

**Roth IRA,  
Bene Roth IRA  
APPLICATION BOOKLET**

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# **Instructions for Self-Directed Roth IRA**

## **Consult with Your Attorney**

Carefully read the enclosed information. Please consult with your attorney or tax advisor if you are thinking about starting your own trust.

## **Disclosure Statement & Custodial Account Agreement**

Before you complete any forms, read the Disclosure Statement and Roth Individual Retirement Custodial Account Agreement in their entirety.

## **Important Information about Procedures for Opening a New Account**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires Mesirow Financial, Inc. to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may ask to see your driver's license or other identifying documents.

## **Contributions**

Forward all contributions to Mesirow Financial, Inc. To make sure the contributions are associated with the proper tax year, the firm's cash statement must designate the tax year for which the contribution is made. If no year is designated, the contribution will be considered made in the tax year in which it is deposited.

With the exception of rollovers, contributions in excess of the allowable amount per year (as indexed), plus excess of allowable catch-up contributions (as indexed) (or such limits as may be established by law) cannot be accepted. Do not over-invest as this will cause a debit balance and may disqualify your Plan. Commissions are part of the cost of the investment and may not be paid separately. Send contributions to:

Mesirow Financial, Inc.  
Attn: Cash Management  
353 North Clark Street  
Chicago, Illinois 60654

## **Required Forms**

	<b>Roth IRA</b>	<b>Beneficiary Roth IRA</b>
<b>Application (5305-RA)</b>	Required	Required
<b>Designation of Beneficiary Form</b>	Required	Required
<b>Death Certificate</b>	n/a	Required

## **Instructions for Self-Directed Roth IRA**

### **Application (Form 5305-RA)**

#### **Roth Individual Retirement Custodial Account**

This is the basic legal document through which you establish a custodial Roth account. It should be carefully considered. Please read all articles of the agreement and the Miscellaneous section before signing and dating. We cannot accept an incomplete or unsigned application. Send the original to:

Mesirow Financial, Inc.  
Attn: New Accounts Department  
353 North Clark Street  
Chicago, IL 60654

Enter your name, birth date, address and social security number at the top of the first page.

In the next section, enter in the anticipated amount of the initial deposit.

Sign and date the last page

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### **Designation/Change of Beneficiary Form**

This is the form used to designate the beneficiaries of your account. If you do not provide this form or if we are unable to accept the form due to incomplete or inaccurate information, your spouse will be deemed to be your beneficiary. If you do not have a spouse or they predecease you, your estate will be deemed to be your beneficiary.

When completing this form, you must name at least one primary beneficiary. If more than one primary beneficiary is named, all percentages must total 100%. All contingent beneficiary percentages must total 100%.

Each beneficiary designation must be clear and complete. We can not accept designations that include “or” or “and/or”. Designations for a class will not be accepted (eg. “children”, “grandchildren”) – specific individuals must be named. Any changes to the form must be initialed by the account owner.

For each beneficiary, you must enter:

- whether they are to be a primary or contingent beneficiary
- the beneficiary’s full name,
- their relationship to you,
- their social security number,
- their date of birth, and
- the percentage you wish them to receive.

Unless specified otherwise, if a primary beneficiary predeceases you, the remaining primary beneficiaries will be entitled to a pro-rated portion of their share based on the percentages you assigned to them. If all primary beneficiaries predecease you, the contingent beneficiaries will be entitled to the proceeds of the account.

If you require more room than our form allows, you may include an attachment with this form as long as it contains your account number and all of the information normally supplied on our form for each beneficiary and you have signed and dated it as well.

The beneficiary designations can be changed at any time by submitting a new Designation/Change of Beneficiary Form to Mesirow Financial Inc., IRA Department.

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### **Death Certificate**

A copy of the death certificate must be provided for any Beneficiary Roth IRA.

**MESIROW FINANCIAL**  
**ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT**

**DISCLOSURE STATEMENT**

This Disclosure Statement contains information concerning certain legal and financial aspects of the Mesirow Financial, Inc. Roth Individual Retirement Custodial Account (the "Mesirow Roth IRA"). Mesirow Financial, Inc. is the "Sponsor" and "Custodian" of the Mesirow Roth IRA. This Disclosure Statement should be read in conjunction with the Mesirow Roth IRA.

This Disclosure Statement does not restate the specific terms of the Mesirow Roth IRA itself. **IN THE EVENT OF ANY CONFLICT BETWEEN THE PROVISIONS OF THIS DISCLOSURE STATEMENT AND THE TERMS OF THE MESIROW ROTH IRA, THE LATTER SHALL CONTROL.**

Internal Revenue Service ("IRS") regulations require that you be given this Disclosure Statement to make certain that you fully understand the nature of a Roth individual retirement account ("Roth IRA"). Please read this Disclosure Statement carefully.

This Disclosure Statement describes the rules applicable to Roth IRAs as of July 1, 2010. It does not describe any changes in those rules that may occur after July 1, 2010.

**A. RIGHT OF REVOCATION**

If you establish a Mesirow Roth IRA, you may revoke it by notifying Mesirow Financial, Inc. in writing by first class mail, postmarked within seven days after the date you established your Mesirow Roth IRA. Send the notice to the following address:

Mesirow Financial, Inc.  
Attn: New Accounts  
353 North Clark Street  
Chicago, IL 60654

In the event of revocation, all contributions made to the Mesirow Roth IRA and the initial acceptance fee will be returned to you, without adjustment for administrative expenses or for fluctuation in market value.

**B. OPERATION AND TAX TREATMENT OF A MESIROW ROTH IRA**

1. **What Is a Mesirow Roth IRA?** A Mesirow Roth IRA is a custodial account which allows you, if you are an eligible individual described in Question 3, to save for your retirement more rapidly than is possible with investments that are not tax-free (or at least tax-deferred). More rapid saving is possible because, if a Roth IRA meets the applicable rules under the Internal Revenue Code (the "Code") –
  - a) Contributions to your Roth IRA grow tax-free while held in the account (however, contributions to a Roth IRA are not deductible);
  - b) Earnings on the contributions to your Roth IRA are exempt from taxation when you make a qualified withdrawal;
  - c) You are not required to take distributions from your Roth IRA when you attain age 70-1/2;
  - d) You may continue to make contributions to your Roth IRA after you attain age 70-1/2, as long as you meet certain compensation requirements; and
  - e) You may make contributions to your Roth IRA even if you participate in an employer-sponsored retirement plan, as long as you meet certain compensation requirements.
2. **What Types of Contributions Are Permitted to a Roth IRA?** Two types of contributions are permitted to be made to a Roth IRA – regular contributions and rollover contributions (including conversion contributions – see Question 12). "Regular contributions" are contributions other than rollover contributions.

