

## Morgan Stanley Institutional IRA Application and Adoption Agreement

For assistance in completing this application, please call 800.548.7786. If Canadian Resident, please review information on pages 51-57.

Mail completed application to:

Morgan Stanley Funds  
c/o DST Asset Manager Solutions, Inc.  
P.O. Box 219804  
Kansas City, MO 64121-9804

Overnight Delivery:

Morgan Stanley Funds  
c/o DST Asset Manager Solutions, Inc.  
430 West 7th Street  
Kansas City, MO 64105

### 1. Investor Information

Name ▶ <i>first, middle, last</i>	
Date of birth ▶ <i>month/day/year</i>	Social Security number
Permanent residence address ▶ <i>include street, apartment, suite or rural route number. DO NOT USE P.O. Box addresses.</i>	
City	State/Province
Zip/Postal code	Country
Mailing address ▶ <i>if different from above</i>	
City	State/Province
Zip/Postal code	Country
Daytime telephone number	Evening telephone number
Email address ▶ <i>optional</i>	

## 2. What Type of IRA Do You Want to Establish?

Please submit a separate application for each account type (i.e. If establishing a Roth & Traditional IRA, please submit 2 separate applications.) **For Contributory IRAs, if no tax year is specified, the default will be the current tax year.**

### Roth IRA

- ☐ TRANSFER FROM OTHER ROTH IRA SPONSOR TO ROTH IRA (791)
- ☐ ROTH IRA CONVERSION (792) (PROCEEDS FROM OTHER TRADITIONAL SPONSOR, QUALIFIED PLAN, TAX SHELTERED 403(B) OR ELIGIBLE 457 PLAN)
- ☐ ROTH CONTRIBUTORY IRA (791) TAX YEAR \_\_\_\_\_ CHECK ATTACHED (DEFAULT WILL BE CURRENT TAX YEAR)
- ☐ **NON-SPOUSE BENEFICIARY** CUSTODIAN TO CUSTODIAN DIRECT ROLLOVER IRA (792) (PROCEEDS FROM A QUALIFIED PLAN ROTH ELECTIVE DEFERRAL, 403(B) ROTH ELECTIVE DEFERRAL) **MUST COMPLETE SECTION 3.**

### Traditional IRA

- ☐ CUSTODIAN TO CUSTODIAN DIRECT ROLLOVER IRA (703) (PROCEEDS FROM A QUALIFIED PLAN, TAX SHELTERED 403(B) OR ELIGIBLE 457 PLAN)
- ☐ PARTICIPANT TO CUSTODIAN 60 DAY ROLLOVER IRA (703)
- ☐ TRANSFER FROM OTHER TRADITIONAL IRA SPONSOR TO TRADITIONAL IRA
  - ☐ CHECK HERE IF ACCOUNT IS CURRENTLY REGISTERED AS A ROLLOVER.
- ☐ TRADITIONAL CONTRIBUTORY IRA (701) TAX YEAR \_\_\_\_\_ CHECK ATTACHED (DEFAULT WILL BE CURRENT TAX YEAR)
- ☐ **NON-SPOUSE BENEFICIARY** CUSTODIAN TO CUSTODIAN DIRECT ROLLOVER IRA (703) (PROCEEDS FROM A QUALIFIED PLAN, TAX SHELTERED 403(B), OR ELIGIBLE 457 PLAN) **MUST COMPLETE SECTION 3.**

### SEP

- ☐ SIMPLIFIED EMPLOYEE PENSION – IRA (SEP-IRA) (702)

## 3. Non-Spouse Beneficiary Custodian to Custodian Direct Rollover (only for Traditional & Roth IRAs)

Eligible rollover distributions payable from an employer's plan to a nonspouse beneficiary (including a trust beneficiary that meets the special "look through" rules under the IRS regulations) are eligible to directly rollover into an inherited IRA (set up as a beneficiary IRA). A non-individual beneficiary (such as an estate or charity) or a non-look through trust is not eligible for direct rollover. In addition, this option is **not** available for spouse beneficiaries; however, spouse beneficiaries may continue to roll eligible assets into their own IRA.

Name of deceased Participant ▶ <i>first, middle, last</i>	
Date of death ▶ <i>month/day/year</i>	Date of birth ▶ <i>month/day/year</i>
Name of look-through trust nonspouse beneficiary*	
Name of trustee of the look-through trust	
EIN	

\* The trust beneficiary must meet the special "look through" rules under the IRS regulation as discussed in the custodial agreement.

