



# **IRA APPLICATION KIT**

**A Retirement Plan  
for Individuals**

**MP 63 Fund, Inc.**

**MP 63 Fund**  
c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147-4003  
Toll-free 1-877-MP 63FUN (676-3386)

# INSTRUCTIONS FOR OPENING YOUR MP 63 FUND IRA

## I. Included in this booklet are:

- 1) An IRA Application.
- 2) An IRA Disclosure and Plan Agreement.
- 3) A Transfer or Direct Rollover Request Form. You may use this form to request your current Custodian, Trustee, or Plan Administrator to directly transfer your plan assets to your MP 63 Fund IRA.

## II. To Open Your MP 63 Fund IRA

- Step 1** Complete the IRA Application. See Designation of Beneficiary explanation below.
- Step 2** If you are requesting a transfer or direct rollover of current plan assets (held elsewhere) to your MP 63 Fund IRA, complete the Transfer or Direct Rollover Request Form. You should complete this form **in addition** to the IRA Application.
- Step 3** Separate the form(s) from the booklet at the perforation.
- Step 4** If you are making a contribution, include a check payable to the "MP 63 Fund IRA." Please indicate the **tax year** of the contribution on the check.
- Step 5** Mail the forms and your check to the MP 63 Fund at the address listed below.
- Step 6** Retain the IRA Plan Agreement and Disclosure for your records.

## III. Designation of Beneficiary

You may designate a beneficiary to receive the 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 states' laws require married individuals to name a 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 do, 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 beneficiaries after a reasonable search, any balance in the IRA will be paid to your estate.

## FEE INFORMATION

There is an annual maintenance fee of \$8.00.

There is no liquidation fee.

There is no opening fee.

## REVOCAION INFORMATION

You have the right to revoke this Individual Retirement Account (IRA) within seven days of receiving your disclosure statement. To revoke your IRA account, simply notify:

### **MP 63 Fund**

c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147-4003  
Toll-free 1-877-MP 63FUN (676-3386)

You may notify the MP 63 Fund in person, in writing, or by telephone. Written notice must be sent by first-class mail to the address listed above and will be accepted as of the date your notice is postmarked.

# IRA DISCLOSURE STATEMENT

**1. Right to Revoke the Account.** You have the right to revoke this Individual Retirement Account (IRA) within seven days of receiving this Disclosure Statement. To revoke your IRA account, simply contact the Fund in person, in writing, or by telephone (1-877-676-3386). Written notice must be sent by first-class mail to the address listed on the application and will be accepted as of the date such notice is postmarked. If you revoke your IRA account, we will refund your entire IRA contribution. If you do not use this right within seven days of the date you receive this Disclosure Statement, you have accepted the terms and conditions of the IRA agreement and may no longer revoke the IRA account.

**2. Definitions.** In this Disclosure Statement the terms “you,” “your,” and “IRA Owner” mean the person who established the IRA. The term “Custodian,” “our,” “us,” or “we” shall mean Firstar, N.A. The term “IRS” shall refer to the Internal Revenue Service. The term “IRA” shall mean Individual Retirement Account within the meaning of section 408 of the Code and shall also refer to your Custodial Account. The term “Roth IRA” shall mean a Roth Individual Retirement Account within the meaning of section 408A of the Code. The term “SIMPLE IRA” shall mean SIMPLE Retirement Account within the meaning of section 408(p) of the Code. The term “Code” shall mean the Internal Revenue Code.

**3. Account Growth.** Your IRA is self-directed, we will not take any action, except at your written direction. Earnings and capital appreciation on investments chosen by you will depend on overall economic conditions and the success of that particular investment. **Earnings on these investments are not guaranteed by the Custodian and may or may not be reasonably projected.**

**4. Eligibility for IRAs.** This part of the Disclosure Statement explains your eligibility to establish and contribute to an IRA. This Disclosure Statement does not address your eligibility for other types of IRAs (Roth IRA, Education IRA, or SIMPLE IRA).

**A. Regular Contributions.** You must be under age 70 1/2 and have “compensation” in order to contribute to an IRA. For tax years during or after which you reach the age of 70 1/2, you are not allowed to contribute to an IRA. “Compensation” includes wages, tips, bonuses, and taxable alimony, as well as other compensation received for personal services. (If you are self-employed, compensation is your net earnings from your trade or business reduced by your deduction for contributions made on your behalf to retirement plans and the deduction allowed for one-half of your self-employment taxes.) If you meet the above eligibility requirements, you may contribute up to 100% of your compensation or the maximum amount in paragraph C below, whichever is less. (*Caution:* Contribution limit is coordinated with Roth IRA limit—see below.) Regular and spousal IRA contributions must be made by your tax filing due date excluding extensions. Please consult your tax adviser if you need additional assistance.

**B. Spousal Contributions.** You may make a contribution into your spouse’s IRA if you meet the special spousal IRA rules. You must be married, file a joint federal income tax return, the receiving spouse must be under age 70 1/2, and the receiving spouse must earn less in compensation than the spouse making the contribution. The total combined contribution a couple can make each year to both IRAs is the smaller of the maximum amount in paragraph C below or their combined compensation for the year. You can divide your total IRA contribution in any manner you choose, provided you do not contribute more than the maximum to either IRA. Your combined compensation equals the lesser compensated spouse’s compensation plus the higher compensated spouse’s compensation (reduced by any IRA deduction). (*Caution:* Contribution limit is coordinated with Roth IRA limit—see below.)