- 3. Who Is Eligible to Contribute to a Roth IRA?** You are eligible to contribute to a Roth IRA if your modified adjusted gross income ("MAGI") (as defined below) falls within certain limits.
- a) A single tax filer with an MAGI of up to \$105,000 (for 2010) is eligible to make the maximum contribution (see Question 4). For a single tax filer with an MAGI between \$105,000 and \$120,000 (for 2010), the contribution amount is phased out ratably.
  - b) Married taxpayers filing a joint income tax return with a combined MAGI of up to \$166,000 for 2010 may make the maximum contribution (see Question 4). For joint filers with an MAGI between \$166,000 and \$176,000 (for 2010), the contribution amount is phased out ratably.
  - c) The phase-out levels described above will increase in later years in increments of \$1,000 if warranted by changes in the cost of living.
  - d) For a married taxpayer filing separately, the maximum contribution is phased out ratably for an MAGI between \$0 and \$10,000.

The fact that you (or your spouse) are covered under any other type of retirement plan will not prevent you (or your spouse) from making contributions to a Roth IRA, if you meet the MAGI requirements discussed above. Also, the result of the phase-out calculation described above is rounded to the next higher multiple of \$10. Finally, if the phase-out rules do not reduce your contribution amount to zero, you are permitted a contribution of at least \$200.

"MAGI" is your modified adjusted gross income – i.e., your adjusted gross income (as shown on your tax return) minus any amount otherwise required to be included in your gross income as the result of a conversion from a traditional IRA or employer plan to a Roth IRA (see Question 12) and subject to various other adjustments.

- 4. What Amount May I Contribute to a Roth IRA?** Subject to the MAGI requirements discussed in Question 3, you may generally contribute to your Roth IRA up to the lesser of the contribution limit (\$5,000 for 2010) or 100% of your compensation. If you will attain age 50 or older during the contribution year, your contribution limit is increased by a "catch-up" contribution amount (an additional \$1,000 for 2010, bringing the limit to \$6,000 for 2010). You may also make contributions to a spousal Roth IRA (see Question 10). The total of all IRA contributions to any of your IRAs may not exceed the limits outlined above. The IRA contribution dollar limit will increase in later years in increments of \$500 if warranted by changes in the cost of living. Except for rollover contributions, direct transfers, and conversions as described in Questions 11 and 12, contributions may not be accepted from you or on your behalf if they exceed the above limits. You (and your spouse) may make a nondeductible contribution to a Roth IRA, a deductible contribution to a traditional IRA, and a nondeductible contribution to a traditional IRA, as long as the combined total does not exceed \$5,000 per person for 2010 (\$6,000 if you or your spouse will attain age 50 or older during 2010).

"Compensation" for purposes of the limit described above is subject to a number of different rules. However, the IRS permits you to use the amount properly shown in box 1 (Wages, tips, other compensation), less any amount properly shown in box 11 (Nonqualified plans), on your Form W-2 (Wage and Tax Statement), as your compensation for purposes of the limit on a Roth IRA described above.

- 5. What Happens If My MAGI Exceeds the Allowable Limit?** If your MAGI exceeds the applicable income limit for the tax year, the amount of your contribution that exceeds the maximum permitted amount will be considered an excess contribution. An excess contribution is subject under the Code to an annual federal excise tax of 6% of the amount of the excess contribution until it is eliminated.

You will not have to pay the 6% tax if you withdraw an excess contribution made during a tax year and you also withdraw any interest or other income earned on the excess contribution. You must complete your withdrawal by the date your tax return for that year is due, including extensions.

- 6. To What Extent May Contributions Be Deducted?** Unlike contributions to a traditional IRA, all contributions to a Roth IRA are made on an after-tax basis. Contributions to a Roth IRA are not deductible from your gross income.
- 7. How Will My Contributions Be Invested and Held?** Contributions to your Mesirow Roth IRA are held in a custodial account for your exclusive benefit and that of your beneficiaries, who may include your estate or any other persons or legal entity you have designated in writing and that has been received and recorded by the Custodian. Your Mesirow Roth IRA will be identified as your property and will not be commingled with the property of any other investor. The Custodian will initially invest the funds in your Mesirow Roth IRA in the manner you indicate in the application signed by you and the Custodian. You may change your investments by notifying the Custodian.

It is your responsibility to select and direct the investments of your Mesirow Roth IRA, either in person or through a broker, account executive, or investment adviser. The investments you choose must be permitted by the custodial account agreement. For example, you may invest in stocks, bonds, mutual funds, savings programs, and other lawful transactions as stated in the custodial account agreement. Investments that do not generate confirmations must be accompanied by additional written instructions.

No part of the funds held in your Roth IRA may be invested in life insurance contracts or in collectibles (i.e., any work of art, rug, antique, metal, gem, stamp, alcoholic beverage, or other type of tangible personal property specified by the IRS).

8. **Am I Vested In My Contributions?** The funds in your Mesirow Roth IRA are nonforfeitable, except that applicable taxes, expenses and fees may reduce your funds.
9. **When Must My Contribution Be Made?** Contributions to your Roth IRA for a particular taxable year may be made up until the initial date you are required to file your federal income tax return for that year, not including extensions (April 15 if you figure your taxes on a calendar year basis).
10. **May My Non-Working Spouse Have a Roth IRA?** If you are an eligible individual described in Question 3 and you file a joint federal income tax return with your spouse for a taxable year, contributions may be made to a separate Roth IRA for that year on behalf of your spouse, even if your spouse has little or no compensation. The overall contribution on behalf of both you and your spouse for any taxable year may not exceed the lesser of –
- a) Your combined compensation for the year, or
  - b) The combined per person limit in effect for the year (*i.e.*, \$10,000 for 2010, or \$12,000 if both you and your spouse will attain age 50 or older during 2010).

In no event, however, may the contribution to either your Roth IRA or your spouse's Roth IRA exceed \$5,000 for 2010 (\$6,000 if you will both attain age 50 or older during 2010). Also, there is no requirement that the contributions be divided equally between your spouse's Roth IRA and your Roth IRA.

