

# Transfer on Death Rules

Rules for Registering Your Shares  
in Beneficiary Form

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# Transfer On Death (TOD) Rules

## Article I: Introduction

These rules apply to shares registered in beneficiary form in any of the American Century investment companies (each of which shall be referred to herein as “the Corporation”), and are a part of the contract between the Corporation and the investor. These rules describe the rights and obligations for the investor's beneficiaries and the Corporation. Providing for a transfer of shares to the investor's beneficiaries now is convenient for planning, reducing expenses and avoiding delays in making the transfer at the time of the investor's death.

Registering the investor's assets in beneficiary form is done by executing a TOD agreement provided by the Corporation and providing the names and identification of the beneficiaries who are to receive the investor's shares upon the investor's death. This is referred to as a TOD direction. The TOD direction may be added, changed or revoked at any time by the investor, provided it is signed, dated and delivered to the Corporation or its agent prior to the death of the investor. TOD directions will only be accepted for individual accounts, accounts owned by joint tenants with rights of survivorship and accounts owned by tenants by the entireties. All registered owners must be either U.S. citizens or U.S. residents.

A TOD beneficiary has no present interest in, or authority over, the TOD account.

The investor should consult with an attorney to make certain that the TOD direction is consistent with the investor's estate and tax planning. The investor should periodically review the TOD direction and these rules to make certain that they conform to the investor's intended disposition of property at death.

These rules have been adopted by the Corporation and may be amended from time to time with not less than 60 days notice to the investor regarding shares registered in beneficiary form. The rules in effect on the day of the investor's death shall govern the transfer to the investor's beneficiaries and the rights and

obligations of the parties. At the time of the investor's death, the rules will direct the transfer of funds to the beneficiaries. The agreement between the investor, the Corporation and the interest of the beneficiaries will be directed by these rules and in accordance with Chapter 461, Revised Statutes of Missouri (RSMo).

## Article II: Definitions

**Primary Beneficiary.** A person or entity named in a TOD agreement who is to receive the shares in the account upon surviving the investor.

**Secondary Beneficiary.** A person or entity named in a TOD agreement who is to receive the shares in the account upon surviving the investor if the primary beneficiary fails to survive the investor.

**Per Stirpes Beneficiary.** A surviving lineal descendant of a designated primary or secondary beneficiary who will receive the shares in the account upon surviving the investor when the investor's designated primary or secondary beneficiary fails to survive the investor.

## Article III: Making a TOD Direction

The Corporation accepts a direction to register shares in beneficiary form when the TOD direction is accepted in Kansas City, Missouri, by the Corporation or its agent, during the lifetime of the investor. A TOD direction may be made at the time of the initial purchase of shares or added to shares presently owned, and it must be made in writing on an agreement provided by the Corporation, signed by the investor(s), dated and delivered to the Corporation or its agent prior to the death of the investor or surviving joint owner.

At the Corporation's discretion, a Medallion Signature Guarantee or other signature authentication method may be required on the agreement if the Corporation has any concerns or questions about the authenticity of the signature(s) on the agreement.

### Unacceptable TOD Direction

The investor's estate may not be named as sole primary beneficiary as this defeats

the purpose of a TOD direction. The investor's will may not be named as primary or secondary beneficiary.

The Corporation or its agent may refuse to accept a TOD direction if the number of beneficiaries and/or the length of their descriptions make it impractical in the Corporation's or its agent's discretion.

## Article IV: Registration in Beneficiary Form

**Share Ownership.** Share ownership is registered in beneficiary form by indicating the abbreviation TOD after the name of the registered owner(s). (Example: John Doe TOD.)

**Primary and Secondary Beneficiaries.** The investor may name one or more primary beneficiaries and one or more secondary beneficiaries in a TOD direction on the TOD agreement provided by the Corporation. The investor may include a per stirpes designation for any primary and/or secondary beneficiary.

**Spousal Consent.** Spousal consent may be necessary on a TOD agreement if:

- 1) the account is an individual account,
- 2) the investor resides in a Community Property state, and
- 3) the investor is married but has not named his or her spouse as the sole primary beneficiary.

