

# ROTH IRA

A Retirement Plan for Individuals



**INCOME FUND ❖ VALUE FUND**

# INSTRUCTIONS FOR OPENING YOUR CROFT FUNDS IRA

## I. Included in this packet is:

- a. A Roth IRA Disclosure and Plan Agreement.
- b. A Roth IRA Application (mail to Mutual Shareholder Services).
- c. A Request for Transfer or Conversion to a Roth IRA form. You may use this form to request your current custodian or trustee transfer or convert your plan assets to your Croft Funds Roth IRA.

## II. To Open Your Croft Value Fund or Income Fund IRA

- Step 1** Complete the Roth IRA Application. See Designation of Beneficiary explanation below.
- Step 2** If you are requesting a transfer or conversion of a current IRA (held elsewhere) to your Croft Funds Roth IRA, complete the Transfer or Conversion to a Roth IRA form. You should complete this form **in addition** to the Roth IRA Application.
- Step 3** Return the forms to the address below.
- Step 4** Include a check for the amount of your Roth IRA contribution made payable to the Mutual Fund(s) in which you are investing.
- Step 5** Retain the Roth IRA Plan Agreement and Disclosure.

## III. Designation of Beneficiary

You may designate a beneficiary to receive the Roth IRA funds upon your death. The space provided is to name primary and contingent beneficiaries. If more space is needed, you may attach a supplementary sheet. If you wish a more complicated type of designation of beneficiary, you should consult an attorney. Some state's laws require married individuals to name their spouse as beneficiary. Married individuals should consult with their tax advisers prior to designating someone other than their spouse. You may change your beneficiary at any time by writing to the Custodian. If any of your beneficiaries die before you, the deceased beneficiary's share will be reallocated among the surviving beneficiaries on a pro rata basis. If none of your beneficiaries survive you, or if the Custodian cannot locate your beneficiary after a reasonable search, any balance in the Roth IRA will be paid to your estate.

## FEE INFORMATION

Annual Account Maintenance Fee: \$8 per account

## REVOCATION INFORMATION

You have the right to revoke this Roth Individual Retirement Account (IRA) within seven days of receiving your disclosure statement. You must mail or deliver written notice. Written notice must be sent by first-class mail at the address listed above and will be accepted as of the date your notice is postmarked. To revoke your Roth IRA account, simply notify:

Mutual Shareholder Services, LLC  
Attn: Croft Funds  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147



# ROTH IRA Application

Please print or type

## 1 ROTH IRA OWNER INFORMATION

Name \_\_\_\_\_ Date of Birth \_\_\_\_\_ Soc. Sec. No. \_\_\_\_\_  
Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
State of Residence \_\_\_\_\_ Citizen and permanent resident of USA?  Yes  No (Open to US residents only)  
Daytime Phone \_\_\_\_\_ Evening Phone \_\_\_\_\_ Employer's Name \_\_\_\_\_

## 2 CONTRIBUTION INFORMATION

Amount to be invested in:  Croft Value Fund \$ \_\_\_\_\_  
 Croft Income Fund \$ \_\_\_\_\_

### INITIAL CONTRIBUTION TYPE

Type: Amount: Tax Year (if applicable):  
 Regular/Spousal Roth IRA \$ \_\_\_\_\_  
 Rollover from Roth IRA \$ \_\_\_\_\_  
 Transfer from Roth IRA \$ \_\_\_\_\_  
 Conversion (Rollover) from Traditional IRA\* \$ \_\_\_\_\_

### ACCOUNT TYPE

Regular/Spousal Roth IRA  
 Roth Conversion IRA  
  
\* ROTH CONVERSION IRA  
I intend to keep these funds in a separate account as a Roth Conversion IRA.  Yes  No

Date \_\_\_\_\_ 5-Year Holding Period Starting Year: \_\_\_\_\_

## 3 DESIGNATION OF BENEFICIARY

In the event of my death, pay my IRA balance to the following primary beneficiary (ies): (See the Instructions for additional conditions.)