## 6. Portfolio and Class Section

Please indicate Portfolio, class, and amount for purchase of the following Portfolio(s):

### Morgan Stanley Institutional Fund Trust Portfolios

Class IS shares minimum: \$10,000,000 for each Portfolio

Class A shares minimum: \$1,000 for each Portfolio

#### Core Plus Fixed Income Portfolio

<input type="checkbox"/> CLASS IS SHARES (8240)	\$
<input type="checkbox"/> CLASS I SHARES (8123)	\$
<input type="checkbox"/> CLASS A SHARES (8183)	\$
<input type="checkbox"/> CLASS C SHARES (8525)	\$

#### Corporate Bond Portfolio

<input type="checkbox"/> CLASS I SHARES (8136)	\$
<input type="checkbox"/> CLASS A SHARES (8184)	\$
<input type="checkbox"/> CLASS C SHARES (8526)	\$

#### Global Multi-Asset Income Portfolio

<input type="checkbox"/> CLASS IS SHARES (8234)	\$
<input type="checkbox"/> CLASS I SHARES (8233)	\$
<input type="checkbox"/> CLASS A SHARES (8232)	\$
<input type="checkbox"/> CLASS C SHARES (8531)	\$

#### Global Strategist Portfolio

<input type="checkbox"/> CLASS IS SHARES (8533)	\$
<input type="checkbox"/> CLASS I SHARES (8146)	\$
<input type="checkbox"/> CLASS A SHARES (8186)	\$
<input type="checkbox"/> CLASS C SHARES (8501)	\$

#### High Yield Portfolio

<input type="checkbox"/> CLASS IR SHARES (8721)	\$
<input type="checkbox"/> CLASS IS SHARES (8221)	\$
<input type="checkbox"/> CLASS I SHARES (8108)	\$
<input type="checkbox"/> CLASS A SHARES (8110)	\$
<input type="checkbox"/> CLASS C SHARES (8528)	\$

Class I shares minimum: \$5,000,000 for each Portfolio

Class C shares minimum: \$1,000 for each Portfolio

#### Mid Cap Growth Portfolio

<input type="checkbox"/> CLASS IS SHARES (8215)	\$
<input type="checkbox"/> CLASS I SHARES (8128)	\$
<input type="checkbox"/> CLASS A SHARES (8188)	\$

#### Short Duration Income Portfolio

<input type="checkbox"/> CLASS IS SHARES (8544)	\$
<input type="checkbox"/> CLASS I SHARES (8139)	\$
<input type="checkbox"/> CLASS A SHARES (8189)	\$
<input type="checkbox"/> CLASS C SHARES (8529)	\$

#### Strategic Income Portfolio

<input type="checkbox"/> CLASS IS SHARES (8225)	\$
<input type="checkbox"/> CLASS I SHARES (8223)	\$
<input type="checkbox"/> CLASS A SHARES (8222)	\$
<input type="checkbox"/> CLASS C SHARES (8530)	\$

#### Ultra-Short Municipal Income Portfolio

<input type="checkbox"/> CLASS IR SHARES (8258)	\$
<input type="checkbox"/> INSTITUTIONAL CLASS SHARES (8257)	\$
<input type="checkbox"/> CLASS A SHARES (8256)	\$

## 6. Portfolio and Class Section (continued)

Please indicate Portfolio, class, and amount for purchase of the following Portfolio(s):

### Morgan Stanley Institutional Fund, Inc. Portfolios

Class IS shares minimum: \$10,000,000 for each Portfolio

Class A shares minimum: \$1,000 for each Portfolio

#### Active International Allocation Portfolio

<input type="checkbox"/> CLASS I SHARES (8056)	\$
<input type="checkbox"/> CLASS A SHARES (8034)	\$
<input type="checkbox"/> CLASS C SHARES (8503)	\$

#### Advantage Portfolio

<input type="checkbox"/> CLASS IS SHARES (8202)	\$
<input type="checkbox"/> CLASS I SHARES (8045)	\$
<input type="checkbox"/> CLASS A SHARES (8046)	\$
<input type="checkbox"/> CLASS C SHARES (8504)	\$

#### Asian Equity Portfolio

<input type="checkbox"/> CLASS I SHARES (8164)	\$
<input type="checkbox"/> CLASS A SHARES (8165)	\$
<input type="checkbox"/> CLASS C SHARES (8505)	\$

#### Asia Opportunity Portfolio

<input type="checkbox"/> CLASS IS SHARES (8539)	\$
<input type="checkbox"/> CLASS I SHARES (8537)	\$
<input type="checkbox"/> CLASS A SHARES (8536)	\$
<input type="checkbox"/> CLASS C SHARES (8538)	\$

#### Emerging Markets Fixed Income Opportunities

<input type="checkbox"/> CLASS IS SHARES (8204)	\$
<input type="checkbox"/> CLASS I SHARES (8120)	\$
<input type="checkbox"/> CLASS A SHARES (8127)	\$
<input type="checkbox"/> CLASS C SHARES (8527)	\$

#### Emerging Markets Leaders Portfolio

<input type="checkbox"/> CLASS IS SHARES (8229)	\$
<input type="checkbox"/> CLASS I SHARES (8227)	\$
<input type="checkbox"/> CLASS A SHARES (8226)	\$
<input type="checkbox"/> CLASS C SHARES (8507)	\$

#### Emerging Markets Portfolio

<input type="checkbox"/> CLASS IR SHARES (8705)	\$
<input type="checkbox"/> CLASS IS SHARES (8205)	\$
<input type="checkbox"/> CLASS I SHARES (8071)	\$
<input type="checkbox"/> CLASS A SHARES (8044)	\$
<input type="checkbox"/> CLASS C SHARES (8506)	\$

