

INVESTORS BANK & TRUST COMPANY

**SELF-DIRECTED
TRADITIONAL IRA OR ROTH IRA DISCLOSURE STATEMENT**

Revised June 2002

IMPORTANT NOTICE

This disclosure statement describes the Traditional and Roth IRA rules as modified by the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). The EGTRRA changes are generally effective starting in 2002.

For contributions for 2001 (including any contributions for 2001 made between January 1 and April 15 of 2002), the pre-EGTRRA rules and limits apply. The increased EGTRRA contribution limit and the ability of taxpayers age 50 or older to make additional "catch-up" contributions apply only to contributions for 2002 and future years. Increased contributions for 2002 may be made at any time during 2002 as well as between January 1 and April 15, 2003.

For information about the old rules applicable in 2001, contact your Advisor.

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DISCLOSURE STATEMENT**

You should review the following information along with the Investors Bank & Trust Universal IRA Custodial Account Agreement (the “Terms and Conditions”) and the Universal IRA Application (the “Application”) and the current prospectus for any Fund you are investing in.

This *Disclosure Statement* provides information about Traditional IRAs and Roth IRAs and is divided into three sections.

Section 1: The first section is the *Disclosure Statement for Traditional IRAs* (pages 3-13). Tax deductible contributions or nondeductible contributions or rollovers from another Traditional IRA or from certain types of employer retirement plans may be made to a Traditional IRA. The capital accumulations, earnings and interest in your account accrue on a tax-free basis. However, any amounts not taxed when contributed are taxed, along with any earnings, when they are withdrawn from the Traditional IRA. In the *Disclosure Statement for Traditional IRAs* section you will find a general overview of the basic features of your Traditional IRA, along with the rules under which the Traditional IRA will be operated. (*Note:* Except as otherwise noted, in this booklet all IRAs, except for Roth IRAs (see below), are considered to be *Traditional IRAs*.)

Section 2: In Roth IRAs, non-deductible contributions accrue earnings and interest tax-free. In addition, withdrawals meeting certain requirements are also made tax-free. Individuals (and their spouses) whose annual gross income on their tax return is \$100,000 per year or less may convert or rollover amounts from their existing Traditional IRA to a Roth IRA. The second section of this booklet, *Disclosure Statement for Roth IRAs* (pages 14-23), explains in more detail how Roth IRAs work and who is eligible to contribute to them, the rules for converting a Traditional IRA to a Roth IRA, and the other basic rules and features of a Roth IRA.

Section 3: The final section, *Disclosure Statement for All IRAs* (pages 24-27), explains tax and other matters applicable to all Investors Bank & Trust IRAs and should be read in conjunction with either of the first two sections.

SIMPLE IRAs

Under the Small Business Job Protection Act of 1996, a new type of IRA called a SIMPLE IRA was created. SIMPLE IRAs operate in connection with a SIMPLE IRA plan maintained by an eligible employer. Each participating employee has a SIMPLE IRA to receive contributions under the plan.

A Traditional IRA or a Roth IRA is **NOT** suitable for use with a SIMPLE IRA plan. A separate IRA, using a different form for the IRA Application and Adoption Agreement and a different Individual Retirement Custodial Account document, is available to establish a SIMPLE IRA.

IMPORTANT -- REVOCATION OF YOUR IRA

If you do not receive this statement at least seven days before you establish your Traditional or Roth Individual Retirement Account, you have the right to revoke your account within seven days after it is established and to receive a return of the entire amount of your investment in the account. If this right to revoke applies to you and if you should desire to exercise your right to revoke your Traditional or Roth Individual Retirement Custodial Account, you should mail or deliver a written notice of revocation to the Service Company, the name and address of which appear on the Universal Application. Mailed notice will be deemed given on the date it is postmarked (or, if sent by certified or registered mail, on the date of certification or registration by the post office). The Service Company has the right under the Universal Custodial Account Agreement to hold your initial contribution uninvested until the period when you may revoke your account has expired.

DISCLOSURE STATEMENT FOR TRADITIONAL IRAS

1. ELIGIBILITY

You are eligible to set up an IRA if you are younger than age 70½ and if, at any time during the year, you are an employee or are self-employed and receive compensation or earned income that is includible in your gross income.

Also, you may contribute to a different IRA, established by your spouse and called a “spousal IRA,” out of your compensation or earned income for any year before the year in which your spouse reaches age 70½. To contribute to a spousal IRA, you and your spouse must file a joint tax return for the taxable year. Your spouse must establish a separate spousal IRA to receive the contributions.

Additionally, regardless of your age, you may also transfer or rollover funds from another IRA or certain employer plan distributions into your Traditional IRA. These options are described in paragraph 11 of this statement.

2. LIMIT ON ANNUAL CONTRIBUTIONS

(a) You can make annual contributions to an individual Traditional IRA up to the annual limit, or 100% of your compensation or earned income, whichever is less. For tax year 2002, this annual limit is \$3,000 and will increase in increments. Refer to the table below for the Traditional IRA annual contribution limits.

(b) If you and your spouse both work and have compensation that is includible in your gross income, each of you can annually contribute to a separate Traditional IRA up to the lesser of the annual limit (which is \$3,000 for year 2002) or 100% of compensation or earned income. If each spouse has at least the annual limit in compensation or earned income, each may make the maximum contribution to his or her individual Traditional IRA, a total of up to twice the annual limit in IRA contributions for the couple (in other words, \$6,000 for 2002 for the two IRAs). However, if one spouse has less than the annual limit in compensation or earned income, but both spouses together have twice the annual limit or more in compensation or earned income, it may be advantageous to use spousal Traditional IRAs to maximize contributions (see paragraph (c) below).

(c) If each spouse in a couple meets the eligibility requirements for contributions to that spouse’s Traditional IRA, and the total compensation and earned income shown on the couple’s joint income tax return is at least twice the annual limit, each spouse may contribute up to the annual limit to his or her spousal Traditional IRA. If the combined compensation or earned income shown on the couple’s joint income tax return is less than twice the annual limit, contributions to both spousal Traditional IRAs may not exceed the total compensation or earned income, and may be divided between the spousal Traditional IRAs as desired (as long as the contribution to either spousal Traditional IRA does not exceed the annual limit).

(d) If you are a divorced spouse, all taxable alimony received by you under a decree of divorce or separate maintenance will be treated as compensation for purposes of the Traditional IRA contribution limit and the rules for contributing to a Traditional IRA will apply. Accordingly, you can make annual contributions of up to the lesser of the annual limit (which is \$3,000 for 2002), or 100% of compensation or earned income (including taxable alimony).

(e) Important: Your total annual contribution to all Traditional and Roth IRAs cannot exceed the lesser of the IRA annual contribution limit or 100% of your compensation or earned income. If you (or your spouse) establish a Roth IRA (described in the Disclosure Statement for Roth IRAs) and make contributions to both your Traditional IRA and a Roth IRA, the limit on contributions to both Traditional and Roth IRAs for a single calendar year for you may not exceed these limits.

(f) For each year when you are eligible (see above), you can contribute up to the lesser of the IRA annual contribution limit (see the following table) or 100% of your compensation (or earned income, if you are self-employed).

IRA ANNUAL CONTRIBUTION LIMITS	
YEAR	LIMIT
2002-2004	\$3,000
2005-2007	\$4,000
2008	\$5,000
2009 and future years	\$5,000 increased by cost-of-living adjustments (in \$500 increments)

Individuals age 50 or older may make special “catch-up” contributions to their Traditional IRAs. (See subsection 2(g) below for details.)

(Note: The Traditional IRA annual contribution limit is not reduced by employer contributions made on your behalf to either a SEP IRA or a SIMPLE IRA; salary reduction contributions by you are considered employer contributions for this purpose and will not affect your Traditional IRA contribution limit.)

(g) Beginning in 2002, if you are age 50 or older by the end of any year, you may make special “catch-up” contributions to a Traditional IRA for that year. For 2002 through the end of 2005, the maximum special “catch-up” contribution is \$500 per year. From 2006 on, the maximum special “catch-up” contribution will be \$1,000 per year. If you are over 50 by the end of a year, your catch-up limit is added to your annual contribution limit (see the above table) for that year.

Although these are called “catch-up” contributions, they are available to anyone age 50 or older, whether or not they have previously contributed to a Traditional IRA.

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

3. DEDUCTIBILITY OF CONTRIBUTIONS

You may deduct the full amount of your Traditional IRA contribution up to the annual maximum limit if you are not an "active participant" in an employer-sponsored retirement plan (including qualified 401(k), profit sharing or retirement plans maintained by your employer, Simplified Employee Pension (SEP) plans, SIMPLE IRA or SIMPLE 401(k) plans, tax-sheltered annuity plans, and certain governmental plans) for any part of such year. (Note: If you are married, you will not be treated as an active participant in an employer-sponsored retirement plan solely because your spouse is an active participant in such a plan if you are not an active participant yourself. However, the deductibility of contributions for the non-active participant spouse phases out for married couples with adjusted gross income (“AGI”) between \$150,000 and \$160,000, and is lost entirely after AGI reaches \$160,000. Your AGI is determined on your Form 1040.)

If you are an active participant, the deductibility of your contribution will depend on your adjusted gross income for the tax year for which the contribution is made. Individuals are considered to be "active participants" for a year if at any time during the year they are covered by any employer plan under which contributions are made to their accounts (including a required or voluntary employee contribution by the individual) or under which they are eligible to earn pension benefit credits. Individuals are considered to be active participants even if they are not vested under the plan. Form W-2 for the year should indicate your active participation status. Consult your employer or your own tax or financial advisor if you should have any further questions concerning active participant status.