11. **Can I Roll Over Contributions and/or Directly Transfer Contributions to a Mesirow Roth IRA?**

- a) **Rollover Contributions from One Roth IRA to Another.** You may generally move assets from another Roth IRA to your Mesirow Roth IRA or from your Mesirow Roth IRA to another Roth IRA tax-free and regardless of your MAGI. Such a tax-free move is called a "rollover contribution." You may make a rollover contribution from one Roth IRA to another Roth IRA only if you have made no other rollover contribution from the first Roth IRA to another within a one-year period, measured from the date of the last distribution to the date of the next distribution. This rule applies to each separate Roth IRA you own. You may roll over all or any portion of the money or other property distributed from a Roth IRA. However, the amount to be rolled over must be reinvested in another Roth IRA within 60 days of the date it is received. The limitations on contributions the Custodian may accept for any taxable year on your behalf do not apply to rollovers from one Roth IRA to another.

A beneficiary other than your surviving spouse is prohibited from rolling over his or her beneficiary interest in your Roth IRA to another Roth IRA. Of course, if your beneficiary is your surviving spouse and he or she elects to treat his or her interest in your Roth IRA as his or her own Roth IRA (see Question 22), he or she may make a rollover contribution as described in the previous paragraph.

- b) **Direct Transfers from One Roth IRA to Another.** Funds in one Roth IRA may be moved to another Roth IRA more frequently than the limitation on the frequency of rollover contributions described above (once a year), provided that the funds are transferred directly from the trustee or custodian of the first Roth IRA to the trustee or custodian of the second Roth IRA, so that the funds are at no time within the control or use of the Roth IRA owner. The limitations on contributions the Custodian may accept for any taxable year on your behalf do not apply to direct transfers from one Roth IRA to another.

A beneficiary other than your surviving spouse is prohibited from transferring his or her beneficiary interest in your Roth IRA to his or her own Roth IRA. However, a non-spouse beneficiary may make a trustee-to-trustee transfer to an account that is set up in the name of the deceased Roth IRA owner for the benefit of the beneficiary (commonly called a "Beneficiary Roth IRA" or "Inherited Roth IRA"). If your beneficiary is your surviving spouse and he or she elects to treat his or her interest in your Roth IRA as his or her own Roth IRA (see Question 22), he or she may request a direct transfer of assets as described in the previous paragraph.

- c) **Rollovers from a Designated Roth Account in an Employer Plan to a Roth IRA.** Funds in a designated Roth account under a section 401(k) plan or a section 403(b) plan may be directly or indirectly rolled over to a Roth IRA. However, you may not subsequently roll over funds from a Roth IRA back to a designated Roth account under an employer plan. Also, the five-year holding period (see Question 18) does not carry over from the designated Roth account to the Roth IRA. However, if the five-year holding period is met for the Roth IRA, it is also met for the amounts rolled into the Roth IRA from the employer plan's designated Roth account.

- 12. May I Convert My Traditional IRA or Eligible Retirement Plan into a Mesirow Roth IRA?** Effective for tax years beginning after December 31, 2009, the income limit previously in effect for a conversion from a traditional IRA or eligible retirement plan into a Roth IRA has been eliminated. Thus, if you are the owner of a traditional IRA or a participant in an eligible retirement plan, you may convert the amount in the traditional IRA or eligible retirement plan (provided the eligible retirement plan permits a distribution) into a Roth IRA without regard to your income. (An eligible retirement plan includes a tax-qualified retirement plan under section 401 or section 403(a) of the Code, a tax-sheltered annuity under section 403(b) of the Code, or an eligible governmental plan under section 457 of the Code.) In addition, a special rule applies for 2010 only that allows taxation of amounts converted in 2010 to a Roth IRA to be spread over a two-year period. You will have the choice to either 1) include the entire taxable amount in your 2010 income or 2) include 50% of the taxable amount in 2011 and 50% in 2012.

A Roth Conversion can be achieved in two basic ways:

- a) **Directly** - An amount in your traditional IRA or eligible retirement plan is transferred from the trustee (or custodian) of your traditional IRA or eligible retirement plan to the trustee (or custodian) of the Roth IRA. In many cases, the same trustee (or custodian) holds both accounts.
- b) **Indirectly** - An amount that is distributed from your traditional IRA or eligible retirement plan is contributed (rolled over) by you to a Roth IRA within 60 days of the distribution. You must specify that the deposit is a Roth Conversion when you submit the funds for deposit to your Roth IRA.

Amounts that you convert from your traditional IRA or eligible retirement plan to a Roth IRA may be held in a separate Roth IRA opened solely for the purpose of holding conversion contributions, or you may combine your conversion contributions with non-conversion (“regular”) contributions in one Roth IRA. Special ordering rules apply to determine what amounts are withdrawn in the event your Roth IRA contains both conversion contributions and regular contributions (see Question 19).

- 13. What are the Tax Consequences of a Conversion?** The amount of a conversion is treated as a taxable distribution to you (a “deemed distribution”), and the taxable portion of the distribution must be included in your gross income in the year of the conversion (except as discussed in Question 12 regarding conversions that occur in 2010).
- 14. May I Convert My SEP IRA or my SIMPLE IRA into a Roth IRA?** An amount in your simplified employee pension (“SEP”) IRA may be converted to a Roth IRA in the same manner that an amount from your traditional IRA may be converted to a Roth IRA. An amount in your savings incentive match plan for employees of small employers (“SIMPLE”) IRA may be converted to a Roth IRA on the same terms as a conversion from a traditional IRA, except that an amount distributed from your SIMPLE IRA during the two-year period following the date that you first participated in any SIMPLE maintained by your employer may not be converted to a Roth IRA (a distribution from your SIMPLE IRA during this two-year period is not eligible to be rolled over into an individual retirement account that is not a SIMPLE IRA). Even though amounts in a SEP IRA or a SIMPLE IRA have been converted to a Roth IRA, future contributions under the SEP or SIMPLE of your employer may not be made to the Roth IRA.
- 15. Correction of an Erroneous Conversion.** If you decide it was a mistake to convert your traditional IRA into a Roth IRA, you may correct or undo the conversion by moving the amount converted (plus any earnings on the converted amount) from the Roth IRA to a traditional IRA by the due date for filing your tax return for the year of the conversion (including extensions). This is called a “recharacterization” of the contribution. All or a portion of a contribution may be recharacterized. An election to recharacterize may not be revoked after the transfer.
- 16. May I “Reconvert” a Contribution to a Mesirow Roth IRA Following a Recharacterization?** If you convert an amount from a traditional IRA to a Roth IRA during a year and then transfer that amount back to a traditional IRA by means of a recharacterization (see Question 15), you may not “reconvert” that amount from the traditional IRA to a Roth IRA before the beginning of the next tax year or, if later, before the end of the 30-day period beginning with the day you transfer the amount from the Roth IRA back to a traditional IRA by means of the recharacterization.
- 17. May I Make a Direct Rollover from My Employer’s or Former Employer’s Retirement Plan to a Mesirow Roth IRA?** Generally, yes, amounts held in a designated Roth account can be directly rolled over to a Roth IRA, as long as the plan allows for distribution. See Question 11.
- 18. How Are Distributions From My Roth IRA Taxed?** A qualified distribution from your Roth IRA is not subject to federal income tax. A qualified distribution is a distribution that is made after the five-year holding period discussed below, and –
- a) Is made on or after the date you attain age 59-1/2;
  - b) Is made after you die;
  - c) Is made after you become disabled; or
  - d) Is used to pay the costs (within 120 days) of acquiring, constructing or reconstructing a principal residence, subject to a \$10,000 lifetime limitation for distributions from all Roth and traditional IRAs (and provided that you – and, if married, your spouse – did not own a principal residence during the two years preceding the date of “acquisition” of the residence). The first-time homebuyer may be you, your spouse, or your or your spouse’s child, grandchild or ancestor.

