

TRADITIONAL IRA

DISCLOSURE STATEMENT

The Traditional Individual Retirement Account (“Traditional IRA”) presented with this Disclosure Statement is a retirement plan made available to individuals. An individual who establishes the Traditional IRA described herein is a “Participant.” This Disclosure Statement summarizes the requirements for a Traditional IRA to which the Participant contributes and to which an employer may contribute on the Participant’s behalf under a simplified employee pension (“SEP”). However, this Disclosure Statement does not include information specifically related to the requirements of a SEP.

REVOCATION OF ACCOUNT

The Participant may revoke the Traditional IRA at any time within seven days after he or she has established the account. Upon revocation, the Sponsor will return to the Participant the entire amount contributed to the Traditional IRA without penalty, service charge, administrative expense or other deduction.

To revoke the Traditional IRA, the Participant either may mail or may deliver the form entitled “Notice of Revocation” to the Sponsor within seven days of establishing the Traditional IRA. If the Participant mails the Notice of Revocation, the law considers the Notice mailed on the date of the postmark (or on the date of certification or registration if sent by certified or registered mail) provided the Participant deposits the Notice in the United States mail in an envelope or other appropriate wrapper, first class postage prepaid, properly addressed to the person whose name the Notice of Revocation form designates.

STATUTORY REQUIREMENTS

(1) Qualification Requirements. A Traditional IRA must satisfy certain requirements of the Internal Revenue Code (“Code”). The Traditional IRA Agreement incorporates those requirements. In brief, the Traditional IRA must satisfy the following requirements: (1) a written instrument must govern the Traditional IRA; (2) the Sponsor, except in the case of a “rollover” or a direct transfer, may accept only cash contributions; (3) the Traditional IRA may not invest in life insurance contracts; (4) the Participant’s interest in the Traditional IRA must be nonforfeitable at all times; (5) with certain limited exceptions, the Sponsor may not commingle the Participant’s Traditional IRA with other property; and (6) the Participant must receive distributions which satisfy the required minimum distribution rules.

(2) Required Distribution Rules. The Sponsor must commence distribution of the Participant’s interest in the Traditional IRA (single sum or installments) no later than the Participant’s “required beginning date” (RBD). The RBD is the April 1 of the calendar year immediately following the calendar year in which the Participant attains age 70½ (see “RETIREMENT BENEFIT”). If the Participant dies *on or after* the RBD, the distribution period may not exceed the longer of the Participant’s or beneficiary’s remaining life expectancy. However, if the Participant’s death occurs *before* the RBD, the Sponsor must distribute the Participant’s entire remaining account to the Participant’s beneficiary in accordance with one of the following options: (1) distribution of the entire account over the Participant’s beneficiary’s life expectancy commencing no later than the December 31 of the calendar year following the Participant’s death; (2) if the Participant’s

beneficiary is the Participant’s surviving spouse, the spouse may elect to receive the entire account over his or her life expectancy commencing no later than December 31 of the calendar year in which the Participant would have attained age 70½; or (3) if the Participant’s beneficiary is the Participant’s surviving spouse, the spouse may elect to treat the account as his or her own Traditional IRA. Options (1), (2) and (3) regarding death before the RBD assume the Participant has a “Designated Beneficiary.” A Designated Beneficiary generally is an *individual* (but also may include certain trusts), specified in writing by the Participant or by the Traditional IRA itself. If the Participant dies without a Designated Beneficiary, the required distribution period depends on whether the Participant dies before or after the Participant’s RBD. If the Participant dies (without a Designated Beneficiary) *before* his or her RBD, the Sponsor must complete payment of the account to the Participant’s beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant’s death. If the Participant dies (without a Designated Beneficiary) *on or after* his or her RBD, the Sponsor must distribute the entire remaining account to the Participant’s beneficiary over the Participant’s remaining life expectancy, determined as of the Participant’s birthday in the calendar year of the Participant’s death.

(3) Approved Form. The Internal Revenue Service (“IRS”) has approved the form of the Sponsor’s Traditional IRA. The Participant should not consider the IRS approval as to form as a determination by the IRS of the merits of the Sponsor’s Traditional IRA.

(4) Vested Interest. The Participant’s interest in his or her Traditional IRA is vested. However, if the Participant invests any part of his or her Traditional IRA in a time deposit, banking regulations may impose a penalty (interest reduction or total interest loss) for withdrawal prior to maturity.

PARTICIPANT CONTRIBUTIONS

(1) Eligible Participant. Any individual who has compensation is eligible to establish a Traditional IRA even though the individual is an active participant in an employer-sponsored retirement plan. A self-employed individual who contributes to a qualified plan also may contribute for the same taxable year to a Traditional IRA with respect to the same compensation. Section 1.05 of the Traditional IRA Agreement defines the term “Compensation.” Generally, Compensation means wages, salaries or professional fees and other amounts received for personal services actually rendered, including commissions paid to salesmen, compensation for services on the basis of a percentage of profits, tips and bonuses. For a person who is self-employed, compensation includes net earnings from the trade or business in which that person’s personal services are a material income producing factor. Compensation does not include amounts an individual receives as earnings or profits from property, such as dividends or interest, or amounts an individual receives as an annuity, a pension, or other deferred compensation. Compensation also includes certain alimony payments.

(2) General Contribution Limitation. Each taxable year, an eligible Participant who has not attained age 70½ may contribute to his or her Traditional IRA the *lesser* of the applicable Dollar Amount (shown in the table below) or 100%

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of Compensation, reduced by a Participant's contributions to a Roth IRA. Spouses each may contribute the maximum applicable Dollar Amount to a Traditional IRA if each has sufficient *Compensation* (determined without regard to community property laws).