Class I shares minimum: \$5,000,000 for each Portfolio

Class C shares minimum: \$1,000 for each Portfolio

#### Emerging Markets Small Cap

<input type="checkbox"/> CLASS IS SHARES (8543)	\$
<input type="checkbox"/> CLASS I SHARES (8541)	\$
<input type="checkbox"/> CLASS A SHARES (8540)	\$
<input type="checkbox"/> CLASS C SHARES (8542)	\$

#### Frontier Markets Portfolio

<input type="checkbox"/> CLASS IS SHARES (8231)	\$
<input type="checkbox"/> CLASS I SHARES (8419)	\$
<input type="checkbox"/> CLASS A SHARES (8421)	\$
<input type="checkbox"/> CLASS C SHARES (8508)	\$

#### Global Advantage Portfolio

<input type="checkbox"/> CLASS I SHARES (8023)	\$
<input type="checkbox"/> CLASS A SHARES (8025)	\$
<input type="checkbox"/> CLASS C SHARES (8509)	\$

#### Global Franchise Portfolio

<input type="checkbox"/> CLASS IS SHARES (8532)	\$
<input type="checkbox"/> CLASS I SHARES (8003)	\$
<input type="checkbox"/> CLASS A SHARES (8013)	\$
<input type="checkbox"/> CLASS C SHARES (8535)	\$

#### Global Infrastructure Portfolio

<input type="checkbox"/> CLASS IS SHARES (8213)	\$
<input type="checkbox"/> CLASS I SHARES (8080)	\$
<input type="checkbox"/> CLASS A SHARES (8081)	\$
<input type="checkbox"/> CLASS C SHARES (8522)	\$

#### Global Endurance Portfolio

<input type="checkbox"/> CLASS IS SHARES (8253)	\$
<input type="checkbox"/> CLASS I SHARES (8252)	\$
<input type="checkbox"/> CLASS A SHARES (8254)	\$
<input type="checkbox"/> CLASS C SHARES (8255)	\$

## 6. Portfolio and Class Section (continued)

Please indicate Portfolio, class, and amount for purchase of the following Portfolio(s):

### Morgan Stanley Institutional Fund, Inc. Portfolios

Class IS shares minimum: \$10,000,000 for each Portfolio

Class A shares minimum: \$1,000 for each Portfolio

#### Global Opportunity Portfolio

<input type="checkbox"/> CLASS IR SHARES (8706)	\$
<input type="checkbox"/> CLASS IS SHARES (8206)	\$
<input type="checkbox"/> CLASS I SHARES (8065)	\$
<input type="checkbox"/> CLASS A SHARES (8066)	\$
<input type="checkbox"/> CLASS C SHARES (8512)	\$

#### Global Real Estate Portfolio

<input type="checkbox"/> CLASS IR SHARES (8707)	\$
<input type="checkbox"/> CLASS IS SHARES (8207)	\$
<input type="checkbox"/> CLASS I SHARES (8004)	\$
<input type="checkbox"/> CLASS A SHARES (8014)	\$
<input type="checkbox"/> CLASS C SHARES (8514)	\$

#### Global Sustain Portfolio

<input type="checkbox"/> CLASS IS SHARES (8220)	\$
<input type="checkbox"/> CLASS I SHARES (8217)	\$
<input type="checkbox"/> CLASS A SHARES (8219)	\$
<input type="checkbox"/> CLASS C SHARES (8513)	\$

#### Growth Portfolio

<input type="checkbox"/> CLASS IR SHARES (8708)	\$
<input type="checkbox"/> CLASS IS SHARES (8208)	\$
<input type="checkbox"/> CLASS I SHARES (8058)	\$
<input type="checkbox"/> CLASS A SHARES (8036)	\$
<input type="checkbox"/> CLASS C SHARES (8515)	\$

#### International Advantage Portfolio

<input type="checkbox"/> CLASS IS SHARES (8241)	\$
<input type="checkbox"/> CLASS I SHARES (8124)	\$
<input type="checkbox"/> CLASS A SHARES (8132)	\$
<input type="checkbox"/> CLASS C SHARES (8517)	\$

Class I shares minimum: \$5,000,000 for each Portfolio

Class C shares minimum: \$1,000 for each Portfolio

#### International Equity Portfolio

<input type="checkbox"/> CLASS IS SHARES (8209)	\$
<input type="checkbox"/> CLASS I SHARES (8063)	\$
<input type="checkbox"/> CLASS A SHARES (8038)	\$
<input type="checkbox"/> CLASS C SHARES (8518)	\$

#### International Opportunity Portfolio

<input type="checkbox"/> CLASS IR SHARES (8710)	\$
<input type="checkbox"/> CLASS IS SHARES (8210)	\$
<input type="checkbox"/> CLASS I SHARES (8005)	\$
<input type="checkbox"/> CLASS A SHARES (8028)	\$
<input type="checkbox"/> CLASS C SHARES (8519)	\$

#### International Real Estate Portfolio

<input type="checkbox"/> CLASS IS SHARES (8211)	\$
<input type="checkbox"/> CLASS I SHARES (8001)	\$
<input type="checkbox"/> CLASS A SHARES (8002)	\$
<input type="checkbox"/> CLASS C SHARES (8520)	\$

#### Multi Asset Portfolio

<input type="checkbox"/> CLASS IS SHARES (8534)	\$
<input type="checkbox"/> CLASS I SHARES (8112)	\$
<input type="checkbox"/> CLASS A SHARES (8114)	\$
<input type="checkbox"/> CLASS C SHARES (8502)	\$