It is the investor's responsibility to determine if such spousal consent is required and to ascertain if the spousal consent language on the TOD agreement satisfies applicable state statutes. The Corporation, any affiliate and/or any of their directors, trustees, employees and agents are not liable for any consequences resulting from an investor's failure to obtain and provide spousal consent.

**Percentages.** Unless a percentage is designated for each beneficiary, assets will be split equally between surviving multiple primary beneficiaries or multiple secondary beneficiaries. When a percentage share is designated for multiple beneficiaries, either primary or secondary, surviving beneficiaries share

in the proportion that their designated shares bear to each other.

**Trust.** The investor may designate a trust as beneficiary, regardless of if the trust is presently existing or is to be established at the time of the investor's death by his/her last will.

**Custodian/Minor.** The investor may designate a custodianship under the Uniform Gifts or Uniform Transfers to Minors Acts (UGMA/UTMA) for the share of a beneficiary who is a minor at the time the shares are registered in beneficiary form. This custodianship designation will not apply if the designated beneficiary is above the age of majority at the time of the investor's death.

## Article V: Transfer Pursuant to TOD Direction

On proof of death of the investor, or last to die of two or more joint owners, the shares shall be transferred to the surviving beneficiaries as follows:

### 1) When no "Per Stirpes" designation is effective:

- (a) If a single primary beneficiary has been designated, the shares shall be transferred to the surviving primary beneficiary;
- (b) If multiple primary beneficiaries have been designated, the shares shall be transferred to the surviving beneficiaries in the percentage share stated in the TOD direction for each primary beneficiary. If no percentages are stated, the shares shall be transferred in equal shares;
- (c) If a single primary beneficiary does not survive, the nonsurviving primary beneficiary's share will be transferred to the surviving secondary beneficiaries in the percentage share stated in the TOD direction for each secondary beneficiary. If no percentages are stated, the shares shall be transferred in equal shares;
- (d) If one of multiple primary beneficiaries does not survive, the nonsurviving primary beneficiary's share will be transferred to the surviving primary

beneficiaries in the proportion that their shares bear to each other;

- (e) If multiple primary and multiple secondary beneficiaries have been designated, and no primary beneficiary survives, the shares will be transferred to the surviving secondary beneficiaries in the percentage share stated in the TOD direction for each secondary beneficiary. If no percentages are stated, the shares shall be transferred in equal shares;
- (f) If one of multiple secondary beneficiaries does not survive, the nonsurviving secondary beneficiary's share will be transferred to the surviving secondary beneficiaries in the proportion that their shares bear to each other;
- (g) If there are no primary or secondary beneficiaries who survive the investor's death, the shares will be transferred to the investor's or last surviving joint owner's estate; and
- (h) If, on the effective date of the transfer in accordance with a TOD direction, the shares to be transferred to any one beneficiary have a value below the minimum account value established by the Corporation, from time to time the Corporation may, at its option, elect to redeem the shares and make payment to such beneficiary in cash.

### 2) When a "Per Stirpes" designation is provided for any primary or secondary beneficiary who pre-deceases the investor, the right to the shares that the pre-deceased beneficiary would have been entitled upon the death of the investor shall be transferred to that beneficiary's surviving descendants, by right of representation.

- (a) No designated secondary beneficiary will receive any benefits unless all primary beneficiaries and all primary beneficiary per stirpes descendants, if so designated, fail to survive the investor.

**NOTE:** As used above in sections (1) and (2), the terms "does not survive,"

"non-surviving," and "pre-deceased" also mean "disclaims" or "does not exist"

## Article VI: Miscellaneous Transfer Provisions

**Survival.** A TOD beneficiary will not be entitled to a transfer of the shares unless the beneficiary survives the time of the investor's death by 120 hours. If the time of death for the investor or the TOD beneficiary cannot be determined and it cannot be established that a TOD beneficiary has survived the investor's death by 120 hours, it will be deemed that the beneficiary failed to survive for the required period, and the Corporation or its agent shall make the transfer as if the beneficiary had not survived the investor's death.

### Trust or Other Legal Entity as

**Beneficiary.** If the trust is terminated prior to the time of the investor's death, or does not come into existence on or before the time of the investor's death, or if a trustee designated as a beneficiary does not survive the owner, resigns or is unable or unwilling to execute the trust as trustee and

- (a) if within six months after the investor's death no successor trustee has been appointed or has undertaken to act; and
- (b) no trust instrument or probated will creating an express trust has been furnished to the Corporation or its agent, the transfer may be made as it would be made if the trust did not survive the investor.