Under a special rule, a married couple may contribute an amount not exceeding the applicable Dollar Amount for *each* spouse (including a spouse who does not work outside the home) if the combined compensation of both spouses is at least equal to the applicable Dollar Amount (shown in the table below). A nonworking spouse may take advantage of this additional Traditional IRA contribution limitation by establishing a separate Traditional IRA. The contribution limitation under the special rule for each Traditional IRA is the lesser of: (a) the applicable Dollar Amount; or (b) the excess of the combined Compensation of the married couple for the taxable year, over the amount of the Traditional IRA contribution for the other spouse. See Section 2.01 of the Traditional IRA document.

IRA Contribution Applicable Dollar Amount

<u>Taxable Year</u>	<u>Dollar Amount</u>
2002 - 2004	\$3,000
2005 - 2007	\$4,000
2008	\$5,000
2009 and later	\$5,000 as adjusted under Code §219(b)(5)(D).

Notwithstanding the applicable Dollar Amount for a Taxable Year, a Participant may make a repayment of a qualified reservist distribution during the two-year period beginning on the day after the end of the active duty period or by August 17, 2008, if later. A qualified reservist distribution is a distribution from an IRA or elective deferral account of an individual who is member of a military reserve unit and who is called before 2008 (or a later year as provided by law) to active duty for a period of more than 179 days or for an indefinite period.

(3) Deductible Contributions. A taxpayer may receive a deduction for a contribution to a Traditional IRA in the above-described amount: (1) in the case of a taxpayer who is not married, the taxpayer either (a) is not an active participant in an employer-sponsored retirement plan for any part of the plan year or (b) has adjusted gross income ("AGI") of less than the applicable dollar limit; (2) in the case of married taxpayers filing a joint return, either (a) the couple has AGI of less than the applicable dollar limit, or (b) neither spouse is an active participant in an employer-sponsored retirement plan for any part of the plan year; or (3) in the case of a married taxpayer filing separately, either (a) the taxpayer has AGI in excess of the applicable dollar limit, or (b) neither spouse is an active participant in an employer-sponsored retirement plan during any part of the plan year.

AGI Applicable Dollar Amount

<u>Taxable Year</u>	<u>Married/Joint Return</u>	<u>Unmarried</u>
2002	\$54,000	\$ 34,000
2003	\$60,000	\$ 40,000
2004	\$65,000	\$ 45,000
2005	\$70,000	\$ 50,000
2006	\$75,000	\$ 50,000
2007	\$80,000	\$ 50,000

Beginning in 2007, the AGI applicable dollar amount is subject to cost of living adjustments in increments of \$1,000.

The applicable dollar limit is \$0, in the case of a married taxpayer filing separately. In the case of a married taxpayer, if a spouse is subject to the deduction limits because his or her spouse is an active participant, the applicable dollar limit for the spouse who is not an active participant is \$150,000. The taxpayer reduces the Traditional IRA deduction limit by an amount that bears the same ratio to such contribution limit as the taxpayer's AGI in excess of the applicable dollar amount bears to \$10,000. For purposes of determining the Traditional IRA deduction limit, a taxpayer calculates his or her AGI without regard to any deductible Traditional IRA contributions made for the taxable year.

The taxpayer also must proportionately reduce the nonworking spouse Traditional IRA deduction limit for AGI above the applicable dollar amount. This reduction is an amount that bears the same ratio to the applicable Deductible Amount as the excess of AGI over the applicable dollar amount bears to \$10,000. For purposes of determining whether a Traditional IRA contribution is deductible for a taxable year, a taxpayer is not married for a taxable year if the taxpayer and the taxpayer's spouse: (1) did not live together at any time during the taxable year; and (2) did not file a joint return for the taxable year.

For purposes of the Traditional IRA deduction rule, an employer-sponsored retirement plan means: (1) a qualified pension, profit sharing, or stock bonus plan (including a 401(k) plan); (2) a qualified annuity plan (Code §403(a)); (3) a simplified employee pension (SEP); (4) a plan established for its employees by the United States, by a State or political subdivision, or by any agency or instrumentality of the United States or a State or political subdivision (other than an unfunded deferred compensation plan of a State or local government (Code §457)); (5) a Code §501(c)(18) trust; (6) a 403(b) plan; or (7) SIMPLE Traditional IRA account (Code §408(p)).

The determination of active participant status depends on whether the plan is a defined benefit or a defined contribution plan. In the case of a defined benefit plan, a taxpayer is an active participant if the plan does not specifically exclude the taxpayer under the plan's eligibility provisions for any part of the plan year ending within the Participant's taxable year. This rule applies even if the taxpayer elects not to participate, declines to make a required contribution, or does not perform the minimum service required to accrue a benefit.

Under a defined contribution plan, a taxpayer is an active participant if the plan allocates employer or employee contributions (including 401(k), 403(b) and eligible government 457 plan deferrals) or forfeitures, to his or her account for the plan year that ends with or within the taxable year. Under both defined benefit and defined contribution plans, a taxpayer is an active participant even if the participant is not vested in his or her benefits.

(4) Catch-up Contributions. Commencing in 2002, a Participant who is age 50 or older or whose 50th birthday falls within the applicable taxable year, may make an additional deductible Catch-Up Contribution, in excess of the applicable Deductible Amount. The maximum Catch-Up Contribution for a taxable year is the amount specified in the following table.