#### Small Company Growth Portfolio

<input type="checkbox"/> CLASS IS SHARES (8216)	\$
<input type="checkbox"/> CLASS I SHARES (8062)	\$
<input type="checkbox"/> CLASS A SHARES (8037)	\$

#### U.S. Real Estate Portfolio

<input type="checkbox"/> CLASS IS SHARES (8214)	\$
<input type="checkbox"/> CLASS I SHARES (8085)	\$
<input type="checkbox"/> CLASS A SHARES (8089)	\$
<input type="checkbox"/> CLASS C SHARES (8523)	\$

## 7. Beneficiary Designation

I hereby designate the following person(s) to receive any benefit from my IRA at my death.

1. Name ▶ <i>first, middle, last</i>	
Date of birth ▶ <i>month/day/year</i>	Social Security number
Permanent residence address ▶ <i>include street, apartment, suite or rural route number. DO NOT USE P.O. Box addresses.</i>	
City	State/Province
Zip/Postal code	Country of permanent residence ▶ <i>citizenship</i>

**Please check one for both part A and part B:**

- A. ☐ SPOUSE OR ☐ OTHER (RELATIONSHIP): \_\_\_\_\_ PERCENTAGE \_\_\_\_\_%
- B. ☐ PRIMARY OR ☐ CONTINGENT

2. Name ▶ <i>first, middle, last</i>	
Date of birth ▶ <i>month/day/year</i>	Social Security number
Permanent residence address ▶ <i>include street, apartment, suite or rural route number. DO NOT USE P.O. Box addresses.</i>	
City	State/Province
Zip/Postal code	Country of permanent residence ▶ <i>citizenship</i>

**Please check one for both part A and part B:**

- A. ☐ SPOUSE OR ☐ OTHER (RELATIONSHIP): \_\_\_\_\_ PERCENTAGE \_\_\_\_\_%
- B. ☐ PRIMARY OR ☐ CONTINGENT

3. Name ▶ <i>first, middle, last</i>	
Date of birth ▶ <i>month/day/year</i>	Social Security number
Permanent residence address ▶ <i>include street, apartment, suite or rural route number. DO NOT USE P.O. Box addresses.</i>	
City	State/Province
Zip/Postal code	Country of permanent residence ▶ <i>citizenship</i>

**Please check one for both part A and part B:**

- A. ☐ SPOUSE OR ☐ OTHER (RELATIONSHIP): \_\_\_\_\_ PERCENTAGE \_\_\_\_\_%
- B. ☐ PRIMARY OR ☐ CONTINGENT

**Total percentage for primary and/or contingent beneficiary(ies) must equal 100%.**

☐ CHECK THIS BOX AND PROVIDE ATTACHMENT TO DECLARE MORE BENEFICIARIES. INCLUDE ALL THE INFORMATION REQUESTED ABOVE.

**Important Note:** Please print the name of the beneficiary. If you do not select the beneficiary as a primary or contingent, he or she will be deemed a primary beneficiary. Unless indicated otherwise, the IRA will be distributed in equal shares to the named beneficiaries. If no beneficiary is designated, or if DST Asset Manager Solutions, Inc. receives satisfactory proof that all the named beneficiaries predeceased you, distribution from your IRA shall be made to your spouse, if you are married at the time of death, otherwise to your estate. (Please consult your tax advisor if the primary beneficiary is someone other than your spouse and you reside in a community property state.)

## 8. Dealer Information

A financial advisor can help evaluate your financial planning and help set your investment objectives. Please work with your financial advisor to open your account and provide their information under the Dealer Information section of this form. Morgan Stanley Distribution, Inc. is a limited-purpose broker-dealer and does not provide brokerage services or any financial advice. Canadian residents are only permitted to purchase shares pursuant to this application through Morgan Stanley Distribution, Inc. and not through a financial advisor or other intermediary.

Firm name	Representative name
Representative number	Branch/dealer number

## 9. Operational Information

### Telephone transactions

Your account automatically includes the privilege to request exchanges or to redeem certain IRA distributions by speaking to a telephone representative during NYSE market hours. Certain restrictions apply to certain distribution types. You can choose to have your redemption sent to your bank account indicated below via wire, ACH (requires two day processing) or a check mailed to the address listed on your account. A signature guarantee is required if bank account is not registered identically to your Fund's account. If you do NOT want these privileges, check the box below.

☐ I DECLINE TELEPHONE TRANSACTION PRIVILEGES.

The Fund and Fund's Transfer Agent will employ reasonable procedures to confirm that instructions communicated by telephone are genuine. These procedures may include requiring the investor to provide certain personal identification information at the time an account is opened and prior to effecting each transaction requested by telephone. In addition, all telephone transaction requests will be recorded and investors may be required to provide additional telecopied written instructions of transaction requests. Neither the Fund nor the Fund's Transfer Agent will be responsible for any loss, liability, cost or expense for following instructions received by telephone that it reasonably believes to be genuine.