**C. Coordination with Roth IRA.** The amount you are eligible to contribute to your IRA is coordinated with the amount you may contribute to your Roth IRA. The maximum you are allowed to contribute to both your IRA and your Roth IRA is shown in the following table. Accordingly, if you make a Roth IRA contribution, that will reduce or eliminate your eligibility to make an IRA contribution.

Tax Years	Annual IRA Contribution Limit	Annual IRA Catch-up Contribution for Depositor at least Age 50	Maximum Annual IRA Contribution Limit for Depositor at least Age 50 (including Catch up)
2001	\$2,000	Not applicable	\$2,000
2002-2004	\$3,000	\$500	\$3,500
2005	\$4,000	\$500	\$4,500
2006-2007	\$4,000	\$1,000	\$5,000
2008 and thereafter	\$5,000	\$1,000	\$6,000

**D. Rollover, Transfer, SEP, and SIMPLE Contributions.** You may be eligible to roll over, directly roll over, or transfer your existing IRA, SIMPLE IRA, or qualified plan assets. The rules covering rollovers and transfers are discussed later in this Disclosure Statement. Simplified Employee Pension (SEP) plan contributions may also be made to this IRA. Your employer is responsible for verifying the SEP eligibility requirements and determining the contribution amount. SIMPLE contributions may not be made to this IRA, but instead must be contributed to a SIMPLE IRA. The IRS or your employer can provide additional information concerning SEP and SIMPLE eligibility.

**5. Deductibility.** You may or may not be allowed to deduct your IRA contribution on your income tax return. Whether or not you may deduct your contribution depends upon whether you or your spouse is an active participant in an employer-maintained retirement plan, your income level, your income tax filing status, and the tax year for which you are making the contribution—please see the charts that follow.

**A. Active Participant.** You are an “active participant” for a year if you are covered by a retirement plan. For example, if you are covered under a profit-sharing plan, a 401(k) plan, a tax-sheltered annuity plan (403(b)), certain government plans, an SEP plan, a SIMPLE arrangement, or a plan, that promises you a retirement benefit, that is based upon the number of your years of service with the employer, you are likely to be an active participant. The W-2, Wage and Tax Statement includes a box (the “Pension Plan” box) to indicate whether or not you are covered for the plan year. If you are not certain whether or not you are covered (an “active participant”), you should ask your employer or tax adviser.

**B. MAGI.** Your modified adjusted gross income (MAGI) is your adjusted gross income from your federal income tax return figured without taking into account any IRA deduction or any foreign earned-income exclusion and foreign housing exclusion (deduction), or any Series EE bond interest from IRS Form 8815.

**C. Single Filers.** If you are single and are not an active participant, you may fully deduct your IRA contribution regardless of your income level. If you are an active participant, then your ability to deduct your contribution begins to be phased out at certain income levels. Please see the MAGI Phaseout Ranges chart. If your income is the same as or less than the “Low End” number for the applicable tax year, you may fully deduct your IRA contribution. If your income is the same as or above the “High End,” then you are not entitled to deduct any amount of an IRA contribution. If your income falls within the ranges stated, consult the Deduction Calculation chart to calculate the amount you may deduct.

**D. Married Filers.** If you are married, your ability to make a deductible contribution depends upon both your and your spouse’s “active participation” status, as well as your income level, and income tax filing status.

**(1) Neither You Nor Your Spouse Is An Active Participant.** If neither you nor your spouse is an active participants, you may fully deduct your IRA contribution regardless of your income.

**(2) You Are an Active Participant.** If you are an active participant, your ability to deduct your IRA contribution begins to be phased out at certain income levels, and also depends upon whether you file jointly or separately. See the MAGI Phaseout Ranges chart below. This

rule applies regardless of whether or not your spouse is an active participant. If your income is the same as or less than the "Low End" number, you may fully deduct your IRA contribution. If your income is the same as or above the "High End," then you are not entitled to deduct any amount of an IRA contribution. If your income falls within the ranges stated, see the Deduction Calculation chart to calculate the amount you may deduct.

**(3) You Are Not an Active Participant But Your Spouse Is.** If you are not an active participant, but your spouse is an active participant, then your ability to deduct your IRA contribution begins to be phased out at \$150,000 MAGI if you file a joint return. See the chart below.

**E. Phase-out Calculation.** If your income falls within the phase-out limits from the previous chart, you can determine your deductible amount according to the deduction formula below. You are still allowed to contribute up to the lesser of the maximum allowed in the applicable year or 100% of your earned income (coordinated with Roth IRA); however, if your contribution exceeds your maximum deductible amount, the remainder will be treated as a nondeductible contribution.

MAGI PHASE-OUT RANGES									
Tax Year	Filing Status								
	Single, Active Participant		Married, Filing Jointly, Active Participant		Married, Filing Separately, Active Participant		Married, Filing Jointly, Not an Active Participant, but Spouse Is		
	Low End	High End	Low End	High End	Low End	High End	Low End	High End	
1998	\$30,000	\$40,000	\$50,000	\$60,000	\$0	\$10,000	\$150,000	\$160,000	
1999	\$31,000	\$41,000	\$51,000	\$61,000	\$0	\$10,000	\$150,000	\$160,000	
2000	\$32,000	\$42,000	\$52,000	\$62,000	\$0	\$10,000	\$150,000	\$160,000	
2001	\$33,000	\$43,000	\$53,000	\$63,000	\$0	\$10,000	\$150,000	\$160,000	
2002	\$34,000	\$44,000	\$54,000	\$64,000	\$0	\$10,000	\$150,000	\$160,000	
2003	\$40,000	\$50,000	\$60,000	\$70,000	\$0	\$10,000	\$150,000	\$160,000	
2004	\$45,000	\$55,000	\$65,000	\$75,000	\$0	\$10,000	\$150,000	\$160,000	
2005	\$50,000	\$60,000	\$70,000	\$80,000	\$0	\$10,000	\$150,000	\$160,000	
2006	\$50,000	\$60,000	\$75,000	\$85,000	\$0	\$10,000	\$150,000	\$160,000	
2007	\$50,000	\$60,000	\$80,000	\$100,000	\$0	\$10,000	\$150,000	\$160,000	