Name	SSN or TIN	Relationship	Date of Birth	Address (optional)	%*
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

If all of the primary beneficiaries die before me, pay my IRA balance to the following contingent beneficiaries: Total: 100%

_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

\*If no percentage rate is indicated, the beneficiaries will share equally. Total: 100%

## 4 SIGNATURES AND CERTIFICATIONS

I certify under the penalty of perjury that my social security number stated above is correct, that I am of legal age in my state of residence and I agree that the designation of the tax year for my contribution and my election to treat a contribution as a rollover (if applicable) are irrevocable. By signing this application, I hereby authorize and appoint US Bank N.A. to act as Custodian of my account. I indemnify US Bank N.A. when making distributions in accordance with my beneficiary designation on file or in accordance with the Custodial Account Agreement absent any such designation. I acknowledge that I have received the Roth IRA Disclosure Statement and the Roth IRA Custodial Account Agreement at least seven days prior to the date I signed this application. I have read both, which are incorporated in this application by reference, and I accept and agree to be bound by the terms and conditions contained in the Roth IRA Custodial Account Agreement. I also certify that I have received and read the current Prospectus and understand that mutual fund shares are not obligations of or guaranteed by a bank, nor are they insured by the FDIC.

\_\_\_\_\_  
Roth IRA Owner's Signature Date  
  
\_\_\_\_\_  
US Bank N.A. Date

Complete only if required by state law.  
**Spousal Consent:** I am the spouse of the Roth IRA Owner and I approve and consent to the naming of a beneficiary other than myself. I transmute (transfer) any community property interest I have in this Roth IRA into the separate property of my spouse.  
  
\_\_\_\_\_  
Spouse's Signature Date

US Bank N.A. accepts this application and agrees to act as Custodian of the account. A confirmation will be sent to you regarding the above transaction(s) and will serve as notification of the Custodian's acceptance.





Send completed forms to:  
Mutual Shareholder Services, LLC  
Attn: Croft Funds  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147

# Fund Automatic Investment (ACH) Form

## 1. Account Information

Account Holder Name(s): \_\_\_\_\_

Account Number: \_\_\_\_\_  
*(Leave blank if form accompanies new application)*

## 2. Transfers (\$50 Minimum)

Transfer the amount of \$ \_\_\_\_\_ TO the account listed above on the frequency selected below.

*Please select one option*

- Monthly beginning on the 10<sup>th</sup> of \_\_\_\_\_ (insert month)
- Quarterly beginning on the 10<sup>th</sup> of \_\_\_\_\_ (insert month)
- Annually beginning on the 10<sup>th</sup> of \_\_\_\_\_ (insert month)

### Please select which fund:

Croft Value Fund: \$ \_\_\_\_\_ (or %)

Croft Income Fund: \$ \_\_\_\_\_ (or %)

## 3. Bank Information – Please complete with your bank information

Bank Name: \_\_\_\_\_

Bank Address: \_\_\_\_\_

Account Number: \_\_\_\_\_

ABA Transit Routing Number (Bank): \_\_\_\_\_

Checking or Savings: \_\_\_\_\_

**Please attach a copy of a voided check (for checking account) or a pre-printed deposit slip (for savings account) from the bank to enable transfer of funds.**

I hereby authorize Mutual Shareholders Services, upon receiving instructions from me in accordance with the instructions provided to make investments into my mutual fund account. ***I acknowledge that this authorization may only be revoked by providing written notice to Mutual Shareholder Services***, in such time and manner as to afford Mutual Shareholder Services and the bank a reasonable opportunity to act upon it.

\_\_\_\_\_  
Signature of Primary Account Holder

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Additional Account Holder

\_\_\_\_\_  
Date

### For Joint Account Registrations:

If the name(s) on your bank account in Section 1 are not identical to mutual fund account names, all bank account owners who are not owners of the mutual fund account must sign below.

\_\_\_\_\_  
Bank Account Owner's Name

\_\_\_\_\_  
Bank Account Owner's Signature

\_\_\_\_\_  
Date

# 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	Address or principal place of business of custodian	

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 1.401(a)(9)-9) of the designated beneficiary using the attained age of the beneficiary in the year following the year of the depositor's death and subtracting 1 from the divisor for each subsequent year.

3. If the depositor's 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 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).

2. 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**

Article IX may be used for any additional provisions. If no other provisions will be added, draw a line through this space. If provisions are added, they must comply with applicable requirements of state law and the Internal Revenue Code.

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.)

**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.