### Wiring instructions

*The instructions provided below may only be changed by written notification.* Please check appropriate box(es):

☐ WIRE REDEMPTION PROCEEDS      ☐ ACH REDEMPTION PROCEEDS

Name of commercial bank ▶ <i>not savings bank</i>	Bank account number
Routing/ABA number	Name(s) in which your bank account is established
Bank's street address	City
State/Province	Zip/Postal code

### Purchase instructions

For purchasing shares by wire, please send a Fedwire payment to:

State Street Corporation  
State Street Financial Center  
One Lincoln Street  
Boston, Massachusetts 02111-2101

ABA #011000028  
DDA #00575373  
Attn: Morgan Stanley Institutional Fund  
Ref: (Portfolio name, account name and number)

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## 10. Acknowledgment and Signature

### Important Information About Procedures for Opening a New Account:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you.

### Until you provide the required information and/or documents, we may not be able to open an account or effect any transactions for you.

The following information is required for all individuals who will be the registered owner or co-owner of an account or will be signing on behalf of a legal entity that will own the account:

- Name
- Residence address
- Date of birth
- SSN or EIN

### I acknowledge:

- I (we) acknowledge that purchasing shares of the Fund may subject the purchaser to U.S. taxation (the amount of any tax liability will depend on a number of factors) and the purchaser should obtain its own advice as to whether it will be liable for any U.S. tax as a result of each purchase).
- My purchase order will not be processed unless this account application and purchase payment are received in good order
- The Fund(s) service agent, DST Asset Manager Solutions, Inc. (DST AMS), will attempt to collect the missing information required by either contacting me or my financial advisor. If DST AMS is not able to obtain the information in a reasonable time frame, I understand that the application will be rejected.
- If DST AMS obtains the required information, I understand that my investment will be accepted and will receive the price as of the next calculated net asset value after all the information is received.
- I acknowledge that DST AMS will attempt to verify my identity within a reasonable timeframe after this application is received. If DST AMS is unable to verify my identity, I understand that DST AMS reserves the right to restrict additional transactions and/or liquidate my account at the next calculated net asset value after the account is closed (minus any applicable sales charges and/or tax penalties) and/or take any other action required by law. Please be aware, that the redemption proceeds may be higher or lower than my initial investment, that I may lose money based on market conditions at the time of redemption, and that this transaction may create a taxable event.
- I understand that the telephone transaction privilege may be modified or terminated at any time and that this privilege may not be available for certain retirement plan distributions. For each exchange, I will have received and read a copy of the then current prospectus of the fund(s) being purchased. I understand that all of the account privileges and features selected herein, including the telephone transaction privilege, are subject to the conditions and provisions set forth herein and in the current prospectuses of the funds. Morgan Stanley employs procedures it considers to be reasonable to confirm that instructions communicated by telephone are genuine. Such procedures may include requiring certain personal identification information prior to acting upon telephone instructions and providing written confirmation of instructions communicated by telephone. If reasonable procedures are employed, none of Morgan Stanley, DST AMS, or any Morgan Stanley institutional fund will be liable for following telephone instructions which it reasonably believes to be genuine. Telephone transactions may not be available if you cannot reach the funds transfer agent by telephone, whether because all telephone lines are busy or for any other reason; in such case, a shareholder would have to use the funds other procedures available to them to effect such transactions as described in the funds prospectus.

This authorization shall be effective upon its receipt by DST AMS. If any provision of this authorization is declared by any court to be illegal or invalid, the validity of the remaining parts shall not be affected thereby, and the illegal or invalid portion shall be deemed stricken from this authorization.

- I have received and read the Custodial Account Agreement (IRS Form 5305-A or 5305-RA and any attachments thereto), and the Disclosure Statement.
- I have received and read a current prospectus of the fund(s) selected in Section 4 of this Agreement and agree to its terms.
- I bear the responsibility of determining the deductibility of any contributions and acknowledge that I bear the responsibility for any commingling of monies that occurs in conjunction with TSAs, eligible 457 plans, or qualified plan rollovers.



- The IRA shall be deemed to have been accepted by State Street Bank and Trust Company upon mailing of a Morgan Stanley fund confirmation statement, and receipt by IRA owner of such confirmation statement of the purchase of Fund shares indicated herein will serve as notification of State Street Bank and Trust Company's acceptance of appointment as Custodian of IRA owner's account.
- I (we) have such knowledge and experience in financial, tax and business matters to enable me (us) to evaluate the merits and risk of an investment in the Fund and to make an informed investment decision with respect thereto.
- I am of legal age\*.
- I have caused this IRA Application to be signed on this date to evidence its adoption of the terms of the accompanying Custodial Account Agreement.

**For Non-spouse beneficiaries:**

- I understand that this IRA is an Inherited IRA, that the rollover must be completed as a direct rollover, that I must satisfy the required minimum distributions, and that I cannot make my own additional contributions to this Inherited IRA.
- I certify that this direct rollover is an eligible rollover distribution and does not include any required minimum distributions with respect to the distributing employer's plan.
- I am solely responsible for determining and withdrawing the amount of each year's required minimum distributions applicable to the Inherited IRA and I understand that the IRA Custodian will report the distributions to the Internal Revenue Service on Form 1099-R.