\* If the adjusted dollar deduction limit is not a multiple of ten, it is rounded up to the next highest \$10 increment. If your partial deduction is less than \$200 but greater than \$0, you are allowed to claim an IRA deduction of \$200.

\*\* For married couples filing jointly, replace the .2 with .1 starting in the tax year 2007.

\*\*\*This assumes that you are eligible to contribute that amount (the amount may need to be reduced if you made a Roth IRA contribution).

Note: Qualifying married couples filing separately may use the "Single" category.

DEDUCTION CALCULATION	
<b>A.</b> Insert MAGI "High End" number from chart above for the corresponding tax year and filing status	\$ _____
<b>B.</b> Your MAGI (from IRS Form 1040 or 1040A)	\$ _____
<b>C.</b> Subtract B from A	\$ _____
(Line C multiplied by .2 equals the amount you may deduct.)*	x .2**
Deductible Amount***	\$ _____

Example	
Jim wants to make a 1998 deductible IRA contribution. Jim is married, an active participant, files jointly, and has MAGI of \$55,000.	
<b>A.</b>	\$ 60,000
<b>B.</b>	\$ 55,000
<b>C.</b>	\$ 5,000
	.2
	\$ 1,000

**6. Rollovers, Transfers, and Direct Rollovers.** Distributions from IRAs, SIMPLE IRAs, qualified plans, or tax-sheltered annuity programs may be eligible for a tax-free rollover or transfer into an IRA. Transfer and rollover contributions are not deductible and will not be applied against the annual contribution limits mentioned above.

**A. Rollovers and Transfers from IRAs.** Assets in IRAs may be directly transferred or rolled over to another IRA. A rollover occurs when you take a distribution of the assets and roll them into an IRA within 60 calendar days from the date of receipt. If you retain the assets for any period of time beyond the 60 days, the rollover is no longer allowed. An additional restriction on rollovers is that you are only allowed one rollover for each 12-month period. The 60-day period is extended to 120 days in the case of a first-time homebuyer distribution where a delay or cancellation in purchase or construction occurs and the one rollover per 12-month rule does not apply.

**B. Rollovers or Transfers from SIMPLE IRAs.** A SIMPLE IRA is an IRA that can only accept contributions pursuant to a SIMPLE arrangement set up through your employer. SIMPLE IRAs must remain separate from IRAs for a two-year period. After the two years, you may roll over or transfer your SIMPLE IRA into an IRA.

**C. Rollovers and Direct Rollovers from Qualified Plans.** An eligible rollover distribution from a qualified retirement plan or tax-sheltered annuity program may be rolled over or directly rolled over to an IRA. Generally, an eligible rollover distribution is any distribution except: (1) one of a series of substantially equal periodic payments over the single or joint life expectancy of the employee and beneficiary or for a specific period of 10 years or more, (2) a nontaxable distribution, (3) a required distribution for an employee age 70 1/2 or older, or (4) at the time of this writing, Congress was considering preventing rollovers of hardship distributions. To complete a direct rollover, you would instruct your employer to deliver the funds directly to the IRA Custodian. To complete a rollover, you would take control of the assets and would have 60 calendar days from the date of receipt to roll over the taxable portion of the distribution to an IRA.

**7. Conversion or Rollover Into Roth IRA.** You may be eligible to convert or roll over your IRA into a Roth IRA. Your modified adjusted gross income must be less than \$100,000 in the year you convert or roll over in order to be eligible. The conversion or rollover is a taxable event, however, you will not be subject to the IRS 10% premature distribution penalty.

**8. Required Distributions After Age 70 1/2.** After you reach age 70 1/2, the rules require you to take minimum distributions from your IRA each year. The distribution for your first year, the year in which you reach age 70 1/2, must be made no later than April 1 of the following year. Distributions for subsequent years must be taken by December 31 of each year.

You must elect a method to receive your distributions in a manner that distributes the funds at least as rapidly as the minimum required distributions. Unless you elect otherwise, the minimum required distribution for each year is determined by dividing your ending account balance for the previous year (adjusted by any outstanding rollovers) by your joint life expectancy with the appropriate beneficiary. If no beneficiary exists or a beneficiary other than a natural person is named (except certain trusts), your single life expectancy must be used for this calculation.

For years after the first distribution year, you may elect to annually recalculate your life expectancy and/or your spouse's life expectancy. If you do not choose a method, it is presumed that recalculation is elected. If recalculation is elected, a new life expectancy factor is determined each year based upon the ages of you and/or your spouse as of your birthdays during the year. If the person whose life is being recalculated dies, the life expectancy for that individual becomes zero. If recalculation is not chosen, the life expectancy is calculated by determining the life expectancy at the end of the first distribution year and subtracting 1 for each year that has elapsed since. If no recalculation is elected, the death of the IRA Owner or the beneficiary

is disregarded.

