

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 _____ dollars (\$_____) in cash, and it is agreed by and between the Grantor and the Trustee the following:

Article I

- 1. The Trustee may accept additional contributions in cash from the Grantor during a taxable year of the Grantor except as limited by paragraph 2.
- 2. Except in the case of a rollover contribution as that term is described in section 402(a)(5), 403(a)(4), 408(d)(3) or 409(b)(3)(C) of the Code, the Trustee will only accept cash and will not accept contributions on behalf of the Grantor in excess of \$1,500 for any taxable year of the Grantor.

Article II

The interest of the Grantor in the balance in the trust account shall at all times be nonforfeitable.

Article III

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

Article IV

- 1. The entire interest of the Grantor in the trust account must be, or commence to be, distributed before the close of the taxable year in which the Grantor attains age 70½. Not later than the close of such taxable year the Grantor may elect, in a form and at such time as may be acceptable to the Trustee, to have the balance in the trust account distributed in
 - (a) a single sum payment,
 - (b) equal or substantially equal monthly, quarterly or annual payments commencing at the close of such taxable year over the life of the Grantor,
 - (c) equal or substantially equal monthly, quarterly or annual payments commencing at the close of such taxable year over the joint lives of the Grantor and his spouse,
 - (d) equal or substantially equal monthly, quarterly or annual payments commencing at the close of such taxable year over a period certain not extending beyond the life expectancy of the Grantor, or
 - (e) equal or substantially equal monthly, quarterly or annual payments commencing at the close of such taxable year over a period certain not extending beyond the joint life and last survivor expectancy of the Grantor and his spouse.

Notwithstanding that distributions may have commenced pursuant to one of the above options, the Grantor may receive a distribution of the balance in the trust account at any time upon written notice to the Trustee. If the Grantor fails to elect any of the methods of distribution described above on or before the close of his taxable year in which he attains the age of 70½, distribution to the Grantor will be made prior to the close of such taxable year by a single sum payment. If the Grantor elects a mode of distribution under (b), (c), (d) or (e) above, the monthly, quarterly or annual payments will be determined by dividing the entire interest of the Grantor in the Trust at the beginning of each year by the life expectancy of the Grantor (or the joint life and last survivor expectancy of the Grantor and his spouse, or the period specified under (d) or (e) (whichever is applicable)), determined in either case as of the date the Grantor attains age 70½, reduced by the number of whole years elapsed since the Grantor's attainment of age 70½.

- 2. If the Grantor dies before his entire interest in the trust is distributed to him, or if distribution has been commenced, as provided in (c) or (e) above, to his surviving spouse and such surviving spouse dies before the entire interest is distributed to such spouse, the entire interest of the remaining undistributed interest shall, within five years after the Grantor's death or the death of the surviving spouse, be distributed in a single sum or be applied to purchase an immediate annuity for the beneficiary or beneficiaries of the Grantor or his surviving spouse. The terms of such annuity shall provide for payments over the life of the beneficiary or beneficiaries or for a term certain not exceeding the life expectancy of such beneficiary or beneficiaries. Any annuity contract so purchased shall be immediately distributed to such beneficiary or beneficiaries. However, no such annuity contract shall be required to be purchased if distributions over a term certain commenced before the death of the Grantor and the term certain is for a period permitted under (d) or (e) above.

Article V

Except in the case of the Grantor's death or disability (as defined in section 72(m) of the Code) or attainment of age 59½, before distributing an amount from the account, the trustees shall receive from the Grantor a declaration of the Grantor's intention as to the disposition of the amount distributed.

Article VI

- 1. The Grantor agrees to provide information to the Trustee at such time and in such manner and containing such information as may be necessary for the Trustee to prepare any reports required pursuant to section 408(i) of the Code and the regulations thereunder.
- 2. The Trustee agrees to submit reports to the Internal Revenue Service and the Grantor at such time and in such manner and containing such information as is prescribed by the Internal Revenue Service.

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 individual 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 lesser 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.

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