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Catch-Up Contribution Applicable Dollar Amount

<u>Taxable Year</u>	<u>Dollar Amount</u>
2002 - 2005	\$ 500
2006 and later	\$1,000

(5) Nondeductible Contributions. A taxpayer may make designated nondeductible Traditional IRA contributions to the extent the law disallows deductible contributions. A taxpayer may make nondeductible contributions to the extent of the excess of: (1) the lesser of the applicable Deductible Amount or 100% of Compensation (if married, the combined compensation of both spouses less the contribution permitted for the other spouse) over; (2) the Traditional IRA deduction limit with respect to the taxpayer. As with deductible contributions, the taxpayer does not include earnings on nondeductible contributions in income until he or she withdraws the earnings from the Traditional IRA.

A taxpayer must designate a contribution to a Traditional IRA as a nondeductible contribution by the due date of his or her tax return. The taxpayer makes the designation on Form 8606 and must file the designation even if he or she does not have to file a return for the taxable year. If the taxpayer does not make a written designation, all contributions are “deductible” and, therefore, taxable upon withdrawal from the Traditional IRA unless the taxpayer can show, with satisfactory evidence, the contributions were nondeductible. In addition, the taxpayer may elect to treat deductible Traditional IRA contributions as nondeductible.

(6) Time of Contribution/Establishing of Traditional IRA. In order to make a Traditional IRA contribution for a particular taxable year, the calendar year Participant must make the contribution in *cash* to the Traditional IRA within that taxable year or not later than the following April 15. The same rule applies to the establishing of a new Traditional IRA; that is, an individual may establish a new Traditional IRA for a particular taxable year until the due date of the individual’s return for that taxable year, *excluding* extensions.

A Participant who reports his or her Federal income on other than a calendar year basis should advise the Traditional IRA Sponsor of his or her taxable year.

(7) Dollar Limit on Contribution. The Sponsor is not permitted to accept more than the amount described above (including catch-up contributions) per year from one Participant except in the case of certain transfers (“rollovers”) from other retirement plans or from other Traditional IRAs.

(8) Direct Deposit of Tax Refunds to IRA. The IRS has forms available on which an individual may elect to have his/her tax refund directly deposited into an IRA. The deposit is subject to the applicable dollar limits for the year.

(9) Tax credit for IRA contributions. A tax credit (“Saver’s Credit”) is available to a Participant (who is at least 18 by the end of the taxable year and is not a dependent of another taxpayer or a full-time student as defined in Code §25B(c)(2)(B)) in the amount of the applicable percentage times the Participant’s IRA contributions (not exceeding \$2,000). The applicable percentage and maximum credit amount, determined by the Participant’s filing status and adjusted gross income (“AGI”), is shown in the table below. The Saver’s Credit also may be based on certain elective

deferral contributions and voluntary employee after-tax contributions the Participant makes to retirement plans other than an IRA, but the maximum tax credit (not exceeding \$2,000) applies to all of such contributions. Certain retirement plan distributions specified Code §25B(d)(2) reduce the Participant’s contributions eligible for the tax credit.

Credit Amounts for the Saver’s Credit

Filing Status and AGI			Credit Amount
Single	Head of Household	Married, Filing Jointly	
\$1 to \$15,000	\$1 to \$22,500	\$1 to \$30,000	50% of contribution up to \$2,000 (\$1,000 maximum credit)
\$15,001 to \$16,250	\$22,501 to \$24,375	\$30,001 to \$32,500	20% of contribution up to \$2,000 (\$400 maximum credit)
\$16,251 to \$25,000	\$24,376 to \$37,500	\$32,501 to \$50,000	10% of contribution up to \$2,000 (\$200 maximum credit)
More than \$25,000	More than \$37,500	More than \$50,000	Zero

For taxable years after 2006, the eligible income brackets are indexed for inflation.

ROLLOVER CONTRIBUTIONS

(1) Eligible Participant. An individual is eligible to establish a “rollover” Traditional IRA with the Sponsor if the contribution the Participant wishes to make satisfies the definition of “Qualified Rollover Contribution.” Unlike the rules relating to normal Traditional IRA contributions, an individual may establish a “rollover” Traditional IRA or make a rollover contribution with the Sponsor even if he or she does not have any Compensation for the taxable year. The Qualified Rollover Contribution may consist of any combination of cash or property, including the proceeds from the sale of property received in an “eligible rollover distribution.”

(2) No Contribution Limitation/No Deduction. Under the Traditional IRA, there is no limit on the amount of the *rollover* contribution an eligible Participant may make to the Traditional IRA. However, the law does not permit an income tax deduction for a rollover contribution.

(3) Qualified Rollover Contribution. “Qualified Rollover Contribution” means a contribution which constitutes an eligible rollover distribution from an eligible plan. An eligible plan is a qualified plan, 403(b) plan, governmental eligible 457

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plan, Traditional IRA, or SIMPLE IRA, where the individual has satisfied the specified waiting period.

An “eligible rollover distribution” is the distribution of *any portion* of an individual’s plan benefit from an eligible plan, unless the distribution falls into certain limited exception categories. The primary categories of exception are: (1) one of a series of “substantially equal” periodic payments made over the individual’s life (or joint life with a designated beneficiary), the individual’s life expectancy (or joint life expectancy with a designated beneficiary) or a period of at least ten years; and (2) required minimum distributions after an individual participant reaches his or her RBD.