If you are an active participant in such a plan, your contributions will be either **fully deductible, partly deductible or not deductible**, depending on your tax filing status and your AGI. The following table shows phase out ranges for deductibility of contributions, based on AGI and filing status:

ACTIVE PARTICIPANTS

**Deductibility of Contributions at Specified Levels of AGI
(2002 Table)**

		Fully Deductible	Partly Deductible	Not Deductible
Filing Status	Single	\$34,000 or less	At least \$34,000 but less than \$44,000	\$44,000 or more
	Married Filing Jointly	\$54,000 or less	At least \$54,000 but less than \$64,000	\$64,000 or more

In the years following 2002, phase out levels will be increased, until they top-out in 2005 for single filers and in 2007 for married joint filers. The following table shows the phase out levels for years 2003 and after. AGI shown is for married filing jointly. If you are married filing separately, your contribution deductibility is phased out for AGI from \$0 - \$10,000, and is lost entirely with AGI of \$10,000 or more.

DEDUCTIBILITY PHASE OUT LEVELS – Year 2003 AND FUTURE YEARS

		Fully Deductible (any AGI amount up to)	Partly Deductible (AGI amounts between)	Not Deductible (AGI equal to or above)
2003	Single	\$40,000	\$40,000 - \$50,000	\$50,000
	Married	\$60,000	\$60,000 - \$70,000	\$70,000
2004	Single	\$45,000	\$45,000 - \$55,000	\$55,000
	Married	\$65,000	\$65,000 - \$75,000	\$75,000
2005	Single	\$50,000	\$50,000 - \$60,000	\$60,000
	Married	\$70,000	\$70,000 - \$80,000	\$80,000
2006	Single	\$50,000	\$50,000 - \$60,000	\$60,000
	Married	\$75,000	\$75,000 - \$85,000	\$85,000
2007 and later	Single	\$50,000	\$50,000 - \$60,000	\$60,000
	Married	\$80,000	\$80,000 - \$100,000	\$100,000

In general, if your AGI is in the “Partly Deductible” range, the Traditional IRA deduction is phased out at a rate of 10% of the maximum deductible contribution per \$1,000 of adjusted gross income in excess of the phase out threshold (the AGI level at which contributions by active participants go from fully deductible to partly deductible). Also, note that, starting in the year 2007 for married taxpayers filing jointly, the deduction is phased out at the rate of 5% of the maximum deductible contribution per \$1,000 of adjusted gross income in excess of the phase out threshold.

When calculating your reduced Traditional IRA deduction limit, you always round up to the next highest \$10. Therefore, your deduction limit is always a multiple of \$10. In addition, if your adjusted gross income is within the phase-out range and your reduced deduction limit is more than \$0 but less than \$200, you are permitted to deduct up to \$200 of your Traditional IRA contributions. If your AGI falls in the “Partly Deductible” range, you may consult IRS Publication 590, Individual Retirement Arrangements (available from the IRS), for more information and worksheets and examples on calculating the deductible portion of a contribution.

If adjusted gross income is equal to or exceeds the Not Deductible levels specified above (\$44,000 in 2002 for single filers, \$64,000 in 2002 for married joint filers) and you are an active participant in an employer-sponsored retirement plan, then you may not deduct any portion of your Traditional IRA contribution.

4. NONDEDUCTIBLE CONTRIBUTIONS

You may make nondeductible contributions to your IRA to the extent that deductible contributions are not allowed. Of course, the combined total of deductible and non-deductible contributions must not exceed your annual contribution limit amount. Any earnings on all your Traditional IRA contributions (deductible and nondeductible) accumulate tax-free until you withdraw them.

If you make nondeductible contributions for a particular tax year, you must report the amount of the nondeductible contribution on Form 8606 which you file with your federal income tax return.

5. CONTRIBUTIONS WHICH CAN NEVER BE DEDUCTED

You may not make any contribution (other than a rollover contribution) to your Traditional IRA with respect to the tax year in which you reach age 70½ or any subsequent year. However, you may continue to make contributions to a spousal Traditional IRA and deduct the deductible portion of such payments until the year in which your spouse reaches age 70½.

You may not deduct any portion of Traditional IRA contributions allocable to the cost of life insurance. For this reason, life insurance is not offered as an investment for your Traditional IRA.

6. TAX CREDIT FOR CONTRIBUTIONS

Certain taxpayers may be eligible to take a credit on their federal income tax returns for a portion of their Traditional IRA contributions (for qualifying taxpayers, the credit is also available for a portion of their contributions to a Roth IRA as well). The amount of the credit depends upon your adjusted gross income. The credit phases out and is not available to taxpayers with adjusted gross income exceeding \$50,000 (married filing jointly), \$37,500 (filing as a head of household), or \$25,000 (single filer or married taxpayer filing separately). This credit is explained in more detail starting on page 24.

7. DEADLINE FOR ANNUAL CONTRIBUTIONS

Contributions to your Traditional IRA for a tax year must be made in cash on or before the due date (not including extensions) for your Federal income tax return for that tax year (April 15 for most individuals). For example, you will have until April 15, 2003 to establish and make a contribution to a Traditional IRA for 2002. If you intend to report contributions made between January 1 and April 15 as contributions for your prior tax year, you should clearly indicate that such contributions have been made on account of such prior tax year. Otherwise, the Custodian will treat the contribution as a contribution for the current tax year.

8. EXCESS CONTRIBUTIONS

If you contribute to your Traditional IRA more than the annual IRA contribution limit allowed for any year, the excess contribution could be subject to a 6% nondeductible excise tax. The excess is taxed in the year the excess contribution is made and each year that the excess remains in your Traditional IRA at the end of the year. (Remember, the excess contribution excise tax is based on contributions above the annual contribution limit, not the maximum deduction limit.)

If, by mistake, you should contribute more than the maximum amount allowed, you can eliminate the excess contribution as follows. The method of correction will differ depending on whether you correct the excess by your tax filing deadline (for the year of the excess, including any extensions you get) or after this deadline.

(a) **Correction Before Tax Filing Deadline.** You can avoid the 6% excise tax by withdrawing the excess contribution and the net earnings attributable to it before the due date (including any extensions) for filing your federal income tax return for the year for which the excess contribution was made. Upon removing an excess contribution in this manner, the net earnings attributable to it are includible in your income for the tax year in which the excess contribution was made, and you may also have to pay an additional 10% premature distribution tax on the amount of such net earnings (see paragraph 9(a)). However, the excess contribution itself will not be included in your taxable income and will not be subject to the 10% premature distribution tax.

(b) **Reduced Contribution in Later Years.** If you elect not to withdraw an excess contribution, you can eliminate the excess by contributing less than the maximum amount allowed to your Traditional IRA in a later year. This is known as a "make-up" contribution and is allowed only to the extent that you "under-contribute" in the later year. Further, to the extent that you have not contributed your full deductible amount for that later year, the amount of the excess so eliminated may be deductible as a "make-up" deduction, depending on your active participant status and adjusted gross income for the year. The 6% excise tax will, however, be imposed in the year you make the excess contribution and each subsequent year until eliminated.

(c) **Correction After Tax Filing Deadline.** If you do not withdraw an excess contribution on or before the due date for filing your Federal income tax return and your contribution did not exceed the IRA annual contribution limit, you can withdraw the excess at any time as long as you have not deducted it on your federal tax return. The amount of the excess which you withdraw will not be included in your gross income and will not be subject to regular federal income tax. However, the 6% excise tax will be imposed for the year in which you make the excess contribution and each subsequent year, until the year of withdrawal.

(d) **Failure to Correct.** If you do not withdraw an excess contribution on or before the due date for filing your Federal income tax return and your contribution exceeded the annual limit, you must include in your gross income any excess amount which you subsequently withdraw even if you have not deducted it on your federal income tax return. You may also have to pay a 10% premature distribution tax on the amount you withdraw (see paragraph 9(a)). Additionally, the 6% excise tax will be imposed for the year in which you make the excess contribution and each subsequent year, until the year of withdrawal.

9. PAYMENTS FROM YOUR TRADITIONAL IRA DURING YOUR LIFE

(a) **10% Premature Distribution Tax.** You can make withdrawals from your Traditional IRA at any time. However, if you withdraw any of the funds in your Traditional IRA before age 59½, the amount includible in your gross income is subject to an IRS 10% non-deductible premature distribution tax unless the distribution meets an IRS exception. This 10% premature distribution tax does not apply to the portion of your Traditional IRA distribution that is not includible in your gross income (for example, amounts treated as a return of non-deductible contributions you made to your Traditional IRA). The following types of IRA distributions are not subject to this IRS distribution tax:

- (i) the withdrawal is made after your death or permanent disability;
- (ii) the withdrawal is an exempt withdrawal of an excess contribution;
- (iii) the withdrawal does not exceed the amount of your deductible medical expenses for the year in which you made the withdrawal; generally, medical expenses paid during a year are deductible if they are not paid by health insurance and they exceed 7.5% of your adjusted gross income for that year;
- (iv) the withdrawal does not exceed the premiums you paid for medical insurance for yourself, your spouse and your dependents during the year; however, you must have been unemployed and received Federal or state unemployment compensation payments for at least 12 weeks, and you must make the withdrawal during the year in which you received

the unemployment compensation payments or during the following year, but not after you have been reemployed for at least 60 days;

- (v) the withdrawal is validly rolled over into another plan or Traditional IRA within 60 days;
- (vi) the withdrawal does not exceed certain eligible higher education expenses for yourself, your spouse, your child or grandchild. Eligible expenses include tuition, fees, books, supplies and equipment necessary for attending a qualified higher education institution. Room and board expenses may be eligible if the individual is attending at least half time;
- (vii) the withdrawal does not exceed qualified first-time homebuyer expenses incurred by you or your spouse, or a child, grandchild, parent or grandparent of you or your spouse. Qualified expenses include cost of acquisition or construction, including normal financing or closing costs. You are considered a "first-time homebuyer" if you did not have (or, if you are married, neither you nor your spouse had) an ownership interest in a principal residence during the two years before the withdrawal in question. There is a lifetime limit (\$10,000) on qualified first-time homebuyer expenses for any one individual; or
- (viii) the distribution is made pursuant to an IRS levy to pay overdue taxes.