A legal entity designated as a beneficiary that does not exist on the date of the investor's death will be deemed not to have survived the investor.

### Uniform Gifts/Transfers to Minors

**Acts.** If, at the time of distribution, an UGMA/UTMA has been named as a TOD beneficiary, the beneficiary's share may be transferred in accordance with the current procedures of the Corporation applicable to UGMA/UTMA. If the minor of such an UGMA/UTMA does not survive the investor, the designation of the UGMA/UTMA as TOD beneficiary is revoked.

**Missing Beneficiary.** When there is no proof of a beneficiary's death and the beneficiary cannot be located at the time of transfer pursuant to the TOD direction, the Corporation or its agent will retain the share of the missing beneficiary in the investor's name. If the missing beneficiary's share is not claimed by the beneficiary or someone entitled to the missing beneficiary's share within six months of the Corporation's receipt of notice of the investor's death, the Corporation or its agent may transfer the shares as they would have been transferred if the beneficiary had not survived the owner. Neither the Corporation nor its agent will have any obligation to attempt to locate a missing beneficiary or to hold the beneficiary's share longer than as provided in this rule.

**Disclaimer.** If a surviving beneficiary disclaims their portion in whole or in part under a TOD direction before the Corporation or its agent makes a transfer pursuant to the direction, the portion disclaimed will be transferred as if the beneficiary had not survived the investor.

### **Article VII: Documentation Required for Transfer to TOD Beneficiary**

Documentation required to transfer shares to TOD beneficiaries upon the investor's death:

- (a) Proof of death for the investor and any nonsurviving beneficiary;
- (b) The full name and address of each beneficiary who is to receive a distribution under the TOD direction;
- (c) The percentage share to be distributed to each beneficiary under the TOD direction;
- (d) A statement that there are no known disputes as to the beneficiary entitled to a distribution under the TOD direction or the amounts to be distributed to each beneficiary, and no known claims that would affect the distribution requested;

- (e) notarized signature of any beneficiary or the personal representative of the investor's estate;
- (f) Certification of the Taxpayer Identification number for each beneficiary who is to receive a distribution under the TOD direction;
- (g) An inheritance tax waiver, if required by the decedent's state.
- (h) Such other information and proof of entitlement as the Corporation or its agent may require. A request for execution by a personal representative shall be accompanied by a certified copy of the court order appointing the personal representative.

### **Article VIII: Revocation or Change of TOD Direction**

A TOD direction for shares registered in beneficiary form may be revoked in whole or in part and beneficiaries changed during the lifetime of the investor or surviving joint owner in the following circumstances:

- (a) A subsequent TOD direction revokes a prior designation of beneficiaries when it becomes effective and it is not necessary to expressly revoke a prior designation. A subsequent TOD direction shall be made on a form provided by the Corporation (see Article III, Making a TOD Direction) and must be delivered to and accepted by the Corporation or its agent prior to the death of the investor or surviving joint owner.
- (b) A TOD direction may be revoked with written notification signed by all investor(s), dated and delivered to the Corporation or its agent prior to the death of the investor or surviving joint owner.
- (c) A TOD direction is revoked when the shares are redeemed or transferred to another owner.

- (d) A conservator, personal custodian or attorney-in-fact may not revoke or change a TOD direction except by court order approving the revocation or change. This provision will not prohibit the redemption or transfer of the shares subject to a TOD direction by a conservator, personal custodian or attorney-in-fact notwithstanding the fact that the effect of the transaction may be to revoke the direction.
- (e) If a beneficiary designation has been made naming the investor's spouse as beneficiary, and the marriage is later dissolved, the TOD direction in favor of the investor's former spouse is revoked and their share will be distributed as though they predeceased the investor.
- (f) A TOD direction may not be revoked by the provisions of a will.