The five-year holding period begins on the first day of the taxable year for which the first regular contribution is made to your Roth IRA or the first conversion contribution is made to your Roth IRA (whichever is earlier). The five-year holding period begins to run with the tax year to which your contribution relates (not necessarily the tax year in which the contribution is actually made). For example, if you make a contribution to your Roth IRA in March 2011 and designate the contribution for 2010, your holding period begins to run on January 1, 2010. The five-year holding period is not redetermined when you die. Thus, the period your Roth IRA is held in the name of your beneficiary will include the period it was held by you (the decedent).

**19. What If My Roth IRA Contains Regular Contributions and Conversion Contributions?** If your Roth IRA contains regular contributions as well as conversion contributions, your regular contributions will be deemed to be withdrawn first, followed by the conversion contributions (starting with the amounts first converted), and then earnings. Withdrawals of converted amounts are deemed to come first from amounts that were includible in your gross income as a result of the conversion. All of your previous Roth IRA distributions are aggregated for purposes of determining the source of a distribution.

**20. What Is a Nonqualifying Distribution?** A Roth IRA is intended to provide income to you when you retire. For this reason, the law imposes certain restrictions on your right to withdraw this money. Funds generally may not be withdrawn from your Roth IRA without adverse tax consequences prior to the later of the date on which you attain age 59 1/2 or five years after the establishment of your Roth IRA (see Question 18). Any distributions prior to that time (except those described in Question 11), including amounts considered to have been distributed as a result of prohibited transactions or the use of part or all of the Roth IRA as security for a loan (see Questions 23 and 24, respectively), are considered to be nonqualifying distributions.

If you receive a nonqualifying distribution, the distribution is treated first as a return of your nondeductible contributions, which may be withdrawn tax-free. Nonqualifying distributions in excess of this amount are includible in your gross income. Also, you will owe an early withdrawal penalty tax equal to 10% of the nonqualifying distribution that is includible in your gross income.

The 10% additional tax, however, may not apply in the case of distributions –

- a) That do not exceed the amount of your deductible medical expenses for the year (generally, those in excess of 7.5% of your adjusted gross income for the year);
- b) That do not exceed the amount of your (and your spouse and dependents') health insurance premiums for the taxable year after your separation from service, if you have received state or federal unemployment compensation for at least 12 consecutive weeks during the current or prior taxable year (or would have received such compensation if you were not self-employed);
- c) Used to pay the acquisition costs, subject to a \$10,000 lifetime limitation, of acquiring, constructing or reconstructing a principal residence (if you and, if you are married, your spouse, did not own a principal residence during the two years preceding the "acquisition");
- d) That do not exceed the qualified higher education expenses for you, your spouse, or your or your spouse's children or grandchildren, including tuition at a post-secondary educational institution, as well as room and board, fees, books, supplies and equipment;
- e) After you die;
- f) After you become disabled;
- g) On or after the date you attain age 59-1/2;
- h) In substantially equal periodic payments (made at least annually) over your life or life expectancy (or over the joint life or life expectancies of you and your beneficiary);
- i) Made on account of an IRS levy; or
- j) That are qualified reservist distributions, if you were a member of a reserve component and you were called to active duty after September 11, 2001 for a period of 179 days or more or for an indefinite period; provided the distribution is made in the period beginning on the date of such call-up and ending at the close of the active duty.

The 10% early withdrawal penalty also applies to a nonqualifying distribution that is allocable to a conversion contribution, if the distribution is made within the five-year holding period beginning with the first day of the taxable year in which the conversion contribution was made (see Question 18). However, the distribution is subject to the 10% early withdrawal penalty only to the extent of the amount of the conversion that was includible in gross income as a result of the conversion. The five-year holding period is separately determined for each conversion contribution for purposes of determining whether the 10% early withdrawal penalty applies to a distribution.

**21. Am I Required To Receive Distributions From My Roth IRA At Age 70-1/2?** You are not required to begin taking distributions from your Roth IRA once you attain age 70-1/2. In fact, if you continue to work and have earned income, you may continue to make contributions to your Roth IRA even after you attain age 70-1/2.

**22. How Will Funds in My Roth IRA Be Distributed to My Beneficiary If I Die?**

- a) **General Rule.** If you die before your entire Roth IRA has been distributed to you and your surviving spouse is not your sole beneficiary, the remaining funds in your Roth IRA must be distributed, at your election (or at the election of your beneficiary if you have not made an election), either:
- i. in a single sum or installments to your designated beneficiary by December 31 of the fifth year after the year of your death, or
  - ii. over the life expectancy of your designated beneficiary starting no later than December 31 of the year following the year of your death.
- b) **Exception.** The distributions discussed above need not be made if your designated beneficiary is your surviving spouse and he or she elects to treat his or her interest in your Roth IRA as his or her own Roth IRA. If your beneficiary is your surviving spouse and he or she makes this election or is deemed to have made this election, your beneficiary will become subject to all the terms, conditions and restrictions of the Roth IRA that are applicable to you. Thus, withdrawals prior to age 59 1/2 may be subject to adverse tax consequences (see Question 18), and additional contributions may be made on an after-tax basis.

**23. What If My Roth IRA Is Involved In a Prohibited Transaction?** If you (or your beneficiary) engage in an activity considered to be a "prohibited transaction" (as described in section 4975 of the Code) (e.g., borrowing money from your Roth IRA or selling real or personal property to your Roth IRA) with respect to your Roth IRA, your Roth IRA will lose its exemption from tax as of the first day of the year in which the prohibited transaction occurs. In this event, you must include the entire before-tax amount in your Roth IRA in your gross income for federal income tax purposes in the taxable year in which you (or your beneficiary) engaged in the prohibited transaction and, if you have not attained age 59-1/2, you must also pay a 10% additional federal income tax on the amount included in your gross income.

