.** Advice provided to me by you is not tax or legal or accounting advice. I will seek the assistance of my tax and legal and accounting advisors when necessary or prudent. I hold you harmless from any costs, expenses, losses, or liabilities I incur by my failure to seek the assistance of a tax or legal or accounting advisor.**15. Affirmation.** The information I provided on my New Account Application (which is included in this Agreement by this reference) is true, correct, and complete. I will inform you of any changes to that information. I hold you harmless from any costs, expenses, losses, or liability I incur by my failure to provide relevant information to you. I authorize you to verify any information provided on my New Account Application.

I agree to provide to you any information you deem necessary to verify my identity, and authorize you to verify that I am not on a government-published list of persons or entities who are prohibited from opening accounts with you.

**16. Applicable rules and regulations.** Transactions in this account are subject to: **(A)** applicable rules, regulations, constitutions, customs, and usages of the exchanges, markets, or clearing houses where executed; **(B)** applicable federal and state laws, rules, and

regulations; and (C) applicable self regulatory organization rules and regulations.

17. **Revenue sharing.** I acknowledge that you may pay to the Contact Location all or a portion of the commissions and fees you earn from your operations on the Contact Location's premises.
18. **Amendment.** You may amend this Customer Agreement at any time upon notice to me.
19. **Governing law and venue.** The statutory and common laws of the State of Minnesota excluding its conflicts of law provisions govern the interpretation of this Agreement. If any dispute arises between you and me, I agree that the matter will be resolved by arbitration as provided in the following paragraph or, if arbitration is not available, by the courts of the State of Minnesota, County of Stearns.
20. **Arbitration.** THIS AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE. BY SIGNING AN ARBITRATION AGREEMENT THE PARTIES AGREE AS FOLLOWS:
- (A) ALL PARTIES TO THIS AGREEMENT ARE GIVING UP THE RIGHT TO SUE EACH OTHER IN COURT, INCLUDING THE RIGHT TO A TRIAL BY JURY, EXCEPT AS PROVIDED BY THE RULES OF THE ARBITRATION FORUM IN WHICH A CLAIM IS FILED.
- (B) ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
- (C) THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS.
- (D) THE ARBITRATORS DO NOT HAVE TO EXPLAIN THE REASON(S) FOR THEIR AWARD UNLESS, IN AN ELIGIBLE CASE, A JOINT REQUEST FOR AN EXPLAINED DECISION HAS BEEN SUBMITTED TO ALL PARTIES TO THE PANEL AT LEAST 20 DAYS PRIOR TO THE FIRST SCHEDULED HEARING DATE.
- (E) THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.
- (F) THE RULES OF SOME ARBITRATION FORUMS MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION. IN SOME CASES, A CLAIM THAT IS INELIGIBLE FOR ARBITRATION MAY BE BROUGHT IN COURT.
- (G) THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.

**ARBITRATION CLAUSE:** I AGREE THAT ANY DISPUTE BETWEEN ME AND YOU ARISING OUT OF THIS AGREEMENT SHALL BE SUBMITTED TO ARBITRATION CONDUCTED UNDER THE PROVISIONS OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC.'S CODE OF ARBITRATION PROCEDURE ADMINISTERED BY FINRA DISPUTE RESOLUTION, INC. ARBITRATION MUST BE COMMENCED WITHIN THE STATUTORY LIMITATION PERIODS APPLICABLE TO THE CLAIMS. I FURTHER AGREE THAT, IF THE FINRA ARBITRATION FORUM IS NOT AVAILABLE FOR THE DISPUTE, THE DISPUTE WILL BE SUBMITTED TO ARBITRATION CONDUCTED BY THE AMERICAN ARBITRATION ASSOCIATION. NO PERSON SHALL BRING A PUTATIVE OR CERTIFIED CLASS ACTION TO ARBITRATION, NOR SEEK TO ENFORCE ANY PREDISPUTE ARBITRATION AGREEMENT AGAINST ANY PERSON WHO HAS INITIATED IN COURT A PUTATIVE CLASS ACTION, OR WHO IS A MEMBER OF A PUTATIVE CLASS WHO HAS NOT OPTED OUT OF THE CLASS WITH RESPECT TO ANY CLAIMS ENCOMPASSED BY THE PUTATIVE CLASS ACTION UNTIL: (i) THE CLASS CERTIFICATION IS DENIED; (ii) THE CLASS IS DECERTIFIED; OR (iii) THE CUSTOMER IS EXCLUDED FROM THE CLASS BY THE COURT. SUCH FORBEARANCE TO ENFORCE AN AGREEMENT TO ARBITRATE SHALL NOT CONSTITUTE A WAIVER OF ANY RIGHTS UNDER THIS AGREEMENT EXCEPT TO THE EXTENT STATED HEREIN.