The joint life expectancy of you and a beneficiary other than your spouse is limited by the Minimum Distribution Incidental Benefit (MDIB) tables. The tables give life expectancies for the IRA Owner and a beneficiary 10 years younger. If this factor is less than your joint life expectancy with the applicable beneficiary, the factor from the MDIB table must be used to calculate the minimum distribution.

If you have more than one IRA at the same or different financial organization(s), the minimum distribution must be calculated separately for each IRA. However, the minimum distribution from each IRA can be withdrawn from any one or more of your IRAs.

## 9. Distributions After Death.

**A. Death After the Required Beginning Date.** If you die after the date when payments must have begun (April 1 of the year after you reach age 70 1/2), the payments to your beneficiary or estate must continue so that the funds will be distributed at least as rapidly as they would have been distributed if the death had not occurred. A spouse beneficiary may elect to roll over a distribution (other than a required minimum distribution) into his or her own IRA.

**B. Death Before the Required Beginning Date.** If you die before the required beginning date, your beneficiary has the following options:

(1) **Five-Year Option.** The beneficiary may withdraw the entire account balance in any manner so that the IRA is depleted by December 31 of the fifth year following the year of death.

(2) **Life Expectancy Option.** The beneficiary may withdraw the funds in a series of payments over a period that does not exceed the beneficiary's life expectancy. These payments must begin by December 31 of the year following the year of death if the beneficiary is not your spouse, or December 31 of the year you would have been age 70 1/2 (if later), if the beneficiary is your spouse.

(3) **Spouse Treat as Own Option.** A spouse beneficiary may elect to roll over a distribution into his/her own account or to treat the IRA as his/her own.

If you die before your required beginning date, your spouse beneficiary must make his/her election of payment by the earlier of December 31 of the fifth year after the year of your death or December 31 of the year you would have attained age 70 1/2. If you die before your required beginning date, your nonspouse beneficiary must make his/her election of payment no later than December 31 of the year following the year of your death.

**10. Income Tax Status of Distributions.** IRA distributions are generally fully taxable as ordinary income. IRAs are not eligible for the special tax treatment (five and 10-year tax averaging and capital gains treatment) available to certain distributions from pension and profit-sharing plans. See item 5 for the tax treatment of rollovers.

**A. Nondeductible Contributions.** If you have made nondeductible contributions to an IRA, a certain percentage of your distributions will be nontaxable. The nontaxable portion of your distributions is calculated as follows:

	Total Nondeductible Contributions	
Nontaxable Distributions	= $\frac{\text{Less Previous Nontaxable Distributions}}{\text{Total Account Balance of All IRAs at Year End Plus Total Distributions During the Year}}$	Distributions X During the Year

**B. Estate Tax Status of Distributions.** All funds held within your IRA will be included in your gross estate for estate tax purposes, regardless of the named beneficiary or manner of distribution. There is no specific estate tax exclusion for funds held within an IRA.

**C. Gift Tax Status of IRA Contributions and Distributions.** For

gift tax purposes, irrevocable beneficiary designations will not be treated as gifts.

**11. Federal Penalties.** In addition to the taxes imposed on IRAs, distributions from IRAs are also potentially subject to a wide variety of penalties (excise taxes).

**A. Penalty for Premature Distribution.** Generally, if you take a distribution from your IRA before you reach the age 59 1/2 you will owe, in addition to regular income taxes, a 10% excise tax on the taxable amount of the distribution. Exceptions to the 10% excise tax exist in the case of disability, death, a first home, qualified higher education expenses, distributions for health care expenses exceeding 7.5% of your adjusted gross income, distributions used to pay for health care insurance if you are unemployed, or if you agree to take a series of substantially equal periodic payments made over your life expectancy or the joint life expectancy of yourself and your designated beneficiary.

**B. Penalty for Excess Contributions.** If you contribute more to your IRA than allowed, it is called an "excess contribution" and you may be penalized. The government imposes a 6% penalty (excise tax) per year on any excess amount you allow to remain in your IRA. You must pay the penalty by filing a special IRS form along with your income tax return. You can avoid the 6% penalty by removing your excess contribution plus any earnings on the excess amount prior to the due date for filing your Federal income tax return for the year, plus extensions. Because of the complications involved in excesses, we recommend you talk to your legal or tax adviser when an excess occurs.

**C. Penalty for Insufficient or Late Distribution.** You will owe a penalty of 50% of the amount of any minimum distribution you fail to take. As discussed above, minimum distributions are required when you reach age 70 1/2 and in some cases for beneficiaries. You are responsible for paying this tax and reporting it on your income tax return. This 50% penalty is in addition to any regular income tax.

**D. Penalty for Prohibited Transactions.** If you engage in a prohibited transaction, the IRA loses its tax exemption as of the first day of the year. You must include the Fair Market Value of the IRA in your gross income for the year during which the prohibited transaction occurred and pay all applicable taxes and penalties.

**E. Penalty for Pledging the Account as Security.** If you pledge your IRA as security for a loan, the portion pledged is treated as a distribution to you in that year. The portion pledged is fully taxable and subject to all penalties.

## 12. Miscellaneous Provisions.

**A. Your Custodian.** Your Custodian must be a bank, savings and loan association, credit union, or other entity that is permitted to accept IRA contributions.

