

# Supplements to the IRA Custodial Agreement



2014-2024

This document outlines all supplemental changes that are currently in effect for the American Century Investments® custodial agreement for Traditional, Rollover, Roth, SEP and SARSEP IRAs.

**August 2024 Supplement:** The custodial fee has been revised; changes go into effect starting with the November 2024 fee deduction.

Location: Page 19

Revision: Replace *SEP and SARSEP IRA Owner Fees* with the following:

## **SEP and SARSEP IRA Owner Fees**

**Account maintenance fee.** There is no account maintenance fee charged for SEP or SARSEP IRAs.

**Custodial Fee.** Your assets are held in an account with American Century Services, LLC, in the name of the Custodian, State Street Bank and Trust Company. An annual \$25 fee applicable to custodial accounts will be charged if your eligible investments at American Century Investments total less than \$25,000 at the time the fee is calculated. We will calculate your total eligible investments on the first Friday of November each year. If your investments' total value is less than \$25,000 at that time, we will redeem shares on the second Friday of November to pay the fee. No bill will be sent. If you prefer to prepay your custodial fee, call American Century Investments for instructions.

To determine your total eligible investments, we will include all personal accounts registered under your Social Security number. Personal accounts include individual, joint, UGMA/UTMA, personal trusts, Coverdell Education Savings Accounts, Traditional, Rollover, Roth, SEP, SARSEP and SIMPLE IRAs, Non-ERISA 403(b) and governmental 457(b) custodial accounts (other types of retirement accounts are not included). We will also include the same types of accounts held through American Century Brokerage, Private Client Group, Digital Advice and Learning Quest.

If you are a joint owner or have authority over an account listed under someone else's Social Security number, we will calculate those assets as part of that person's eligible investments, and not yours.

**August 2024 Supplement:** Required minimum distribution (RMD) age change; reduction in penalty tax for missed RMDs.

Location: Page 15

Revision: Replace *Required minimum distributions from your Traditional, SEP, SARSEP or Rollover IRA* with the following:

When you reach a certain age, the IRS requires you to begin taking a required minimum distribution (RMD) each year from your Traditional, Rollover, SEP and SARSEP IRAs. Your RMD age depends on your date of birth: the RMD age is 70½ for individuals born before July 1, 1949; the RMD age is 72 for individuals born on or after July 1, 1949, but before January 1, 1951; the RMD age is 73 for individuals born in 1951-1959\*; and the RMD age is 75 for individuals born in 1960 or later.

Each year's RMD must be withdrawn by December 31 of the RMD year, with the exception of your first year RMD. You have until April 1 of the second year to remove your first year RMD. If you decide to delay your first RMD until the second year, you must still take your second year RMD by December 31 of the second year.

The amount of your RMD is based on the balance of your account and your life expectancy. You must use the Uniform Lifetime table to determine life expectancy unless your spouse is your sole primary beneficiary during the entire distribution calendar year and is more than 10 years younger than you. If these two scenarios apply, you may calculate your life expectancy using the Joint and Last Survivor table. Both tables are published in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*.

Effective January 1, 2023, the IRS lowered the IRS penalty tax for missed RMDs to 25% and allows a further reduction to 10% if you correct the missed RMD in a timely manner (generally within two years). You may be able to have the penalty waived altogether if you can prove to the IRS that the shortfall was due to reasonable error and steps have been taken to correct it. If you missed an RMD, we encourage you to talk with your tax advisor to discuss your options.

\* The SECURE 2.0 Act defines the RMD age for individuals born in 1959 as both 73 and 75. We have included these individuals in the "RMD age 73" group noted above; however, this may change when the rule is corrected.

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**December 2022 Supplement:** Effective January 1, 2023, under new IRS federal income tax withholding rules, you must review *IRS Form W-4R* when making withdrawals from an IRA. The *IRS Form W-4P* no longer applies. Under the new rules, if you do not want us to apply the IRS default withholding rate of 10%, you must provide a W-4R election that meets IRS requirements or your withdrawal request will be rejected.

Location: Pages 17-18

Revision: Replace *Withdrawal Instructions* with the following:

When making a withdrawal from an IRA, you'll first need to consult *IRS Form W-4R* for guidance in determining the federal tax withholding rate that is appropriate for your tax situation. The IRS requires us to withhold 10% for federal tax unless you provide alternate instructions that meet W-4R election requirements. Keep in mind that the default rate may result in your having too much or too little withheld. Any amount withheld will be sent to the IRS as a credit towards your federal income taxes due for the calendar year in which your distribution was processed.

Exceptions: **Roth IRA** withdrawals are not subject to withholding; therefore, the W-4R rules do not apply. However, you may request withholding for a Roth IRA withdrawal. **Foreign investors** may not use the W-4R form.

### Redeeming by telephone

You may call us with your redemption instructions. In addition to your name, account number and the amount you want to withdraw, we will ask for the following information:

1. **Your reason for the distribution.** For example, "I'm 59½ years old," or "I'm taking a premature distribution," or "I'm going to roll over the proceeds to another IRA."
2. **Your withholding election for the distribution.** We encourage you to review the most current *IRS Form W-4R* available at [irs.gov/fw4r](https://irs.gov/fw4r) before calling. When you call, the Investment Consultant will review W-4R withholding requirements and ask if you want the 10% default withholding rate, a different percentage, or zero withholding. You will need to provide a withholding election each time you request a distribution from your IRA.
3. **State tax withholding.** State tax will be withheld if, at the time of your payment, your tax residency is within one of the mandatory withholding states.

### Redeeming in writing

Please submit your request on a *One-Time and Automatic Transaction* form or *IRA Required Minimum Distribution Request* form, which you can obtain by calling us or at [americancentury.com](https://americancentury.com). Be sure to provide all information requested on the form to ensure we have the information we need to process your request. You may be required to obtain a signature guarantee; please refer to the form for instructions or call us.

We will include a copy of the most current *IRS Form W-4R* available at the time you request our forms. Because the IRS changes the recommended withholding percentages each year, it is your responsibility to ensure that the copy provided with our form is still the most current W-4R available from the IRS by the time you remit any withdrawal request to us. Please review the W-4R form and then provide your W-4R election on our form.

- Special withholding rules apply if you live outside the United States. Please contact us prior to submitting your distribution request for more information regarding these rules.
- If a W-4R form and a distribution form are submitted together and there is a discrepancy in the withholding instructions, your withdrawal request will be rejected.
- If you submit a handwritten request with instructions to withhold at a rate other than the 10% default rate, you must include a completed W-4R form, and it must be the most current one available from the IRS. Otherwise, your request will be rejected for not meeting IRS W-4R election requirements.

State tax will be withheld if, at the time of your payment, your tax residency is within one of the mandatory withholding states.

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Location: Page 22

Revision: Replace *Federal (and state) income tax withholding notice* with the following:

As required by law, distributions you receive from certain IRAs are subject to federal income tax withholding at the IRS default rate of 10%. Tax will be withheld on the total amount withdrawn even though you may be receiving amounts that are not subject to withholding, such as nondeductible contributions. In such case, excess amounts of withholding could occur. You may need to adjust your withholding election so that a greater or lesser amount will be withheld.

You may elect a different withholding rate or request zero withholding by submitting an acceptable W-4R election with your distribution request. You may notify us of your W-4R election by telephone, on our distribution forms or the *IRS Form W-4R*, or

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through other approved electronic means. If your withholding election is for distributions made through an automatic withdrawal plan, you have the right to change your withholding election at any time.

Remember, even if you elect not to have income tax withheld, you are liable for paying income tax on the taxable portion of your withdrawal. If you elect not to have income tax withheld or you don't have enough income tax withheld, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. You can reduce or defer the income tax on a distribution by directly or indirectly rolling such distribution over to another IRA or eligible plan. You should consult your tax advisor for additional information.

State tax will be withheld if, at the time of your distribution, your tax residency is within one of the mandatory withholding states. State taxes will be withheld from your distribution in accordance with the respective state's rules.

**December 2022 Supplement:** Effective January 1, 2020, under the SECURE Act of 2019, if the IRA owner died after December 31, 2019, new distribution rules apply. However, the IRS has not finalized the changes.

Location: Multiple references

Revision: The agreement will be updated after the IRS finalizes the changes.

**November 2017 Supplement:** The employer may authorize fee deduction from SEP and SARSEP IRAs.

Location: Page 41

Revision: Under Article VIII, Section 16: *Taxes, Fees and Expenses*, replace paragraph (d) with the following:

(d) The Depositor or, for a SEP or SARSEP IRA, the Depositor's employer, may authorize the Custodian to pay other expenses incurred by the Depositor or the Depositor's employer out of the Custodial Account, including but not limited to fees of a registered investment Advisor for financial advisory services rendered to the Depositor with respect to the assets held in the Custodial Account and fees for the performance of other administrative services, including, for a SEP or SARSEP IRA, services performed by an administrator appointed by the Depositor's employer. The Depositor or, for a SEP or SARSEP IRA, the Depositor's employer, must specifically authorize the Custodian in writing, in a form and manner acceptable to the Custodian and Service Company, to pay such fees upon receipt of a statement from the Advisor or other service provider. The Custodian and Service Company shall not be required to inquire as to the actual performance of such services, the accuracy of the fee statement, the reasonableness of the fees for the services, or the regulation of such fees under federal or state law. The Custodian and Service Company shall be free from all liability to the Depositor, any Beneficiary, or any other person for the payment of, or the failure or refusal to pay, such fees.

**December 2014 Supplement:** One 60-day rollover is allowed every 365 days, regardless of how many IRAs are owned.

Location: Page 10

Revision: Under *Rollover Guidelines*, replace the second bullet with the following:

- The IRS limits rollovers to one time every 365 days (measured from the date of distribution) regardless of how many IRAs you own at the same or different financial institutions.

**February 2014 Supplement:** American Century Investments® will add a target-date fund as the investment default fund. Assets may be invested in the target-date fund if client instructions are unclear, in the absence of investment instructions, or if a fund is no longer available for the account. The target-date fund will be based on the client's year of birth and an assumed retirement age of 65.

Location: Page 12

Revision: Under *Investing in an IRA*, replace the third paragraph with the following:

If no investment instructions are received from you, or if the instructions are unclear, you may be requested to provide instructions. In the absence of such instructions, your investments may be invested in an American Century target-date fund based on your birth date and an assumed retirement age of 65. By investing your contributions in a target-date fund, as described above, American Century is not necessarily recommending that fund or any other particular investment strategy, and American Century is not making any suitability determinations based on your individual situation. Also, please keep in mind with respect to regulated investment company shares (e.g., mutual funds), American Century Investments cannot project or guarantee a specific rate of return or growth of share values, and principal amounts invested may be subject to market risk.

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Location: Page 31

Revision: Under *Part Three: Provisions Applicable to Both Traditional IRAs and Roth IRAs, Article VIII.1. Definitions*, add new paragraph 5 ("Ancillary Fund"), additions to current paragraph 10 ("Fund"), and delete current paragraph 11 ("Money Market Fund").

"Ancillary Fund" means any mutual fund or registered investment company designated by Sponsor, which is (i) advised, sponsored or distributed by a duly licensed mutual fund or registered investment company other than the Custodian, and (ii) subject to a separate agreement between the Sponsor and such mutual fund or registered investment company, to which neither the Custodian nor the Service Company is a party; provided, however, that such mutual fund or registered investment company must be legally offered for sale in the state of the Depositor's residence.

"Fund" means any mutual fund or investment company registered under the Investment Company Act of 1940, as amended, which is advised, sponsored or distributed by Sponsor; provided, however, that such a mutual fund or registered investment company must be legally offered for sale in the state of the Depositor's residence. Subject to the provisions of Section 3 below, the term "Fund" includes an Ancillary Fund.

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Location: Pages 32-33

Revision: Under *Part Three: Provisions Applicable to Both Traditional IRAs and Roth IRAs, Article VIII. 3. Investments*, new paragraph 2 and addition to current paragraph 2; and page 33, additions to paragraph 2.

The parties to this Agreement recognize and agree that the Sponsor may from time-to-time designate an Ancillary Fund in which all or a portion of the contributions to a Custodial Account may be invested and reinvested. Despite any contrary provision of this Agreement, neither the Custodian nor the Service Company has any discretion with respect to the designation of an Ancillary Fund.

The Service Company shall be responsible for promptly transmitting all investment directions by the Depositor for the purchase or sale of shares of one or more Funds hereunder to the Funds' transfer agent for execution. However, if investment directions with respect to the investment of any contribution hereunder are not received from the Depositor as required or, if received, are unclear or incomplete in the opinion of the Service Company, the contribution will be invested in an Ancillary Fund if available pending clarification or completion by the Depositor without liability for interest or for loss of income or appreciation. Contributions shall continue to be invested in such Ancillary Fund if available unless subsequent contrary instructions, in a form acceptable to Service Company, to invest in another Fund are received by Service Company. If any other directions or other orders by the Depositor with respect to the sale or purchase of shares of one or more Funds are unclear or incomplete in the opinion of the Service Company, the Service Company will refrain from carrying out such investment directions or from executing any such sale or purchase, without liability for loss of income or for appreciation or depreciation of any asset, pending receipt of clarification or completion from the Depositor.

If any Fund held in the Custodial Account is liquidated or is otherwise made unavailable by the Sponsor as a permissible investment for a Custodial Account hereunder, the liquidation or other proceeds of such Fund shall be invested in accordance with the instructions of the Depositor. If the Depositor does not give such instructions, or if such instructions are unclear or incomplete in the opinion of the Service Company, the Service Company may invest such liquidation or other proceeds in such other Fund (including an Ancillary Fund if available) as the Sponsor designates, and provided that the Sponsor gives at least thirty (30) days advance written notice to the Depositor and the Service Company. In such case, neither the Service Company, Sponsor, nor the Custodian will have any responsibility for such investment.