## PART II - BROKERAGE ACCOUNT PROVISIONS

21. **Part II applicability.** Parts I and II of this Agreement govern any Cetera Investment Services brokerage account (including, but not limited to, variable annuities and variable life insurance transactions). Part II of this Agreement does not apply to or govern any transactions in insurance. If applicable, I agree as follows.
22. **No discretion.** Unless I sign a separate agreement, you will not exercise discretion to choose the investments or the timing or quantity of the purchase or sale of investments in my account. I will be responsible for making all investment choice, timing and quantity decisions concerning my account and hold you harmless from any costs, expenses, losses, or liabilities I incur as the result of my investment choices.
23. **Operating hours.** If the brokerage services made available to me permit me to transmit securities orders to you through persons located at the Contact Location, I acknowledge that these services may only be available during the business hours maintained by the Contact Location and that the Contact Location may close on days when securities markets are open. I hold you harmless from any costs, expenses, losses, or liabilities I incur as the result of your services being unavailable.
24. **Affiliation/restricted securities.** I will not purchase or sell any securities of issuers with whom I am affiliated or sell restricted securities, except in compliance with applicable law. If applicable, I will notify you before entering a sell order that the securities I wish to sell are restricted. I will provide to you the names of the issuers with whom I am affiliated. If I fail to abide by this pledge, I hold you harmless from any costs, expenses, losses, or liabilities that I incur, and indemnify you from and against any costs, expenses, losses, or liabilities that you incur, as a result of my transaction.
25. **Handling of Funds.** I acknowledge that this firm has a policy of reviewing and approving customer transactions of certain product types, before my application and payment are forwarded to the product issuer. Such reviews may take up to seven business days after the principal reviewer receives my complete and correct application for this transaction. During this supervisory review, the firm will safeguard my payment, but my funds will not be deposited or invested.
26. **Sweep Option.** If I have chosen a sweep option for my account, I authorize you to settle any obligations I owe to you by transferring funds from my sweep option balances. I acknowledge that, if I have chosen a sweep option, any transaction proceeds owed to me and any uninvested funds in any account will automatically be invested in the sweep option I have chosen. I acknowledge receipt of a prospectus or FDIC sweep disclosure statement for the sweep option I have chosen.
27. **Transaction settlement.** You hold a lien against my account or any other account at your firm in which I have a controlling or ownership interest for the discharge of any indebtedness I have to you. If I fail to settle a purchase (by failing to pay money) or sale (by failing to deliver securities in good form) transaction in the time designated for settlement by you (or, if not designated by you, the time required for settlement by law or regulations), I authorize you to protect and enforce your lien by transferring cash from my account or by selling, assigning, or transferring any securities in my accounts. You have the sole discretion to determine whether securities will be sold, assigned or transferred, and which securities will be involved in and the timing and method of the sale, assignment, or transfer.
28. **Joint tenants with rights of survivorship.** If I have chosen to create a joint tenants with rights of survivorship account, the ownership of this account will, upon the death of any of us, be automatically vested in the surviving joint account holders on the same terms and conditions as described in this Agreement. The estate of any deceased joint account holder will continue to be liable to you for all liability arising from the operation of this account prior to the death.
29. **Tenants in common.** If I have chosen to create a tenants in common account, the ownership of this account will, upon the death of any of us, be vested in the estates of the deceased joint account holders and the surviving joint account holders in the proportions indicated on the New Account Application. If proportions are not provided, the ownership after death will be distributed equally among each survivor and deceased joint account holder's estate.



## DEFINITIONS

### ACCOUNT OBJECTIVE

**Capital Preservation:** An objective seeking to produce a return that is at least equal to inflation while avoiding extreme volatility and the risk of significant loss. Investments are not likely to increase significantly in value.