You are considered "disabled" for purposes of clause (i) if you are unable to engage in any substantial gainful activity because of a physical or mental impairment which can be expected to result in death or to be of long-lasting or indefinite duration.

You can also withdraw funds held in your Traditional IRA without any tax penalty before you reach age 59½ if you choose to receive systematic payments in substantially equal amounts over a period that does not exceed your life expectancy or the life expectancy of you and your designated beneficiary. You should be aware, however, that the 10% premature distribution tax will be applied retroactively (with interest) to all systematic payments if you change to a method of distribution that does not qualify for the exception either before you attain age 59½ or during the first five years of the distributions.

The exceptions to the 10% premature withdrawal penalty tax have a number of special rules and definitions; consult your tax advisor or the IRS for further details.

(b) **Required Minimum Distribution.** Traditional IRAs are subject to IRS required minimum distribution ("RMD") rules starting when you reach age 70½. Serious tax penalties can result from failing to satisfy these rules, so it is important for you to understand the rules and to satisfy their requirements.

In the year you reach age 70½, you are required to receive minimum distributions from your IRA. If you have not withdrawn the total amount held in your Traditional IRA by the April 1 following the year in which you reach 70½ (your "Required Beginning Date"), you must commence minimum withdrawals in order to avoid penalty taxes. The RMD rules apply to all Traditional IRAs. The rule allowing certain employees to postpone distributions from an employer plan until actual retirement (even if this is after age 70½) does not apply to Traditional IRAs.

The first required distribution is for the calendar year in which you reach age 70½. This minimum distribution must be withdrawn by April 1 of the following calendar year. A minimum distribution for each subsequent year must be withdrawn by December 31 of that year. For example, if you reach age 70½ during 2003, you must withdraw the required minimum distribution for 2003 no later than April 1, 2004. You must withdraw the required minimum distribution for 2004 by December 31, 2004, the required minimum distribution for 2005 by December 31, 2005, etc.

IRS rules effective in 2002 make it easier for you to calculate your required minimum distribution. Under these rules an IRS uniform life expectancy table is used to determine required minimum distributions. The distribution period under the uniform table is the equivalent of the joint life expectancy of you and a beneficiary 10 years younger than you. (An actual joint life expectancy table may be used if your spouse is your sole beneficiary and is more than 10 years younger than you.) **The required minimum distribution amount for a year is determined by dividing the balance in your Traditional IRA (or IRAs) at the end of the prior year by your life expectancy as shown on the uniform table.** The life expectancy factor is determined using your attained age at the end of each distribution year. You are no longer required to elect whether or not to recalculate life expectancies because recalculation is built into the uniform table. Although the required minimum distribution rules have been, in some ways, simplified, they are still rather complex. Consult your tax adviser for assistance.

If you maintain more than one Traditional IRA, you must calculate the required minimum distribution separately for each Traditional IRA. However, you may withdraw the required minimum distribution amount from any of your Traditional IRAs; you do not have to withdraw the required minimum distribution for a particular Traditional IRA from that account.

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

You should consult your own tax or financial advisor with regard to the calculation of the amount of your minimum distribution each year because it is your responsibility to make sure that this requirement is met. The Custodian is not required to advise you about required minimum distributions and will process a withdrawal from your Traditional IRA only in accordance with your specific instructions. If you do not instruct the Custodian to distribute an amount to you, the Custodian will assume that you are withdrawing the required minimum distribution from another IRA.

(c) Amounts paid to you from your Traditional IRA are taxable as ordinary income, except that you recover your nondeductible Traditional IRA contributions tax free. The special tax rules that permit recipients of certain lump sum distributions from other tax-qualified retirement plans to get certain tax advantages (such as capital gains treatment or ten-year averaging) do not apply to distributions from Traditional IRAs.

(d) If you have ever made nondeductible contributions to any Traditional IRA, you must use a special formula to determine the portion of the distribution that is excludible from ordinary income and not subject to taxation. The distribution amount excluded from income for the taxable year is determined by multiplying the amount withdrawn by a fraction, the numerator of which is your aggregate non-deductible Traditional IRA contributions remaining in all your Traditional IRAs and the denominator of which is the aggregate balance of all your Traditional IRAs at the end of the year plus the amount withdrawn during the year. For example, suppose an individual withdraws \$1,000 from a Traditional IRA to which both deductible and non-deductible contributions were made. At the end of the year, the account balance of all his or her Traditional IRAs is \$4,000 of which \$3,000 is non-deductible contributions. First, add the amount withdrawn back to the account balance. Divide the non-deductible contributions amount by the account balance with the withdrawal added back. This portion of the withdrawal is considered a nontaxable withdrawal of prior non-deductible contributions. The amount excludible from income in this example is \$600 ($\$3,000/\$5,000 \times \$1,000$). It should also be pointed out that, in the event you receive a distribution from your Traditional IRA within the last 60 days of the calendar year, if you do not roll this amount into another Traditional IRA by December 31 but you do so after December 31 and before the 60th day after the distribution, this amount must be added to the denominator of the fraction discussed above.

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

(e) **Prior Law Penalty on Excessive Withdrawals.** Earlier tax laws imposed a penalty equal to 15% of withdrawals from all retirement accounts (including this and other IRAs, 401(k) or other employer retirement plans, 403(b) arrangements and others) in a year exceeding a specified amount (initially \$150,000 per year). Also,

there was a 15% estate tax penalty on excess accumulations remaining in IRAs and other tax-favored arrangements upon your death. These 15% penalty taxes have been repealed.

10. PAYMENTS FROM YOUR TRADITIONAL IRA AFTER YOUR DEATH

If you die before all the funds held in your Traditional IRA have been distributed, the remaining funds in the account will be distributed to your designated beneficiary either outright or periodically, as selected by such beneficiary. The Custodian will make distributions to your beneficiary in accordance with his or her specific instructions.

Your beneficiary should be aware that he or she is subject to minimum distribution rules and it is his or her responsibility to make sure that the rules are met.

(a) **Death After Required Beginning Date.** Under the post-death minimum distribution rules, if you die after your Required Beginning Date, the funds remaining in your Traditional IRA must generally be distributed to your designated beneficiary over the beneficiary's single life expectancy. Calculating the beneficiary's life expectancy is performed differently depending on whether the beneficiary is your surviving spouse or another person.

(b) **Death Prior to Required Beginning Date.** If you die prior to your Required Beginning Date, all the funds in your Traditional IRA must be completely distributed to your designated beneficiary by December 31 of the year containing the fifth anniversary of your death. As an alternative, your designated beneficiary may receive distributions from your Traditional IRA, starting no later than December 31 of the year following the year of your death, over a fixed period that is no longer than his or her single life expectancy. If the beneficiary does not start receiving life expectancy distributions by the December 31 deadline, the beneficiary must comply with the five-year distribution rule. If your beneficiary is your surviving spouse, distribution of funds from your Traditional IRA can be made to him or her over a fixed period that is no longer than his or her life expectancy and commencing at any date prior to December 31 of the year in which you would have attained age 70½. In all instances, if your designated beneficiary is your surviving spouse, the spouse may also elect to rollover the funds in your Traditional IRA into his or her own account or treat your Traditional IRA as his or her own by making contributions to it. In this case, he or she is not required to make withdrawals from the Traditional IRA until April 1 following the year in which he or she reaches age 70½.

(c) **General Information about the RMD Rules.** The minimum distribution rules for beneficiaries are complex. Failure to satisfy the required minimum distribution rules may subject your beneficiary to an IRS penalty tax of 50% of the difference between the minimum required distribution and the amount actually distributed for a year (unless the IRS waives or reduces the penalty tax because the beneficiary shows that the failure was due to reasonable cause and the beneficiary is taking reasonable steps to remedy the problem). Your beneficiary should consult a qualified professional to insure that the rules are being satisfied. The Custodian will not calculate required minimum distributions, but will only process withdrawal requests as instructed by the beneficiary.

The designation of a beneficiary to receive funds from your Traditional IRA at your death is not considered a transfer subject to Federal gift taxes. However, any funds remaining in your Traditional IRA at your death would be includible in your Federal gross estate.

Be sure to keep your designation of beneficiary up-to-date as your personal or financial circumstances change. You may file a new designation of beneficiary form at any time with the Custodian. If no designation of beneficiary is in effect at your death, or if all designated beneficiaries have predeceased you, the balance in your account will be paid to your estate.