**B. Cash Contributions.** All contributions to your IRA must be in cash, except for rollover and transfer contributions.

**C. Contribution Limit.** You are not allowed to contribute more than the maximum specified in the table on page 3 as a regular contribution and no more than twice that amount if you are making a contribution both to your IRA and to the IRA of your spouse under the spousal IRA rules. Your contribution limit must also be coordinated with any Roth IRA contributions you make.

**D. Life Insurance.** You may not invest your IRA in life insurance contracts.

**E. Nonforfeitable.** Your interest in your IRA balance is nonforfeitable.

**F. No Commingling.** The assets of the IRA will not be commingled with other property, except in a common trust or investment fund.

**G. Collectibles.** No part of the funds can be invested in collectibles, including any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible property specified by the IRS. Certain U.S. government-issued gold, silver, and platinum coins, certain state-issued coins, and certain gold, silver, platinum, or palladium bullion

meeting specific requirements are permitted investments under the law.

**13. IRS Approval of Forms.** The Custodial Agreement used to establish this IRA is the IRS Model Custodial Agreement (Form 5305-A). This agreement has been approved as to form by the Internal Revenue Service. You are responsible for following the terms and conditions of this agreement. This approval is not an endorsement of the investment instruments used by the Custodian.

**14. Provisions Regarding Amendments to the Plan.** The Custodian of this IRA may amend the IRA at any time. The Custodian shall furnish copies of any such amendments to the IRA Owner within 30 days of the date the amendments are to become effective.

**15. Fees.** The Custodian may charge service fees for the administration of the IRA as listed on the inside cover. If a fee is charged at the time the IRA is first opened, the IRA Owner will be notified, on the IRA Application of the amount charged. If fees will be charged in the future, the Custodian will furnish the IRA Owner with a written notice stating the nature and amount of such fees at least 30 days before charging any fees.

**16. Annual Statements.** Each year the Custodian will furnish you and the IRS with statements reflecting the activity in your IRA. You and the IRS will receive a Form 5498 (or a substitute form), which will indicate the Fair Market Value of the account as of the end of the previous calendar year. This form will give the amount of your contribution to the IRA and will indicate any rollovers into the account. Another statement, the IRS Form 1099-R, will reflect your distributions for the year.

**17. Other IRS Forms.** You may be required to file other IRS forms. IRS Form 5329 is required when you are assessed certain penalties. If you only owe the 10% premature distribution penalty, you may be able to include the penalty on your income tax return alone. You must also file IRS Form 8606 for each taxable year you make nondeductible contributions or receive non-taxable distributions.

FURTHER INFORMATION REGARDING INDIVIDUAL RETIREMENT ACCOUNTS CAN BE OBTAINED FROM ANY DISTRICT OFFICE OF THE IRS OR FROM IRS PUBLICATION 590.

## INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT

Form **5305-A**  
(Rev. March 2002)

DO NOT File with  
Internal Revenue Service

Amendment

Department of the Treasury Internal Revenue Service

The Depositor and the Custodian make the following agreement:

### Article I

Except in the case of a rollover contribution described in section 40BA(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 these 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

1. No part of the custodial 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 funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3) which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

### Article IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.

2. The depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the depositor's required beginning date, April 1 following the calendar year in which the depositor reaches age 70 1/2. By that date, the depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:

(a) A single sum or

(b) Payments over a period not longer than the life of the depositor or the joint lives of the depositor and his or her designated beneficiary.

3. If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

(a) if the depositor dies on or after the required beginning date and:

(i) the designated beneficiary is the depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(ii) below if longer. Any interest remaining after spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(ii) below, over such period

(ii) the designated beneficiary is not the depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

(iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the depositor as determined in the year of the depositor's death and reduced by 1 for each subsequent year.

(c) If the depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (I) below or, if elected or there is no designated beneficiary, in accordance with (ii) below.

(i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(ii), even if longer), starting by the end of the calendar year following the year of the depositor's death. If, however, the designated beneficiary is the depositor's surviving spouse then the distribution is not required to begin before the end of the calendar year in which the depositor would have reached age 70 1/2. But, in such case, if the depositor's surviving spouse dies before distributions

are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.

(ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.

4. If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the depositor's surviving spouse, no additional contributions may be accepted in the account.

#### **Article V**

1. The depositor agrees to provide the custodian with information necessary for the custodian to prepare any reports required under section 408(i) and Regulations sections 1.408-5 and 1.408-6.

2. The custodian agrees to submit reports to the Internal Revenue Service and the depositor prescribed by the Internal Revenue Service.

#### **Article VI**

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles that are not consistent with section 408(a) and the related regulations will be invalid.

#### **Article VII**

This agreement will be amended from time to time to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of the persons whose signatures appear below.

#### **Article VIII Definitions.**

8.1 **"Code."** The term "Code" shall mean the Internal Revenue Code.

8.2 **"Custodial Account."** Your IRA shall be referred to as the "custodial account" or "account."

8.3 **"IRA."** IRA shall mean Individual Retirement Account within the meaning of Section 408 of the Code.

8.4 **"IRS."** The term "IRS" shall mean the Internal Revenue Service.

8.5 **"We."** The IRS selected the term "Custodian" to describe us, your financial organization. In other parts of this agreement, the "Custodian" will be referred to as "us," "we," "our," or the "Custodian."

8.6 **"You."** The IRS selected the term "Depositor" to describe "you," the IRA Owner. In other parts of this agreement, you will be referred to as "you," "your," or "IRA Owner."