**Income:** An objective seeking to generate interest and dividends for current income. While not as risk averse as “capital preservation,” there is no expectation of long-term capital appreciation in the value of the portfolio.

**Total Return:** An objective seeking portfolio returns through the combination of current income vehicles as well as investments with a capital appreciation goal. The value of the portfolio may vary and the value of certain investments within the portfolio may be more volatile than others.

**Growth:** An objective seeking appreciation in the value of the portfolio. Both the value of individual investments within the portfolio and the value of the overall portfolio are likely to fluctuate from time to time. While certain investments within the portfolio may generate current income, income is not the primary investment objective.

**Aggressive Growth:** An objective seeking maximum returns in the portfolio by selecting investments with the greatest perceived opportunities for growth and price appreciation. The value of individual investments within the portfolio, as well as the portfolio as a whole, will likely experience significant fluctuation in value.

### RISK TOLERANCE (presented from lowest to highest risk)

**Conservative:** Describes an investor who seeks to preserve the portfolio’s value by investing in lower risk investments and is willing to forgo greater upside potential to protect the portfolio value.

**Moderately Conservative:** Describes an investor who seeks to preserve a large portion of the portfolio’s total value and minimize volatility, but is willing to take on modest risk to outpace inflation.

**Moderate:** Describes an investor who seeks modest growth and is willing to accept more risk and investment fluctuation.

**Moderately Aggressive:** Describes an investor who seeks to outperform broad market indices when the market is up and, conversely, accepts lower returns than those same market indices when the market is down.

**Significant Risk:** Describes an investor who aggressively seeks maximum return and accepts being exposed to the risk of significant volatility and decreases in the value of the portfolio.

### OTHER DEFINITIONS

**Government ID:** Driver’s license, passport, state issued ID card, or military ID.

**Politically Exposed Person:** A person who has been entrusted with a prominent public function as defined by the Financial Action Task Force.

**Net Worth:** Assets minus liabilities.

**Adjusted Net Worth:** Net Worth minus primary residence.

**Liquid Net Worth:** Adjusted Net Worth minus assets not readily convertible to cash.

**Account Liquidity Needs:** The amount of money from this account that is needed in cash or readily convertible to cash over the next three (3) years.

**Account Time Horizon:** The expected number of months, years, or decades a customer plans to invest to achieve a particular financial goal.

**Other Relevant Financial Information:** Any financial-related information provided by the client that is not otherwise recorded in previous sections of this document.

## IMPORTANT DISCLOSURES

### I understand, acknowledge and agree as follows:

- Services of Cetera Investment Services may be made available on the premises of the Contact Location (as defined in the Customer Agreement). However, Cetera Investment Services is an independent broker-dealer and is not a depository institution.
- I may pay commissions or other fees to obtain the products and services made available by Cetera Investment Services. I may incur one or more of the following costs on certain insurance products: sales charges, administration costs, mortality costs, and surrender charges. I may also be required to pay a sales, deferred sales, early withdrawal, or surrender charge on some investments and insurance products. For these reasons, most investments and insurance should be held for the long term.
- I am in receipt of Cetera Investment Services fee schedule and I am aware of the commissions or fees I must pay to receive the products and services made available by Cetera Investment Services.
- Dividends and interest paid by, and the market value of, the investments or insurance I purchase may fluctuate and, when redeemed or sold, may be worth more or less than when purchased. The death benefit or surrender value of any variable life insurance product may increase or decrease, depending on the performance of the variable subaccounts.
- If I purchase an annuity, or if my life insurance policy is or becomes a modified endowment contract, I may incur tax penalties if I withdraw funds before age 59½. I will consult my tax advisor before purchasing annuities or withdrawing funds from life insurance policies.
- If I purchase life insurance or an annuity, I acknowledge receiving an illustration of projected values concerning a life insurance policy or a prospectus concerning a variable annuity or a variable life insurance product, and that applicable costs have been fully explained. I understand that the person through whom I am buying any insurance product is acting as an appointed agent for the issuing insurance company with regard to this purchase. The provider of the insurance product is the insurance company that issued it, not the Contact Location or Cetera Investment Services. The primary purpose of life insurance is to provide a death benefit. Life insurance should not be purchased solely for investment purposes.
- Cetera Investment Services does not require that I purchase an investment or insurance product or service as a condition to receive a loan or other product or service from the Contact Location or any other depository institution.
- Cetera Investment Services is a member of the Securities Investor Protection Corporation (SIPC). SIPC protects securities customers of its members up to \$500,000 (including up to \$250,000 for claims for cash). SIPC protection applies if the brokerage firm fails, and does not protect my account against declines in value such as those that may result from changes in market conditions. A supplemental policy purchased by Cetera Investment Services provides additional coverage per customer, subject to an overall aggregate. As with SIPC, this supplemental policy does not protect against a decline in the market value of my securities. I may obtain information about SIPC, including the SIPC brochure, by contacting SIPC at 202.371.8300 or by visiting [www.sipc.org](http://www.sipc.org).