Selecting a beneficiary or beneficiaries can have important tax and financial planning implications. For example, special rules apply if you have multiple beneficiaries, or if you designate a beneficiary that is not an individual (for example, a trust or estate), or if you have no beneficiary. Also, depending on your individual situation, the required minimum distribution rules may be affected by distributions of a beneficiary's entire interest, or by a disclaimer filed by a beneficiary, or where there are multiple designated beneficiaries by establishing separate accounts for each one. In general, to affect how the minimum distribution rules apply, any such actions must be implemented by September 30 of the year following the year of your death. Consult a qualified professional for advice if needed, particularly if the Traditional IRA balance is substantial or if income tax planning for the designated beneficiaries is important. Also, be sure to consult a qualified professional if you live in a community or marital property state to be sure that your designation of beneficiary complies with legal requirements in those states.

11. TAX-FREE ROLLOVERS

(a) **General Rules.** Under certain circumstances, you can receive a distribution from a Traditional IRA, or from an employer's qualified plan, or from a tax-sheltered annuity or other arrangement under Section 403(b) of the Code, or from certain governmental deferred compensation plans under Section 457 of the Code, and transfer the amount received to a Traditional IRA without including the distribution in your income for Federal income tax purposes. Such a "tax-free rollover" must be completed within 60 days after you receive the distribution. A transfer from a qualified plan or 403(b) arrangement or 457 plan directly to a Traditional IRA is a way to avoid the required 20% income tax withholding requirements. Most distributions from qualified plans or 403(b) accounts or certain 457 plans are subject to 20% withholding unless transferred directly to another qualified plan, 403(b) arrangement, 457 plan or Traditional IRA (this is called a "direct rollover").

Withdrawals from your Traditional IRA that are considered to include after-tax amounts (that is, amounts representing non-deductible contributions by you) may be rolled over only into another Traditional IRA, not other kinds of tax-deferred arrangements.

Effective for distributions on or after January 1, 2002, the IRS may waive the 60 day rollover period requirement and the applicable taxes if the IRS is convinced that there was reasonable cause for missing the deadline, such as casualty, disaster or other events beyond your reasonable control.

There are complex, specific rules for each kind of transfer and the 60 day rollover period requirement, so you should consult your tax advisor or the IRS if you have questions about the rules.

Rollover contributions are not subject to the limits on annual contributions to a Traditional IRA. However, all amounts in your Traditional IRA, including rollover contributions, are subject to the rules discussed above concerning the time and method of withdrawal.

(b) **Traditional IRA-to-Traditional IRA Rollover.** If you have a Traditional IRA, you can withdraw all or part of the amount in that account and transfer (or rollover) all or part of the amount withdrawn to another Traditional IRA. The amount rolled over will not be subject to federal income tax (or the 10% premature withdrawal penalty) if you complete the rollover within 60 days after the withdrawal. After a Traditional IRA-to-Traditional IRA tax-free rollover, you must wait at least a year before making another rollover from the same IRA. In addition, after Traditional IRA assets are rolled over from one IRA to another, a second rollover of the same assets cannot be made for a full year.

(c) **Direct Transfer.** As an alternative to a rollover, arrangements may be made for a direct transfer from one Traditional IRA custodian or trustee to another. The one-year waiting period does not apply to direct transfers from one Traditional IRA custodian or trustee to another.

(d) **Rollovers from Qualified Plan, 403(b) Arrangement or 457 Plan to Traditional IRA.** Most distributions from a qualified plan, 403(b) arrangement or governmental 457 plan are now eligible for rollover to a Traditional IRA. The main exceptions are:

- payments over the lifetime or life expectancy of the participant (or participant and a designated beneficiary),
- installment payments for a period of 10 years or more,
- required distributions under the age 70½ rules, and
- hardship withdrawals.

Under prior law, distributions of after-tax amounts (for example, distributions representing a return of any after-tax contributions you made to a plan if it permitted such contributions) could not be rolled over. Recently, the tax laws were changed to permit a rollover of after-tax amounts that are part of an eligible rollover distribution.

If you will receive an eligible distribution from a qualified plan, 403(b) account or governmental 457 plan account, you can defer paying taxes by requesting the plan administrator or 403(b) sponsor to transfer the distribution amount directly to a Traditional IRA in a direct rollover. Or, you may receive the distribution and roll it over to a Traditional IRA within 60 days after you receive the distribution. However, unless you elect a direct rollover of your distribution, the person making payment **MUST WITHHOLD 20% OF YOUR DISTRIBUTION** for Federal income taxes. Your plan sponsor will provide you with a notice concerning direct rollovers, regular 60-day rollovers and withholding taxes before you receive your distribution.

(e) **Traditional IRA to Employer-Sponsored Retirement Plans.** Starting in 2002, you may rollover, directly or indirectly, any eligible rollover distribution from an IRA to an employer's qualified retirement plan, 403(b) arrangement, or governmental 457 deferred compensation plan. An eligible rollover distribution from a Traditional IRA is any taxable distribution from a Traditional IRA that is not a part of a required minimum distribution. The IRA does not have to be maintained as a conduit IRA in order to be eligible to rollover to an employer-sponsored retirement plan.

(f) **Rollovers by a Surviving Spouse.** If a surviving spouse receives a distribution from a qualified plan or 403(b) because of the employee-spouse's death, the surviving spouse may be able to defer income taxes by having all or a part of the distribution transferred directly to a Traditional IRA.

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

You are eligible to convert a Traditional IRA to a Roth IRA if, for the year of the conversion, your adjusted gross income (AGI) on your tax return is \$100,000 or less. The same limit applies to married and single taxpayers, and the limit is not indexed to cost-of-living increases. Married taxpayers are eligible to convert a Traditional IRA to a Roth IRA only if they file a joint income tax return; married taxpayers filing separately are not eligible to convert. However, if you file separately and have lived apart from your spouse for the entire taxable year, you are considered unmarried, and the fact that you are filing separately will not prevent you from converting.

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

(For more information on converting or rolling over into a Roth IRA, see the Disclosure Statement for Roth IRAs on page 21.)

(h) **Rules Applicable to All Rollovers.** The following general rules apply to all rollovers: (i) rollovers or transfers cannot include any amount you are required to receive for the year from a qualified plan or Traditional IRA under the required minimum distribution rules; (ii) under current rules, you must either receive a RMD distribution prior to the transfer (or rollover) or retain the RMD amount in the original IRA and withdraw it by your applicable distribution date; (iii) the rollover deposit must represent an eligible rollover distribution (from your IRA or employer's qualified retirement plan); (iv) if you want to keep track of rollover amounts separately, the Traditional IRA you set up to receive "rollover" amounts should be separate from a Traditional IRA you set up to receive annual contributions; however, starting in 2002, there is no longer a requirement for you to maintain a conduit IRA to hold a rollover from an employer-sponsored retirement plan; (v) rollover amounts you receive may not be deposited in your spouse's Traditional IRA or deducted on your Federal income tax return; and (vi) strict limitations apply to rollovers, and a variety of tax and financial planning issues should be considered in determining whether to make a rollover contribution. You should consult your own tax or financial advisor regarding these matters. Consulting a qualified professional advisor is especially important if you are making a rollover in the year you reach age 70½ or a subsequent year to avoid violating the minimum distribution rules by mistake.

Important: Please see **Disclosure Statement for All IRAs**, on page 24, which contains important information applicable to **all** Investors Bank IRAs.

DISCLOSURE STATEMENT FOR ROTH IRAS

INTRODUCTION: A Roth IRA is a trust or custodial account established for you (and your beneficiaries) in which the amounts contributed are **not deductible** on your federal income tax return, but earnings accumulate tax-free. If certain conditions are satisfied, withdrawals made from a Roth IRA may also be made tax free.

(Note: State tax treatment of your Roth IRA earnings and withdrawals may differ from federal treatment. You should consult your tax advisor for information regarding tax laws applicable in your state.)

In addition to the requirements found in the *Disclosure Statement for All IRAs*, current law requires that your Roth IRA agreement be in writing and be designated as a Roth IRA. Your contributions must be in cash, and, for any taxable year, cannot exceed the lesser of 100% of your compensation or the IRA annual contribution limit, unless the contribution is a rollover or conversion from a Traditional IRA or another Roth IRA. (See **Limit on Annual Contributions** below for more information about contributions to your Roth IRA.)

Unless you are a taxpayer with a very high adjusted gross income (“AGI”), you are also able to convert a Traditional IRA into a Roth IRA. The total amount converted will be taxed as income in the year in which it is converted, but the earnings will accumulate, and qualified withdrawals may be made, tax free. (See **Rollovers** below for more information about converting your Traditional IRA to a Roth IRA.)

1. ELIGIBILITY

You are eligible to make annual contributions to a Roth IRA if you receive compensation from employment, earnings from self-employment, or alimony.

Also, you may contribute to a different Roth IRA, established by your spouse and called a “spousal Roth IRA,” out of your compensation or earned income for any year. To contribute to a spousal Roth IRA, you and your spouse must file a joint tax return for the taxable year. Your spouse must establish a separate spousal Roth IRA to receive the contributions.

Unlike Traditional IRAs, you may continue (or open and begin) to make contributions to your Roth IRA (or a spousal Roth IRA) even after you (or your spouse) reach age 70½.

Additionally, you may transfer funds from one Roth IRA to another Roth IRA in a rollover. Also, you may convert a Traditional IRA to a Roth IRA by withdrawing from the Traditional IRA and then rolling over to a Roth IRA within 60 days. Such rollovers are described in paragraph 8 below.