An individual who is a participant in a qualified plan, 403(b) plan or governmental eligible 457 plan may elect to receive an eligible rollover distribution or to have the plan make a “direct rollover” of the eligible rollover distribution to a Traditional IRA or to another eligible plan. If an individual elects to receive an eligible rollover distribution, rather than to have the plan directly roll over the distribution to the Traditional IRA, the distributing plan must withhold 20% of the distribution. A direct rollover to a Traditional IRA or to another eligible plan is not subject to this mandatory 20% withholding requirement. If the individual elects to *receive* an eligible rollover distribution, the individual may roll over the distribution (including the 20% withheld) to a Traditional IRA within 60 days of the individual’s receipt of the distribution. However, the individual must replace the 20% withholding amount with his or her own cash from another source if he or she wants to roll over the entire distribution. The mandatory 20% withholding requirement does not apply to a distribution from a Traditional IRA.

An individual making a Qualified Rollover Contribution, other than a direct rollover, must make the contribution (including any property received) to the Traditional IRA within 60 days of the Participant’s receipt of the property and cash, if any, from the distributing plan or individual retirement account. Any property (other than cash) the Participant contributes to the rollover Traditional IRA must be the *same* property the Participant received from the distributing plan or individual retirement account. To the extent a Participant contributes only a part of a Qualified Rollover Contribution to his or her Traditional IRA, the Participant must report the balance as ordinary income in the taxable year in which received, except for the portion of the balance attributable to employee contributions previously included in income.

(4) Surviving Spouse Receiving Distribution/Non-spouse Beneficiary Rollover. A surviving spouse may roll over a distribution and may roll over the distribution to a Traditional IRA. A non-spouse beneficiary may roll over a distribution to an inherited IRA as described in (10) below.

(5) QDRO Distribution. An alternate payee under a qualified domestic relations order who is the spouse or former spouse of a retirement plan participant may receive an eligible rollover distribution and may roll over the distribution to an eligible plan.

(6) Conduit Individual Retirement Account. The purpose of the conduit individual retirement account is to enable an individual who has received an eligible rollover distribution from a qualified retirement plan to re-invest the amount of the distribution in the qualified retirement plan of a subsequent employer *and* to claim favorable income averaging or capital

gains treatment on a subsequent qualified plan distribution. Only individuals who were born prior to 1936 and who meet certain other requirements may claim this favorable tax treatment. If the individual makes deductible or nondeductible contributions to a conduit Traditional IRA, that account will lose its conduit status.

(7) Rollover to Another Traditional IRA. An individual may roll over the Traditional IRA balance from one Traditional IRA to another Traditional IRA once every one-year period. This rollover provision permits an individual to change Traditional IRA sponsors periodically without adverse federal income tax (i.e., the rolled over account balance is not includible in gross income at the time of the rollover). The provision which limits rollovers between different Traditional IRAs once every one-year period may affect whether a distribution from an individual retirement account will satisfy the definition of Qualified Rollover Contribution.

(8) Sponsor’s Acceptance of Rollover Contribution. Before making a rollover contribution to the Traditional IRA, the Participant should consult his or her tax adviser not only with respect to the technical requirements of such rollovers but also with respect to the economics of the rollover. The Sponsor emphasizes it assumes no responsibility to determine whether the Participant’s contribution to the Traditional IRA satisfies the definition of Qualified Rollover Contribution.

(9) Transfer to Another Traditional IRA. An individual may transfer directly all or any part of his or her Traditional IRA balance from one Traditional IRA to another Traditional IRA. A direct transfer differs from a rollover in that the Traditional IRA does not make any distribution to the individual. Instead, under a transfer, the Sponsor, at the direction of the participant, transfers directly his or her Traditional IRA balance to another Traditional IRA. This transfer provision permits an individual to change Traditional IRA sponsors without adverse federal income tax consequences; that is, the transferred account balance is not includible in gross income at the time of the transfer. The Code does not limit the number of *transfers* between Traditional IRAs.

(10) Rollover to “inherited” IRA. A Participant who is a non-spouse beneficiary of a decedent who had an account in an eligible plan as defined in (3) may make a Qualified Rollover Contribution of the death benefit from the eligible plan to an IRA. The IRA must be an inherited IRA. An inherited IRA is an IRA which is titled in the name of the Participant as beneficiary of the decedent from whose eligible plan account the Participant received the death benefit distribution (e.g., Mary Smith, as beneficiary of John Smith, deceased). The Participant may not make regular contributions or other rollover contributions to the inherited IRA. The inherited IRA must make distributions consistent with the required minimum distribution (RMD) rules for non-spouse beneficiaries. In general, the inherited IRA will follow the RMD rules specified in the eligible plan which distributed the death benefit. However, if the decedent died before his/her RBD under the eligible plan and the plan required distributions to be made over a 5-year period following death, the Participant, nevertheless, may spread distributions from the inherited IRA over his/her life expectancy only if he/she rolls over the death benefit no later than the last day of the taxable year following the taxable year of the decedent’s death. If the decedent died on or after

his/her RBD under the eligible plan, the inherited IRA may spread the distributions from the inherited IRA over the longer of the Participant's life expectancy or the decedent's remaining life expectancy determined in the year of death.

DISTRIBUTIONS/TAXATION

(1) Federal Tax Aspects of Distribution. A Traditional IRA approved as to form is tax exempt. Unless the Participant's Traditional IRA loses its tax-exempt status, the earnings within the Traditional IRA accumulate without reduction for federal income tax. Other parts of this Disclosure Statement explain the income tax consequences of distributions from the Traditional IRA to the Participant or to the Participant's beneficiary. A Participant will report distributions from (and rollover contributions to) the Traditional IRA on his or her federal tax Form 1040. A Participant must report any special Traditional IRA penalty tax on Form 5329 as an attachment to Form 1040 for the taxable year of the penalty. Special Traditional IRA penalty taxes which require the filing of Form 5329 are the excise tax on excess Traditional IRA contributions, the penalty tax for making certain distributions to the Participant prior to his or her attaining age 59½ and the tax on the failure to take the required minimum distribution amount by a Participant who has attained age 70½.