9. If I purchase precious metals, SIPC does not provide protection for precious metals in my account; precious metals are not marginable; investments in precious metals can involve substantial risk due to rapid and abrupt changes in prices; advantageous purchase or liquidation prices are not guaranteed; and if I take delivery of precious metals, I may be required to pay delivery charges and applicable sales and use taxes.
10. If I use Cetera Investment Services online service to access my accounts over the Internet, the online services agreement supplements the Customer Agreement.
11. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions, including broker-dealers, to obtain, verify and record information that identifies each person who opens an account. When I open an account, I understand that you will ask for my name, address, date of birth and other information that will allow you to identify me. You may also ask to see my driver's license or other identifying documents.
12. Cetera Investment Services makes available materials regarding the risks and costs associated with investing in the "Important Information About Investing" guide available through my Investment Executive, or on the Cetera Investment Services website at: [www.ceterainvestmentservices.com](http://www.ceterainvestmentservices.com). I understand that in addition to product and investment descriptions, I should review the information regarding my rights and responsibilities as an investor.
13. In the event that the sweep option I selected becomes no longer available, for any reason, I understand and request that Cetera Investment Services has the right, in its sole discretion, but without any obligation, to select and establish an alternative sweep vehicle for me. I expressly authorize Cetera Investment Services to transfer funds from the unavailable sweep option and move other available free cash into the newly designated sweep option. I understand that I may select a different available sweep option at any time.
14. By opening an account with Cetera Investment Services, I acknowledge that I am establishing an ongoing relationship with Cetera Investment Services. This relationship entitles me to receive a variety of services, including but not limited to, investment services, education, information and reports. I understand and agree that by requesting that Cetera Investment Services provide me with such services, that I may receive email communications that confirm my trades, provide me with account statements, describe investment opportunities, make inquiries and offer me other important information, and opportunities and ideas related to my account or financial affairs. I agree that communication is a required element of the provision of these services and expressly authorize Cetera Investment Services to contact me electronically or otherwise to deliver these services in connection with our investment relationship.

## DESIGNATION OF BENEFICIARY INFORMATION

At the time of my death, the primary successor beneficiaries named will receive my Beneficiary IRA assets. If all of my primary successor beneficiaries die before me, the contingent successor beneficiaries named will receive my Beneficiary IRA assets. In the event a successor beneficiary dies before me, such beneficiary's share will be reallocated on a pro-rata basis to the other successor beneficiaries that share the deceased beneficiary's classification as a primary or contingent successor beneficiary. A designation of a beneficiary's primary or contingent classification is generally made by entering a percentage in one of the two columns to the left of the name. In the event a successor beneficiary is named as both a primary and contingent successor beneficiary, or if a successor beneficiary is not assigned to a beneficiary

classification, such successor beneficiary shall be a primary successor beneficiary. If no percentages are assigned to the beneficiaries, or if the percentage total for any beneficiary classification exceeds 100 percent, the beneficiaries in that beneficiary classification will share equally. If the percentage total for each beneficiary classification is less than 100 percent, any remaining percentage will be divided equally among the beneficiaries within such class. If all of the successor beneficiaries die before or no successor beneficiary is designated, my Beneficiary IRA assets will be paid to my estate. This designation revokes and supercedes all earlier successor beneficiary designations which may apply to this Beneficiary IRA.