## **Contact Us:**

### **Traditional, Rollover and Roth IRAs**

Investing Directly: 1-800-345-2021

Investing Using Advisor: 1-800-378-9878

### **SEP and SARSEP IRAs**

Investing Directly: 1-800-345-3533

Investing Using Advisor: 1-800-378-4998

**Website: [americancentury.com](http://americancentury.com)**

# Disclosure Statement and Custodial Agreement

Traditional, Rollover, Roth, SEP and SARSEP IRA



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# Disclosure Statement

## Revocation: Right to Cancel

You have the right to cancel (“revoke”) your Individual Retirement Account (IRA) for any reason within seven days of the time we receive your application. Any contributions received from you for your IRA during the seven-day period will be refunded in full. To cancel your IRA, mail a letter stating, “I hereby elect to revoke my IRA with American Century Investments.” Sign your name exactly as it appears on your application and send the letter to:

**Traditional, Roth or Rollover IRAs:**

**American Century Investments**

P.O. Box 419200  
Kansas City, MO 64141-6200  
Fax: 888-327-1998

**IRA Investors Using Advisors**

**American Century Investments**

P.O. Box 419786  
Kansas City, MO 64141-6786  
Fax: 888-327-2013

**SEP or SARSEP IRAs:**

**American Century Investments**

P.O. Box 419385  
Kansas City, MO 64141-6385  
Fax: 888-327-1997

**SEP IRA Investors Using Advisors**

**American Century Investments**

P.O. Box 419746  
Kansas City, MO 64179-1030  
Fax: 888-327-2013

Your letter will be considered mailed on the date of postmark, or the date of registration or certification if you send it by registered or certified mail.

The Disclosure Statement and Custodial Agreement contain important information about investing in IRAs. Please read them carefully before investing. For an interpretation of the applicable tax laws, contact your tax advisor or district Internal Revenue Service (IRS) office. *IRS Publication 590, Individual Retirement Arrangements (IRAs)*, and *Publication 560, Retirement Plans for Small Businesses*, contain more detailed information about IRAs.

**As required by law, the assets of your IRA are held in a custodial account by the Custodian, State Street Bank and Trust Company, which invests your contributions in any of the investment vehicles you choose which are available through the American Century Investments IRA.**

# Traditional IRA

A Traditional IRA is a personal savings plan that provides tax advantages for setting aside money for your retirement. To contribute to a Traditional IRA, you must meet certain eligibility requirements. If you meet these requirements, you may contribute to a Traditional IRA, even if you are already covered by another retirement program. In addition, you may be able to deduct all or part of your contribution on your tax return, and the earnings on the account accumulate and are not taxed until they are withdrawn.

## Traditional IRA eligibility requirements

There are two eligibility requirements for the Traditional IRA: age and compensation.

1. **Age** — You must be under the age of 70½ on December 31 of the year you would like to contribute.
2. **Compensation** — You or your spouse (if you are not working and file a joint return) must receive taxable compensation (earned income) during the year. For IRA contribution purposes, compensation is Box 1 on IRS Form W-2, Wage and Tax Statement, less any amount shown in Box 11 (distributions from nonqualified plans). Examples of compensation include wages, salaries, tips, professional fees, bonuses, commissions, self-employment income, alimony and separate maintenance payments.

The following are examples of unearned income and do not qualify as compensation: dividend payments, interest payments, income from rental property, capital gains income and compensation payments that are deferred (paid in the future).

### Special treatment of U.S. military combat pay

The Heroes Earned Retirement Opportunities Act signed into law on May 29, 2006, allows U.S. military personnel to treat their combat pay as taxable compensation for purposes of contributing to an IRA.

## Maximum Traditional IRA contributions

The contribution limit is a combined limit for all contributions to a Traditional IRA and a Roth IRA in any one tax year.

Congress sets the maximum contribution limits each year. Find the limit for the tax year in which you are investing at [americancentury.com](http://americancentury.com) or [irs.gov](http://irs.gov).

Each year you may contribute up to 100% of your compensation or the maximum annual contribution.

**Catch-up provisions.** Individuals age 50 and older can make catch-up contributions in addition to their maximum annual contributions. To be eligible for the catch-up contribution, you must turn 50 before the end of the tax year for which the contribution is designated.

Find the maximum catch-up contribution limit for the tax year in which you are investing at [americancentury.com](http://americancentury.com) or [irs.gov](http://irs.gov).

## Eligibility requirements for a spouse or a minor

**Spousal contributions.** A Spousal IRA is beneficial when one spouse has little or no income. You may contribute up to the maximum annual contribution to a separate IRA established for your spouse if:

- You are married at the end of the tax year and you file a joint return, and
- Your spouse earns little or no income and is under the age of 70½ on December 31. Refer to *IRS Publication 590, Individual Retirement Arrangements (IRAs)* for spousal income requirements.

**IRA for a minor.** An IRA may be established for an individual who has compensation and has not attained the age of majority under state law. An adult may establish the IRA by completing the application on behalf of the minor and will be designated as the “Responsible Individual” for the account. The Responsible Individual will act on behalf of the minor regarding the administration, management and distribution of the IRA until the minor reaches the age of majority.

## Retirement savings contribution credit

If your income is below certain adjusted gross income (AGI) limits, you may be eligible for a tax credit for making contributions (other than rollover contributions) to a Traditional IRA, as well as a Roth IRA, or certain other employer-sponsored retirement plans. You can review the requirements in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*.

## Deducting Traditional IRA Contributions From Your Income

You may be eligible to deduct your Traditional IRA contributions, including catch-up contributions, on your income tax return depending on your income, marital status and whether you or your spouse actively participates in an employer-sponsored retirement plan. Contributions may be deductible on your federal income tax return even if you don't itemize deductions. You must figure your deduction and your spouse's deduction separately.

## Deductible Traditional IRA phase outs

If you are covered by an employer-sponsored retirement plan at any time during a year, you are an “active participant” for that year, even if you do not have any vested rights to any benefits under your employer's plan. Examples of employer-sponsored retirement plans are qualified pension, profit sharing, 401(k) or stock bonus plans; certain plans sponsored by a governmental unit or agency, including 457 plans; 403(a) and 403(b) plans; SEP IRAs; and SIMPLE IRAs. Your annual IRS Form W-2 Wage and Tax Statement that you receive from your employer indicates whether you participate in an employer-sponsored retirement plan.

Find the Traditional IRA phase-out limits for the tax year in which you are investing at [irs.gov](https://www.irs.gov).

If you are married and file a joint return, you only look at your own participation in an employer-sponsored retirement plan to determine if you are eligible for deductible IRA contributions.

If your income is too high to qualify for a tax-deductible contribution, you may consider making a nondeductible Traditional or Roth IRA contribution. Nondeductible Traditional IRA contributions can be made regardless of the amount of your AGI as long as you are under the age of 70½. Roth IRA contributions can be made regardless of your age and different AGI requirements apply. We encourage you to talk with your tax advisor about your situation. See *IRS Publication 590, Individual Retirement Arrangements (IRAs)*, for information on how to calculate your deductible contribution.

### Treating nondeductible contributions

If you discover that you cannot deduct a Traditional IRA contribution after it is made, either because you or your spouse participated in a retirement plan sponsored by your employer or because your income was over the limits specified, you have three options:

1. **Change the contribution to nondeductible.** You can elect to treat the contribution as nondeductible by designating it as such on IRS Form 8606 and filing it with your federal tax return or amended federal tax return.
2. **Remove the contribution.** You can remove the contribution in the same manner you would remove an excess contribution. If you choose this option, you must do so by October 15. See page 12 for more information on removing an excess contribution.
3. **Recharacterize the contribution as a Roth IRA contribution.** You may recharacterize a Traditional IRA contribution as a Roth IRA contribution if you determine you exceed the AGI limits for making a deductible contribution or you decide you would rather fund a Roth IRA instead of a Traditional IRA. (You need to meet the AGI requirements to fund a Roth IRA.) This change may be made through October 15 of the year following the year in which the contribution was made. The gains or losses attributable to the portion of the contribution that is changed also must be recharacterized. See page 12 for more information on recharacterizing a contribution.

## Roth IRA

A Roth IRA is a personal savings plan that provides tax advantages for setting aside money for your retirement. If you are eligible, you may fund a Roth IRA with annual nondeductible contributions and conversion contributions from your Traditional IRA. If you satisfy certain requirements, distributions from a Roth IRA are not subject to income tax.

### General Roth IRA eligibility requirements

You can contribute to a Roth IRA regardless of your age if you have compensation and your AGI is within certain limits. If you do not meet both of the following requirements, you may not contribute to a Roth IRA.

1. **Compensation.** You or your spouse (if you are not working and file a joint return) must receive taxable compensation (earned income) during the year. Examples of compensation include wages, salaries, tips, professional fees, bonuses, commissions, self-employment income, alimony and separate maintenance payments.

The following do not qualify as compensation: dividend payments, interest payments, income from rental property, capital gains income and compensation payments that are deferred (paid in the future).

For Roth IRA contribution purposes, compensation is Box 1 on IRS Form W-2 Wage and Tax Statement less any amount shown in Box 11 (distributions from nonqualified plans).

### **Special treatment of U.S. military combat pay**

The Heroes Earned Retirement Opportunities Act signed into law on May 29, 2006, allows U.S. military personnel to treat their combat pay as taxable compensation for purposes of contributing to an IRA.

2. **AGI limits.** Taxpayers with very high income levels may not be able to contribute to a Roth IRA at all, or their contribution may be limited to an amount less than the maximum contribution limit. This depends on your filing status and the amount of your AGI. If both you and your spouse are employed, each of you may establish Roth IRAs and make contributions as long as you file jointly and your AGI is below the maximum limit. If you file separately, you can only contribute to a Roth IRA if your income is below the AGI limit for couples filing separately.

Instructions on how to calculate your AGI are provided in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*, and with your income tax Form 1040 or 1040A. For purposes of Roth IRA contribution limits, AGI is not reduced by any deductible IRA contributions, and AGI is not increased by any amounts converted from a Traditional IRA to a Roth IRA. See the section on conversions and recharacterizations for more information.

### **Maximum annual contribution limits**

Roth IRA's eligibility limits are established by Congress each year and are based on your tax filing status and your modified AGI.

You can find the maximum contribution limits for the tax year in which you are investing at [americancentury.com](http://americancentury.com) or [irs.gov](http://irs.gov).

If your modified AGI is below the limit range, you may make the full contribution to the Roth IRA. If your modified AGI is above the range, you cannot contribute to a Roth IRA. If your modified AGI falls somewhere in the middle, you may be able to make partial contributions.

Each year you may contribute up to 100% of your compensation or the maximum annual contribution, whichever is less.

### **Catch-up provision**

Individuals age 50 and older may make catch-up contributions in addition to their maximum annual contributions. To be eligible for the catch-up contribution, you must turn 50 before the end of the tax year for which the contribution is designated.

Find the maximum catch-up contribution limit for the tax year in which you are investing at [americancentury.com](http://americancentury.com) or [irs.gov](http://irs.gov).

## Eligibility requirements for a spouse or a minor

A **Spousal Roth IRA** is beneficial when one spouse has little or no income. You may contribute to a separate Roth IRA established for your spouse if you are married at the end of the tax year and you file a joint return.

A **Roth IRA for a minor** may be established for an individual who has compensation and has not attained the age of majority under state law. An adult may establish the Roth IRA by completing the application on behalf of the minor and will be designated as the “Responsible Individual” for the account. The Responsible Individual will act on behalf of the minor regarding the administration, management and distribution of the Roth IRA until the minor reaches the age of majority. A minor is subject to the same contribution limits as an adult.

## Retirement savings contribution credit

If your income is below certain AGI limits, you may be eligible for a tax credit for making contributions (other than rollover contributions) to a Roth IRA, as well as a Traditional IRA, or certain other employer-sponsored retirement plans. You can review the requirements in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*.

# Employer-Sponsored IRA Plans

## Simplified Employee Pension-IRA (SEP IRA)

A SEP IRA is a plan under which your employer makes contributions. Employee contributions are not allowed, however, an employee may be eligible to contribute to a Traditional or Roth IRA. Except for higher contribution limits, your SEP IRA is generally subject to the same rules as a Traditional IRA.

Each year congress sets contribution limits for SEP IRAs. Find the limit for the tax year in which you are investing at [americancentury.com](http://americancentury.com) or [irs.gov](http://irs.gov).

**Employers.** Annual contributions to SEP IRAs are not required. Each year you can decide whether to contribute to a SEP IRA and, if so, how much. If you make a contribution, the same percentage of compensation must be contributed on behalf of all eligible employees.

**Self-employed individuals.** If you are self-employed, your contribution is based on your earned income rather than compensation. There are special rules that apply in determining the maximum amount that may be contributed and deducted when a plan includes a self-employed individual. If you are self-employed and you would like more information on how to calculate your maximum deductible contribution, please contact your tax advisor. *IRS Publication 560, Retirement Plans for Small Business*, provides more information regarding SEP IRAs.

## Salary Reduction Simplified Employee Pension IRA (SARSEP IRA)

A SARSEP IRA is a special type of SEP IRA funded by you and your employer. Except for employee and employer contribution limits, a SARSEP IRA is also generally subject to the same rules as a Traditional IRA.

Each year you can contribute the maximum salary reduction, in addition to the contributions your employer makes on your behalf. Please note that while all SARSEP IRA plans established prior to December 31, 1996, will remain intact, employers cannot open a new SARSEP IRA after this date.

Each year Congress sets employee and employer contribution limits for SARSEP IRAs. Find the limits for the tax year you are investing at [americancentury.com](http://americancentury.com) or [irs.gov](http://irs.gov).