2. LIMIT ON ANNUAL CONTRIBUTIONS

(a) You can make annual contributions to your Roth IRA of up to the IRA annual contribution limit, or 100% of your compensation or earned income, whichever is less, subject to the limitations on contributions (see the table below). Important: Your total contribution to all Roth and Traditional IRAs cannot exceed the annual limits listed below.

ROTH IRA ANNUAL CONTRIBUTION LIMITS	
YEAR	LIMIT
2002-2004	\$3,000
2005-2007	\$4,000
2008	\$5,000
2009 and future years	\$5,000 increased by cost-of living adjustments

(b) Beginning in 2002, if you are age 50 or older by the end of any year, you may make special “catch-up” contributions to your Roth IRA for that year in addition to the normal contribution. For 2002 through the end of 2005, the maximum special “catch-up” contribution is \$500 per year. From 2006 on the maximum special “catch-up” contribution will be \$1,000 per year. If you are age 50 or older by the end of a year, your catch-up limit is added to your IRA annual contribution limit (see the above table) for that year.

Although these are called “catch-up” contributions, they are available to anyone age 50 or older, whether or not they have previously contributed to a Roth IRA.

Note that the rules on contribution limits for Roth IRAs (see below) apply to special “catch-up” contributions.

(c) If each spouse has at least an amount equal to the annual contribution limit in compensation or earned income, each may make the maximum contribution to his or her individual Roth IRA, a total of up to twice the annual limit in Roth IRA contributions for the couple (subject to the limitations discussed in (g) below). However, if one spouse has less than the contribution limit in compensation or earned income, but both spouses together have twice the annual limit or more in compensation or earned income, it may be advantageous to use spousal Roth IRAs to maximize contributions (see (d) immediately below).

(d) You may also contribute up to the annual limit per account per year or 100% of joint compensation or earned income, whichever is less, to your own Roth IRA and a spousal Roth IRA for your spouse. (Amounts contributed can be divided between the two Roth IRAs as you choose, as long as no more than the annual limit is contributed to either Roth IRA.)

If the combined annual compensation for you and your spouse for a year is less than twice the annual limit, the spouse with the greater annual income may contribute up to his or her compensation amount, or the annual limit whichever is less. The other spouse may contribute up to his or her compensation limit, plus the difference between the other spouse’s compensation and contribution, if any.

(e) The maximum amount that can be contributed to all IRAs (Roth and Traditional) in a year is the annual contribution limit for an individual and twice the annual contribution limit for a married couple (with a spousal Roth IRA). The amount that may be contributed to your Roth IRA is always reduced by any amount that you have contributed to your Traditional IRAs for the year. (**Note:** Contributions to Roth IRAs are not reduced by the amount of contributions made to either a SEP IRA or a SIMPLE IRA. Current tax rules treat these amounts as having been contributed by your employer and will not affect your IRA contribution limit.)

(f) You may make annual contributions to your Roth IRA (or establish a new Roth IRA) and/or spousal Roth IRA anytime during a year, up to and including the due date (not including extensions) for filing your Federal income tax return for that year. If you intend to report contributions made to your Roth IRA between January 1 and April 15 as contributions for your prior tax year, you should clearly indicate on the Application form that such contributions have been made on account of such prior tax year. Otherwise, the Custodian will treat the contribution as a contribution for the current tax year.

(g) The amount you or your spouse may contribute to a Roth IRA is limited, based on your tax filing status and your (and your spouse’s) AGI. (AGI is based on income reported on your federal tax Form 1040 or 1040A. However, for purposes of determining Roth IRA contribution limits, make the following two adjustments: (i) do include in your AGI any deductible amount contributed to a Traditional IRA, and (ii) do not include any amount converted or rolled over from a Traditional IRA to a Roth IRA even though this results in additional income on your tax return. Contribution limits to Roth IRAs are based on AGI levels, as follows:

ROTH IRA CONTRIBUTION LIMITS

Filing Status	Full Contribution	Reduced Contribution	No Contribution
Single	Up to \$95,000	\$95,000 but less than \$110,000	\$110,000 or more
Married*	Up to \$150,000	\$150,000 but less than \$160,000	\$160,000 or more

*Note: Figures are for married filing jointly only. If you are married filing separately, your ability to contribute to a Roth IRA phases out at AGI levels between \$0 and \$10,000, and is lost entirely with AGI of \$10,000 or above.

In general, if your AGI falls in the “Reduced Contribution” range, your ability to contribute to your Roth IRA is phased out at a rate of 6.67% of the maximum annual contribution per \$1,000 of AGI for single individuals, and 10% of the maximum annual contribution per \$1,000 of AGI for married joint filers (and married filing separately), in excess of the phase out threshold (the AGI level at which the contribution limit goes from **Full Contribution** to **Reduced Contribution** in the table above).

When calculating your reduced Roth IRA contribution limit, you always round up to the next highest \$10. Therefore, your contribution limit is always a multiple of \$10. In addition, if your adjusted gross income is within the **Partial Contribution** range and your reduced contribution limit is more than \$0 but less than \$200, you are permitted to contribute up to \$200.

If AGI exceeds the **No Contribution** levels specified above (\$110,00 for single filers, \$160,000 for married joint filers) for a year, then you may not contribute to a Roth IRA for that year.

The Roth IRA Annual Contribution Limit is reduced by any contributions for the same year to a Traditional IRA (but not for contributions made to a SEP IRA or SIMPLE IRA). If you fall in the Reduced Contribution Range, the reduction formula applies to the Roth IRA contribution limit left after subtracting your contribution for the year to a Traditional IRA.

3. DEDUCTIBILITY OF CONTRIBUTIONS

Unlike contributions to a Traditional IRA, contributions to your Roth IRA are not deductible.

4. TAX CREDIT FOR CONTRIBUTIONS

Certain taxpayers may be eligible to take a credit on their federal income tax returns for a portion of their Roth IRA contributions. The amount of the credit depends upon your adjusted gross income. The credit phases out and is not available to taxpayers with adjusted gross income exceeding \$50,000 (married filing jointly), \$37,500 (filing as a head of household), or \$25,000 (single filer or married taxpayer filing separately). This credit is explained in more detail starting on page 24.

5. EXCESS CONTRIBUTIONS

(a) The maximum contribution you can make to a Roth IRA generally is the annual contribution limit or 100% of compensation or earned income, whichever is less, reduced by the amount of any contribution to a Traditional IRA for the same year. (This may be further reduced if you have high AGI, as discussed above.) Any amount, excluding conversion and rollover amounts, contributed to the Roth IRA above the maximum that applies for the year is an "excess contribution" for that year.

(b) A 6% excise tax will be imposed on any excess contributions made to your Roth IRA. This tax applies for each year in which the excess contribution remains in your Roth IRA.

(c) **Correction Before Tax Filing Deadline.** You can correct the excess without paying the 6% penalty by withdrawing the excess and any earnings on the excess before the due date (including extensions) for filing your federal income tax return for the year for which you made the excess contribution. Upon removing the excess contribution in this manner, the net earnings on the excess must be included in your income for the tax year for which the contribution was made and may be subject to a 10% premature withdrawal tax if you have not reached age 59½ (unless an exception to the 10% penalty tax applies). (Refer to IRS Publication 590 to see how earnings may be adjusted to reflect gain or loss.)

(d) **Correction After Tax Filing Deadline.** Any excess contribution not withdrawn by the tax return due date (including any extensions) for the year for which the contribution was made will be subject to the 6% excise tax. There will be an additional 6% excise tax for each subsequent year the excess remains in your account. In subsequent years, you may reduce the excess contributions in your account by simply making a withdrawal equal to the excess. Earnings need not be withdrawn. To the extent that no earnings are withdrawn, the withdrawal will not be subject to income taxes or possible penalties for premature withdrawals before age 59½.

(e) **Reduced Contributions in Later Years.** Excess contributions may also be corrected in a subsequent year if you contribute less than your Roth IRA contribution limit for that subsequent year. This is known as a “make-up” contribution and is allowed only to the extent that you “under-contribute” in the later year. As the prior excess contribution is reduced or eliminated, the 6% excise tax will become correspondingly reduced or eliminated for subsequent tax years.

6. TAX ON WITHDRAWALS FROM YOUR ROTH IRA

(a) **Qualified (Tax-Free) Withdrawals.** You can make withdrawals from your Roth IRA at any time and the principal amounts that you contribute are always available to be withdrawn by you tax-free. Withdrawals of amounts considered earnings or growth will also be tax-free if the following requirements are met: (i) the withdrawal must be made after any Roth IRA account you maintain that has been open for at least 5 years (the Roth IRA you are withdrawing from does not have to meet the 5-year rule as long as you have another Roth IRA that has been open for at least 5 years), and (ii) either you must be 59½ or older or one of the following must be true:

- (i) the withdrawal is made after your death or permanent disability;
- (ii) the withdrawal does not exceed qualified first-time homebuyer expenses incurred by you or your spouse, or a child, grandchild, parent or grandparent of you or your spouse. Qualified expenses include cost of acquisition or construction, including normal financing or closing costs. You are considered a “first-time homebuyer” if you had (and your spouse had if you are married) no ownership interest in a principal residence during the two years before the withdrawal in question. There is a lifetime limit of \$10,000 on qualified first-time homebuyer expenses for any one individual.

You are considered “disabled” for purposes of clause (i) if you are unable to engage in any substantial gainful activity because of a physical or mental impairment which can be expected to result in death or to be of long-lasting or indefinite duration.