**Taxpayer Identification Number Certification (Substitute Form W-9).**

Citizenship of beneficial owner:

☐ U.S. CITIZEN      ☐ RESIDENT ALIEN      ☐ NONRESIDENT ALIEN\*\*

Country of permanent residence ▶ *citizenship*

By signing this application, I certify under penalties or perjury, that (1) my Social Security provided in this application is correct (or I am waiting for a number to be issued to me) and (2) I am not subject to backup withholding because (a) I am exempt from backup withholding or (b) I have been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified me that I am no longer subject to backup withholding and (3) I am a U.S. person (including a U.S. resident alien). (Please cross out item (2) or (3) above if it does not apply to you.)

**The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.**

☐ BY SIGNING THIS APPLICATION, YOU CONSENT TO DELIVERY OF ONLY ONE PROSPECTUS AND ONE SHAREHOLDER REPORT TO YOUR ADDRESS, EVEN IF MORE THAN ONE PERSON AT YOUR ADDRESS IS A SHAREHOLDER IN A FUND. BY "HOUSEHOLDING"—OR SENDING ONLY ONE PROSPECTUS AND ONE SHAREHOLDER REPORT TO YOUR ADDRESS—WE CAN REDUCE THE VOLUME OF MAIL DELIVERED TO YOUR ADDRESS. **PLEASE CHECK THIS BOX IF YOU DO NOT CONSENT TO SUCH HOUSEHOLDING AND WOULD LIKE TO RECEIVE YOUR OWN PROSPECTUSES AND SHAREHOLDER REPORTS.**

Signature of shareholder	Date
X	

\* If depositor is a minor under laws of the Depositor's state of residence, a parent or guardian must also sign the Adoption Agreement.

\*\* In order to certify your status as a nonresident alien or foreign entity, you must complete and return the appropriate IRS Form W-8. If you have not obtained a U.S. taxpayer identification number you must provide and attach one of the following: 1) passport number and county of issuance; 2) alien identification card number; or 3) number and county of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph.

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**Form  
5305-A  
[Rev. March 2002]  
Dept. of the Treasury  
Internal Revenue Service**

**Morgan Stanley Funds Traditional Individual Retirement Custodial Account  
(Under Section 408(a) of the Internal Revenue Code)**

**ARTICLE I**

1.01 Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k) or a recharacterized contribution described in section 408A(d)(6), 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**

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

**ARTICLE III**

3.01 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)).

3.02 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 IV**

4.01 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.

4.02 The Depositor's entire interest in the custodial account must be, or begin to be, distributed no later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the trust 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.

4.03 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 4.03(a)(iii) below, if longer. Any interest remaining after the 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 4.03(a)(iii) 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 4.03(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.

- (b) 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 4.03(a)(i) and 4.03(a)(ii) above (but not over the period in paragraph 4.03(a)(iii), 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 this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. 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 paragraph 4.03(a)(ii) above (but not over the period in paragraph 4.03(a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with 4.03(b)(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.

4.04 If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is other than the Depositor's surviving spouse, no additional contributions may be accepted in the account.

4.05 The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:

- (a) The required minimum distribution under paragraph 4.02(b) for any year, beginning with the year the Depositor reaches age 70½, is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the Depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph 4.05 (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.
- (b) The required minimum distribution under paragraphs 4.03(a) and 4.03(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached age 70½, if applicable under paragraph 4.03(b)(i)) 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 individual specified in such paragraphs 4.03(a) and 4.03(b)(i).
- (c) The required minimum distribution for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

4.06 The owner of two or more traditional IRAs may satisfy the minimum distribution requirements described above by taking from one traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6). **SECTION 2. Establishing of Custodial Accounts**

The Custodian shall open and maintain a Custodial Account for each eligible Employee who completes an Application; and the Custodian shall hold and administer, in accordance with the terms hereof, contributions to the Custodial Account and any gain or income from the investment thereof. The Employee shall notify the Custodian in writing of any change in name, address, or Social Security Number.

#### **ARTICLE V**

5.01 The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulation sections 1.408-5 and 1.408-6.

5.02 The Custodian agrees to submit to the Internal Revenue Service (IRS) and Depositor the reports prescribed by the IRS.

#### **ARTICLE VI**

6.01 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 inconsistent with section 408(a) and the related regulations will be invalid.

#### **ARTICLE VII**

7.01 This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the Adoption Agreement.

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## Morgan Stanley Institutional Funds Traditional IRA Custodial Account Agreement

### ARTICLE VIII

8.01 **Definitions:** As used in this Article VIII the following terms have the following meanings:

“Account” or “Custodial Account” means the Traditional Individual Retirement Account established using the terms of this Morgan Stanley Traditional Individual Retirement Account Custodial Account Agreement and the Adoption Agreement signed by the Depositor.

“Custodian” means State Street Bank and Trust Company.

“Fund” means any Morgan Stanley registered investment company which is specified in the Adoption Agreement, or which is advised, sponsored, or distributed by Sponsor; provided, however, that such a mutual fund or registered investment company must be legally offered for sale in the state of the Depositor’s residence.

“Distributor” means Morgan Stanley Distribution, Inc., the entity which has a contract with the Fund(s) to serve as distributor of the shares of such Fund(s).