**24. What If I Use My Roth IRA as Security?** If you use all or any portion of the Roth IRA as security for a loan, and even if such transaction is not a "prohibited transaction" (as described in section 4975 of the Code), the amount so used is nevertheless considered to be distributed to you and must be included in your gross income to the extent it is a before-tax amount. In addition, if you have not attained age 59-1/2, you will have to pay an additional federal income tax equal to 10% of the amount considered distributed to you and included in your gross income.

**25. Will Federal Income Tax Be Withheld from Distributions to Me From My Mesirow Roth IRA?** Federal income tax will be withheld on any taxable distributions you receive from your Roth IRA unless you elect not to have tax withheld. Generally, tax will be withheld at the rate of 10% of each taxable distribution. Notice of your right to elect not to have federal income tax withheld will be given at the time you request a withdrawal from your Roth IRA. When distributions from your Roth IRA have begun and are being made on an annual, quarterly, or monthly basis, you will be provided with a notice of your right to elect not to have tax withheld prior to the beginning of each calendar year to which the notice relates.

**26. What Are the Federal Estate and Gift Tax Consequences For My Roth IRA?**

- a) **Gift Tax.** Your designation of a beneficiary to receive distributions from your Roth IRA upon your death will not be considered a transfer of property for federal gift tax purposes.
- b) **Estate Tax.** Generally, amounts remaining in your Roth IRA after your death will be includible in your gross estate for federal estate tax purposes.

**27. What IRS Reporting Must I Do and What Reporting Will the Custodian Provide to the IRS About My Mesirow Roth IRA?** You are required to file Form 5329 (Additional Taxes on Qualified Plans (Including IRAs) ...) with the IRS if you owe one of the penalty taxes for premature distributions or excess contributions. The Custodian will file Form 5498 (IRA Contribution Information) and Form 1099-R (Distributions From ... IRAs ...) with the IRS for each year for which a contribution is made to or a distribution is taken from, respectively, your Mesirow Roth IRA.

**28. Has the IRS Approved the Mesirow Roth IRA?** The Mesirow Roth IRA is derived from IRS Form 5305-RA which has been approved as to form by the IRS. IRS approval does not represent any opinion by the IRS as to the merits of a Mesirow Roth IRA.

**29. Where Can I Obtain Further Information About Roth IRAs?** Further information concerning Roth IRAs may be obtained from any District Office of the IRS or from IRS Publication 590 (Individual Retirement Arrangements . . .). Publications are available on the IRS website [www.irs.gov](http://www.irs.gov) or by calling 1-800-TAX-FORM.

- 30. How Will My Mesirow Roth IRA Grow?** The value of your Mesirow Roth IRA may increase or decrease as a result of the assets in which your contributions are invested. Thus, the rate of growth of your Mesirow Roth IRA cannot be guaranteed or reasonably projected.

Assets held in your Mesirow Roth IRA are not bank deposits, are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency, are not guaranteed by Mesirow Financial, Inc., and are not otherwise obligations of Mesirow Financial, Inc.

- 31. What Are the Custodian's Charges?** Mesirow Financial, Inc., as Custodian of your Roth IRA, charges fees in accordance with the current fee schedule.

You may pay the Custodian's fees directly. If you do not make such payments within a reasonable time after payment is requested, then such fees will be deducted by the Custodian from the assets in your Mesirow Roth IRA. Of course, the Custodian may change the fee schedule after giving you notice of the change. In addition to the annual fee discussed above, trading costs such as brokerage commissions, stock transfer taxes, or other similar charges due on account of transactions for your Mesirow Roth IRA will be paid from the assets in your Mesirow Roth IRA. Finally, the Custodian reserves the right to charge separately for substantial and extraordinary administrative costs incurred in administering your Mesirow Roth IRA.

- 32. How Will Any Dispute Be Resolved?** Any dispute between you or your beneficiary and the Custodian or any of its officers, directors or employees (present or former) arising from:

- a) Your Mesirow Roth IRA;
- b) Any transaction involving your Mesirow Roth IRA, whether or not the transaction occurred in the Mesirow Roth IRA; or
- c) The construction, performance or breach of the Custodial Agreement entered into between Mesirow Financial, Inc. and you;

shall be determined under the commercial arbitration rules of the American Arbitration Association. Any dispute as to the arbitrability of a matter or how such arbitration is to be conducted will be determined in such arbitration itself. The arbitration will be held in Chicago, Illinois.

**Additional Facts About Arbitration:**

- a) Arbitration is final and binding on the parties.
- b) The parties waive their right to seek remedies in court, including the right to a jury trial.
- c) Pre-arbitration discovery is generally more limited than and different from court proceedings.
- d) The arbitrator's award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited.

- C. QUALIFIED ADVICE.** THE PRECEDING IS A GENERAL DESCRIPTION OF THE MANNER IN WHICH ROTH IRAS ARE TAXED UNDER THE INTERNAL REVENUE CODE. BECAUSE OF THE UNFAVORABLE TAX CONSEQUENCES WHICH COULD RESULT FROM IMPROPER ESTABLISHMENT OR USE OF A MESIROW ROTH IRA, YOU SHOULD CONSULT WITH AN ATTORNEY OR OTHER QUALIFIED TAX ADVISER. MESIROW FINANCIAL, INC. DOES NOT GIVE TAX OR OTHER LEGAL ADVICE AND DOES NOT ASSUME ANY LIABILITY FOR TAX OR OTHER CONSEQUENCES TO INVESTORS, THEIR SPOUSES, THEIR BENEFICIARIES, OR ANY OTHER PARTIES ARISING FROM A MESIROW ROTH IRA.

**Roth Individual Retirement Custodial Account**  
 (Under section 408A of the Internal Revenue Code)

Do not file  
 with the Internal  
 Revenue Service

Name of depositor	Date of birth of depositor	Social security number   
Address of depositor		Check if amendment . . . <input type="checkbox"/>
Name of custodian <b>Mesirow Financial, Inc.</b>	Address or principal place of business of custodian <b>353 North Clark Street, Chicago, IL 60654</b>	

The depositor named above is establishing a Roth individual retirement account (Roth IRA) under section 408A to provide for his or her retirement and for the support of his or her beneficiaries after death.

The custodian named above has given the depositor the disclosure statement required by Regulations section 1.408-6.

The depositor assigned the custodial account \$ .....