For a Roth IRA that you opened and to which you made annual contributions, the 5-year period for a tax-free withdrawal starts with the year for which you made the initial contribution. For Roth IRAs started with amounts converted or rolled-over from a non-Roth IRA, the 5-year period for tax-free withdrawals begins with the year when you made the conversion or rollover. If you have more than one Roth IRA, once the 5-year period is completed for any of your Roth IRAs, it is considered to be completed for all of your Roth IRAs. (Note: A special exception to this 5 year rule applies to conversion amounts. If you converted a Traditional IRA to a Roth IRA and then make a withdrawal that is treated as coming from the converted amount before 5 years have elapsed from the year of the conversion, the 10% early withdrawal penalty may apply.)

(b) **Non-qualified (Taxable) Withdrawals.** If the requirements for a tax-free withdrawal are not met, a withdrawal consisting of your own prior contribution amounts to your Roth IRA will not be considered taxable income in the year you receive it, nor will the 10% penalty apply. A withdrawal that is considered dividends or gains on your contributions while in your Roth IRA is includible in your gross income in the taxable year you receive it, and may be subject to the 10% withdrawal penalty.

Tax treatment of withdrawals from your Roth IRA is based on the “character” of the amounts withdrawn. For these purposes all of your Roth IRA accounts are considered as one single account (including any Roth IRAs you have established with another custodian). The “character” of the amount withdrawn depends on the type of contribution from which the withdrawal is considered to be made. IRS rules dictate that all withdrawals are deemed to be made in the following order:

- First, from annual contributions until they are all considered to have been withdrawn.
- Second, from all conversion amounts (on a first-in, first-out basis) until they are all considered to have been withdrawn.
- Third, from earnings (including dividends and gains).

A withdrawal characterized as being from annual contributions will not be considered taxable income in the year you receive it, and it will not be subject to the 10% penalty. A withdrawal characterized as coming from amounts converted is also not considered to be taxable income in the year of the withdrawal, and is also not subject to the 10% premature withdrawal penalty. This is because you paid income taxes on the taxable amount converted when you converted. (The 10% penalty may apply if you withdraw amounts characterized as conversion amounts before 5 years have elapsed since the conversion.) (See above.)

Taxable withdrawals of dividends and gains from a Roth IRA are included in ordinary income in the year withdrawn, and may be subject to the 10% early withdrawal penalty. Withdrawals of taxable amounts from a Roth IRA are not eligible for averaging treatment currently available to certain lump sum distributions from qualified employer-sponsored retirement plans, nor are such withdrawals eligible for capital gains tax treatment.

Your receipt of any taxable withdrawal from your Roth IRA before you attain age 59½ generally will be considered a premature withdrawal and subject to an IRS 10% penalty tax. The 10% penalty tax will not apply if any of the following exceptions applies:

- (i) the withdrawal is made after your death or permanent disability;
- (ii) the withdrawal is an exempt withdrawal of an excess contribution with earnings;
- (iii) the withdrawal does not exceed the amount of your deductible medical expenses for the year in which you made the withdrawal; generally, medical expenses paid during a year are deductible if they are not paid by health insurance and they exceed 7.5% of your adjusted gross income for that year;
- (iv) the withdrawal does not exceed the premiums you paid for medical insurance for yourself, your spouse and your dependents during the year; however, you must have been unemployed and received Federal or state unemployment compensation payments for at least 12 weeks, and you must make the withdrawal during the year in which you received the unemployment compensation payments or during the following year, but not after you have been reemployed for at least 60 days; or
- (v) the withdrawal is validly rolled over into another Roth IRA within 60 days;

- (vi) the withdrawal does not exceed certain eligible higher education expenses for yourself, your spouse, your child or grandchild. Eligible expenses include tuition, fees, books, supplies and equipment necessary for attending a qualified higher education institution. Room and board expenses may be eligible if the individual is attending at least half time;
- (vii) the withdrawal does not exceed qualified first-time homebuyer expenses incurred by you or your spouse, or a child, grandchild, parent or grandparent of you or your spouse. Qualified expenses include cost of acquisition or construction, including normal financing or closing costs. You are considered a “first-time homebuyer” if you did not have (or, if you are married, neither you nor your spouse had) an ownership interest in a principal residence during the two years before the withdrawal in question. There is a lifetime limit of \$10,000 on qualified first-time homebuyer expenses for any one individual; or
- (viii) the distribution is made pursuant to an IRS levy to pay overdue taxes.

The 10% penalty tax may also apply (unless there is an exception) if an amount from a non-Roth IRA is converted to a Roth IRA and then a withdrawal of this converted amount is made within 5 years after the conversion. This rule is an exception to the usual Roth IRA rule that once the 5 year requirement is satisfied for one Roth IRA, it is satisfied for all Roth IRAs.

The 10% premature distribution tax discussed above does not apply to the portion of your Roth IRA distribution which is not includible in your gross income.

All withdrawals from Roth IRAs are reported to the IRS by the Custodian on Form 1099-R (as required). The Custodian completes Form 1099-R based on your Roth IRA account held with the Custodian. Since all Roth IRAs are considered together when determining the tax treatment of any withdrawal, and since you may have Roth IRAs with other custodians, you have the sole responsibility for correctly reporting withdrawals on your tax return.

To accurately maintain records and complete required tax forms, you may be required to establish separate Roth IRAs to hold annual contributions and conversion amounts. You may also be required to establish separate Roth IRAs for amounts converted in different calendar years. These requirements will be noted in the Adoption Agreement for your Roth IRA or you may be advised of these requirements in writing by the Custodian or the Service Company. Separate accounts may be needed due to recordkeeping system requirements. If such separate Roth IRAs are not necessary, you may commingle annual contribution amounts and conversion amounts in a single Roth IRA account.

7. REQUIRED PAYMENTS FROM YOUR ROTH IRA

(a) **During your Lifetime.** Unlike a Traditional IRA, the minimum distribution rules do not apply to Roth IRAs, so you are not required to begin receiving distributions from your Roth IRA account when you reach age 70½.

(b) **After your Death.** If you die before all the funds held in your Roth IRA have been withdrawn, the following rules apply:

- (i) If you die and your beneficiary is not your surviving spouse, your beneficiary’s withdrawals will either be tax-free or subject to income taxes depending on whether or not the requirements for a qualified tax-free withdrawal are met. If the requirements are not met, the amount of tax owed will depend on the character of the contribution withdrawn, using the ordering rules discussed above, except that the Roth IRAs owned by your beneficiary in his or her own right are not taken into account. The 10% premature withdrawal penalty will not apply because withdrawals following your death are an exception to the 10% penalty tax (see above).

- (ii) After your death, there are IRS rules on the timing and amount of distributions. In general, the amount in your Roth IRA must be distributed by the end of the fifth year after your death. **However, distributions to a designated beneficiary that begin by December 31 of the year following the year of your death and that are paid over the life expectancy of the beneficiary satisfy the rules.** If the beneficiary does not start receiving life expectancy distributions by the December 31 deadline, the beneficiary must comply with the five year distribution rule. Also, if your surviving spouse is your designated beneficiary, the spouse may defer the start of distributions until you would have reached age 70½ had you lived.

- (iii) If your surviving spouse is the beneficiary, the surviving spouse may elect either to receive withdrawals as a beneficiary, or to treat your Roth IRA as the surviving spouse's own Roth IRA.
 - A) If the surviving spouse elects to receive withdrawals as a beneficiary, the rules discussed in the preceding paragraph (ii) will apply to the surviving spouse.
 - B) If the surviving spouse elects to treat your Roth IRA as the surviving spouse's own, the following rules apply:
 - 1. the surviving spouse will be treated as having had a Roth IRA for five years (one of the requirements for tax-free withdrawals) if either your Roth IRA or any of the surviving spouse's Roth IRAs have been established for at least five years; and
 - 2. all nonqualified, taxable withdrawals will be subject to the 10% penalty tax unless an exception applies to the spouse. (This is so because the surviving spouse has elected to treat your Roth IRA as his or her own Roth IRA and thus the exception for payments following death does not apply.)

- (iv) If you die before your entire account has been withdrawn and if the beneficiary is other than your surviving spouse, no additional cash contributions or rollover contributions may be accepted in the account.

- (v) Failure to satisfy the required minimum distribution rules may subject your beneficiary to an IRS penalty tax of 50% of the difference between the minimum required distribution and the amount actually distributed for a year (unless the IRS waives or reduces the penalty tax because the beneficiary shows the failure was due to reasonable cause and the beneficiary is taking reasonable steps to remedy the problem).

- (vi) The designation of a beneficiary to receive funds from your Roth IRA at your death is not considered a transfer subject to Federal gift taxes. However, any funds remaining in your Roth IRA at your death would be includible in your Federal gross estate.

- (vii) Be sure to keep your designation of beneficiary up-to-date as your personal or financial circumstances change. You may file a new designation of beneficiary form at any time with the Custodian. If no designation of beneficiary is in effect at your death, or if all designated beneficiaries have predeceased you, the balance in your account will be paid to your estate.