### **Catch-up provision**

Individuals age 50 and older may make catch-up contributions to their SARSEP IRA (if permitted by their employer's plan) in addition to their maximum annual contributions. To be eligible for the catch-up contribution, you must turn 50 before the end of the tax year for which the contribution is designated. Consult your employer or *IRS Publication 560, Retirement Plans for Small Business* for more information.

### **Retirement savings contribution credit**

If your income is below certain AGI limits, you may be eligible for a tax credit for making elective deferral contributions to a SARSEP IRA. You can review the requirements in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*.

## **Rollover IRA**

A Rollover IRA is established with eligible distributions from an employer's qualified retirement plan [e.g., pension, profit sharing, 401(k), 457(b) or 403(b) plan]. A Rollover IRA allows you to maintain the tax-deferred status of money received from your employer's retirement plan due to a job change or retirement instead of paying income taxes and possible penalties on the distribution.

Rolling your money over from your employer's qualified retirement plan into a Rollover IRA preserves the money for its original purpose: your retirement years.

For more information about rollovers, including how to roll over a Roth 401(k) account from an employer's qualified retirement plan, please contact us.

### **Contributing to a Rollover IRA**

Rollover contributions to your American Century Investments IRA may be made only in cash or shares of American Century Investments funds. The maximum annual contribution limit does not apply to a Rollover IRA because you are simply moving eligible money from one kind of retirement plan to another. If you receive an eligible distribution from an employer's qualified retirement plan in some other form (such as employer stock), you can either sell that property and deposit the proceeds into your Rollover IRA or contact our brokerage service for transfer-in-kind instructions.

If your employer's plan includes designated Roth account assets, you may not roll over the assets directly to a Traditional IRA. However, they can be rolled over into a Roth IRA. Rollovers from a designated Roth account to a Traditional IRA are not allowed.

You can make a rollover contribution regardless of your age; however, if you are age 70½ or older, you must take your required minimum distribution (see the Required Minimum Distributions section for an explanation) before you can roll over money. Required minimum distributions cannot be rolled over into an IRA.

## **Types of rollovers**

The two types of rollovers differ in their manner of payment and tax consequences. It is important to understand the differences before you authorize the rollover.

### **Direct Rollover**

A Direct Rollover is a rollover from your employer's qualified retirement plan to an IRA. Almost all distributions from employer plans are eligible for rollover into an IRA, including the nondeductible (after-tax) contributions you made to the qualified retirement plan. If you elect to make a direct rollover from your employer's qualified retirement plan into your IRA, you will avoid the mandatory 20% federal income tax withholding requirement (described below).

### **60-day Rollover**

As an alternative, you may have an eligible rollover distribution made directly to you and within 60 days of receipt, roll it over into a Rollover IRA. If an eligible rollover distribution is made payable to you, you will receive only 80% of the distribution. The payer is required to withhold 20% of the distribution and send it to the IRS as a credit towards your current income tax liability. You will receive less than 80% if state mandatory withholding applies.

You will need to make up (out of pocket) the 20% withheld for federal income tax and any state mandatory withholding in order to complete the rollover and avoid any taxes or penalties. The amount that is not rolled over is considered taxable income and subject to the 10% premature distribution penalty tax if you are under age 59½.

### **Rollover guidelines**

Rules relating to rollover contributions and their tax implications are complex. By signing the IRA application, you are irrevocably electing to treat the distribution from your employer's qualified retirement plan as a rollover. We suggest you consult with your tax advisor before taking any action.

In addition to the advice of your tax advisor, these general rules should be followed when you make a rollover, that is, take a distribution of all or part of the assets from one retirement plan account and move them to another.

- The rollover must be completed by the 60th day after the day you receive the assets from the first IRA.
- IRA assets may be rolled over between IRAs only once every 365 days (measured from the date of distribution). This rule applies to each IRA you have established.
- The same property distributed from one retirement plan (other than cash) must be rolled over to an IRA or other retirement plan.
- Any required minimum distributions you receive because you are age 70½ or older are not eligible for rollover treatment.
- No tax is paid if the rollover is completed on time; however, rollovers between IRAs and retirement plans are required to be reported on your federal tax return.

## **Rollover from an employer's qualified retirement plan into a Roth IRA**

If you meet certain eligibility requirements, you may roll over your distributions from tax qualified retirement plans, tax-sheltered annuities, and 403(b) and 457(b) plans directly to a Roth IRA. This change simplifies prior years' conversion process in which you were required to roll over the distribution of pre-tax assets to a Traditional IRA, then convert the assets to a Roth IRA.

The pre-tax amounts you distribute from your qualified retirement plan are taxed as income; therefore, the rollover is not tax free. However, once you are invested in the Roth IRA, you may enjoy penalty-free distributions of the assets you rolled over and tax-free qualified withdrawals from your Roth IRA as long as you have maintained a Roth IRA for five years and you are age 59½ or older.

Designated Roth account assets in your employer-sponsored retirement plan must be directly rolled over to a Roth IRA or designated Roth account in a 401(k) or 403(b).

See *IRS Publication 590, Individual Retirement Arrangements (IRAs)*, for more information.

## **Transfers, Conversions and Recharacterizations**

A **transfer** is a movement of IRA assets directly from one fiduciary to another. Because you do not take physical receipt of the money, the transaction is not a taxable event. You may transfer IRA money as often as you wish.

Please note that assets may not be transferred from an employer's designated Roth account to a Traditional IRA. However, they can be transferred to a Roth IRA.

### **Transfer to American Century Investments**

To transfer an IRA to American Century Investments, download the *Request to Transfer/Rollover* form at [americancentury.com](http://americancentury.com) or contact us to request it. You must establish your American Century Investments IRA with a completed account application before money is transferred.

### **Transfer from American Century Investments**

You may transfer your IRA from American Century Investments to a successor custodian in one of two ways:

1. **Rollover:** Request a redemption from us and send the proceeds to the new custodian or trustee of your new IRA.
2. **Direct transfer:** Contact the custodian or trustee of your other IRA for required forms. Your request will be processed on the day we receive all properly completed documents.

### **Special rules for alternate payees**

Certain payments made from a qualified retirement plan to a former spouse under a Qualified Domestic Relations Order also may be transferred into an IRA.

## Converting a Traditional IRA to a Roth IRA

You can convert all or part of a Traditional IRA into a Roth IRA. You will owe income tax on the earnings and deductible contributions distributed from the Traditional IRA. The 10% premature distribution penalty tax does not apply to the amount converted.

You can convert amounts from a Traditional IRA to a Roth IRA in any of the following three ways:

- **Rollover.** You can receive a distribution from a Traditional IRA and roll it over (contribute it) to a Roth IRA within 60 days after the distribution.
- **Custodian-to-Custodian transfer.** You can direct the custodian of your Traditional IRA to transfer an amount from the Traditional IRA to the custodian of your Roth IRA.
- **Same Custodian transfer.** If the Custodian of your Traditional IRA also maintains your Roth IRA, you can direct the Custodian to transfer an amount from your Traditional IRA to your Roth IRA.

For more information about converting your Traditional IRA to a Roth IRA, please review your options at [americancentury.com](http://americancentury.com) or contact us.

## Recharacterizing an amount previously converted to a Roth IRA

To recharacterize a Roth IRA is to move all or a portion of converted money back into a Traditional IRA. You may choose to recharacterize a Roth IRA contribution if you determine you exceed the AGI limits or decide you would rather fund a Traditional IRA instead of a Roth IRA.

You may recharacterize the conversion or contribution amount prior to your automatic extension for filing your tax return, generally October 15. This amount plus any gains or losses attributable to it must be moved back to a Traditional IRA. Assets that are converted and then recharacterized in the same tax year cannot be reconverted until the following tax year or for 30 days, whichever is longer.

## Investing in an IRA

Contributions to your IRA must be made in cash (e.g., check or electronic transfer). If you want to use funds in an existing non-retirement American Century Investments account for your contribution, you may direct a redemption of the appropriate number of shares and use the proceeds for your IRA contribution. The redemption of your non-retirement account shares will result in a taxable event.

Your IRA contributions will be invested in the investments you specify, as allowed by the Custodial Agreement. As with any investment, you should read any publicly available information (e.g., the prospectus, annual reports, etc.) that would enable you to make an informed investment decision.

If no investment instructions are received from you, or if the instructions are unclear, you may be requested to provide instructions. In the absence of such instructions, your investments may be invested in an American Century money market fund. Please keep in mind with respect to regulated investment company shares (e.g., mutual funds), American Century Investments cannot project or guarantee a specific rate of return or growth of share values, and principal amounts invested may be subject to market risk.

## How to submit your contribution

You must first establish your American Century Investments IRA by completing the appropriate IRA account application. No contribution can be accepted until your account application has been properly completed, signed, dated and received by American Century Investments.

Include the following information with your contribution:

- **Tax year** — Indicate the year for which you want the contribution to apply.
- **Contribution type** — Indicate whether the investment is a regular contribution, a conversion from an IRA or rollover contribution. If no indication is made, the custodian will regard it as a regular contribution for the year in which it is received. It is your responsibility to be certain that no contributions are made in excess of IRS limits.

Information regarding how much you are eligible to contribute to each type of IRA can be found earlier in this booklet.

You may make your IRA contribution at any time from the beginning of the tax year up to and including April 15 (or the next business day if the 15th is on a weekend) of the following year.

## Excess contributions

An excess contribution is a contribution of more than the allowable amount under the tax code. If you contribute more than your allowable amount in any one year, you can take care of the excess amount in one of two ways:

### Option 1: Apply excess amount to contributions for a later year

If you apply the excess amount to a later year (or years), you will reduce the amount you may contribute for that year(s) by the amount of the excess contribution.

#### Tax penalties for Option 1

- If you apply the amount of the excess contribution to a later year, you will be required to pay a 6% penalty tax on the amount of the excess contribution for the year in which the excess contribution was made.
- If you decide to apply the excess contribution over several years, you will pay the 6% penalty tax on the amount of the excess contribution that remains after each year.

### Option 2: Remove the excess amount

If you remove the excess amount, the timing of the removal and the amount of the excess contribution determine how you are taxed.

#### Tax penalties for Option 2

- You can avoid the 6% penalty tax if you remove the excess plus any other income earned on the excess amount before October 15 of the following year. You will have to pay a 10% federal penalty tax on gains earned on the excess, unless you are 59½ or older or are permanently and totally disabled.
- If you decide to remove the excess contribution, any interest or other income earned on the excess will be taxable to you for the year in which the excess contribution was made.

- If you remove the excess after October 15 of the following year, you will have to pay a 6% penalty tax on the entire excess amount. Any earnings on the excess amount will remain in the IRA. In addition, the following rules generally apply:
  - a. If your total IRA contribution did not exceed the maximum contribution amount for that year, the contribution amount removed will not be considered taxable income.
  - b. If your total IRA contribution was more than the maximum contribution amount, the excess amount removed will be considered taxable income. You will owe the 10% federal penalty tax on the amount removed, unless you are age 59½ or older or are permanently and totally disabled.

## Withdrawing From Your Traditional, SEP, SARSEP or Rollover IRA

(See page 15 for instructions on Withdrawing From Your Roth IRA.)

You can take money out of your Traditional, SEP, SARSEP or Rollover IRA at any time. Withdrawals can be made in a lump sum, partial payments or installments. Your age and the type of contributions in your IRA will determine if a withdrawal is subject to income tax and/or a penalty tax.

### **Taxation**

Regardless of when you take out your money, you will pay ordinary income tax for the amount taken out, unless you claimed it as a nondeductible contribution when you made your contribution. You do not pay taxes on the amount of any nondeductible contribution that you withdraw because you already paid taxes on the money when you earned it. You will be taxed, however, when you remove any gains earned on nondeductible contributions. See IRS Form 8606 for information on how to determine the amount of your distribution that is recovered without owing taxes.

### **Removing money designated as nondeductible**

If you take money out of your Traditional, SEP, or SARSEP IRA and you previously made both deductible and nondeductible contributions, you will not have to pay income taxes on part of the amount you take out. This is because you have already paid taxes on the amount that you designated nondeductible. See IRS Form 8606 or your tax advisor to determine the amount of your distribution that is taxable.

### **IRS Penalties**

If you are over 59½: You may take all or any part of your money out with no penalties.

If you are under 59½: A 10% premature distribution penalty tax may apply to the amount of money you withdraw (in addition to income tax), unless at least one of the following applies:

- You are permanently and totally disabled.
- The amount is rolled over within 60 days to another IRA or qualified plan.
- You remove the money in one of a scheduled series of substantially equal payments over your life expectancy or the joint life expectancies of you and your beneficiary.
- You have significant unreimbursed medical expenses.

- You qualify for the medical insurance costs exception.
- You remove an amount not more than your qualified higher education expenses.
- You remove money to buy, build or rebuild a first home.
- You recharacterize a contribution.
- You are eligible to make a qualified reservist distribution.

See *IRS Publication 590, Individual Retirement Arrangements (IRAs)*, for more details regarding your ability to qualify for any of these exceptions.

### **Required minimum distributions from your Traditional, SEP, SARSEP or Rollover IRA**

Once you are age 70½, you must begin taking a minimum amount (“distribution”) from your Traditional, SEP, SARSEP or Rollover IRA every year. In the first year, you can delay taking your distribution until April 1 of the year after you reach age 70½ (your required beginning date).

If you decide to delay your first distribution (i.e., take it between January 1 and April 1 of the year after you reach age 70½), the IRS requires that you take your distribution for both the current year and the prior year in that year.

The amount of your required minimum distribution is based on the balance of your account and your life expectancy. You must use the Uniform Lifetime table to determine life expectancy unless your spouse is your sole primary beneficiary during the entire distribution calendar year and is more than 10 years younger than you. If these two scenarios apply, you may calculate your life expectancy using the Joint and Last Survivor table. Both tables are published in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*.