8.7 **"Fund(s)."** The "Fund(s)" shall mean the mutual fund(s) identified in the IRA Application used to establish this IRA.

#### **Article IX Fees and Expenses.**

9.1 **Fees.** You agree to pay any fees we establish pursuant to the Application or a separate fee schedule which we will publish from time to time. Such fees may include, without limitation, establishment fees, annual administration fees, termination fees, transfer fees, transaction fees, legal fees, investment commissions, and such other fees as we determine applicable. You agree to pay such fees either by a separate billing or direct deduction from the custodial account; the method of payment is at our discretion. Some fees, such as brokerage commissions, must be deducted from the custodial account. The custodian shall have the right to liquidate sufficient shares in the custodial account to pay such fees. In the case of a third party receiving payments, such as brokerage fees and commissions, we may receive a portion of these fees in return for services provided in completing these transactions. We agree to give you at least 30 days prior written notice prior to changing a fee or imposing a new fee.

9.2 **Expenses.** You agree to pay any income, transfer, and other taxes of any kind that may be levied or assessed upon the custodial account, and all other administrative expenses reasonably incurred by us in the performance of our duties. These expenses may include legal, or other professionals hired by us in connection with your custodial account. You agree to reimburse us for any reasonable expenses incurred in the administration of the account. The custodian shall have the right to liquidate sufficient shares in the custodial account to pay such expenses.

**Article X Amendments.** We may amend your custodial account at any time to comply with necessary laws and regulations or for any other reason. Amendments may be made retroactively when required to meet a law or regulatory change. You are deemed to have automatically consented to any amendment 30 days after we mail you a copy of the amendment. Your actual written or verbal consent is not required to amend. We shall send you a copy of such amendment within 30 days of the amendment's effective date.

#### **Article XI Limited Liability.**

11.1 **Hold Harmless.** You agree to hold us harmless, to indemnify, and to defend us against any and all claims arising from and liabilities incurred by reason of any action taken by us, except to the extent such liability arises from the willful misconduct or gross negligence of the custodian.

11.2 **No Investment Discretion.** You agree that all contributions shall be invested according to your sole discretion in whole or fractional shares of the Fund(s) identified in the IRA Application. All dividends and capital gain distributions received on shares of the Fund(s) shall be reinvested in the shares of the same Fund(s) which shall be credited to the custodial account. We shall not be responsible or liable for any investment decisions or recommendations with respect to the investment, reinvestment, or sale of assets in the custodial account. We shall not be responsible for reviewing any assets held in the custodial account and shall not be responsible for questioning any of your investment decisions. We shall not be responsible for any loss resulting from any failure to act because of the absence of directions from you. In the event we determine your investment instructions are unclear, then we shall act as soon as practical to obtain clarification of such instructions. Pending clarification, we shall hold without investing all or any portion of the contribution, without liability for loss of income or appreciation and without liability for interest of dividends.

11.3 **Transaction Responsibility.** We are not responsible for inquiring into the nature or amount of any contribution made by you, nor into the amount or timing of any distribution requested. This includes, without limitation, that you are solely responsible for all your required minimum distributions. We have no responsibility to notify you of any required minimum distribution nor do we have any responsibility to determine the correct minimum amount for you. You shall have full responsibility for determining your required minimum distributions as well as for any tax or investment consequences of all contributions to and distributions from the custodial account. We shall not be bound to take any action on behalf of you, except upon receipt of written instructions from you. We shall have no obligation to inquire into the genuineness of any such written instruction without liability for any action taken pursuant thereto, so long as we act in good faith. You shall bear sole responsibility for assuring the deductibility of any deposits to the custodial account.

11.4 **No Assumed Responsibilities.** We assume no responsibilities and agree only to provide the administrative and custodial services required under IRC section 408 and applicable regulations.

#### **Article XII Default Provisions (70½ and Death).**

12.1 **70½ Distributions.** If you fail to make a written election of payment by your required beginning date, the minimum required distribution will be calculated using the joint life expectancy of you and your designated beneficiary. If no beneficiary exists or a beneficiary other than a natural person is named (except certain trusts), your single life expectancy will be used for this calculation. See section 11.3 above. The recalculation method will be used to the extent allowed.

12.2 **Death Distributions.** If you die before your required beginning date, then your designated beneficiary must elect a method of distribution under Article IV-4(b)(i) and (b)(ii) by the earlier of December 31 of the calendar year in which the life expectancy distributions must begin under Article IV-4(b)(ii) or December 31 of the calendar year which contains the fifth anniversary of the date of your death. If you use the designation of beneficiary form provided in the Application then the following rules apply (i) the designation in the Application revokes all previously made designations, (ii) if any of the beneficiaries dies before you, the deceased beneficiary's

share will be reallocated to the surviving beneficiaries on a pro rata basis, and (iii) if none of the beneficiaries survive you, or if the custodian cannot locate your beneficiary(ies) after a reasonable search, any balance in your IRA will be paid to your estate. The custodian may refuse to accept a designation not made on its standard form. You agree to release the custodian from and indemnify it for any and all claims arising from the custodian's actions under your designation of beneficiary.

**Article XIII Reports and Records.** We shall keep accurate and detailed records of all contributions, receipts, investments, distributions, disbursements, and other transactions relating to the custodial account. We shall provide reports to the IRS and to you as required by law and regulations. Unless you file a written statement with us within 60 days after you receive a statement, we shall be relieved and discharged from all liability to you (including any of your beneficiaries) with respect to all matters set forth in such report.