- (viii) Selecting a beneficiary or beneficiaries can have important tax and financial planning implications. In addition, the minimum distribution rules that apply following your death are complex. For example, special rules apply if you have multiple beneficiaries, or if you designate a beneficiary that is not an individual (for example, a trust or estate), or if you have no beneficiary. Also, depending on your individual situation, how the required minimum distribution rules apply may be affected by distributions of a beneficiary's entire interest, or by a disclaimer filed by a beneficiary, or where there are multiple designated beneficiaries by establishing separate accounts for each one. In general, to affect how the minimum distribution rules apply, any such actions must be implemented by September 30 of the year following the year of your death. Consult a qualified professional for advice if needed, particularly if the IRA balance is substantial or if income tax planning for the designated beneficiaries is important. Also, be sure to consult a qualified professional if you live in a community or marital property state to be sure that your designation of beneficiary complies with legal requirements in those states.

8. ROLLOVERS, CONVERSIONS, AND RECHARACTERIZATIONS

(a) **General Rules.** You may rollover any amount from an existing Roth IRA to another Roth IRA. Under certain circumstances, you may also convert an existing Traditional IRA to a Roth IRA.

There are complex, specific rules governing rollovers and conversions, so you should consult your tax advisor or the IRS if you have further questions about the rules.

Rollover contributions are not subject to the limits on annual contributions to a Roth IRA. However, all amounts in your Roth IRA, including rollover amounts, are subject to the rules discussed above concerning withdrawals.

(b) **Roth IRA-to-Roth IRA Rollover.** If you have a Roth IRA, you can withdraw all or part of the amount in that account and transfer all or part of the amount withdrawn to another Roth IRA. Any taxable amount rolled over will not be subject to Federal income tax (or the 10% premature withdrawal penalty) if you complete the rollover within 60 days after the withdrawal. After a Roth IRA-to-Roth IRA tax-free rollover, you must wait at least one year before making another Roth IRA-to-Roth IRA rollover from the same Roth IRA. In addition, after Roth IRA assets are rolled over from one IRA to another, a second rollover of the same assets cannot be made for a full year.

(c) **Direct Transfer.** As an alternative to a rollover, arrangements may be made for a direct transfer from one Roth IRA custodian or trustee to another. The one-year waiting period does not apply to direct transfers from one Roth IRA custodian or trustee to another.

(d) **Rollovers from a Qualified Plan, 403(b) Arrangement or Governmental Section 457 Plan.** Direct rollovers from a qualified plan, 403(b) arrangement or governmental Section 457 Plan to a Roth IRA are not allowed.

(e) **Traditional IRA to a Roth IRA Rollover/Conversion.** You may convert an existing Traditional IRA into a Roth IRA if your adjusted gross income ("AGI") for the year of the conversion is \$100,000 or less. (AGI is your income reported on Form 1040 or 1040A reduced by the taxable amount converted. This limit applies to both married and single taxpayers, and the limit is not indexed for cost of living increases.)

- (i) Required minimum distributions from your Traditional IRAs if you are age 70½ or over may never be converted to a Roth IRA.
- (ii) A married taxpayer is eligible to convert or rollover a Traditional IRA to a Roth IRA only if a joint tax return is filed; married taxpayers who file separately are not eligible to convert or rollover from a Traditional IRA to a Roth IRA. (Note: A special rule permits

married individuals who have lived apart for the entire tax year to convert from a Traditional IRA to a Roth IRA even if they file separate tax returns.) You may convert an existing Traditional IRA with the Custodian to a Roth IRA by completing and filing the appropriate documents (a new Application and Adoption Agreement designating the new IRA as a Roth IRA). This will not involve a change of investments. If you have a Traditional IRA with another custodian or trustee, you may complete an Application and Adoption Agreement establishing a Roth IRA with the Custodian, and you may either withdraw the amount in the other Traditional IRA and roll it over to your new Roth IRA with the Custodian within 60 days (subject to the restrictions on rollovers) or you may complete a Transfer Authorization/Letter of Acceptance directing your current Traditional IRA custodian or trustee to transfer the desired amount to your new Roth IRA with the Custodian. If you withdraw amounts from a Traditional IRA at or near the end of one calendar year and complete a rollover within 60 days of the withdrawal, the conversion will be treated as completed during the calendar year in which the withdrawal occurred, even if the rollover is completed in the following calendar year. (However, the five year waiting period for qualified non-taxable withdrawals will commence in year of the rollover deposit.)

- (iii) The taxable amount you convert or rollover from a Traditional IRA to a Roth IRA is considered taxable income for the year in which the transaction occurred.

Unless you elect otherwise, the IRS withholding rules will apply to amounts converted from a Traditional IRA (or SEP IRA or SIMPLE IRA — see below) to a Roth IRA. **Note:** Withholding income tax from converted amounts may have a negative impact on the Roth IRA's earnings potential. Consult your financial advisor to determine whether a conversion makes sense for you and whether you should pay taxes from other funds you have in order to convert the entire Traditional IRA and thereby maximize the potential benefits of converting.

(f) **Recharacterization.** A conversion can be undone—*recharacterized*—by notifying the custodian or trustee of each IRA (the custodian of the first IRA—the Traditional IRA you converted - and the custodian of the second IRA—the Roth IRA that received the conversion) before the due date (including any extensions you receive) for filing your federal income tax return for the year of the conversion. The amount you want to recharacterize by transferring back to the first custodian is treated for income tax purposes as if it had not been converted; *i.e.*, it is recharacterized as a Traditional IRA.

However, the transfers involved in the original conversion and in the transfer back are reportable to the IRS by the Custodian. This process is referred to as a “recharacterization.” Net income on the amount recharacterized must accompany it back to the Traditional IRA.

Current rules permit you to recharacterize for any reason whatsoever. (Also, recharacterization is not restricted to amounts converted from a Traditional IRA to a Roth IRA. Annual contributions made to a Traditional IRA may, for example, be recharacterized as contributed to a Roth IRA, or vice versa.) The election to recharacterize must be made by the due date for filing your federal tax return for the year.

If you convert and then recharacterize at any time during a year, you may not convert the recharacterized amount to a Roth IRA again until the later of (i) the year following the year of the original conversion, or (ii) the 31st day after the recharacterization. If a Traditional IRA is converted to a Roth IRA and then recharacterized back to a Traditional IRA, the recharacterized amount cannot be converted to a Roth IRA again until the beginning of the next tax year after your conversion, or the 31st day after the recharacterization, whichever is later.

Any attempted conversion made during the prohibited period (that is, prior to the later of the beginning of the year after the original conversion or the 31st day after the recharacterization) will be invalid, and

may be subject to penalties. However, these penalties can be avoided if the amounts are recharacterized back to the Traditional IRA.

If you convert from a Traditional IRA to a Roth IRA and then recharacterize because you did not meet the eligibility requirements (for example, your AGI was more than \$100,000 or you were married and filed separately), this recharacterization does count when determining the total number of recharacterization-conversions you may complete. However, if a conversion fails only because it follows a recharacterization and is made within the prohibited period, it is not counted for purposes of computing a new prohibited period. For example, if you convert a Traditional IRA to a Roth IRA in June, 2002 and then recharacterize in September, 2002 and then convert the account to a Roth IRA again in December, 2002, the second conversion must be recharacterized to avoid penalties since it is made during the prohibited period. Once it is recharacterized, however, you may convert to a Roth IRA again after January 1, 2003 (even though this conversion is performed before the end of the 30-day period after the recharacterization of the December conversion).

Caution: These rules are complex. **You should consult a competent tax professional for assistance.** Also, the IRS has changed the recharacterization/conversion rules several times and may change them again. Always check with your tax advisor for the latest developments and advice on how these rules apply in your individual situation.

<p>Important: Please see Disclosure Statement for All IRAs, on the following page, for important information applicable to all Investors Bank IRAs.</p>
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DISCLOSURE STATEMENT FOR ALL IRAS

1. GENERAL INFORMATION

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

2. RIGHT TO REVOKE

You have the right to revoke your Traditional IRA or Roth IRA within seven (7) days of your signing the Application. You may revoke your Traditional IRA or Roth IRA by mail or by delivery of written notice to the Service Company, the name and address of which appear on the IRA Application.

If you revoke your Traditional IRA or Roth IRA, you are entitled to a full return of the contribution without any adjustment for sales charges, administrative expenses or market fluctuations. If you have any questions concerning your right of revocation, please call your Service Company during regular business hours.

3. FEDERAL TAX CONCERNS

(a) Deductible and non-deductible contributions to your Traditional IRA or Roth IRA are reported by you on your IRS Form 1040 or Form 1040A. You may choose to file your federal income tax return before it is due (without extensions) and report your Traditional IRA or Roth IRA contributions before they are made. You must, however, make the contributions by the due date (without extensions) of such return. To the extent that your contribution to your Traditional IRA is deductible, you may claim a deduction on your tax return.

(Note: Contributions to a Roth IRA are never deductible.) To the extent your contribution to your Traditional IRA is not deductible, you must designate it on Form 8606. There is a \$100 penalty each time you overstate the amount of your non-deductible contributions unless you can prove that the overstatement was due to reasonable cause. You must also report distributions received from your Traditional IRA or Roth IRA, and any conversions or recharacterizations on Form 8606 in any year in which you make any of these transactions. If you fail to file a required Form 8606, there is a \$50 penalty for each such failure unless you can prove the failure was due to a reasonable cause. (Note: The IRS may adopt additional reporting requirements for either Traditional IRAs or Roth IRAs. Check with the IRS or your tax advisor, or check the instructions with your IRS Form 1040 or Form 1040A.)

(b) **Special Note:** This Disclosure Statement discusses the effect and requirements of the federal tax laws. You should check with your tax advisor or state revenue or tax department with regard to the applicable tax laws of your state. In some states, state income tax treatment of contributions or distributions from an IRA are different from the federal treatment (which is described in this booklet).