(2) State Income Tax. Though the Participant's Traditional IRA is exempt from federal income tax, the Participant should consult with his or her tax adviser regarding proper reporting of Traditional IRA earnings for state income tax purposes.

(3) Excess Rollover Contributions Attributable to Erroneous Information. In the case of an excess rollover contribution, the Participant need not include the refund of the excess contribution in gross income to the extent the amount of the excess rollover contribution was attributable to his or her reasonably relying on erroneous information the law required the Participant's employer or other party to furnish the Participant as respects the determination of the amount of a Qualified Rollover Contribution. This income exclusion does not apply if the Participant was allowed a deduction (or income exclusion) of the excess contribution amount in a prior taxable year.

(4) Penalty Tax - Excess Contribution. Any excess contribution not returned to the Participant by the day (including extensions) prescribed by law for filing the Participant's income tax return for the taxable year of the excess contribution is subject to a nondeductible 6% excise tax for that taxable year. The law continues to impose this penalty tax for each subsequent taxable year the funds remain in the Traditional IRA or the Participant does not utilize funds as a contribution for a taxable year subsequent to the taxable year of the excess contribution. The Participant may utilize an excess contribution as a contribution in a subsequent year by undercontributing the otherwise allowable contribution amount in the subsequent taxable year. However, underutilizing the contribution limitations in the subsequent year will not eliminate the excise tax for any preceding taxable year. A Participant should timely request a return of an excess contribution to avoid the imposition of the excise tax for the taxable year of the excess contribution.

(5) Withdrawal of Funds/Premature Distribution. The Participant, without penalty, may withdraw funds from the Traditional IRA after attaining age 59½. If the Participant withdraws an amount from a Traditional IRA during a taxable

year and he or she previously has made nondeductible Traditional IRA contributions, part of a distribution may be a tax free return of the nondeductible contributions. The amount excludible from income for the taxable year is the portion of the amount withdrawn which bears the same ratio to the amount withdrawn for the taxable year as all of the Participant's nondeductible Traditional IRA contributions bear to the value of the Traditional IRA (including both deductible and nondeductible contributions). Notwithstanding the preceding sentence, if the Participant rolls over to another eligible plan all or any part of the amount withdrawn, the amount rolled over will consist first of the pre-tax contributions. See IRS Form 8606 for proper reporting of such Traditional IRA distributions. For purposes of determining the taxability of a Traditional IRA distribution, the law: (1) treats all Traditional IRAs of the Participant (including rollover Traditional IRAs and SEPs) as one Traditional IRA; and (2) treats all Traditional IRA distributions made during a taxable year as one distribution.

If the Participant receives a distribution (other than a returned excess contribution) from the Traditional IRA prior to the Participant's attaining age 59½, the law, with limited exceptions, imposes a 10% penalty on the amount of the distribution the Participant receives, to the extent the Participant must include the distribution in gross income. However, the 10% penalty will not apply if the Participant rolls over the funds to an eligible plan. The 10% penalty also will not apply if the Participant receives substantially equal payments from the Traditional IRA, at least annually, over the Participant's life or life expectancy (or over the joint lives or life expectancies of the participant and his or her designated beneficiary).

The 10% penalty also does not apply to disability distributions. For purposes of the Traditional IRA provisions, the law considers an individual disabled if he or she 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 to be of long, continued and indefinite duration.

(6) Prohibited Transaction. The law treats a Participant as having received a distribution (deemed distribution) of the entire Traditional IRA if the Traditional IRA loses its exempt status for having engaged in a prohibited transaction or if the Participant assigns his or her Traditional IRA to another person by gift or for another purpose. However, the law does not consider a transfer or assignment of a Traditional IRA pursuant to a divorce decree or pursuant to a written instrument incident to a divorce as a taxable transfer. The 10% penalty tax also may apply to a deemed distribution occurring prior to age 59½, such as an investment in collectibles.

(7) Minimum Distribution. If the Traditional IRA does not make retirement distributions at or before the time(s) required, the law imposes a nondeductible 50% penalty tax on the difference between the required distribution and the actual distribution. The recipient of the distribution must pay this penalty tax. For example, the life expectancy of a Participant at age 70½ is approximately 17 years. If the Participant elected to receive his or her account balance over a fixed term measured by his or her life expectancy, the Sponsor would distribute the Participant's Traditional IRA balance in 17 annual installments. If the first required installment is \$10,000 and, at the request of the Participant, the Sponsor made a distribution to the Participant of only \$6,000 for a particular taxable year, the law would impose a nondeductible penalty tax on the Participant of

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\$2,000 (50% x (\$10,000 - \$6,000)) for that taxable year. If the underpayment of the required amount is due to a reasonable error and the Participant takes reasonable steps to remedy the error, the Revenue Service may waive the penalty for the taxable year of the underpayment.

(8) Federal Gift Tax/Estate Tax. The Participant's designation of a beneficiary for his or her Traditional IRA does not constitute a gift for federal gift tax purposes. However, a Participant's contribution to the separate Traditional IRA of the Participant's nonworking spouse is a present interest gift under the federal gift tax law. The making of a contribution under a spousal Traditional IRA does not require the filing of a federal gift tax return nor the paying of any federal gift tax.

The balance in a Participant's Traditional IRA at the time of the Participant's death is includible in his or her gross estate for federal estate tax purposes. The law no longer provides a Traditional IRA estate tax exclusion.