**Article XIV Powers.** We shall have the right to hire attorneys or other professionals if we deem it necessary for the proper administration of your custodial account. This includes the right to have a party affiliated with the Fund(s) to perform administrative duties. We shall also have the power to request a judicial settlement of your account or to enter into a lawsuit for your account. We shall also have the power to do whatever else we determine necessary for the proper administration of your account.

**Article XV Resignation or Removal of Us as Custodian.** We may resign as custodian without your consent and you may remove us as custodian without our consent. We must provide notice to you of any resignation 30 days prior to the effective date of the resignation. In the event of resignation by us, you shall appoint a qualified successor custodian. Upon our receipt of a written acceptance of such appointment by the successor custodian, we shall transfer and pay over the assets of the custodial account to the successor custodian. If after 30 days from notice of resignation, you have not appointed a successor custodian or we have not received a written acceptance of such appointment by the successor custodian, we shall have the right to transfer the assets remaining in the custodial account to a successor custodian that we choose in our sole discretion or we may liquidate the assets and distribute the cash proceeds, or we may make an in-kind distribution, or we may otherwise distribute to you the assets remaining in the custodial account. We are authorized, however, to reserve such funds as we deem advisable for payment of any liabilities constituting a charge against the assets of the custodial account or against us, with any balance of such reserve remaining after payment of all such items to be paid over the successor custodian.

**Article XVI Termination.** In the event the balance of the custodial account is less than the minimum value prescribed from time to time by the appropriate Fund(s), we may liquidate the custodial account by making a distribution in cash or in-kind of the assets in the account less any fees owing. If we terminate for any reason, we shall not be liable for any loss or penalty incurred upon termination and liquidation of the custodial account. Upon liquidation of the custodial account this Agreement shall terminate and we shall be relieved of all further duties and any liability relative to this Agreement, the custodial account, and the assets distributed hereunder.

**Article XVII Custodian's Responsibilities.** We shall act as an agent for you, we shall receive funds and invest them at your direction and in accordance with this Agreement. All shares of the Fund(s) shall be held in our name as custodian or our nominee's name. The parties do not intend to confer any fiduciary responsibilities upon the custodian and none shall be implied. We shall deliver, or cause to be executed or delivered to you all notices, prospectuses, financial statements, proxies and proxy solicitation materials relative to shares of the appropriate Fund(s) held in the custodial account. The custodian shall vote such shares only in accordance with your written instructions.

**Article XVIII Contributions.** The custodian is under no duty to compel you to make any contributions and shall have no duty to assure that such contributions are appropriate in amount. You have sole responsibility for assuring the deductibility of any contributions. We may request additional information in the case of rollovers and direct rollovers. We may request a Transfer

Form, or other forms prior to a transfer.

#### **Article XIX Miscellaneous**

**19.1 Notice.** Any notice, payment, report, or other material mailed to you shall be deemed delivered and effective three days after the date mailed by us to you. We shall send such material to your last address you provided and we shall assume no obligation to ascertain the actual address or whereabouts of you. Any notice you send us shall be deemed delivered when actually received by us. Except as otherwise permitted by us, all instructions to us must be in writing.

**19.2 Headings.** The headings and articles of this agreement are for convenience of reference only, and shall have no substantive effect on provisions of this agreement.

**19.3 Singular Form.** Throughout this agreement, the singular form includes the plural where applicable.

**19.4 State Law.** This agreement shall be construed and interpreted in accordance with the laws of the state in which our principal office is located, except to the extent superseded by federal law.

**19.5 Disqualifying Provision.** Any provision of this agreement which would disqualify the custodial account as an IRA shall be disregarded to the extent necessary to make the custodial account an IRA.

**19.6 Interpretation.** If any question arises as to the meaning of any provision of this agreement, then we shall be authorized to interpret any such provision, and our interpretation shall be binding upon all parties.

**19.7 Additional Provisions.** Additional provisions to this agreement may be attached on a separate sheet.

# IRA Application

Please print or type, and mail to:

## MP 63 FUND, INC.

c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147-4003  
Toll-free 1-877-MP 63FUN (676-3386)  
Attn: Customer Service Representative

# 1 IRA OWNER INFORMATION

Name \_\_\_\_\_

Soc. Sec. No. \_\_\_\_\_ Date of Birth \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_

Citizen or permanent resident of USA?  
 yes  no If no, country of residence \_\_\_\_\_

Daytime Phone (\_\_\_\_\_) \_\_\_\_\_

Evening Phone (\_\_\_\_\_) \_\_\_\_\_

Employer's Name \_\_\_\_\_

# 2 CONTRIBUTION INFORMATION

INITIAL CONTRIBUTION TYPE (Choose only one)

Type:	Amount:	Tax Year (if applicable):
<input type="checkbox"/> Regular/Spousal IRA	\$ _____	_____
	\$ _____	_____
<input type="checkbox"/> SEP IRA	\$ _____	_____
	\$ _____	_____

Please make check payable to MP 63 Fund IRA.

- Rollover from IRA
- Transfer from IRA
- Rollover from SIMPLE IRA (SRA)\*
- Transfer from SIMPLE IRA (SRA)\*
- Rollover from QP\*\* or TSA\*\*\*
- Direct Rollover from QP\*\* or TSA\*\*\*

Please complete the IRA Transfer/Direct Rollover Form.

