Form **5305** (January 1975)
Department of the Treasury
Internal Revenue Service

Individual Retirement Trust Account

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

Do NOT File with Internal Revenue Service

State of ▶ .... } SS
County of ▶

This Agreement, entered into as of this .... day of ...., 19........, by and between .... (hereinafter referred to as "Grantor") (Grantor's date of birth .... and social security number ....), presently residing at ...., and .... (hereinafter referred to as "Trustee"), having its principal place of business at ....

Witnesseth:

Whereas, the Grantor desires to provide for his retirement and for the support of his beneficiaries upon his death; and

Whereas, to accomplish this purpose, the Grantor desires to establish an individual retirement account as described in section 408(a) of the Internal Revenue Code of 1954, as amended, or any successor statute (hereinafter referred to as "the Code");

Now, therefore, the Grantor has transferred, assigned, and conveyed to the Trustee the sum of ....

Article VII

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence shall be controlling. Furthermore, any such additional article shall be wholly invalid, if it is inconsistent, in whole or in part, with section 408(a) of the Code and the regulations thereunder.

Article VIII

This Agreement shall be amended, from time to time, in order to comply with the provisions of the Code and regulations thereunder. Furthermore, other amendments may be made upon consent of the undersigned.

Note: *The following space (Article IX) is made available for any provisions you might wish to add. If you do not wish to add any such provisions, line through this space.*

Article IX

In witness whereof, the Grantor who has caused these presents to be signed and the Trustee, to evidence its acceptance of these presents, have hereunto set their hands and seals, on the date and year first above written.

Grantor ▶ ....

Attest ▶ ....
(Use this space if the signature of the Grantor or the Trustee are required to be witnessed)

Trustee ▶

Instructions

(References are to the Internal Revenue Code)

General Instructions

This is to be an agreement between an individual and the individual's trustee and is not to be filed with the Internal Revenue Service.

This model trust may be used by an eligible individual who wishes to adopt an individual retirement account pursuant to section 408(a). When fully executed by the Grantor and the Trustee on or before the last day of the Grantor's taxable year, an individual will have an individual retirement account trust which meets the requirements of section 408(a). This trust must be created in the United States for the exclusive benefit of the Grantor or his beneficiaries.

An employee's Social Security Number will serve as the identification number of his individual retirement account. An Employer Identification Number is not required for each indiivdual retirement account, nor for a common fund created for such individual retirement accounts.

Contributions made by or on behalf of the Grantor will be deductible to the extent provided by section 219, i.e. the lessor of 15% of the Grantor's compensation includable in his gross income for such taxable year or $1,500, provided the Grantor is an eligible individual. Form 5329 must be attached to the Grantor's annual income tax return in support of the deduction.

Caution: Contributions in excess of the above limitations (section 4973), distributions from the account before the Grantor reaches age 59½ (section 408(f)), and accumulations in the individual retirement account after age 70½ (section 4974) are subject to additional tax. A prohibited transaction (section 4975) between the Grantor and the individual retirement account may cause the account to lose its tax exempt status (section 408(e)(2)). See your local district director for further information.

Definitions

Eligible Individual.—An eligible individual is any person who received compensation for services rendered (including earned income of a self-employed individual) during the taxable year. Such individual must not have been an active participant during any part of the year in any qualified plan of his employer, a government retirement plan, or an annuity contract purchased under section 403(b). A person making a rollover contribution as described in 402(a)(5), 403(a)(4), 408(d)(3) or 409(b)(3)(C) is also an eligible individual.

Trustee.—The trustee must be a bank or savings and loan association, as defined in section 581, a Federally insured credit union or such other person who has the approval of the Internal Revenue Service to act as trustee.

Specific Instructions

Article IV.—Distributions to be made under this article may be made in a single sum, periodic payments, or a combination thereof. The distribution option should be reviewed in the year the Grantor reaches age 70½ to make sure that section 408(a)(6) has been complied with. For example, if a Grantor elects distribution over a period permitted in (d) or (e) of Article IV, the period may not extend beyond the life expectancy of the Grantor at age 70½ (under option (d)) or the joint life and last survivor expectancy of the Grantor (at age 70½) and the Grantor's spouse (under option (e)). For this purpose, life expectancies must be determined by use of the expected return multiples in section 1.72-9 of the Income Tax Regulations (26 CFR Part 1). The balance in the account as of the beginning of each taxable year beginning on or after the Grantor attains age 70½ shall be used in computing the payments described in (b) through (e) of Article IV. Article IV does not preclude a mode of distribution different from those described in (a) through (e) of Article IV prior to the close of the taxable year of the Grantor in which he attains age 70½.

Article IX.—This article and those that follow could incorporate additional provisions that are agreed upon by the Grantor and Trustee to complete the agreement. These may include, for example: definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of trustee, trustee's fees, state law requirements, time of commencement of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the Grantor, etc. If additional pages are necessary, they may be executed and attached as needed.

Note: *This form may be reproduced and reduced in size for adoption to passbook or card purposes.*

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