OTHER REQUIREMENTS

(1) Contributions Returned Before the Due Date of Return. A Participant may withdraw a Traditional IRA contribution (including a rollover contribution) made for a taxable year and need not include the refund of the Traditional IRA contribution in income for the taxable year of the distribution, irrespective of whether the contribution is deductible, if:

- (a) the Participant receives the refund by the date (including extensions) prescribed by law for filing the Participant's income tax return for the taxable year of the contribution;
- (b) the Participant does not take a deduction with respect to the amount of the contribution; and
- (c) the Participant receives with the refunded contribution the earnings attributable to the contribution.

The Participant must report the earnings in the taxable year for which he or she made the contribution. If the Traditional IRA contribution is a rollover contribution, the contribution is includible in the Participant's gross income in the taxable year the Participant made the contribution.

(2) No Borrowing on Account. The Participant may not utilize the Traditional IRA for any purpose other than retirement benefits. For example, the use of the Traditional IRA as security for a loan will result in a deemed distribution of the Traditional IRA to the extent of the portion used as security. This deemed distribution would subject the Participant to current income taxation and to the 10% penalty tax on the portion of the Traditional IRA deemed distributed, unless the Participant has attained age 59½.

RETIREMENT BENEFIT

(1) Income Taxation Consequences. Retirement funds accumulated in a Traditional IRA are taxable to the Participant as ordinary income when distributed. The special tax treatment afforded certain types of retirement plan distributions is not available for a Traditional IRA distribution. This rule applies even if the original contribution to the Traditional IRA was a rollover contribution which would have qualified for the special tax treatment if the Participant had not rolled over the lump sum distribution.

(2) Required Lifetime Distributions. As stated earlier, distributions from the Traditional IRA must begin not later than the Participant's RBD (see "STATUTORY REQUIREMENTS"). The special rule which may permit an employee who works beyond age 70½ to delay minimum distributions from certain employer-sponsored plans until the employee retires from employment does *not* apply to Traditional IRAs. The Participant may choose to receive the funds in his or her account in a single sum distribution, in installments or under an annuity contract. In the event the Participant chooses installment payments, the fixed term of the distribution may not exceed the life expectancy factor set forth in applicable Treasury regulations. Unless the Designated Beneficiary is the Participant's spouse who is more than ten years younger than the Participant, the life expectancy factor does not take into account the Participant's Designated Beneficiary. See "STATUTORY REQUIREMENTS" regarding the required distribution rules following the Participant's death.

PROHIBITED TRANSACTIONS

To ensure the proper use of the funds deposited in the Traditional IRA, the Traditional IRA may not engage directly or indirectly in certain prohibited transactions. In brief, these transactions are:

- (1) The sale or exchange, or leasing, of any property between the Traditional IRA and a disqualified person;
- (2) The lending of money or other extension of credit between the Traditional IRA and a disqualified person;
- (3) The furnishing of goods, services or facilities between the Traditional IRA and a disqualified person;
- (4) The transfer to, or use by or for the benefit of, a disqualified person of the income or assets of the Traditional IRA;
- (5) Any act by a disqualified person who is a fiduciary whereby he or she deals with the income or assets of a Traditional IRA in his or her own interest or for his or her own account; or
- (6) The receipt of any consideration for his or her own personal account by any disqualified person who is a fiduciary from any party dealing with the Traditional IRA in connection with the transaction involving the income or assets of the Traditional IRA.

For purposes of the prohibited transaction rules, a "disqualified person" will include the Participant, the Participant's beneficiary and persons or entities (corporations, trusts, estates or partnerships) which stand in close relationship to the Participant. In addition, a Traditional IRA participant is a fiduciary with respect to his or her own Traditional IRA. Of course, the prohibited transaction rules do not apply to the Participant's receipt of normal retirement benefits under his or her Traditional IRA.

If a prohibited transaction affecting a Participant's Traditional IRA occurs, the Traditional IRA will lose its tax-exempt status. Furthermore, the Participant must include the entire Traditional IRA balance in his or her gross income for

the taxable year in which the prohibited transaction occurs. See "Withdrawal of Funds/Premature Distributions."

TAX ADVICE

This Disclosure Statement, together with the Traditional IRA document, should answer most questions concerning the Sponsor's Traditional IRA. If a Participant has additional questions regarding Traditional IRAs, the Participant should consult his or her tax adviser. Also, the Participant may obtain additional information regarding the Traditional IRA from any District Office of the Internal Revenue Service. See in particular Revenue Service Publication 590.

ADMINISTRATIVE EXPENSE

Section 8.01 of the Traditional IRA document provides the Sponsor will receive reasonable annual compensation for the administration of the Participant's Traditional IRA. The Sponsor and the Participant will agree to the compensation the Sponsor is to receive for the normal administration of the Participant's Traditional IRA at the time the Participant establishes the Traditional IRA. The Sponsor will not increase its normal charge for the administration of the Participant's Traditional IRA without notice to the Participant.