If you do not take out at least the required minimum amount in any year after you reach age 70½, the IRS may assess a penalty that is equal to 50% of the difference between the minimum amount you were supposed to take out and the actual amount you took out.

## Withdrawing From Your Roth IRA

You can take money out of your Roth IRA at any time. Your age, type of contribution (annual or conversion) and whether the five-year rule has been satisfied will determine if a withdrawal is subject to income tax and/or a penalty tax.

### **Tax-free withdrawals**

You do not pay taxes on your contributions when you make a withdrawal. Your withdrawal of earnings also will be tax free if the following applies:

You are age 59½ or older	<b>OR</b>	You are permanently
<b>and</b> have met the five-year rule.		and totally disabled.

**Five-year rule:** Your Roth IRA is established for at least five years prior to your withdrawal. The five-year period begins on January 1 of the first taxable year for which you make a contribution to a Roth IRA. The five-year requirement only needs to be satisfied one time for tax year contributions. The five-year rule is separately determined for each conversion.

## IRS Penalties

If you are under age 59½ **or** have not maintained your Roth IRA for at least five years, a 10% penalty tax may apply to any earnings withdrawn (in addition to income tax), unless you meet one of the following criteria:

- You are permanently and totally disabled.
- The amount is rolled over within 60 days to another Roth IRA.
- You remove the money in one of a scheduled series of substantially equal payments over your life expectancy or the joint life expectancies of you and your beneficiary.
- You have significant unreimbursed medical expenses.
- You qualify for the medical insurance costs exception.
- You remove an amount not more than your qualified higher education expenses.
- You remove money to buy, build or rebuild a first home.
- You recharacterize a contribution.
- You are eligible to make a qualified reservist distribution.

See *IRS Publication 590, Individual Retirement Arrangements (IRAs)*, for more details regarding your ability to qualify for any of these exceptions.

## Roth IRAs do not require minimum distributions

You are not required to take distributions from your Roth IRA at any age. The minimum distribution rules that apply to Traditional IRAs do not apply to Roth IRAs while the owner is alive. However, after the death of a Roth IRA owner, certain minimum distribution rules that apply to Traditional IRAs also apply to Roth IRAs. See *IRS Publication 590, Individual Retirement Arrangements (IRAs)*, for more information.

## Reinvested Dividends and Capital Gains

All dividends and capital gains or other distributions received on your IRA will be reinvested in full and fractional shares. For Traditional, Rollover and Roth IRAs, if you are age 59½ or older **or** permanently and totally disabled, you may direct us to pay your dividends and/or capital gains distributions in cash. The payment of dividends and/or capital gains distributions in cash is not available for SEP or SARSEP IRAs.

# Withdrawal Instructions

## Redeeming by telephone

You may call us with your redemption instructions. We will ask for the following information:

1. **Your reason for the distribution.** For example, "I'm 59½ years old," or "I'm taking a premature distribution," or "I'm going to roll over the proceeds to another IRA."
2. **Your withholding election for the distribution.** Your roll over distribution is subject to federal income tax withholding at the minimum rate of 10% unless you provide instructions not to withhold. When you call, the Investment Consultant will review the withholding requirements with you and ask for your withholding election. You will need to provide a withholding election each time you request a distribution by telephone from your IRA. You may request to have none or any percentage withheld. If you do not want federal taxes withheld from your distribution, tell us, "I do not want to have federal income tax withheld from my IRA distribution."

No withholding election is required for a distribution request from a Roth IRA. However, you may instruct us to withhold any percentage you desire and American Century Investments will send the amount withheld to the IRS as a credit towards your federal income taxes due for the calendar year in which your distribution was processed.

3. **State tax withholding.** American Century Investments will withhold state tax if, at the time of your payment, your address is within one of the mandatory withholding states and you have federal income tax withheld. State taxes will be withheld from your distribution in accordance with the respective state's rules. When you call, the Investment Consultant will review any withholding requirements applicable to you.

## Redeeming in writing

Complete an American Century Investments *One-Time and Automatic Transaction* form or write a letter that includes:

1. Your name.
2. The account number of your IRA from which you want to take the money.
3. The dollar amount you want to withdraw.
4. Your reason for the distribution. (For example, "I'm 59½ years old," or "I'm taking a premature distribution," or "I'm going to roll the money over to another IRA.")
5. In addition, for Traditional, SEP, SARSEP and Rollover IRAs, with your letter, you must send a completed IRS Form W-4P or a written statement indicating whether you want us to withhold federal taxes from your IRA distribution. You may request to have none or any percentage of income tax withheld.

If you do not want withholding imposed on your distribution, you will need to provide a withholding election each time you request a distribution from your IRA. Otherwise, if you do not provide a withholding election with your written distribution request, the IRS requires American Century Investments to withhold 10% from your redemption proceeds. The amount withheld will be immediately forwarded to the IRS as a credit towards your federal income taxes due for the calendar year in which your distribution was processed.

Special withholding rules apply if you live outside the United States. Please contact us prior to submitting your distribution request for more information regarding these rules.

No IRS Form W-4P or withholding election is required for a withdrawal from a Roth IRA. However, you may instruct us to withhold any percentage you desire and American Century Investments will send the amount withheld to the IRS as a credit towards your federal income taxes due for the calendar year in which your distribution was processed.

6. State Tax Withholding: For Traditional, SEP, SARSEP and Rollover IRAs, American Century Investments will withhold state tax if, at the time of your payment, your address is within one of the mandatory withholding states and you have federal income tax withheld. State taxes will be withheld from your distribution in accordance with the respective state's rules.
7. Your signature.
8. If your distribution amount is more than \$100,000, or you direct your distribution be made payable to someone other than yourself, or you have changed your address within 15 days prior to American Century Investments receipt of your distribution request and the proceeds are to be remitted to you by check, a signature guarantee may be required.

### **Methods of payment**

You may request your money by check or, if you have authorized it, by electronic funds transfer or wire. You also may request that we reinvest the amount taken from your IRA into a regular investment account (non-IRA), subject to the fund's minimum investment requirement, instead of sending you a check. Either way, the amount you receive may be subject to ordinary income tax and/or a penalty tax.

You may choose automatic cash payments to you through our automatic withdrawal plan. Amounts taken under this plan must be at least \$50 each and can be taken periodically.

You can direct in writing that a distribution from your IRA be mailed directly to another address or, with your signature guaranteed, made payable to another person, corporation or entity.

### **Signature guarantee**

A signature guarantee is a warranty by the guarantor that the signature is genuine and that the person signing is competent and authorized to sign. Many domestic banks, trust companies, credit unions, brokers, dealers, national securities exchanges, registered securities associations, clearing agencies and savings associations can provide a signature guarantee for you. The signature must correspond in every way, without alteration, with the name printed on the current account registration. Each guarantee must be an original ink stamp that states "Signature Guaranteed/Medallion Guaranteed."

*NOTE: Acknowledgement of signature by a notary public is NOT acceptable.*

## Fees That May Apply

### Traditional and Roth IRA Owner fees

**Custodial fee.** The Custodian does not charge an annual custodial fee for your American Century Investments Traditional or Roth IRA. As provided in the Custodial Agreement, the Custodian reserves the right to change the fee policy with a 30-day notice and to charge fees for special services.

**Account maintenance fee.** We may charge you a \$12.50 semiannual account maintenance fee if the value of the shares in all your personal accounts is less than \$10,000. If applicable, this fee is automatically deducted from just one personal account two times a year. (Note: If you invest only in SEP or SARSEP IRAs, or you invest through a financial professional, and you own no personal accounts, you are not subject to the account maintenance fee.) If you also hold American Century brokerage accounts, only assets from American Century Investments funds will be considered in the calculation of your eligible investment amount.

You can avoid this fee by:

- increasing your total investment balance to \$10,000 or more, or
- choosing to conduct business at [americancentury.com](http://americancentury.com) with the exclusive online account management option. Our online services are available to all investors; however, if you want us to waive the fee, you must enroll for exclusive online account management.

More information about the account maintenance fee is available in the *Service Options* flier that accompanies your account application or at [americancentury.com](http://americancentury.com).

### SEP and SARSEP IRA Owner fees

**Account maintenance fee.** There is no account maintenance fee charged for SEP or SARSEP IRAs.

**Custodial fee.** Your IRA assets are held in a custodial account by the Custodian, State Street Bank and Trust Company. The Custodian will charge the applicable fee noted below if your eligible investments at American Century Investments total less than \$10,000.

- If your retirement plan is invested in no-load shares, you will be charged \$15 *per fund* annually.
- If your retirement plan is invested in load shares, you will be charged a \$15 annual fee.

The custodial fee is waived if your eligible investments total \$10,000 or more. We will calculate your total eligible investments on the second Friday of November each year. If your investments' total value is less than \$10,000 at that time, we will redeem shares to pay the fee.

In determining your total eligible investments, we will include all personal accounts registered under your Social Security number. Personal accounts include individual, joint, UGMA/UTMA, personal trusts, Coverdell Education Savings Accounts, Traditional, Rollover, Roth, SEP, SARSEP and SIMPLE IRAs, American Century Investments brokerage accounts, but no other retirement accounts. If you hold American Century Investments brokerage accounts, only assets from American Century Investments funds will be considered in the calculation of your eligible investment amount.

If you are a joint owner or custodian of an account listed under someone else's Social Security number, we will calculate those assets as part of that person's eligible investments, and not yours.

## Beneficiaries

### **Naming beneficiaries**

You can name one or more beneficiaries to whom the balance of your IRA will be paid when you die. To do so, just fill out the designation of beneficiary section on your IRA account application. For multiple beneficiaries, please complete our *Designation of Beneficiary* form.

Your designation of beneficiaries will not be effective until received and accepted by American Century Investments. Review your designation periodically, especially if there is a change in your family status, such as marriage, divorce, death of a family member, or birth or adoption of children.

**Important Note:** In the event of a divorce, if your former spouse has been designated as a beneficiary on the Custodial Account, such designation is automatically revoked. You may re-designate your former spouse as a beneficiary, but must submit a new designation of such person as beneficiary after your divorce becomes final. Such designation is effective when filed with and accepted by American Century Investments. Except as provided in the preceding sentence, a beneficiary designation is not affected by any other executed documents or agreements such as, but not limited to, pre-nuptial agreements, your will, or other court orders.

You may change your beneficiary at any time by filling out a new form and sending it to us. Any new designation will revoke any prior designations to all accounts in the same type of IRA for which you complete the designation form.

Your beneficiary has the same right to name beneficiaries as you had before your death.

### **Payments if no beneficiary is named**

If you do not name beneficiaries, or if all your beneficiaries die before you or disclaim, the Custodian will pay your IRA to your spouse first. If you have no spouse, then the money will go to your surviving children. If you have no surviving children, the money will be paid to your estate. This same ordering rule applies to your beneficiary after your death if they do not designate a beneficiary or all of their designated beneficiaries pre-decease them or disclaim.

### **Special rules for surviving spouses and other beneficiaries**

If you die and your spouse is your beneficiary, he or she can transfer all or part of the death benefit from your IRA or an eligible rollover distribution from your employer's qualified retirement plan to an IRA in his or her name.

Nonspouse beneficiaries of your employer's qualified retirement plan may roll over the money into an inherited IRA. The beneficiary will need to take required minimum distributions from the inherited IRA.

## Tax Filings

Depending on the type of activity in your IRA, you may need to file one or more of the IRS forms listed below. See instructions on each form for additional information.

### **IRS Forms 1040, 1040A or 1040NR**

Report the following events on your annual federal tax return if you:

- Made deductible contributions to your IRA
- Took a taxable distribution from your IRA
- Converted from a Traditional IRA to a Roth IRA

If a penalty tax is due, you may be required to file IRS Form 5329. See the instructions for IRS Form 1040, IRS Form 1040A or 1040NR for more information.

### **IRS Form 8606**

File this form with your federal tax return if you:

- Convert assets in a Traditional IRA to a Roth IRA
- Recharacterize amounts converted to a Roth IRA
- Receive distributions from a Roth IRA
- Have a recharacterization involving a Roth IRA contribution
- Make a nondeductible IRA contribution
- Take a distribution from an IRA and you previously made both deductible and nondeductible contributions to it.

There is a \$100 penalty for overstating a nondeductible contribution and \$50 penalty for failing to file IRS Form 8606 unless it was due to reasonable cause.

American Century Investments does not keep separate records for deductible or nondeductible contributions to your Traditional IRA.

### **IRS Form 5329**

You may be required to file this form with your federal tax return any year you are required to pay an additional income tax or penalty tax. See the instructions for IRS Form 5329.

## Other Disclosures

1. The custodian or trustee of your IRA must be a bank or other institution or person that has satisfied the Secretary of the Treasury that it is able to administer your IRA in accordance with tax laws.
2. None of the money in your IRA may be invested in life insurance contracts or most "collectibles."
3. Your money in the IRA is all yours and cannot be forfeited.

4. The assets of your IRA may not be blended with your other assets or the assets of other individuals, except that you may invest your IRA in a common trust fund or common investment fund, such as a mutual fund.
5. **Prohibited Transactions.** If you make transactions that are prohibited by law, such as borrowing money from your IRA, your IRA will lose its tax advantages. In this instance, the entire amount will be treated as having been paid to you all at once and will be subject to income and penalty tax. If you pledge all or any part of your IRA as security for a loan, the amount you pledge will be treated as having been distributed to you. You also will have to pay a 10% penalty tax, unless you are age 59½ or older\* or permanently and totally disabled at the time the prohibited transaction occurs.

*\*Roth IRA accounts must also have been established for five years.*

## **IRS approval**

The American Century Investments Traditional, SEP, SARSEP, Rollover and Roth IRA plan has been approved as to form by the IRS. This approval doesn't determine the relative merits of your IRA or any of the investments.