In any case where there is no Distributor, the duties assigned hereunder to the Distributor may be performed by the Fund(s) or by an entity that has a contract to perform management or investment advisory services for the Fund(s).

“Service Company” means DST Asset Manager Solutions, Inc. or any entity employed by the Custodian or the Distributor, including the transfer agent for the Fund(s), to perform various administrative duties of either the Custodian or the Distributor.

In any case where there is no Service Company, the duties assigned hereunder to the Service Company will be performed by the Distributor (if any) or by an entity specified in the second preceding paragraph.

“Sponsor” means Morgan Stanley Investment Management Inc., the entity that is making Fund(s) available under this Agreement and has the power to appoint a successor custodian.

8.02 **Traditional IRA Revocation:** The Depositor may revoke the Custodial Account established hereunder by mailing or delivering a written notice of revocation to the Custodian within seven calendar days after the account is established. It will be assumed that Depositor receives the Disclosure Statement related to the Custodial Account no later than the date of the check in which Depositor established the Account. Mailed notice is treated as given to the Custodian on the date postmarked (or on the date certified or registered in the case of notice mailed by this method). Upon timely and proper revocation, the Depositor’s initial contribution will be returned, without adjustment for administrative expenses, commissions or sales charges, fluctuations in market value or other changes. If you exercise this revocation, the Service Company may invest such initial contribution in a money market fund during this 7-day revocation period and neither the Service Company nor the Custodian will have any responsibility for such investment. In addition, the Custodian is still required to report the contribution on Form 5498 (except transfers) and the revoked distribution on Form 1099-R.

8.03 **Investment Contributions:** After deduction of all appropriate fees and charges, the balance of Depositor’s contributions shall be invested as hereinafter provided. All contributions to the Custodial Account, and any dividends or capital gain distributions thereon, shall be invested and reinvested in full and fractional shares of one or more Funds for which the Service Company serves as transfer agent. All such shares shall be issued and accounted for as book entry shares, and no physical shares or share certificates will be issued. Such investments shall be made in such proportions and/or in such amounts as Depositor from time to time in the Adoption Agreement or by other written notice to the Service Company (in such form as may be acceptable to the Service Company) may direct.

The Service Company shall be responsible for promptly transmitting all investment directions by the Depositor for the purchase or sale of shares of one or more Funds hereunder for execution. However, if investment directions with respect to the investment of any contribution hereunder are not received from the Depositor as required or, if received, are unclear or incomplete in the opinion of the Service Company, the contribution will be returned to the Depositor, in either case without liability for interest or for loss of income or appreciation. If any other directions or other orders by the Depositor with respect to the sale or purchase of shares of one or more Funds for the Custodial Account are unclear or incomplete in the opinion of the Service Company, the Service Company will refrain from carrying out such investment directions or from executing any such sale or purchase, without liability for loss of income or for appreciation or depreciation of any asset, pending receipt of clarification or completion from the Depositor.

All investment directions by Depositor will be subject to any minimum initial or additional investment or minimum balance rules applicable to a Fund as described in its then effective prospectus.

In the event that any Fund held in the Custodial Account is liquidated or is otherwise made unavailable by the Sponsor as a permissible investment for a Custodial Account hereunder, the liquidation or other proceeds of such Fund shall be invested in accordance with the instructions of the Depositor; if the Depositor does not give such instructions, or if such instructions are unclear or incomplete in the opinion of the Service Company, the Service Company may invest such liquidation or other proceeds in such other Fund (including a money market fund if available) as the Sponsor designates, and neither the Service Company nor the Custodian will have any responsibility for such investment.

8.04 **Exchange of Fund Shares:** Subject to the minimum initial or additional investment, minimum balance and other exchange rules applicable to a Fund, the Depositor may at any time direct the Service Company to exchange all or a specified portion of the shares of a Fund in the Depositor's Account for shares and fractional shares of one or more other Funds. The Depositor shall give such directions in writing, by telephone, by computer or electronic notice in a form acceptable to the Service Company, and the Service Company will process such directions as soon as practicable after receipt thereof (subject to the second paragraph of Section 8.03 of this Article VIII).

8.05 **Financial Disclosure:** Any purchase or redemption of shares of a Fund for or from the Depositor's Account will be effected at the public offering price or net asset value of such Fund (as described in the then effective prospectus for such Fund) next established after the Service Company has transmitted the Depositor's investment directions to the transfer agent for the Fund(s).

Any purchase, exchange, transfer or redemption of shares of a Fund for or from the Depositor's Account will be subject to any applicable sales, redemption or other charge as described in the then effective prospectus for such Fund.

8.06 **Recordkeeping:** The Service Company shall maintain adequate records of all purchases or sales of shares of one or more Funds for the Depositor's Custodial Account. Any account maintained in connection herewith shall be in the name of the Custodian for the benefit of the Depositor. All assets of the Custodial Account shall be registered in the name of the Custodian or of a suitable nominee. The books and records of the Custodian shall show that all such investments are part of the Custodial Account.

The Custodian shall maintain or cause to be maintained adequate records reflecting transactions of the Custodial Account. In the discretion of the Custodian, records maintained by the Service Company with respect to the Account hereunder will be deemed to satisfy the Custodian's recordkeeping responsibilities therefor. The Service Company agrees to furnish the Custodian with any information the Custodian requires to carry out the Custodian's recordkeeping responsibilities.