The depositor and the custodian make the following agreement:

**Article I**

Except in the case of a rollover contribution described in section 408A(e), a recharacterized contribution described in section 408A(d)(6), or an IRA Conversion Contribution, the custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

**Article II**

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a single depositor, the annual contribution is phased out between adjusted gross income (AGI) of \$95,000 and \$110,000; for a married depositor filing jointly, between AGI of \$150,000 and \$160,000; and for a married depositor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the custodian will not accept IRA Conversion Contributions in a tax year if the depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the depositor is married and files a separate return. Adjusted gross income is defined in section 408A(c)(3) and does not include IRA Conversion Contributions.
2. 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.

**Article III**

The depositor's interest in the balance in the custodial account is nonforfeitable.

**Article IV**

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 V**

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 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 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

3. 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.
4. If the depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the depositor.

### **Article VI**

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

### **Article VII**

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

### **Article VIII**

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 with the consent of the persons whose signatures appear below.

### **Article IX**

#### **Investment of Account Assets**

Subject to the direction of the Depositor, the Custodian shall have the following powers with respect to the Depositor's contribution(s) or rollover contribution(s) described in Article I:

1. to invest and reinvest all or any part of the principal and income of the custodial account in cash, cash equivalents, exchange traded debt or equity securities (including options thereon and collectively defined as securities), mutual fund shares, savings media, and any other investment for the custodial account under applicable law, to the extent they are not prohibited by Code Section 408(m) and the regulations thereunder, and with respect to which the Custodian agrees to provide custodial services. Allowable investments shall include, without limitation, any options on any security that may be held by the Custodial account under this Agreement and applicable law which is obtainable through Mesirow Financial, Inc., either "over the counter" or on a recognized exchange. Any and all such investments and reinvestments must be acceptable to the Custodian without any duty on the part of the Custodian to diversify the investments or to make inquiry with regard to the investments or the written directions. A decision by the Trustee that an investment is not administratively acceptable shall not constitute a determination by the Trustee of the prudence or advisability of the investment nor shall it constitute investment advice on the part of the Trustee. In following the Depositor's direction at any time under this Article IX, the Custodian shall not be limited by any statute or rule of court regarding investments by trustees. The Custodian may hold a reasonable portion of the amounts of the custodial account in cash pending payment of current expenses or benefits.
2. to sell or contract to sell, at public or private sale, exchange, convey, transfer or dispose of, and also grant options with respect to, insure and otherwise deal with, any property, at any time held by it as Custodian, for cash or upon credit, and no person dealing with the Custodian shall be bound to see the application of such funds or to inquire into the validity, expediency or propriety of any such sale or other disposition.
3. To make such warranties, representations and indemnifications in connection with the sale or other disposition of any securities owned by the custodial account, for the benefit of the issuer of such securities, the purchases thereof, and any underwriters and securities dealers involved in such sale or other disposition.
4. To compromise, compound and settle any debt or obligation due to or from it as Custodian, and reduce the rate of interest thereon, extend or otherwise modify, or foreclose upon, default or otherwise enforce any such obligation.
5. To exercise any option appurtenant to any stocks, bonds, or other securities for the conversion thereof into other stocks, bonds or other securities, and to make any necessary payments therefor.
6. To join in or dissent from and oppose the reorganization, recapitalization, consolidation, liquidation, sale or merger of corporations or properties in which it may be interested as Custodian.
7. To hold any securities or other property in the name of the Custodian or a nominee, in bearer form or in such other form as the Custodian deems best, with or without disclosing the custodial account relationship but the books and records of the Custodian shall at times reflect that all such investments are part of the custodial account.
8. To not vote, in person or by proxy, on any stocks, bonds or other securities held by the custodial account.
9. To make, execute and deliver any and all deeds, assignments, proxies, leases, powers of attorney and all other instruments which may be necessary or appropriate to carry out the powers herein granted.
10. To begin, maintain or defend any litigation necessary in connection with the administration of the custodial account, except that the Custodian shall not be obligated or required to do so unless indemnified to its satisfaction against all expenses and liabilities sustained or anticipated by it by reason thereof.

11. To retain any cash or property subject to any dispute without liability for payment of interest, or to decline to make payment or delivery thereof until final adjudication is made by a court of competent jurisdiction or the dispute shall have been settled by the parties concerned.
12. To have, engage, employ and retain suitable agents, counsel, investment counsel and accountants and to charge the custodial account for the proper and reasonable expenses incurred by them, and be fully protected with respect to any action taken or omitted in good faith upon the advice of such persons.
13. To delegate any of its rights, duties and responsibilities hereunder to an agent under terms and conditions as shall be contained in a written instrument executed by the Custodian and such agent.
14. To perform any and all other acts in its judgment necessary or appropriate for the proper and advantageous management, protection, investment and distribution of the assets of the custodial account.
15. To deal in any way with any fiduciary of any other trust or estate in which the Depositor or a beneficiary of the custodial account has any interest, even though the Custodian is acting as a fiduciary of such other trust or estate.
16. To have and maintain safe deposit boxes and banking (checking, savings or both), agency, custodian, investment, advisory and depository accounts as may be maintained in the name of the Custodian or nominee.
17. To engage in the writing (sale) of covered call option contracts against existing positions and to liquidate or close such option contracts and the purchase of put options on existing long positions (the same securities can not be used to simultaneously cover more than one position).

The depositor warrants that no investment made at his direction to the Custodian shall cause his custodial account to lose its exemption as provided in Section 408(e)(2) of the Internal Revenue Code.

## **Article X**

### **The Custodian**

To the extent permitted by law, the Custodian shall not be responsible in any way for: the collection of contributions provided for under this Agreement; the determination of the purpose or propriety of whether information furnished to it by the Depositor is correct. The Depositor and the Depositor's legal representatives, heirs, successors or assigns agree to indemnify and hold the Custodian (including its employees, affiliates, representatives and agents) harmless against any loss, claim damage, expense, and liability (including reasonable attorney's fees) and other costs it may incur in acting according to the Custodial Agreement provisions or in acting upon notice, instructions, or directions given to the Custodian by the Depositor. Except for the Custodian's own gross negligence, the Custodian shall incur no liability for any act or failure to act pursuant to this Custodial Agreement and applicable federal law. The Custodian will not be liable for any loss that may result by reason of investment made in accordance with the Depositor's direction nor shall the Custodian be under any obligation to invest or otherwise manage the custodial account except at the direction of the Depositor. The Custodian shall be under no duty to review any securities or other property held in the custodial account or to make suggestions to the Depositor with respect to investments. The Custodian shall be protected in action upon any order of direction from the Depositor 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. The Custodian will not be liable for any loss resulting from an investment direction by the Depositor which constitutes a prohibited transaction under Section 4975 of the Internal Revenue Code ("code").