## **Additional tax information**

The act of naming beneficiaries to receive a benefit from your IRA following your death will not be treated as a gift subject to gift tax. Some states and localities may have tax, community property or other laws that are different from the federal laws for IRAs. Those laws aren't covered in this Disclosure Statement.

## **Federal (and state) income tax withholding notice**

As required by law, distributions you receive from certain IRAs are subject to federal income tax withholding, unless you elect not to have withholding apply. Tax will be withheld on the total amount withdrawn even though you may be receiving amounts that are not subject to withholding, such as nondeductible contributions. In such case, excess amounts of withholding could occur. You may adjust your withholding election so that a greater or lesser amount will be withheld.

If you don't want us to withhold on this amount, you must notify us to not withhold the federal income tax. You may notify us in writing or in certain situations by telephone or through other electronic means. You have the right to revoke your withholding election at any time.

Remember, even if you elect not to have income tax withheld, you are liable for paying income tax on the taxable portion of your withdrawal. If you elect not to have income tax withheld or you don't have enough income tax withheld, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. You can reduce or defer the income tax on a distribution by directly or indirectly rolling such distribution over to another IRA or eligible plan. You should consult your tax advisor for additional information.

State tax will be withheld if, at the time of your distribution, your address is within one of the mandatory withholding states and you have federal income tax withheld. State taxes will be withheld from your distribution in accordance with the respective state's rules.

# American Century Investments<sup>®</sup>

## Individual Retirement Account Custodial Agreement

### State Street Bank and Trust Company, Custodian

#### Part One: Provisions Applicable to Traditional IRAs

The following provisions of Articles I to VII are in the form promulgated by the Internal Revenue Service in Form 5305-A (Rev. March 2002), as most recently updated by Listings of Required Modifications issued June 16, 2010, for use in establishing a Traditional Individual Retirement custodial account. References are to sections of the Internal Revenue Code of 1986, as amended (“Code”).

State Street Bank and Trust Company will accept appointment as Custodian of the Depositor’s Account. However, this Agreement is not binding upon the Custodian until the Depositor has received a statement confirming the initial transaction for the Account. Receipt by the Depositor of a confirmation of the purchase of the Fund shares indicated above will serve as notification of State Street Bank and Trust Company’s acceptance of appointment as Custodian of the Depositor’s Account. The Individual Retirement Custodial Account (“IRA”) is established under Section 408(a) of the Code and is to provide for the retirement of the Depositor and, after the Depositor’s death, for the support of his or her beneficiaries. The Depositor and the Custodian make the following agreement:

#### Article I.

1. Except in the case of a rollover contribution [as permitted by Code Section 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) and 457(e)(16)] or a contribution made in accordance with the terms of a Simplified Employee Pension (SEP) as described in Code Section 408(k), no contributions will be accepted unless they are in cash, and the total of such contributions shall not exceed \$5,000 for any taxable year beginning in 2008 and years thereafter.

After 2008, the limit will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 219(b) (5)(D). Such adjustments will be in multiples of \$500.

2. In the case of a Depositor who is 50 or older, the annual cash contribution limit is increased by \$1,000 for any taxable year beginning in 2006 and years thereafter.
3. In addition to the amounts described in paragraphs (1) and (2) above, an individual may make additional contributions specifically authorized by statute—such as repayments of qualified reservist distributions, repayments of certain plan distributions made on account of a federally declared disaster and certain amounts received in connection with the Exxon Valdez litigation.
4. No contributions will be accepted under a SIMPLE IRA plan established by any employer pursuant to Code Section 408(p). Also, no transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the 2-year period beginning on the date the Depositor first participated in that employer’s SIMPLE IRA plan.
5. If this is an inherited IRA within the meaning of Section 408(d)(3)(C), no contributions will be accepted.

## **Article II.**

The Depositor's interest in the balance in the Custodial Account is non-forfeitable.

## **Article III.**

1. No part of the Custodial Account funds may be invested in life insurance contracts, nor may the assets of the Custodial Account be commingled with other property except in a common trust fund or common investment fund [within the meaning of section 408(a)(5)].
2. No part of the Custodial Account funds may be invested in collectibles [within the meaning of section 408(m)] except as otherwise permitted by section 408(m)(3) which provides an exception for certain gold, silver and platinum coins, coins issued under the laws of any state, and certain bullion.

## **Article IV.**

1. Notwithstanding any provisions of this agreement to the contrary, the distribution of the Depositor's interest in the Custodial Account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference. The required minimum distributions calculated for this IRA may be withdrawn from another IRA of the Depositor in accordance with Q&A-9 of Section 1.408-8 of the Income Tax Regulations. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C), the preceding sentence and paragraphs (2), and 5(b) and 5(c) below do not apply.
2. The Depositor's entire interest in the Custodial Account must be, or begin to be, distributed by the Depositor's required beginning date, April 1 following the calendar year end in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the Custodial Account distributed in:
  - (a) A single-sum payment; or
  - (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated Beneficiary.
3. If the Depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
  - (a) If the Depositor dies on or after the required beginning date and:
    - (i) the designated Beneficiary is the Depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
    - (ii) the designated Beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) if longer.

- (iii) there is no designated Beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by 1 for each subsequent year.
  - (b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated Beneficiary, in accordance with (ii) below:
    - (i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above [but not over the period in paragraph (a)(iii), even if longer], starting by the end of the calendar year following the year of the Depositor's death. If, however, the designated Beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above [but not over the period in paragraph (a)(iii), even if longer], over such spouse's designated Beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated Beneficiary. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C) established for the benefit of a non-spouse designated beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under Code Section 402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the non-spouse designated beneficiary may elect to have distributions made under this paragraph (b)(i) if the transfer is made no later than the end of the year following the year of death.
    - (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
  - (c) The required minimum distributions payable to a designated beneficiary from this IRA may be withdrawn from another IRA the beneficiary holds from the same decedent in accordance with Treas. Reg. Section 1.408-8, Q&A-9.
4. If the Depositor dies before his or her entire interest has been distributed and if the designated Beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the Custodial Account.
  5. The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
    - (a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the Depositor reaches age 70½, is the value of the Custodial Account at the close of business on December 31 of the preceding year divided by the distribution period in the Uniform Lifetime table in Regulations section 1.401(a)(9)-9. However, if the Depositor's designated Beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the value of the Custodial Account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.

- (b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Depositor's death [or the year the Depositor would have reached age 70½, if applicable under paragraph 3(b)(i)] is the value of the Custodial Account value at the close of business on December 31 of the preceding year divided by the life expectancy [in the single life table in Regulations section 1.401(a)(9)-9] of the individual specified in such paragraphs 3(a) and 3(b)(i).
- (c) The required minimum distribution for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

#### **Article V.**

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.
2. The Custodian agrees to submit to the Internal Revenue Service (IRS) and the Depositor the reports prescribed by the IRS.
3. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C) maintained for the benefit of a designated beneficiary of a deceased Depositor, references in this document to the "Depositor" are to the deceased Depositor.

#### **Article VI.**

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

#### **Article VII.**

This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made in accordance with Part Three, Article VIII, Section 13 of this Agreement.

## **Part Two: Provisions Applicable to Roth IRAs**

The following provisions of Articles I to VII are in the form promulgated by the Internal Revenue Service in Form 5305-RA (revised March 2002), as most recently updated by Listings of Required Modifications issued June 16, 2010, for use in establishing a Roth Individual Retirement Custodial Account. References are to sections of the Internal Revenue Code of 1986, as amended ("Code").

State Street Bank and Trust Company will accept appointment as Custodian of the Depositor's Account. However, this Agreement is not binding upon the Custodian until the Depositor has received a statement confirming the initial transaction for the Account. Receipt by the Depositor of a confirmation of the purchase of the Fund shares indicated above will serve as notification of State Street Bank and Trust Company's acceptance of appointment as Custodian of the Depositor's Account. The Individual Retirement Custodial Account ("IRA") is established under Section 408A of the Code and is to provide for the retirement of the Depositor and, after the Depositor's death, for the support of his or her beneficiaries. The Depositor and the Custodian make the following agreement:

**Article I.**

1. **Maximum Permissible Amount.** Except in the case of a qualified rollover contribution [as defined in paragraph (7) below] or a re-characterization [as defined in paragraph (6) below], no contribution will be accepted unless it is in cash and the total of such contributions to all the Depositor’s Roth IRAs for a taxable year does not exceed the applicable amount [as defined in paragraph (2) below], or the Depositor’s compensation [as defined in paragraph (8) below], if less, for that taxable year. The contribution described in the previous sentence that may not exceed the lesser of the applicable amount or the Depositor’s compensation is referred to as a “regular contribution.” Despite the preceding limits on contributions, a Depositor may make additional contributions specifically authorized by statute— e.g., repayments of qualified reservist distributions, repayments of certain plan distributions made on account of a federally declared disaster and certain amounts received in connection with the Exxon Valdez litigation. Contributions may be limited under (3) through (5) below.
  
2. **Applicable Amount.** The applicable amount is determined below:
  - (a) If the Depositor is under age 50, the applicable amount is \$5,000 for any taxable year beginning in 2008 and years thereafter. After 2008, the \$5,000 amount will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 219(b)(5)(D). Such adjustments will be in multiples of \$500.
  - (b) If the Depositor is 50 or older, the applicable amount under paragraph (a) above is increased by \$1,000 for any taxable year beginning in 2006 and years thereafter.
  - (c) If the Depositor was a participant in a Code Section 401(k) plan of a certain employer in bankruptcy described in Code Section 219(b)(5)(C), then the applicable amount under paragraph (a) above is increased by \$3,000 for taxable years beginning after 2006 and before 2010 only. A Depositor who makes contributions under this paragraph (c) may not also make contributions under paragraph (b).
  
3. **Regular Contribution Limit.** The maximum regular contribution that can be made to all the Depositor’s Roth IRAs for a taxable year is the smaller amount determined under (a) or (b) below.
  - (a) The maximum regular contribution is phased out ratably between certain levels of modified adjusted gross income in accordance with the following table (for 2011):

<b>Filing Status</b>	<b>Full Contribution</b>	<b>Phase Out Range</b>	<b>No Contribution</b>
Single or Head of Household	\$107,000 or less	Between \$107,000 and \$122,000	\$122,000 or more
Married-Filing Jointly, or Joint Return of Qualifying Widow(er)	\$169,000 or less	Between \$169,000 and \$179,000	\$179,000 or more
Married-Separate Return	\$0	Between \$0 and \$10,000	\$10,000 or more

An individual's modified adjusted gross income ("modified AGI") for a taxable year is defined in Code Section 408A(c)(3) and does not include any amount included in adjusted gross income as a result of a qualified rollover contribution. If the individual's modified AGI for a taxable year is in the phase-out range, the maximum regular contribution determined under this table for that taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200. After 2006, the dollar amounts above will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 408A(c)(3). Such adjustments will be in multiples of \$1,000.

- (b) If the Depositor makes regular contributions to both Roth and non-Roth IRAs for a taxable year, the maximum regular contribution that can be made to all of the Depositor's Roth IRAs for that taxable year is reduced by the regular contributions made to the Depositor's non-Roth IRAs for the taxable year.
4. **SIMPLE IRA Limits.** No contributions will be accepted under a SIMPLE IRA plan established by any employer pursuant to Code Section 408(p). Also, no transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the two-year period beginning on the date the Depositor first participated in that employer's SIMPLE IRA plan.
  5. **Inherited IRA.** If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C), no contributions will be accepted.
  6. **Recharacterization.** A regular contribution to a non-Roth IRA may be recharacterized pursuant to the rules in Code Section 1.408A-5 of the regulations as a regular contribution to this IRA, subject to the limits in (3) above.
  7. **Qualified Rollover Contribution.** A "qualified rollover contribution" is a rollover contribution of a distribution from an eligible retirement plan described in Code Section 402(c)(8)(B). If the distribution is from an IRA, the rollover must meet the requirements of Code Section 408(d)(3), except the one-rollover-per-year rule of Code Section 408(d)(3)(B) does not apply if the distribution is from a non-Roth IRA. If the distribution is from an eligible retirement plan other than an IRA, the rollover must meet the requirements of Code Section 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16), as applicable. A qualified rollover contribution also includes (a) and (b) below.
    - (a) All or part of a military death gratuity or service members' group life insurance ("SGLI") payment may be contributed if the contribution is made within 1 year of receiving the gratuity or payment. Such contributions are disregarded for purposes of the one-rollover-per-year rule under Code Section 408(d)(3)(B).
    - (b) All or part of an airline payment [as defined in Code Section 125 of the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA"), Pub. L. 110-458] received by certain airline employees may be contributed if the contribution is made within 180 days of receiving the payment.
  8. **Compensation.** For purposes of Article I, Section (1) of this Part Two, "compensation" is defined as wages, salaries, professional fees, or other amounts derived from or received for personal services actually rendered (including, but not limited to commissions-paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, and bonuses) and includes earned income, as defined in Code Section 401(c)(2) (reduced by the deduction the self-employed individual takes for contributions made to a self-employed retirement plan). For purposes of this definition, Code Section 401(c)(2) shall be applied as if the term trade or business for purposes of Code Section 1402

included service described in subsection (c)(6). Compensation does not include amounts derived from or received as earnings or profits from property (including but not limited to interest and dividends) or amounts not includible in gross income (determined without regard to Code Section 112). Compensation also does not include any amount received as a pension or annuity or as deferred compensation. The term "compensation" shall include any amount includible in the individual's gross income under Code Section 71 with respect to a divorce or separation instrument described in subparagraph (A) of Code Section 71(b)(2). In the case of a married individual filing a joint return, the greater compensation of his or her spouse is treated as his or her own compensation, but only to the extent that such spouse's compensation is not being used for purposes of the spouse making an IRA contribution. The term "compensation" also includes any differential wage payments as defined in Code Section 3401(h)(2).

9. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.
10. The Custodial Account is established for the exclusive benefit of the Depositor or his or her beneficiaries. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C) maintained for the benefit of a designated beneficiary of a deceased Depositor, references in this document to the "Depositor" are to the deceased Depositor.

## **Article II.**

The Depositor's interest in the balance in the Custodial Account is nonforfeitable.

## **Article III.**

1. No part of the Custodial Account funds may be invested in life insurance contracts, nor may the assets of the Custodial Account be commingled with other property except in a common trust fund or common investment fund [within the meaning of section 408(a)(5)].
2. No part of the Custodial Account funds may be invested in collectibles [within the meaning of section 408(m)] except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

## **Article IV.**

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

2. The minimum amount that must be distributed each year under paragraph 1(a) above is the value of the Custodial Account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Treas. Reg. Section 1.401(a)(9)-9 of the designated Beneficiary using the attained age of the beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.
3. If the Depositor's spouse is the designated Beneficiary, such spouse will then be treated as the Depositor.
4. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C) established for the benefit of a nonspouse designated beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased Depositor under Code Section 402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the nonspouse designated beneficiary may elect to have distributions made under this Article IV, paragraph (1)(a) if the transfer is made no later than the end of the year following the year of death.
5. The required minimum distributions payable to a designated beneficiary from this IRA may be withdrawn from another IRA the beneficiary holds from the same decedent in accordance with Q&A-9 of Treas. Reg. Section 1.408-8.

#### **Article V.**

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

#### **Article VI.**

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through V and this sentence will be controlling. Any additional articles that are not consistent with Code Section 408A, the related regulations, and other published guidance will be invalid.

The Custodial Account is established for the exclusive benefit of the individual or his or her beneficiaries. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C) maintained for the benefit of a designated beneficiary of a deceased individual, references in this document to the "individual" are to the deceased individual.

#### **Article VII.**

This agreement will be amended as necessary to comply with the provisions of the Code, the related regulations, and other published guidance. Other amendments may be made in accordance with Part Three, Article VIII, Section 13 of this Agreement.

## Part Three: Provisions Applicable to Both Traditional IRAs and Roth IRAs

### Article VIII.

1. **Definitions.** As used in this Agreement the following terms have the following meanings:

“Adoption Agreement” is the application signed by the Depositor to accompany and adopt this Custodial Account. The Adoption Agreement may also be referred to as the “Account Application.”

“Advisor” is an investment advisor or an agent under a Power of Attorney appointed in writing.

“Agreement” means this American Century Investments Individual Retirement Account Custodial Agreement (consisting of either Part One or Part Two, Part Three and the Adoption Agreement signed by the Depositor).

“Beneficiary” has the meaning assigned in Section 11.

“Custodial Account” means the individual retirement account established using the terms of this Agreement. The Custodial Account may be a Traditional Individual Retirement Account or a Roth Individual Retirement Account, as specified by the Depositor. See Section 24.

“Custodian” means State Street Bank and Trust Company.

“Depositor” means the person signing the Adoption Agreement accompanying this Agreement.

“Distributor” means the entity, which has a contract with the Fund(s) to serve as distributor of the shares of such Fund(s). In any case where there is no Distributor, the duties assigned hereunder to the Distributor may be performed by the Fund(s) or by an entity that has a contract to perform management or investment advisory services for the Fund(s).

“Fund” means any mutual fund or investment company registered under the Investment Company Act of 1940, as amended, which is advised, sponsored or distributed by Sponsor; provided, however, that such a mutual fund or registered investment company must be legally offered for sale in the state of the Depositor’s residence.

“Money Market Fund” means a Fund selected by Sponsor that seeks to maintain a \$1 share price by investing in high-quality (two highest short-term categories), very short-term (60 days or less weighted average maturity) debt obligations of banks, governments, and corporations.

“Responsible Individual” means an adult, typically a parent or guardian, who executes the Account Application for a Depositor who has not attained the age of majority in their state of residence or who is legally disabled, and any successor Responsible Individual. The Responsible Individual shall exercise all powers and duties of the Depositor, on behalf of the Depositor. If the Responsible Individual becomes incapacitated or dies while the Depositor is a minor or is otherwise legally disabled, the successor Responsible Individual shall be (a) the person named to succeed in that capacity by the preceding Responsible Individual in form acceptable to the Custodian, or (b) if no successor is named, a court-appointed conservator or other legal fiduciary of the Depositor’s estate. In all events, no person shall be a successor

Responsible Individual unless such person executes the Account Application for the Depositor and agrees to exercise all powers and duties of the Depositor, on behalf of the Depositor, as indicated herein.

“Service Company” means any entity employed by the Custodian or the Distributor, including but not limited to American Century Services, LLC, the transfer agent for the Fund(s), to perform various administrative duties of either the Custodian or the Distributor. In any case where there is no Service Company, the duties assigned hereunder to the Service Company will be performed by the Distributor (if any).

“Sponsor” means American Century Investment Management, Inc. Reference to the Sponsor includes reference to any affiliate of Sponsor to which Sponsor has delegated (or which is in fact performing) any duty assigned to Sponsor under this Agreement. Sponsor specifically assumes sponsorship of Custodial Accounts previously established with American Century Mutual Funds, Inc., as Sponsor.

2. **Revocation.** The Depositor may revoke the Custodial Account established hereunder by mailing or delivering a written notice of revocation to the Custodian within seven days after the Depositor receives the Disclosure Statement related to the Custodial Account. Mailed notice is treated as given to the Custodian on date of the postmark (or on the date of Post Office certification or registration in the case of notice sent by certified or registered mail). Upon timely revocation, the Depositor's initial contribution will be returned, without adjustment for administrative expenses, commissions or sales charges, fluctuations in market value or other changes.

The Depositor may certify in the Adoption Agreement that the Depositor received the Disclosure Statement related to the Custodial Account at least seven days before the Depositor signed the Adoption Agreement to establish the Custodial Account, and the Custodian may rely upon such certification.

In any instance where it is established that the Depositor has had possession of the Disclosure Statement for more than seven days, it will be conclusively presumed that the Depositor has waived his or her right to revoke under this Section.

3. **Investments.** All contributions to the Custodial Account shall be invested and reinvested in full and fractional shares of one or more Funds. All such shares shall be held as book entry shares, and no physical shares or share certificate will be held in the Custodial Account. Such investments shall be made in such proportions and/or in such amounts as Depositor from time to time in the Adoption Agreement or by other written or verbal notice to the Service Company (in such form as may be acceptable to the Service Company) may direct.

The Service Company shall be responsible for promptly transmitting all investment directions by the Depositor for the purchase or sale of shares of one or more Funds hereunder to the Funds' transfer agent for execution. However, if investment directions with respect to the investment of any contribution hereunder are not received from the Depositor as required or, if received, are unclear or incomplete in the opinion of the Service Company, the contribution will be invested in a Money Market Fund pending clarification or completion by the Depositor without liability for interest or for loss of income or appreciation. Contributions shall continue to be invested in such Money Market Fund unless subsequent contrary instructions, in a form acceptable to Service Company, to invest in another Fund are received by Service Company. If any other directions or other orders by the Depositor with respect to the sale or purchase of shares of one or more Funds are unclear or incomplete in the opinion of the Service Company, the Service Company will refrain from carrying out such investment directions or from executing any such sale or purchase, without liability for loss of income or for appreciation or depreciation of any asset, pending receipt of clarification or completion from the Depositor.

All investment directions by Depositor will be subject to any minimum initial or additional investment or minimum balance rules or other rules (by way of example and not by way of limitation, rules relating to the timing of investment directions or limiting the number of purchases or sales or imposing sales charges on shares sold within a specified period after purchase) applicable to a Fund as described in its prospectus.

If any Fund held in the Custodial Account is liquidated or is otherwise made unavailable by the Sponsor as a permissible investment for a Custodial Account hereunder, the liquidation or other proceeds of such Fund shall be invested in accordance with the instructions of the Depositor. If the Depositor does not give such instructions, or if such instructions are unclear or incomplete in the opinion of the Service Company, the Service Company may invest such liquidation or other proceeds in such other Fund (including a Money Market Fund) as the Sponsor designates, and provided that the Sponsor gives at least thirty (30) days advance written notice to the Depositor and the Service Company. In such case, neither the Service Company, Sponsor, nor the Custodian will have any responsibility for such investment.

Alternatively, if the Depositor does not give instructions and the Sponsor does not designate such other Fund as described above then the Depositor (or his or her Beneficiaries) will be deemed to have directed the Custodian to distribute any amount remaining in the Fund to the Depositor (or to his or her Beneficiaries as their interests shall appear on file with the Custodian), subject to the Custodian's right to reserve funds as provided in Section 17(b). The Sponsor and the Custodian will be fully protected in making any and all such distributions pursuant to this Section 3, provided that the Sponsor gives at least thirty (30) days advance written notice to the Depositor. In such case, neither the Service Company, Sponsor, nor the Custodian will have any responsibility for such distribution. The Depositor (or his or her Beneficiaries) shall be fully responsible for any taxes due on such distribution.

4. **Exchanges.** Subject to the minimum initial or additional investment, minimum balance and other exchange rules applicable to a Fund, the Depositor (or Depositor's beneficiaries in the event Depositor is deceased) may at any time direct the Service Company to exchange all or a specified portion of the shares of a Fund in the Custodial Account for shares and fractional shares of one or more other Funds. The Depositor shall give such directions by written or verbal notice acceptable to the Service Company, and the Service Company will process such directions as soon as practicable after receipt thereof.
5. **Transaction Pricing.** Any purchase or redemption of shares of a Fund for or from the Custodial Account will be effected at the public offering price or net asset value of such Fund (as described in the then effective prospectus for such Fund) next established after the Service Company has transmitted the Depositor's investment directions to the transfer agent for the Fund(s). Any purchase, exchange, transfer or redemption of shares of a Fund for or from the Custodial Account will be subject to any applicable sales, redemption or other charge as described in the then effective prospectus for such Fund.
6. **Recordkeeping.** The Service Company shall maintain adequate records of all purchases or sales of shares of one or more Funds for the Depositor's Custodial Account. Any account maintained in connection herewith shall be in the name of the Custodian for the benefit of the Depositor. All assets of the Custodial Account shall be registered in the name of the Custodian or of a suitable nominee. The books and records of the Custodian shall show that all such investments are part of the Custodial Account.

The Custodian shall maintain or cause to be maintained adequate records reflecting transactions of the Custodial Account. In the discretion of the Custodian, records

maintained by the Service Company with respect to the Account hereunder will be deemed to satisfy the Custodian's recordkeeping responsibilities therefore. The Service Company agrees to furnish the Custodian with any information the Custodian requires to carry out the Custodian's recordkeeping responsibilities.

7. **Allocation of Responsibility.** Neither the Custodian nor any other party providing services to the Custodial Account will have any responsibility for rendering advice with respect to the investment and reinvestment of the Custodial Account, nor shall such parties be liable for any loss or diminution in value which results from Depositor's exercise of investment control over his Custodial Account. Depositor shall have and exercise exclusive responsibility for and control over the investment of the assets of his Custodial Account, and neither Custodian nor any other such party shall have any duty to question his or her directions in that regard or to advise him or her regarding the purchase, retention or sale of shares of one or more Funds for the Custodial Account.
8. **Appointment of Investment Advisor or Agent under Power of Attorney.** The Depositor may in writing appoint an Advisor with respect to the Custodial Account on a form acceptable to the Custodian and the Service Company. The Advisor's appointment will be in effect until written notice to the contrary is received by the Custodian and the Service Company. While an Advisor's appointment is in effect, the Advisor may issue investment directions or may issue orders for the sale or purchase of shares of one or more Funds to the Service Company, and the Service Company will be fully protected in carrying out such investment directions or orders to the same extent as if they had been given by the Depositor.
9. (a) **Distributions.** Distribution of the assets of the Custodial Account shall be made at such time and in such form as Depositor (or his or her Beneficiary if Depositor is deceased) shall elect by written or verbal notice acceptable to the Custodian. It is the responsibility of the Depositor (or the Beneficiary) by appropriate distribution instructions to the Custodian to ensure that any applicable distribution requirements of Code Section 401(a)(9) and Article IV above are met. If the Depositor (or Beneficiary) does not direct the Custodian to make distributions from the Custodial Account by the time that such distributions are required to commence in accordance with such distribution requirements, the Custodian (and Service Company) shall assume that the Depositor (or Beneficiary) is meeting any applicable minimum distribution requirements from another individual retirement arrangement maintained by the Depositor (or Beneficiary) and the Custodian and Service Company shall be fully protected in so doing.

Depositor acknowledges that any distribution of a taxable amount from the Custodial Account (except for distribution on account of Depositor's disability or death, return of an "excess contribution" referred to in Code Section 4973, or a "rollover" from this Custodial Account) made earlier than age 59½ may subject Depositor to an "additional tax on early distributions" under Code Section 72(t) unless an exception to such additional tax is applicable. For that purpose, Depositor will be considered disabled if Depositor can prove, as provided in Code Section 72(m)(7), that Depositor is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or be of long-continued and indefinite duration.

Minors: No distribution will be payable to a Depositor known by the Custodian to be a minor under the laws of his or her state of residence or otherwise under a legal disability unless and until the Custodian receives authorization and direction from the Responsible Individual. No distribution will be payable to a Beneficiary known by the Custodian to be a minor under the laws of his or

her state of residence or otherwise under a legal disability unless and until the Custodian receives authorization and direction from the legal representative of such Beneficiary's interest in the Custodial Account who has authority to act on behalf of the Beneficiary with respect to such interest as appropriate under the laws of the state in which said Beneficiary resides, or if there is no such legal representative, then from any parent of the Beneficiary or another adult individual on behalf of the Beneficiary, provided such parent or other individual agrees and consents in writing to give such authorization and direction (and to accept any distribution made to him or her pursuant to such authorization and direction) only as fiduciary for the Beneficiary. Notwithstanding any contrary provision of the preceding sentence, if the Beneficiary is a minor under the laws of his or her residence, the Custodian may pay such distribution to a custodian for such Beneficiary under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act, so long as such distribution is permitted by the laws of the state in which said Beneficiary resides. Such payment shall fully discharge the Custodian and Sponsor from further liability on account thereof.