FINANCIAL DISCLOSURE

Article VI of the Traditional IRA indicates who has the responsibility for the investment of the IRA assets. If the Traditional IRA designates the Participant to invest the Traditional IRA assets, the Trustee or Custodian will invest the assets of the Account only in accordance with written directions from the Participant. If the Traditional IRA designates the Trustee to invest the Traditional IRA assets, the Trustee has full investment responsibility for the assets in the Account. Article VI of the Plan lists permitted investments. These investments include securities, bonds, annuities, bank accounts and other savings investments, government obligations, real estate and other personal property. Thus, the assets of the Account, at any given time between its establishment and its termination through distribution of all of the assets, may contain one or more of the above-listed permitted investments, depending on which investments the Participant or Trustee has selected and the authority of the Trustee/Custodian to make the investment. It therefore is impossible to project the value of the Account assets to the Participant at any given time. This section, however, will provide several hypothetical financial projections for the Account assuming the Participant places all assets in the Account in an interest-bearing savings account. Investments in securities, variable annuities and bonds are sold through documents called "prospectuses" which give full details of the offering, including the amount of sales commissions and other expenses. In most cases, a prospectus includes hypothetical financial projections based on past performance activities. Prior to the Participant's investment direction to the Trustee/Custodian, the Participant will receive such a prospectus either from the issuer of the securities or from a securities broker. The Participant should understand fully all disclosures contained in the document prior to proceeding with the investment.

If the Trustee/Custodian receives written direction from the Participant to invest the assets of the Account in interest-bearing instruments, the exact balance of the Participant's Account at any time will depend upon the interest rate payable (which varies from time to time), the length of time for the

interest-bearing instrument to earn interest and, of course, the amount of the contributions the Participant actually makes.

Exhibits A and B of this Disclosure Statement illustrate the balance of a hypothetical Participant's Traditional IRA at any time between age 18 and 70. Each of these Exhibits assumes a level annual contribution of \$1,000 at the beginning of each year and a specified constant rate of return compounded daily. The rate of return is higher in Exhibit B than in Exhibit A.

Though there is no guarantee the Participant will receive the specified rate of return over the assumed period, a Participant may analyze the potential financial advantage from the Traditional IRA by examining Exhibits A and B. Each Exhibit lists 52 numbers to take into account for anyone establishing a Traditional IRA from age 18 to age 69. To determine the possible financial effect of the Traditional IRA accumulation at any given age, subtract the Participant's present age from the given age. The Participant then should consult the "Year End Balance" appearing opposite the resulting figure. That "Year End Balance" is the accumulation under the assumed facts of a \$1,000 level, first day of the year annual contribution with the specified constant compounded daily rate of return. For example, assume a Participant is age 40 on January 1. This Participant's estimated projected Traditional IRA balance at age 70 is the dollar amount listed for year 30. We determine this amount by subtracting 40 from 70, which equals 30. The dollar figure opposite line 30 is the projected balance at age 70. The dollar figure for year 30 is larger in Exhibit B than in Exhibit A because Exhibit B assumes a higher rate of interest.

To determine the amount the Participant may withdraw, in single sum, at any time during the period of maintaining the Traditional IRA, the Participant should look to the year-end balance opposite the particular year for which the Participant wishes the single sum withdrawal information. For example, again assuming a \$1,000 level, first day of the year annual contribution with the specified constant compounded daily rate of return, the Participant may withdraw the amount specified for year 8 on the last day of the eighth year (assuming no prior withdrawals).

Exhibits A and B provide projected financial information on the basis of level annual contributions to the Traditional IRA. If a Participant establishes a Traditional IRA with a rollover contribution, the rollover may be the only funds in the Traditional IRA.

Exhibits C and D of this Disclosure Statement outline the balance of a hypothetical Participant's Traditional IRA at any time between age 18 and age 70. Exhibits C and D assume a rollover contribution of \$1,000 on the first day of the year with the Participants making no other contributions to the Traditional IRA and a specified constant rate of return compounded daily. The rate of return is higher in Exhibit D than in Exhibit C. To determine the possible financial effect of the Traditional IRA accumulation at any given age, the Participant should subtract his or her present age from the given age. The Participant then should consult the "Year End Balance" appearing opposite the resulting figure. That "Year End Balance" is the accumulation under the assumed facts of a rollover contribution of \$1,000 on the first day of the year with the Participant making no other contributions and the specified constant compounded daily rate of return. To illustrate, assume a Participant is age 40 on January 1. This Participant's estimated projected Traditional IRA balance at age 70 is the amount stated for year 30. We determine this amount by

Traditional IRA Disclosure Statement

subtracting 40 from 70, which equals 30. The dollar figure opposite line 30 is the projected balance at age 70. The dollar figure for year 30 is larger in Exhibit D than in Exhibit C because Exhibit D assumes a higher rate of return.

To determine the amount the Participant may withdraw, in single sum, at any time during the period of maintaining the Traditional IRA, the Participant should look to the year-end balance opposite the particular year for which the Participant wishes the single sum withdrawal information. For example, again assuming a rollover contribution of \$1,000 on the first day of the year with the Participant making no other contributions to the Traditional IRA and the specified constant rate of return compounded daily, the Participant may withdraw the amount specified for year 8 on the last day of the eighth year (assuming no prior withdrawals).

The amount the Participant would be able to withdraw, in single sum, under a Traditional IRA consisting of assets held in kind will depend upon the interest, dividends or other earnings

received by the Sponsor with respect to those assets. In particular, the Participant should review Article VI of the Traditional IRA Plan with respect to investment of the Participant's contribution to the Traditional IRA.

The Sponsor emphasizes the financial projections in the accompanying Exhibits do not necessarily reflect the actual amounts a Participant will have available in his or her Traditional IRA at the end of the stated periods. The financial information provided with this Disclosure Statement represents projections only, and the Sponsor is not, in any way, able to guarantee a stated amount for any Traditional IRA. The interest rate on a Traditional IRA or Traditional IRAs in which the Sponsor invests a Participant's contributions may change as a result of inflation or other factors. In addition, all Traditional IRAs are subject to present and future federal and state laws and regulations. These laws and regulations also may change the amount available in a Participant's Traditional IRA which is invested in savings instruments.