### **Article IX: Protections Afforded the Corporation and Its Agent**

- (a) In making a provision for a nonprobate transfer, the investor agrees that the Corporation and its agent will have the protections provided in this section and in Chapter 461, RSMo, for executing the transfer of the investor's shares of the Corporation to the investor's beneficiaries in accordance with the TOD direction, these rules and the laws of the State of Missouri. The investor further agrees that all conflicts of litigation over or resulting from this agreement will be heard in Missouri courts.
- (b) The Corporation and its agent may rely and act on:
  - (1) a certified or authenticated copy of a death certificate issued by an official or agency of the place where the death occurred as showing the fact, place, date, time of death and the identity of the decedent;

- (2) a certified or authenticated copy of any report or record of a governmental agency, domestic or foreign, that a person is missing, detained, dead or alive and the dates, circumstances and places disclosed by the record or report; and
  - (3) information in a request submitted under Article VII of these rules for execution of the investor's TOD direction.
- (c) The Corporation and its agent shall have no duty:
- (1) to verify information in a request for execution of the investor's TOD direction submitted in accordance with Article VII of these rules;
  - (2) to give notice to any person of the date, manner and beneficiary to whom transfer will be made under the investor's TOD direction, except as provided in Subsection (d) of this Article IX.
  - (3) to attempt to locate any beneficiary or determine whether a non-surviving beneficiary had lineal descendants who survived the investor;
  - (4) to locate a trustee or custodian, obtain appointment of a successor trustee or custodian, or discover the existence of a trust instrument or will that creates an express trust; or
  - (5) to determine any fact or law that would cause the investor's beneficiary designation to be revoked in whole or in part as to any person because of change in marital status or other reason, or that would qualify or disqualify any person from entitlement to receive a share under the investor's nonprobate transfer, or that would vary the distribution provided in the investor's TOD direction.
- (d.1) The Corporation or its agent will have no duty to withhold making a transfer based on knowledge of any fact or claim adverse to the transfer to be made unless, prior to the transfer, the Corporation or its agent has received written notice at a place and time and in a manner which affords a reasonable opportunity to act on it before the transfer is made that:
- (1) asserts a claim of beneficial interest in the transfer adverse to the transfer to be made;
  - (2) gives the name of the claimant and an address for communications directed to the claimant;
  - (3) identifies the deceased investor and the shares of the Corporation to which the claim applies; and
  - (4) states the amount and nature of the claim as it affects the transfer.
- (d.2) If a notice as provided in Subsection (d.1) is received by the Corporation or its agent, the Corporation or its agent may discharge any duty to the investor's estate, the investor's beneficiaries and the claimant, by delivering a notice or sending a notice by certified mail to the claimant and the beneficiaries named in a request for transfer under Article VII of these rules at the addresses given in the notice of claim and request for transfer:
- (1) stating what is to be transferred, the beneficiaries to whom the transfer will be made and their respective shares; and
  - (2) advising that the transfer may be made in 30 days from the date of delivery or mailing unless the transfer is restrained by a court order.
- (d.3) No other notice or other information shown to have been available to the Corporation or its agent and their employees shall affect the right to the protections provided by Chapter 461, RSMo, or these rules.
- (e) Neither the Corporation or its agent will have any responsibility for the application or use of the shares transferred under the investor's TOD direction to a trustee, custodian or fiduciary and the receipt by the trustee, custodian or fiduciary shall fully discharge the Corporation and its agent from liability to the investor's estate and the investor's beneficiaries for the transfer.
- (f) Notwithstanding the protections provided the Corporation and its agent under Chapter 461, RSMo, and these rules, in the event the Corporation or its agent is uncertain as to the beneficiaries entitled to receive a transfer or their proper share, or in the event of a dispute by a beneficiary as to the proper transfer or of claims by creditors of the investor's estate, surviving spouse, children, personal representative, heirs or others, the Corporation or its agent may require the parties to adjudicate their respective rights or to furnish an indemnity bond, in form and amount acceptable to the Corporation or its agent, protecting the Corporation and its agent and the rightful beneficiaries for the transfer.
- (g) A transfer by the Corporation or its agent in accordance with Chapter 461, RSMo, and these rules and pursuant to the investor's TOD direction, in good faith and in reliance on information the Corporation or its agent reasonably believes to be accurate, discharges the Corporation and its agent from all claims for the shares transferred, whether or not the transfer is consistent with the beneficial ownership thereof as among the investor and other parties, the beneficiaries and their successors.