- (b) **Taxability of Distributions.** The Depositor acknowledges (i) that any withdrawal from the Custodial Account will be reported by the Custodian in accordance with applicable IRS requirements (currently, on Form 1099-R), (ii) that the information reported by the Custodian will be based on the amounts in the Custodial Account and will not reflect any other individual retirement accounts the Depositor may own and that, consequently, the tax treatment of the withdrawal may be different than if the Depositor had no other individual retirement accounts, and (iii) that, accordingly, it is the responsibility of the Depositor to maintain appropriate records so that the Depositor (or other person ordering the distribution) can correctly compute all taxes due. Neither the Custodian nor any other party providing services to the Custodial Account assumes any responsibility for the tax treatment of any distribution from the Custodial Account; such responsibility rests solely with the person ordering the distribution.

10. **Distribution Instructions.** The Custodian assumes (and shall have) no responsibility to make any distribution except upon the written order of Depositor (or his or her Beneficiary if Depositor is deceased) or upon any apparently valid court order relating to the Custodial Account containing such information as the Custodian may reasonably request. Also, before making any distribution from or honoring any assignment of the Custodial Account, Custodian shall be furnished with any and all applications, certificates, tax waivers, signature guarantees, releases, indemnification agreements, and other documents (including proof of any legal representative's authority) deemed necessary or advisable by Custodian, but Custodian shall not be responsible for complying with any order or instruction which appears on its face to be genuine, or for refusing to comply if not satisfied it is genuine, and Custodian has no duty of further inquiry. Any distributions from the Custodial Account may be made in cash, remitted by check and mailed to the last known address of the person who is to receive such distribution, as shown on the Custodian's records, by electronic bank transfers if so directed by the Depositor (or his or her Beneficiary, if the Depositor is deceased), and such distribution shall to the extent thereof completely discharge the Custodian's liability for such payment.
11. (a) **Designated Beneficiary.** The term "Beneficiary" means the person or persons designated as such by the "designating person" (as defined below) on a form acceptable to the Custodian for use in connection with the Custodial Account, duly executed and signed by the designating person, and filed with, and acceptable to the Custodian. If, in the opinion of the Custodian or Service Company, any designation of beneficiary is unclear or incomplete, in addition to any documents or assurances the Custodian may request under Section 10, the Custodian or Service Company shall be entitled to request and receive

such clarification or additional instructions as the Custodian in its discretion deems necessary to determine the correct Beneficiary(ies) following the Depositor's death.

The form designating the Beneficiary(ies) may name individuals, trusts, estates, or other entities as either primary or contingent beneficiaries. However, if the designation does not effectively dispose of the entire Custodial Account as of the time distribution is to commence, or if all Beneficiaries renounce their rights to receive any benefit from the Custodial Account, the term "Beneficiary" shall then mean first, the designating person's spouse, but if no such spouse shall survive the designating person, then the surviving natural and adoptive children of the designating person in equal shares per capita, and if there be no such child or children, then the personal representative of the designating person's estate, with respect to the assets of the Custodial Account not disposed of by the designation form.

Neither the Custodian nor the Service Company shall have any duty, obligation or responsibility to make any inquiry or conduct any investigation concerning the identification, address, or legal status of any individual or individuals alleging the status of beneficiary (designated or otherwise), nor to make inquiry or investigation concerning the possible existence of any beneficiary not reported to the Custodian within a reasonable period after the notification of the Depositor's death (or that of the Depositor's designated beneficiary) and previous to the distribution of the account. The Custodian and Service Company may conclusively rely upon the veracity and accuracy of all matters reported to it by any source ordinarily presumed to be knowledgeable respecting the matters so reported.

With respect to any distribution made by reason of the death of the Depositor (or the Depositor's designated beneficiary) the Custodian and Service Company shall have no higher duty than the exercise of good faith, and shall incur no liability by reason of any action taken in reliance upon erroneous, inaccurate or fraudulent information reported by any source assumed to be reliable, or by reason of incomplete information in its possession at the time of such distribution. Upon full and complete distribution of the Custodial Account pursuant to the provisions of this Section, the Custodian, Sponsor, and Service Company shall be fully and forever discharged from all liabilities respecting such Custodial Account.

The form last accepted by the Custodian before such distribution is to commence, provided it was received by the Custodian during the designating person's lifetime, shall be controlling and, whether or not fully dispositive of the Custodial Account, thereupon shall revoke all such forms previously filed by that person.

The term "designating person" means Depositor during his/her lifetime; only after Depositor's death, it means Depositor's Beneficiary.

Married Depositors, particularly those who reside in a community property or marital property states, may need to obtain spousal consent if they have not designated their spouse as the primary Beneficiary for at least half of their Custodial Account. Consult a lawyer or other tax professional for additional information and advice.

- (b) **Rights of Inheriting Beneficiary.** Notwithstanding any provisions in this Agreement to the contrary, when and after the distribution from the Custodial Account to Depositor's Beneficiary commences, all rights and obligations assigned to Depositor hereunder, including the right to designate a beneficiary, shall inure to, and be enjoyed and exercised by, Beneficiary instead of Depositor.

- (c) **Election by Spouse.** Notwithstanding Section 3 of Article IV of Part Two above, if the Depositor's spouse is the sole Beneficiary on the Depositor's date of death, the spouse will not be treated as the Depositor if the spouse elects not to be so treated. In such event, the Custodial Account will be distributed in accordance with the other provisions of such Article IV, except that distributions to the Depositor's spouse are not required to commence until December 31 of the year in which the Depositor would have turned age 70½.
- (d) In the event of a divorce, if the former spouse has been designated as a beneficiary on the Custodial Account, such designation is automatically revoked. Such former spouse can be subsequently designated as a beneficiary, but only in a new designation of beneficiary executed subsequent to the final decree, and filed with and acceptable to the Custodian.
- (e) Except as described in (d) above, a beneficiary designation will not be changed automatically and is not affected by any other executed documents or agreements such as, but not limited to, pre-nuptial agreements or other court orders, except as required by law. Only beneficiary designations duly executed, filed with and acceptable to the Custodian are valid and enforceable.

## 12. **Tax Reporting Responsibilities.**

- (a) Depositor acknowledges that it is his or her sole responsibility to report all contributions to or withdrawals from the Custodial Account correctly on his or her income tax returns, and to keep necessary records of all of the Depositor's individual retirement accounts (including any that may be held by another custodian or trustee) for tax purposes.
- (b) The Custodian or the Service Company will submit reports to the Internal Revenue Service and the Depositor at such time and manner and containing such information as is prescribed by the Internal Revenue Service.
- (c) The Depositor, Custodian and Service Company shall furnish to each other such information relevant to the Custodial Account as may be required under the Code and any regulations issued or forms adopted by the Treasury Department thereunder or as may otherwise be necessary for the administration of the Custodial Account.
- (d) The Depositor shall file any reports to the Internal Revenue Service which are required of him by law (including Form 5329), and neither the Custodian nor Service Company shall have any duty to advise Depositor concerning or monitor Depositor's compliance with such requirement.

## 13. **Amendments.**

- (a) Depositor delegates to Sponsor the right to amend this Agreement in any respect at any time, effective on a stated date which shall be at least 30 days after giving written notice of the amendment (including its exact terms) to Depositor. Notwithstanding the foregoing, any such amendment may be retroactively effective if such amendment is necessary to conform the Agreement to, or satisfy conditions of, any law, governmental regulation, or ruling, or to permit the Agreement to meet the requirements of Section 408 of the Code. Written notice of amendment will be mailed or provided electronically to Depositor, in accordance with Depositor's election.

- (b) Depositor delegates to the Custodian the Depositor's right so to amend, provided (i) the Custodian does not change the investments available under this Custodial Agreement, and (ii) the Custodian amends in the same manner all agreements comparable to this one, having the same Custodian, permitting comparable investments, and under which such power has been delegated to it; this includes the power to amend retroactively if necessary or appropriate in the opinion of the Custodian in order to conform this Custodial Account to pertinent provisions of the Code and other laws or successor provisions of law, or to obtain a governmental ruling that such requirements are met, to adopt a prototype or master form of agreement in substitution for this Agreement, or as otherwise may be advisable in the opinion of the Custodian. Such an amendment by the Custodian shall be communicated in writing to Depositor, and Depositor shall be deemed to have consented thereto unless, within 30 days after such communication to Depositor is mailed, Depositor gives Custodian a written order for a complete distribution or transfer of the Custodial Account.

Pending the adoption of any amendment necessary or desirable to conform this Agreement to the requirements of any amendment to any applicable provision of the Code or regulations or rulings issued thereunder (including any amendment to Form 5305-A or Form 5305-RA), the Custodian and the Service Company may operate the Custodial Account in accordance with such requirements to the extent that the Custodian and/or the Service Company deem necessary to preserve the tax benefits of the Account, and Custodian and/or the Service Company will have no liability for so doing.

- (c) Notwithstanding the provisions of subsections (a) and (b) above, no amendment shall increase the responsibilities or duties of Custodian without its prior written consent.
- (d) This Section 13 shall not be construed to restrict the Custodian's right to substitute fee schedules in the manner provided by Section 16 below, and no such substitution shall be deemed to be an amendment of this Agreement.

#### **14. Terminations.**

- (a) This Agreement shall terminate and have no further force and effect upon a complete distribution of the Custodial Account to the Depositor (or his or her Beneficiaries) or to a successor custodian or trustee in accordance with the instructions provided to the Custodian by the Depositor. In addition, the Sponsor shall have the right to terminate this Agreement and instruct the Custodian to distribute the Custodial Account upon thirty (30) days notice to the Custodian and the Depositor (or his or her Beneficiaries if the Depositor is deceased). In the event of such termination by the Sponsor, the Custodian shall transfer the entire amount in the Custodial Account to a successor custodian or trustee as the Depositor (or his or her Beneficiaries) shall instruct, or shall distribute the Custodial Account to the Depositor (or his or her Beneficiaries) if so directed. If, at the end of such thirty (30) day period, the Depositor (or his or her Beneficiaries) has not directed the Custodian to transfer or distribute the amount in the Custodial Account as described above, then the Depositor (or his or her Beneficiaries) will be deemed to have directed the Custodian to distribute any amount remaining in the Custodial Account to (i) the Depositor or, (ii) if the Depositor is deceased, to his or her Beneficiaries as defined in Section 11(a), subject to the Custodian's right to reserve funds as provided in Section 17(b). The Sponsor and the Custodian will be fully protected in making any and all such distributions pursuant to this Section 14(a). The Depositor (or his or her Beneficiaries) shall be fully responsible for any taxes due on such distribution.

- (b) Sections 15(f), 17(b) and 17(c) hereof shall survive the termination of the Custodial Account and this Agreement. Upon termination of the Custodial Account and this Agreement, the Custodian shall be relieved from all further liability hereunder or with respect to the Custodial Account and all assets thereof so distributed.

**15. Responsibilities of Custodian, Service Company, and Depositor.**

- (a) In its discretion, the Custodian may appoint one or more contractors, including the Service Company, to carry out any of its functions and may compensate them from the Custodial Account for expenses attendant to those functions. In the event of such appointment, all rights and privileges of the Custodian under this Agreement shall pass through to such contractors or service providers who shall be entitled to enforce them as if a named party.
- (b) The Service Company shall be responsible for receiving all instructions, notices, forms and remittances from Depositor and for dealing with or forwarding the same to the transfer agent for the Fund(s).
- (c) The parties do not intend to confer any fiduciary duties on Custodian or Service Company (or any other party providing services to the Custodial Account), and none shall be implied. Neither shall be liable (or assumes any responsibility) for the collection of contributions, the proper amount, time or tax treatment of any contribution to the Custodial Account or the propriety of any contributions under this Agreement, or the purpose, time, amount (including any minimum distribution amounts), tax treatment or propriety of any distribution hereunder, which matters are the sole responsibility of Depositor and Depositor's Beneficiary.
- (d) Not later than 60 days after the close of each calendar quarter in which transactions have occurred in the Depositor's Custodial Account, the Custodian or Service Company shall send to Depositor a written report or reports reflecting the transactions effected by it during such period and the assets of the Custodial Account at its close. Additionally, such a report shall be sent to Depositor not later than 60 days after the close of the second and fourth calendar quarters (or after the Custodian's resignation or removal). Upon the expiration of 30 days after such a report is sent to Depositor (or Beneficiary), the Custodian or Service Company shall be forever released and discharged from all liability and accountability to anyone with respect to transactions shown in or reflected by such report except with respect to any such acts or transactions as to which Depositor shall have filed written objections with the Custodian or Service Company within such 30-day period.
- (e) The Service Company shall deliver or cause to be delivered, either by mail or electronically, to Depositor all notices, prospectuses, financial statements and other reports to shareholders, proxies and proxy soliciting materials relating to the shares of the Funds(s) credited to the Custodial Account. Depositor (or other authorized agent) may direct the Custodian as to the manner in which such shares shall be voted. In the absence of direction from Depositor (or Depositor's authorized agent), Depositor authorizes and instructs the Custodian to vote the shares of the Fund(s) credited to the Custodial Account as recommended by the Fund's board of directors in the relevant proxy soliciting materials. The Custodian shall have no responsibility to separately review or evaluate such Fund's board of directors' voting recommendation nor have any liability for following Depositor's instructions to follow the Fund's board of directors' recommendation.
- (f) Depositor shall always fully indemnify Service Company, Distributor, the Fund(s), Sponsor and Custodian and save them harmless from any and all liability whatsoever which may arise either (i) in connection with this Agreement and

the matters which it contemplates, except that which arises directly out of the Service Company's, Distributor's, Fund's, Sponsor's or Custodian's bad faith, gross negligence or willful misconduct, (ii) with respect to making or failing to make any distribution, other than for failure to make distribution in accordance with an order therefore which is in full compliance with Section 10, or (iii) actions taken or omitted in good faith by such parties. Neither Service Company nor Custodian shall be obligated or expected to commence or defend any legal action or proceeding in connection with this Agreement or such matters unless agreed upon by that party and Depositor, and unless fully indemnified for so doing to that party's satisfaction.