No other person other than the Depositor, or such other person authorized by the Code, may require an accounting or bring any action against the Custodian with respect to the custodial account or their actions as Custodian.

## **Article XI**

### **Resignation or Removal of Custodian**

1. The Custodian may resign at any time upon thirty (30) days advance written notice to the Depositor or, if the Depositor is then deceased, to his Executor, Administrator, or beneficiary.
2. The Depositor may remove the Custodian at any time upon thirty (30) days advance notice in writing to the Custodian.
3. Upon the Custodian's resignation or the Depositor's removal of it, the Depositor shall appoint a successor trustee or custodian provided that such successor trustee or custodian is a bank or an entity approved by the Secretary of the Treasury to hold assets of individual retirement accounts. Upon receipt by the Custodian of written acceptance of such appointment by the successor trustee or custodian, the Custodian shall transfer and pay over to such successor the assets of the custodial account and all records pertaining thereto. The successor shall hold the assets paid over to it under terms similar to those of this Agreement that qualify under the provisions of the Code. If the Depositor has not named a successor within the thirty (30) day period following the date the Custodian gives Depositor notice of its resignation hereunder, the Custodian may in its discretion, appoint a successor Custodian of its choosing and transfer the assets to the successor or liquidate and distribute to the Depositor the assets of the custodial account. The Custodian is authorized to reserve such sum of money as it may deem advisable for payment of all its fees, costs and expenses, or for payment of any other liability constituting a charge on or against the assets of the custodial account or the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the successor or Depositor.

4. Each successor shall succeed to the title of the custodial account vested in its predecessor without the signing or filing of any further instruments, but any resigning or removed custodian shall execute all documents and do all acts necessary to vest such title in any such successor and shall turn over to such successor copies of all such records pertaining to the custodial account that such successor trustee or custodian may properly need to administer the account. No successor trustee or custodian shall be liable for any act or failure of any predecessor trustee or custodian. The successor may accept the account rendered and the property delivered to it by the predecessor trustee or custodian as a full and complete discharge to the predecessor trustee or custodian without incurring any liability or responsibility for doing so.
5. In the event that the Commissioner of Internal Revenue determines that a custodian who has received approval by the Secretary of the Treasury to hold assets of individual retirement accounts fails to comply with applicable regulations governing such approval, the Custodian shall immediately resign, without regard to the thirty (30) day advance notice, and the Depositor shall then name a successor trustee or custodian.

## **Article XII**

### **Termination of Account**

1. This Agreement shall terminate upon the distribution of all of the assets of the custodial account in accordance with Article IV, or, if earlier, when the Depositor delivers written direction to the Custodian to transfer all assets of the custodial account to a successor trustee, custodian of another retirement plan or directly to the Depositor. Upon completion of such distribution, the Custodian shall be relieved from all further liability with respect to all amounts so paid and shall be fully acquitted and discharged from its responsibilities hereunder.
2. Upon termination of the Agreement, the Custodian shall continue to have all the powers provided herein as are necessary or desirable for the orderly liquidation and distribution of the assets of the custodial account, and shall be entitled to reserve such reasonable amounts as it may deem necessary to provide for the payment of any expenses then or thereafter chargeable to the custodial account.

## **Article XIII**

### **Miscellaneous**

1. The Depositor shall have the right, by written notice to the Custodian, to designate or change a beneficiary to receive any benefit to which such depositor may be entitled in the event of the Depositor's death prior to the complete distribution of such benefit. If no beneficiary designation is filed with the Custodian or if no designated primary or contingent beneficiary is living at the time any distribution remains to be made, then the beneficiary shall be the spouse of the account holder, or if there is no living spouse at the time of the Depositor's death, the beneficiary shall be the Depositor's estate.
2. If any payment or distribution is made under the custodial account to a person who is a minor or who is subject to any incapacity which in the Custodian's opinion would make it impossible or impracticable for such person to give prompt and intelligent consideration to business matters, and to give valid release for any payment due him under this Agreement, then the Custodian (unless claim therefore shall have been made to the Custodian by a duly appointed legal representative of such payee) may make such payment or distribution to which such person is entitled in any one or more of the following ways, and without responsibility for the application of such funds; (i) directly to such person; (ii) to his spouse or any other person, to be expended for his benefit; or (iii) to a custodian under the Uniform Transfer to Minors Act. Any payment so made shall, to the extent thereof, be in full settlement of liability for payments to such person.
3. If payment of any distribution hereunder shall give rise to any liability for estate, inheritance, income, personal property or other tax, charge or assessment which, in the Custodian's opinion, it shall or may be required to pay, the Custodian shall have full power and authority to pay such tax, charge or assessment out of any monies or other property in its hands for the account of the person whose interest hereunder is liable for such tax, but the Custodian shall give the Depositor notice of its intention to make such payment as far in advance as may be practicable. If the Depositor requests the Custodian to defer making payment of such tax, charge or assessment, the Custodian shall be indemnified to its satisfaction. The Custodian, before making payment of distribution, may require such release of other documents from any lawful taxing authority and may require such indemnity for the intended payee as it respectively considers necessary for its protection.
4. All reasonable costs, charges, and expenses incurred by the Custodian in connection with its administration of the custodial account including fees for legal services rendered to the Custodian, and reasonable compensation to the Custodian, shall be billed to the Depositor and if not paid then shall be a charge against and paid from the assets of the custodial account in such manner and proportion as the Custodian in its discretion deems equitable.
5. The benefits provided hereunder shall not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind, and any attempt to cause such benefits to be so subjected shall not be recognized, except to such extent as may be required by law.
6. If, because of a mistake as to earned income or for any other reason, an excess contribution is made on behalf of the Depositor for any year, adjustment of such excess contributions and any net income attributable thereto shall be distributed to the Depositor, in cash or in kind, upon written notice to the Custodian from the Depositor which states the amount of such excess contribution.
7. On written notice from the Depositor to the Custodian that for any year the custodial account has lost its exemption, including loss of exemption as provided in Section 408(e)(2) of the Code, by reason of any transaction prohibited by Section 4975 of the Code,

the Custodian shall, on or before the close of the ninety (90) day period beginning with the date of the receipt of such notice, in its sole discretion distribute the entire balance credited to the custodial account to the Depositor in cash or in kind.

8. In interpreting this Agreement, words in the masculine gender shall include the feminine gender and words in the singular shall include the plural, as may be appropriate. The word "person" shall include natural and legal persons.
9. Any notice or statement which the Custodian is required to give hereunder shall be deemed given when mailed to the intended recipient at his last known address. Any notice given to the Custodian shall be deemed given only when actually received by the Custodian.
10. This agreement shall be construed, constructed, administered and enforced according to the laws of the State of Illinois except to the extent preempted by the Employee Retirement Income Security Act of 1974, as amended.
11. Except as otherwise provided by law, the Custodian shall have no obligation to account for or distinguish between deductible and nondeductible contributions made hereto.