(c) IRS Form 5329 is required as an attachment to Form 1040 (or separately if you do not file a Form 1040) for any year that contribution limits are exceeded, a premature distribution takes place, less than the required minimum amount is distributed from a Traditional IRA, or a prohibited transaction (described in paragraph 4 below) takes place.

(d) Beginning in 2002, if you make contributions to an IRA, you may be eligible for a tax credit, called the "saver's credit." This credit could reduce any federal income tax you pay dollar-for-dollar. The amount of the credit you get is based on the contributions you make and your credit percentage. The credit percentage can be as low as 10 % or as high as 50%, depending on your adjusted gross income—the lower your income, the higher the credit percentage. The credit percentage also depends on your filing status. See the tables below to determine your credit percentage.

The maximum contribution taken into account for the credit for an individual is \$2,000. If you are married filing jointly, the maximum contribution taken into account for the credit is \$2,000 each for you and your spouse.

The credit is available to you if you:

- Are 18 or older,
- Are not a full-time student,
- Are not claimed as a dependent on someone else’s return, and
- Have adjusted gross income (shown on your tax return for the year of the credit) that does not exceed:
 - \$50,000 if you are married filing jointly,
 - \$37,500 if you are a head of household with a qualifying person, or
 - \$25,000 if you are single or married filing separately.

The annual contribution eligible for the credit may have to be reduced by any taxable distributions from a retirement plan or IRA that you or your spouse receive during the year you claim the credit, during the 2 preceding years, or during the period after the end of the year for which you claim the credit and before the due date for filing your return for that year. A distribution from a Roth IRA that is not rolled over is taken into account for this reduction, even if the distribution is not taxable. After these reductions, the maximum annual contribution eligible for the credit per person is \$2,000.

The amount of your saver’s credit will not change the amount of your refundable tax credits. A refundable tax credit, such as the earned income credit or the refundable amount of your child tax credit, is an amount that you would receive as a refund even if you did not otherwise owe any taxes.

The amount of your saver’s credit in any year cannot exceed the amount of tax that you would otherwise pay (not counting any refundable credits or the adoption credit) in any year. If your tax liability is reduced to zero because of other nonrefundable credits, such as the Hope Scholarship Credit, then you will not be entitled to the saver’s credit.

“SAVER’S CREDIT” RATES

If your income tax filing status is “married filing joint” and your adjusted gross income is:	Your saver’s credit percentage is:
\$0-\$30,000	50% of contribution
\$30,001-\$32,500	20% of contribution
\$32,501-\$50,000	10% of contribution
Over \$50,000	credit not available
If your income tax filing status is “head of household” and your adjusted gross income is:	Your saver’s credit percentage is:
\$0-\$22,500	50% of contribution
\$22,501-\$24,375	20% of contribution
\$24,376-\$37,500	10% of contribution
Over \$37,500	credit not available
If your income tax filing status is “single,” “married filing separate,” or “qualifying widow(er)” and your adjusted gross income is:	Your saver’s credit percentage is:
\$0-\$15,000	50% of contribution
\$15,001-\$16,250	20% of contribution
\$16,251-\$25,000	10% of contribution
Over \$25,000	credit not available

4. PROHIBITED TRANSACTIONS

(a) If you engage in a so-called "prohibited transaction" as defined in the Internal Revenue Code, your Traditional IRA or Roth IRA will be disqualified and the entire taxable balance in your Traditional IRA account, and the amount of earnings or gains in your Roth IRA, will be taxed as ordinary income during the year in which such transaction occurs. You may also have to pay the 10% penalty tax on premature distributions.

A "prohibited transaction" includes:

- (i) the sale, exchange, or leasing of any property between your Traditional IRA or Roth IRA account and you;
- (ii) the lending of money or other extension of credit between your Traditional IRA or Roth IRA account and you;
- (iii) the furnishing of goods, services, or facilities between your Traditional IRA or Roth IRA account and you; or
- (iv) the transfer of assets of your Traditional IRA or Roth IRA account for your use or for your benefit.

(b) If you pledge all or part of your Traditional IRA or Roth IRA as security for a loan, or invest your Traditional IRA or Roth IRA in "collectibles" such as art, antiques, coins (other than certain United States gold silver, and platinum coins or coins issued by a state government and certain precious metal bullion) or gems, the amount so pledged or invested is considered by the Internal Revenue Service to have been distributed to you and will be taxed as ordinary income during the year in which you make such pledge or investment. You may also have to pay the 10% premature distribution tax.

(c) Amounts withdrawn from your Traditional IRA or Roth IRA are subject to withholding of Federal income tax in the amount of 10% of the withdrawal unless you direct no withholding. Form W-4P provides a space to elect against withholding, and contains additional information on withholding. To make a withdrawal or to establish a program of installment withdrawals, simply complete the Withdrawal Form and the W-4P Form and send both forms to the Service Company which invests your funds.

(d) If you indicate on your distribution form or instructions that your Roth IRA distribution is not taxable (as outlined on pages 17-18), no federal income tax will be withheld. If you do not indicate that your distribution is not taxable, federal income tax may be withheld at a flat rate of 10% of the withdrawal, unless you elect not to have tax withheld. Withdrawals from a Roth IRA are not subject to the mandatory 20% income tax withholding that applies to most distributions from qualified plans or 403(b) accounts that are not directly rolled over to another plan or IRA.

(e) For Traditional IRAs, be sure to start withdrawals no later than the Required Beginning Date to avoid penalties for insufficient withdrawals. Also, remember that the minimum amount required to be withdrawn may change from year to year because of earnings or changes in the value of your account. Therefore, if you have established a program of installment withdrawals in a specified dollar amount, you should submit a new Withdrawal Form each year if you need (or want) to adjust the amount of each installment.

(f) If tax, estate, or financial planning considerations affect the timing of your Traditional IRA or Roth IRA withdrawals, be sure to consult a qualified professional.

5. CUSTODIAN

The Custodian of your Traditional IRA or Roth IRA is **Investors Bank & Trust Company**. The Custodian, through the Service Company, will invest your contributions and earnings in accordance with your instructions in any of the investment vehicles permitted under the Individual Retirement Custodial Account Agreement. You will receive periodic reports describing each transaction in your account, and proxies on securities will be sent to you to vote as you wish. Since the investment of your account is at your discretion and return of the permissible investment vehicles is generally not guaranteed, growth in the value of your account cannot be projected or guaranteed.

For information concerning the custodial charges and service charges which will be assessed against your account by Investors Bank & Trust Company, or by the Service Company, be sure to read the schedule of charges attached to this Statement. Custodial and service charges may be changed or adjusted on thirty days' notice to you. In addition, you will incur normal brokerage commissions on the purchases and sales of securities. Before making any decision whatsoever to establish an IRA, you should carefully review all applicable commissions with your Service Company representative. In addition, there may be sales charges or management or other fees assessed against securities held in your IRA, including mutual fund shares. Be sure to read carefully the prospectus describing any securities, including mutual fund shares, you are considering as an investment for your IRA for a description of the investment objectives and policies plus a description of applicable fees and charges. Read the prospectus carefully before investing.

6. ADDITIONAL INFORMATION

(a) Your Traditional IRA or Roth IRA will help build your retirement income. Your Traditional IRA or Roth IRA funds are non-forfeitable. They are always yours (subject to investment fluctuations), and will be invested according to your agreement with the Custodian. Your Traditional IRA or Roth IRA will be clearly identified as your property and will not be commingled with property of any other depositor.

(b) **Articles I through VII of the Terms and Conditions for Traditional IRAs** use the precise language of Form 5305-A, currently provided by the Internal Revenue Service, and has therefore been approved as a form to use as a qualified Traditional Individual Retirement Account. The IRS approval of the form does not represent a determination as to the merits of the account. It simply means that the form of the printed Terms and Conditions for Traditional IRAs document satisfies the requirements of the IRS. However, if you adopt and maintain your Traditional IRA within the stated guidelines, you may assume that the Terms and Conditions for Traditional IRAs meet all requirements for a bona fide individual retirement plan under federal income tax law.

(c) **Articles I through VII of the Terms and Conditions for Roth IRAs** use the precise language of Form 5305-RA, currently provided by the Internal Revenue Service, and has been therefore approved as a form to use as a qualified Roth Individual Retirement Account. The IRS approval of the form does not represent a determination as to the merits of the account. It simply means that the form of the printed Terms and Conditions for Roth IRAs document satisfies the requirements of the IRS. However, if you adopt and maintain your Roth IRA within the stated guidelines, you may assume that the Terms and Conditions for Roth IRAs meet all requirements for a bona fide individual retirement plan under federal income tax law.

(d) Further information concerning your Traditional IRA or Roth IRA can be obtained from any district office of the Internal Revenue Service.

(e) You should consult with your tax or financial advisor to determine whether this Individual Retirement Custodial Account is the right investment for you, since we cannot offer legal, tax or financial advice.

(f) This Disclosure Statement provides a non-technical explanation of the terms and conditions of your Traditional IRA or Roth IRA account. However, the provisions of the Terms and Conditions and the Application govern in any instance where the Disclosure Statement is incomplete or appears to conflict. This Disclosure Statement reflects the provisions of the Internal Revenue Code in effect as of the date the Disclosure Statement was prepared. Please consult your tax advisor for more complete information and to review any applicable tax law changes. Refer to IRS Publication 590 or visit the IRS website, www.irs.gov, for additional information.

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