- (g) The Custodian and Service Company shall each be responsible solely for performance of those duties expressly assigned to it in this Agreement, and neither assumes any responsibility as to duties assigned to anyone else hereunder or by operation of law.
- (h) The Custodian and Service Company may each conclusively rely upon and shall be protected in acting upon any written order from Depositor (or Beneficiary, if Depositor is deceased), or any Advisor appointed under Section 8, or any other notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed, and so long as it acts in good faith, in taking or omitting to take any other action in reliance thereon. In addition, Custodian will carry out the requirements of any apparently valid court order relating to the Custodial Account and will incur no liability or responsibility for so doing.

#### 16. **Taxes, Fees and Expenses.**

- (a) The Custodian, in consideration of its services under this Agreement, shall receive the fees specified on the applicable fee schedule. The fee schedule originally applicable shall be the one specified in the Adoption Agreement or Disclosure Statement, as applicable. The Custodian may substitute a different fee schedule at any time upon 30 days' written notice to Depositor (or Beneficiary, if Participant is deceased). The Custodian shall also receive reasonable fees for any services not contemplated by any applicable fee schedule and either deemed by it to be necessary or desirable or requested by Depositor.
- (b) Any income, gift, estate and inheritance taxes and other taxes of any kind whatsoever, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the Custodial Account, that may be levied or assessed in respect to such assets, and all other administrative expenses incurred by the Custodian in the performance of its duties (including fees for legal services rendered to it in connection with the Custodial Account) shall be charged to the Custodial Account. If the Custodian is required to pay any such amount, the Depositor (or Beneficiary) shall promptly upon notice thereof reimburse the Custodian.
- (c) All such fees and taxes and other administrative expenses charged to the Custodial Account shall be collected either from the amount of any contribution or distribution to or from the Custodial Account, or (at the option of the person entitled to collect such amounts) to the extent possible under the circumstances by the conversion into cash of sufficient shares of one or more Funds held in the Custodial Account (without liability for any loss incurred thereby). Notwithstanding the foregoing, the Custodian or Service Company may make demand upon the Depositor for payment of the amount of such fees, taxes and other administrative expenses, and Depositor shall pay the amount due to Custodian upon demand. Fees which remain outstanding after 60 days may be subject to a collection charge.

- (d) The Depositor may authorize the Custodian to pay other expenses incurred by the Depositor out of the Custodial Account, including but not limited to fees of a registered investment Advisor for financial advisory services rendered to Depositor with respect to the assets held in the Custodial Account and fees for the performance of other administrative services. The Depositor must specifically authorize the Custodian in writing, in a form and manner acceptable to Custodian and Service Company, to pay such fees upon receipt of a statement from the Advisor or other service provider. The Custodian and Service Company shall not be required to inquire as to the actual performance of such services, the accuracy of the fee statement, the reasonableness of the fees for the services, or the regulation of such fees under federal or state law. The Custodian and Service Company shall be free from all liability to the Depositor, any Beneficiary, or any other person for the payment of, or the failure or refusal to pay, such fees.

**17. Resignation or Replacement of Custodian.**

- (a) Upon 60 days' prior written notice to the Custodian, Sponsor may remove it from its office hereunder. Such notice, to be effective, shall designate a successor custodian and shall be accompanied by the successor's written acceptance. The Custodian also may at any time resign upon 60 days' prior written notice to Sponsor, whereupon the Sponsor shall notify the Depositor (or Beneficiary, if Depositor is deceased) and shall appoint a successor to the Custodian. In connection with its removal or resignation hereunder, the Custodian may, but is not required to, designate a successor custodian by written notice to the Sponsor if the Sponsor does not designate a successor custodian, and the Sponsor and Depositor (or Beneficiary) will be deemed to have consented to such successor unless the Sponsor designates a different successor custodian and provides written notice thereof together with such a different successor's written acceptance by such date as the Custodian specifies in its original notice to the Sponsor (provided that the Sponsor will have a minimum of 60 days to designate a different successor).
- (b) The successor custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury under Code Section 408(a)(2). Upon receipt by Custodian of written acceptance by its successor of such successor's appointment, Custodian shall transfer and pay over to such successor the assets of the Custodial Account and all records (or copies thereof) of Custodian pertaining thereto, provided that the successor custodian agrees not to dispose of any such records without the Custodian's consent. Custodian is authorized, however, to reserve such sum of money or property as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the successor custodian.
- (c) No custodian shall be liable for the acts or omissions of its predecessor or its successor.

**18. Delivery of Notices.** Except where otherwise specifically required in this Agreement, any notice from Custodian to any person provided for in this Agreement shall be effective if sent by first-class mail or electronically if such service has been elected by the person to such person at that person's last address on the Custodian's records.

19. **Exclusive Benefit.** Depositor or Depositor's Beneficiary shall not have the right or power to anticipate any part of the Custodial Account or to sell, assign, transfer, pledge or hypothecate any part thereof. The Custodial Account shall not be liable for the debts of Depositor or Depositor's Beneficiary or subject to any seizure, attachment, execution or other legal process in respect thereof except to the extent required by law. At no time shall it be possible for any part of the assets of the Custodial Account to be used for or diverted to purposes other than for the exclusive benefit of the Depositor or his/her Beneficiary except to the extent required by law.
20. **Applicable Law/Interpretation.** When accepted by the Custodian, this Agreement is accepted in and shall be construed and administered in accordance with the laws of the state where the principal offices of the Custodian are located. Any action involving the Custodian brought by any other party must be brought in a state or federal court in such state.

This Agreement is intended to qualify under the Code as an individual retirement account and entitle Depositor to the retirement savings deduction under Code Section 219 if available. If any provision of this Agreement is subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with the intent expressed in the preceding sentence.

However, the Custodian shall not be responsible for whether or not such intentions are achieved through use of this Agreement, and Depositor is referred to Depositor's attorney for any such assurances.

Anything to the contrary herein notwithstanding, in the event of reasonable doubt respecting the proper course of action to be taken, the Custodian may seek a judicial determination which shall be binding on all parties claiming interest in the Custodial Account. In such event all court costs, legal expenses, reasonable compensation of time expended by Custodian in the performance of its duties, and other appropriate and pertinent expenses shall be collected by the Custodian from the Custodial Account.

21. **Professional Advice.** Depositor is advised to seek advice from Depositor's attorney regarding the legal consequences (including but not limited to federal and state tax matters) of entering into this Agreement, contributing to the Custodial Account, and ordering Custodian to make distributions from the Custodial Account. Depositor acknowledges that Custodian and Service Company (and any company associated therewith) do not provide legal or tax advice.
22. **Definition of Written Notice.** If any provision of any document governing the Custodial Account provides for notice, instructions or other communications from one party to another in writing, to the extent provided for in the procedures of the Custodian, Service Company or another party, any such notice, instructions or other communications may be given by telephonic, computer, other electronic or other means, and the requirement for written notice will be deemed satisfied.
23. **Governing Documents.** The legal documents governing the Custodial Account are as follows:
- (a) If in the Adoption Agreement the Depositor designated the Custodial Account as a Traditional IRA under Code Section 408(a), the provisions of Part One and Part Three of this Agreement and the provisions of the Adoption Agreement are the legal documents governing the Custodial Account.

- (b) If in the Adoption Agreement the Depositor designated the Custodial Account as a Roth IRA under Code Section 408A, the provisions of Part Two and Part Three of this Agreement and the provisions of the Adoption Agreement are the legal documents governing the Custodial Account.
- (c) In the Adoption Agreement the Depositor must designate the Custodian Account as either a Roth IRA or a Traditional IRA, and a separate account will be established for such IRA. One Custodial Account may not serve as a Roth IRA and a Traditional IRA (through the use of subaccounts or otherwise).
- (d) The Depositor acknowledges that the Service Company may require the establishment of different Roth IRA accounts to hold annual contributions under Code Section 408A(c)(2) and to hold conversion amounts under Code Section 408A(c)(3)(B). The Service Company may also require the establishment of different Roth IRA accounts to hold amounts converted in different calendar years. If the Service Company does not require such separate account treatment, the Depositor may make annual contributions and conversion contributions to the same account.
- (e) The Depositor acknowledges that the Service Company may require the establishment of different Traditional IRA accounts to hold pre-tax amounts and any after-tax amounts.

24. **Conformity to IRS Requirements.** This Agreement and the Adoption Agreement signed by the Depositor (as either may be amended) are the documents governing the Custodial Account. Articles I through VII of Part One of this Agreement are in the form promulgated by the Internal Revenue Service as Form 5305-A, as modified by subsequent guidance. It is anticipated that, if and when the Internal Revenue Service promulgates further changes to Form 5305-A, the Custodian will amend this Agreement correspondingly.

Articles I through VII of Part Two of this Agreement are in the form promulgated by the Internal Revenue Service as Form 5305-RA. It is anticipated that, if and when the Internal Revenue Service promulgates changes to Form 5305-RA, as modified by subsequent guidance, the Custodian will amend this Agreement correspondingly.

The Internal Revenue Service has endorsed the use of documentation permitting a Depositor to establish either a Traditional IRA or Roth IRA (but not both using a single Adoption Agreement), and this Agreement complies with the requirements of the IRS guidance for such use. If the Internal Revenue Service subsequently determines that such an approach is not permissible, or that the use of a “combined” Adoption Agreement does not establish a valid Traditional IRA or a Roth IRA (as the case may be), the Custodian will furnish the Depositor with replacement documents and the Depositor will if necessary sign such replacement documents. Depositor acknowledges and agrees to such procedures and to cooperate with Custodian to preserve the intended tax treatment of the Account.

25. **Conversion and Recharacterization.** If the Depositor maintains an Individual Retirement Account under Code Section 408(a), Depositor may convert or transfer such other IRA to a Roth IRA under Code Section 408A using the terms of this Agreement and the Adoption Agreement by completing and executing the Adoption Agreement and giving suitable directions to the Custodian and the custodian or trustee of such other IRA. Alternatively, the Depositor may convert or transfer such other IRA to a Roth IRA by use of a reply card or by telephonic, computer or electronic means in accordance with procedures adopted by the Custodian or Service Company intended to meet the requirements of Code Section 408A, and the Depositor will be deemed to have executed the Adoption Agreement and adopted the provisions of this Agreement and the Adoption Agreement in accordance with such procedures.

In accordance with the requirements of section 408A(d)(6) and regulations thereunder, the Depositor may recharacterize a contribution to a Traditional IRA as a contribution to a Roth IRA, or may recharacterize a contribution to a Roth IRA as a contribution to a Traditional IRA. The Depositor agrees to observe any limitations imposed by the Service Company on the number of such transactions in any year (or any such limitations or other restrictions that may be imposed by the Service Company or the IRS).

26. **Representations by Depositor.** The Depositor acknowledges that he or she has received and read the current prospectus for each Fund in which his or her Custodial Account is invested and the Individual Retirement Account Disclosure Statement related to the Custodial Account. The Depositor represents under penalties of perjury that his or her Social Security number (or other Taxpayer Identification Number) as stated in the Adoption Agreement is correct.
27. **Custodial Acceptance.** If all required forms and information are properly submitted, State Street Bank and Trust Company will accept appointment as Custodian of the Custodial Account. However, this Agreement (and the Adoption Agreement) is not binding upon the Custodian until the Depositor has received a statement confirming the initial transaction for the Custodial Account. Receipt by the Depositor of a confirmation of the purchase of the Fund shares indicated in the Depositor's Adoption Agreement will serve as notification of State Street Bank and Trust Company's acceptance of appointment as Custodian of the Custodial Account.
28. **Minor Depositor.** If the Depositor is a minor under the laws of his or her state of residence, the Responsible Individual shall exercise all powers and duties of the Depositor, as indicated herein. The Custodian's acceptance of the Custodial Account on behalf of any Depositor who is a minor is expressly conditioned upon the agreement of the Responsible Individual to accept the responsibility to exercise all such powers and duties on behalf of the Depositor, and all parties hereto so acknowledge. Until the Depositor attains the age of majority, the Depositor shall have no authority with respect to the administration, management, designation of Beneficiaries, or distribution of the Custodial Account. The Custodian and Service Company may rely on any instruction or direction made by the Responsible Individual and shall deliver all required notices or documents to the Responsible Individual. Upon attainment of the age of majority under the laws of the Depositor's state of residence at such time, the Depositor may advise the Custodian in writing (accompanied by such documentation as the Custodian may require) that he or she is assuming sole responsibility to exercise all rights, powers, obligations, responsibilities, authorities or requirements associated with the Custodial Account. Upon such notice to the Custodian, the Depositor shall have and shall be responsible for all of the foregoing, the Custodian will deal solely with the Depositor as the person controlling the administration of the Custodial Account, and the Responsible Individual thereafter shall not have or exercise any of the foregoing. (Absent such written notice from the Depositor, Custodian shall be under no obligation to acknowledge the Depositor's right to exercise such powers and authority and may continue to rely on the Responsible Individual to exercise such powers and authority until notified to the contrary by the Depositor.)





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## Contact Us

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### Traditional, Roth and Rollover IRAs

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