\*NOTE: SIMPLE IRA (SRA) funds cannot be combined with regular IRA funds during the first two years of the initial participation in the SIMPLE IRA (SRA).

\*\*QP – QUALIFIED PLAN \*\*\*TSA – TAX SHELTERED ANNUITY

## ACCOUNT TYPE:

- Regular/Spousal  SEP IRA  Rollover
- Transfer  Conduit\*

\*Note: If you are moving assets from a qualified plan or TSA and do not want to commingle these assets with regular IRA contributions, select this option.

# 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 \_\_\_\_\_

Relationship \_\_\_\_\_ Date of Birth \_\_\_\_\_

SSN \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_

Relationship \_\_\_\_\_ Date of Birth \_\_\_\_\_

SSN \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_

Relationship \_\_\_\_\_ Date of Birth \_\_\_\_\_

SSN \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_

Relationship \_\_\_\_\_ Date of Birth \_\_\_\_\_

SSN \_\_\_\_\_ % \_\_\_\_\_

Total \_\_\_\_\_

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

Name \_\_\_\_\_

Relationship \_\_\_\_\_ Date of Birth \_\_\_\_\_

SSN \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_

Relationship \_\_\_\_\_ Date of Birth \_\_\_\_\_

SSN \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_

Relationship \_\_\_\_\_ Date of Birth \_\_\_\_\_

SSN \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_

Relationship \_\_\_\_\_ Date of Birth \_\_\_\_\_

SSN \_\_\_\_\_ % \_\_\_\_\_


Total \_\_\_\_\_


\*If no percentage rate is indicated, the beneficiaries will share equally.

(continued on reverse)

# 4 SIGNATURES AND CERTIFICATIONS


I certify under the penalty of perjury that my Social Security number stated above is correct, and 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 U.S. Bank, N.A. as Custodian of my account. I indemnify U.S. Bank, N.A. and Quasar Distributors, LLC. 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 IRA Disclosure Statement and the 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 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.

 \_\_\_\_\_  
IRA Owner's Signature \_\_\_\_\_  
Date

 **U.S. BANK , N.A.** \_\_\_\_\_  
Firststar , N.A. \_\_\_\_\_  
Date

**Complete only if required by state law.**

**Spousal Consent:** I am the spouse of the 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 IRA into the separate property of my spouse.

 \_\_\_\_\_  
Spouse's Signature \_\_\_\_\_  
Date

Firststar , 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.**

# IRA Transfer or Direct Rollover Request Form

Please print or type, and mail to:

## MP 63 FUND, INC.

c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147-4003  
Toll-free 1-877-MP 63FUN (676-3386)  
Attn: Customer Service Representative

## 1 Your Personal Information

Name \_\_\_\_\_  
Soc. Sec. No. \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_  
Daytime Phone (\_\_\_\_\_) \_\_\_\_\_  
Evening Phone (\_\_\_\_\_) \_\_\_\_\_  
MP 63 Account # (if available) \_\_\_\_\_

## 2 Transfer Request (Direct Rollover)

I have established an IRA with MP 63 Fund, Inc., of which Firststar N.A. serves as custodian.

I request that my retirement funds be: (check one)

- Transferred from IRA at your firm.  
 Transferred from my employer-sponsored plan.  
 Transferred from a SIMPLE IRA (SRA).\*

I authorize my present Custodian/Trustee to directly send the assets indicated in Section 3 below to my IRA with MP 63 Fund, Inc.

Name of present  
Custodian firm \_\_\_\_\_  
Street Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_

\*NOTE: SIMPLE IRA (SRA) funds cannot be combined with regular IRA funds within two years of initial participation in the SIMPLE IRA (SRA).

## 3 Payment Information

Payment Schedule. I authorize and direct you to send my assets as follows:

- (1)  Immediately liquidate the assets listed below and send the cash proceeds (or write "all").  
(2)  Send the assets received at maturity for each of the investments listed below (or write "all").

Investment

Maturity Date  
(if applicable)

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## 4 Age 70 1/2 Information

Check one of the following:

- I am under age 70 1/2 and will not turn age 70 1/2 at anytime during the calendar year.  
 I am age 70 1/2 or older and understand that no part of my required distribution is eligible for transfer or rollover. I further understand that there may be significant tax penalties resulting if I do transfer or roll over any part of my required distribution.

(continued on reverse)

# 5 SIGNATURES AND CERTIFICATIONS


I certify that I have established an IRA with MP 63 Fund, Inc., of which U.S. Bank, N.A. is the Custodian. I understand that I am responsible for determining my eligibility for all transfers or direct rollovers. I agree to hold the Custodian harmless against any and all situations arising from an ineligible transfer or direct rollover. I acknowledge that the Custodian cannot provide legal advice and I agree to consult with my own tax professional for advice.

 \_\_\_\_\_  
Signature of Individual \_\_\_\_\_  
Date

 \_\_\_\_\_  
Signature Guarantee \_\_\_\_\_  
Date

**TO BE COMPLETED BY U.S. BANK, N.A. REPRESENTATIVE (For office use only)**

U.S. Bank, N.A. hereby confirms that it has accepted its appointment as Custodian of the MP 63 Fund, Inc. IRA.  
Make check payable to:  
MP 63 Fund, Inc., FBO

 \_\_\_\_\_  
Title \_\_\_\_\_  
Date

Mail to: **MP 63 FUND, INC.**  
c/o Mutual Shareholder Services  
8000 Town Centre Drive, Suite 400  
Broadview Heights, OH 44147-4003