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Traditional IRA Disclosure Statement

EXHIBIT A

Financial Disclosure
 Schedule of Year End Balances
 Assumed 5% Return Compounded Daily
 Annual \$1,000 Contribution Made at Beginning of Year

<u>Year</u>	<u>Year End Balance</u>	<u>Year</u>	<u>Year End Balance</u>
1	\$ 1,051.27	27	\$ 58,585.67
2	2,156.43	28	62,640.48
3	3,318.25	29	66,903.17
4	4,539.64	30	71,384.40
5	5,823.64	31	76,095.37
6	7,173.47	32	81,047.86
7	8,592.50	33	86,254.25
8	10,084.28	34	91,727.56
9	11,652.54	35	97,481.47
10	13,301.20	36	103,530.37
11	15,034.39	37	109,889.38
12	16,856.43	38	116,574.40
13	18,771.88	39	123,602.15
14	20,785.53	40	130,990.19
15	22,902.42	41	138,757.00
16	25,127.84	42	146,921.99
17	27,467.35	43	155,505.58
18	29,926.80	44	164,529.23
19	32,512.34	45	174,015.50
20	35,230.43	46	183,988.11
21	38,087.87	47	194,471.99
22	41,091.81	48	205,493.35
23	44,249.75	49	217,079.75
24	47,569.59	50	229,260.15
25	51,059.63	51	242,065.01
26	54,728.60	52	255,526.34

EXHIBIT B

Financial Disclosure
 Schedule of Year End Balances
 Assumed 8% Return Compounded Daily
 Annual \$1,000 Contribution Made at Beginning of Year

<u>Year</u>	<u>Year End Balance</u>	<u>Year</u>	<u>Year End Balance</u>
1	\$ 1,083.28	27	\$ 99,759.81
2	2,256.77	28	109,150.84
3	3,527.99	29	119,323.93
4	4,905.07	30	130,344.21
5	6,396.83	31	142,282.24
6	8,012.82	32	155,214.44
7	9,763.39	33	169,223.60
8	11,659.74	34	184,399.41
9	13,714.01	35	200,839.02
10	15,939.36	36	218,647.68
11	18,350.03	37	237,939.41
12	20,961.45	38	258,837.70
13	23,790.35	39	281,476.35
14	26,854.83	40	306,000.29
15	30,174.51	41	332,566.53
16	33,770.65	42	361,345.14
17	37,666.27	43	392,520.36
18	41,886.30	44	426,291.78
19	46,457.77	45	462,875.60
20	51,409.94	46	502,506.03
21	56,774.51	47	545,436.79
22	62,585.83	48	591,942.72
23	68,881.10	49	642,321.55
24	75,700.63	50	696,895.81
25	83,088.07	51	756,014.88
26	91,090.72	52	820,057.24

Traditional IRA Disclosure Statement

EXHIBIT C

**Financial Disclosure
Schedule of Year End Balances
Assumed 5% Return Compounded Daily
\$1,000 Contribution Made One Time Only**

<u>Year</u>	<u>Year End Balance</u>	<u>Year</u>	<u>Year End Balance</u>
1	\$ 1,051.27	27	\$ 3,857.07
2	1,105.17	28	4,054.81
3	1,161.83	29	4,262.69
4	1,221.39	30	4,481.23
5	1,284.01	31	4,710.97
6	1,349.84	32	4,952.49
7	1,419.04	33	5,206.39
8	1,491.79	34	5,473.31
9	1,568.27	35	5,753.91
10	1,648.67	36	6,048.90
11	1,733.19	37	6,359.01
12	1,822.05	38	6,685.02
13	1,915.46	39	7,027.74
14	2,013.66	40	7,388.03
15	2,116.90	41	7,766.80
16	2,225.43	42	8,164.98
17	2,339.52	43	8,583.58
18	2,459.46	44	9,023.64
19	2,585.55	45	9,486.26
20	2,718.10	46	9,972.60
21	2,857.45	47	10,483.87
22	3,003.94	48	11,021.35
23	3,157.94	49	11,586.39
24	3,319.84	50	12,180.40
25	3,490.04	51	12,804.86
26	3,668.97	52	13,461.33

EXHIBIT D

**Financial Disclosure
Schedule of Year End Balances
Assumed 8% Return Compounded Daily
\$1,000 Contribution Made One Time Only**

<u>Year</u>	<u>Year End Balance</u>	<u>Year</u>	<u>Year End Balance</u>
1	\$ 1,083.28	27	\$ 8,699.04
2	1,173.49	28	9,390.98
3	1,271.22	29	10,173.04
4	1,377.08	30	11,020.23
5	1,491.76	31	11,937.97
6	1,615.99	32	12,932.14
7	1,750.57	33	14,009.10
8	1,896.35	34	15,175.74
9	2,054.27	35	16,439.54
10	2,225.34	36	17,808.58
11	2,410.66	37	19,219.64
12	2,611.41	38	20,898.20
13	2,828.88	39	22,638.55
14	3,064.46	40	24,523.83
15	3,319.66	41	26,566.12
16	3,596.11	42	28,778.48
17	3,895.59	43	31,175.08
18	4,220.01	44	33,771.26
19	4,571.44	45	36,583.65
20	4,952.14	46	39,630.25
21	5,364.54	47	42,930.56
22	5,811.29	48	46,505.71
23	6,295.24	49	50,378.59
24	6,819.49	50	54,574.00
25	7,387.40	51	59,118.79
26	8,002.60	52	64,042.06