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Depositor's signature \_\_\_\_\_ Date \_\_\_\_\_

Custodian's signature \_\_\_\_\_ Date \_\_\_\_\_

Witness' signature \_\_\_\_\_ Date \_\_\_\_\_

(Use only if signature of the depositor or the custodian is required to be witnessed.)

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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

### Purpose of Form

Form 5305-RA is a model custodial account agreement that meets the requirements of section 408A and has been pre-approved by the IRS. A Roth individual retirement account (Roth IRA) is established after the form is fully executed by both the individual (depositor) and the custodian. This account must be created in the United States for the exclusive benefit of the depositor and his or her beneficiaries.

**Do not** file Form 5305-RA with the IRS. Instead, keep it with your records.

Unlike contributions to traditional individual retirement arrangements, contributions to a Roth IRA are not deductible from the depositor's gross income; and distributions after 5 years that are made when the depositor is 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the custodian must give the depositor, see **Pub. 590**,

Individual Retirement Arrangements (IRAs).

### Definitions

**IRA Conversion Contributions.** IRA Conversion Contributions are amounts rolled over, transferred, or considered transferred from a nonRoth IRA to a Roth IRA. A nonRoth IRA is an individual retirement account or annuity described in section 408(a) or 408(b), other than a Roth IRA.

**Custodian.** The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

**Depositor.** The depositor is the person who establishes the custodial account.

### Specific Instructions

**Article I.** The depositor may be subject to a 6% tax on excess contributions if **(1)** contributions to other individual retirement arrangements of the depositor have been made for the same tax year, **(2)** the depositor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or **(3)** the depositor's and spouse's compensation is less than the amount

contributed by or on behalf of them for the tax year. The depositor should see the disclosure statement or Pub. 590 for more information.

**Article V.** This article describes how distributions will be made from the Roth IRA after the depositor's death. Elections made pursuant to this article should be reviewed periodically to ensure they correspond to the depositor's intent. Under paragraph 3 of Article V, the depositor's spouse is treated as the owner of the Roth IRA upon the death of the depositor, rather than as the beneficiary. If the spouse is to be treated as the beneficiary, and not the owner, an overriding provision should be added to Article IX.

**Article IX.** Article IX and any that follow it may incorporate additional provisions that are agreed to by the depositor and custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the custodian, custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the depositor, etc. Attach additional pages if necessary.

## Designation/Change of Beneficiary Form for IRA, Roth, SEP IRA, Health Savings & Coverdell ESA

I. PARTICIPANT INFORMATION (Please print or type)			
PARTICIPANT NAME		ACCOUNT NUMBER	
STREET ADDRESS		SOCIAL SECURITY NUMBER	
CITY	STATE	ZIP CODE	DAYTIME PHONE NUMBER
II. BENEFICIARY DESIGNATIONS			
<p>I hereby designate the following individuals as primary and contingent beneficiaries of my account. If more than one beneficiary is designated under a class (primary/contingent), such beneficiaries share equally unless otherwise specified. This beneficiary designation will supersede any and all previous beneficiary designations. The right to revoke or change any beneficiary designation is hereby reserved. All prior beneficiary designations (if any) are hereby revoked. <b>Note: Please check the appropriate Primary or Contingent box for each beneficiary. Percentages must total 100% for primary and 100% for contingent (if applicable).</b></p>			
PRIMARY BENEFICIARY INFORMATION		ADDITIONAL BENEFICIARY INFORMATION	
		CHOOSE ONE: <input type="checkbox"/> ADDITIONAL PRIMARY <input type="checkbox"/> CONTINGENT	
NAME		NAME	
RELATIONSHIP	PERCENTAGE	RELATIONSHIP	PERCENTAGE
SOCIAL SECURITY NUMBER	DATE OF BIRTH	SOCIAL SECURITY NUMBER	DATE OF BIRTH
ADDITIONAL BENEFICIARY INFORMATION		ADDITIONAL BENEFICIARY INFORMATION	
		CHOOSE ONE: <input type="checkbox"/> ADDITIONAL PRIMARY <input type="checkbox"/> CONTINGENT	
NAME		NAME	
RELATIONSHIP	PERCENTAGE	RELATIONSHIP	PERCENTAGE
SOCIAL SECURITY NUMBER	DATE OF BIRTH	SOCIAL SECURITY NUMBER	DATE OF BIRTH
ADDITIONAL BENEFICIARY INFORMATION		ADDITIONAL BENEFICIARY INFORMATION	
		CHOOSE ONE: <input type="checkbox"/> ADDITIONAL PRIMARY <input type="checkbox"/> CONTINGENT	
NAME		NAME	
RELATIONSHIP	PERCENTAGE	RELATIONSHIP	PERCENTAGE
SOCIAL SECURITY NUMBER	DATE OF BIRTH	SOCIAL SECURITY NUMBER	DATE OF BIRTH
ADDITIONAL BENEFICIARY INFORMATION		ADDITIONAL BENEFICIARY INFORMATION	
		CHOOSE ONE: <input type="checkbox"/> ADDITIONAL PRIMARY <input type="checkbox"/> CONTINGENT	
NAME		NAME	
RELATIONSHIP	PERCENTAGE	RELATIONSHIP	PERCENTAGE
SOCIAL SECURITY NUMBER	DATE OF BIRTH	SOCIAL SECURITY NUMBER	DATE OF BIRTH
PARTICIPANT ACKNOWLEDGEMENT			
<p><b>The right to revoke or change any beneficiary designation is hereby reserved. All prior designations (if any) or beneficiaries are hereby revoked. If the beneficiary is a Trust, please attach a copy of the title page and the signature page of the Trust.</b></p>			
GRANTOR'S SIGNATURE		DATE	
SIGNATURE GUARANTEE OR NOTARY PUBLIC			

Please send the original to Mesirow Financial. Please retain a copy for your records.

**Mesirow Financial, Inc.**  
**Custodial Fee Schedule**  
**for**  
**Roth IRA**  
(effective 8/1/10)

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**Acceptance Fee**

Initial setup fee.....\$45.00

**Annual Fees**

Annual fees (per account).....\$45.00

**Transfer/Termination Fees**

Plan transfer or termination in addition to annual fees.....\$75.00

Additional fees / charges may apply  
We reserve the right to amend our fees at any time upon 30 days' notice.