8.07 **No Investment Advice:** Neither the Custodian nor any other party providing services to the Custodial Account will have any responsibility for rendering advice with respect to the investment and reinvestment of Depositor's Custodial Account, nor shall such parties be liable for any loss or diminution in value which results from Depositor's exercise of investment control over his Custodial Account. Depositor shall have and exercise exclusive responsibility for and control over the investment of the assets of his Custodial Account, and neither Custodian nor any other such party shall have any duty to question his directions in that regard or to advise him regarding the purchase, retention or sale of shares of one or more Funds for the Custodial Account.

8.08 **Investment Advisor Appointment:** The Depositor may, in writing, appoint an investment adviser with respect to the Custodial Account on a form acceptable to the Custodian and the Service Company. The investment adviser's appointment will be in effect until written notice to the contrary is received by the Custodian and the Service Company. While an investment adviser's appointment is in effect, the investment adviser may issue investment directions or may issue orders for the sale or purchase of shares of one or more Funds to the Service Company, and the Service Company will be fully protected in carrying out such investment directions or orders to the same extent as if they had been given by the Depositor.

The Depositor's appointment of any investment adviser will also be deemed to be instructions to the Custodian and the Service Company to pay such investment adviser's fees to the investment adviser from the Custodial Account hereunder without additional authorization by the Depositor or the Custodian.

8.09 **Withdrawal Requests:**

- (a) Distribution of the assets of the Custodial Account shall be made at such time and in such form as Depositor (or the Beneficiary if Depositor is deceased) shall elect by written order or other form acceptable to the Custodian. Depositor acknowledges that any distribution (except for distribution on account of Depositor's disability or death, return of an "excess contribution" referred to in Code Section 408(d), or a "rollover" from this Custodial Account) made earlier than age 59½ may subject Depositor to an "additional tax on early distributions" under Code Section 72(t). For that purpose, Depositor will be considered disabled if Depositor certifies to the Custodian that such distribution meets the disability requirements, as provided in Code Section 72(m)(7), that Depositor 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 be of long-continued and indefinite duration. It is the responsibility of the Depositor (or the Beneficiary) by appropriate



distribution instructions to the Custodian to insure that the distribution requirements of Code Section 401(a)(9) and Article IV above are met. Custodian assumes no responsibility to make any distribution unless and until Depositor specifies in writing or in another form acceptable to Custodian the occasion for such distribution and the elected manner of such distribution. If the Depositor (or Beneficiary) does not direct the Custodian to make distributions from the Custodial Account by the time that such distributions are required to commence in accordance with such distribution requirements, the Custodian (and Service Company) shall assume that the Depositor (or Beneficiary) is meeting the minimum distribution requirements from another individual retirement arrangement maintained by the Depositor (or Beneficiary) and the Custodian and Service Company shall be fully protected in so doing.

- (b) The Depositor acknowledges (i) that any withdrawal from the Custodial Account will be reported by the Custodian in accordance with applicable IRS requirements (currently, on Form 1099-R), (ii) that the information reported by the Custodian will be based on the amounts in the Custodial Account and will not reflect any other individual retirement accounts the Depositor may own and that, consequently, the tax treatment of the withdrawal may be different than if the Depositor had no other individual retirement accounts, and (iii) that, accordingly, it is the responsibility of the Depositor to maintain appropriate records so that the Depositor (or other person ordering the distribution) can correctly compute all taxes due. Neither Custodian nor any other party providing services to the Custodial Account assumes any responsibility for the tax treatment of any distribution from the Custodial Account; such responsibility rests solely with the person ordering the distribution.

**8.10 Responsibilities:** Custodian assumes (and shall have) no responsibility to make any distribution except upon the written order of Depositor or in any other form acceptable to Custodian (or Beneficiary if Depositor is deceased) containing such information as the Custodian may reasonably request. Also, before making any distribution from or honoring any assignment of the Custodial Account, Custodian shall be furnished with any and all applications, certificates, tax waivers, signature guarantees, releases, indemnification agreements, and other documents (including proof of any legal representative's authority) deemed necessary or advisable by Custodian, but Custodian shall not be responsible for complying with any order or instruction which appears on its face to be genuine, or for refusing to comply if not satisfied it is genuine, and Custodian has no duty of further inquiry. Any distributions from the Account may be mailed, first-class postage prepaid, to the last known address of the person who is to receive such distribution, as shown on the Custodian's records, and such distribution shall to the extent thereof completely discharge the Custodian's liability for such payment.

**8.11 Designation of Beneficiary:**

- (a) The term "Beneficiary" means the person or persons designated as such by the "designating person" (as defined below) in a form acceptable to the Custodian for use in connection with the Custodial Account, signed by the designating person, and filed with the Custodian. If, in the opinion of the Custodian or Service Company, any designation of beneficiary is unclear or incomplete, in addition to any documents or assurances the Custodian may request under Section 8.10, the Custodian or Service Company shall be entitled to request and receive such clarification or additional instructions as the Custodian or Service Company in its discretion deems necessary to determine the correct Beneficiary(ies) following the Depositor's death. The form designating the Beneficiary(ies) may name individuals, trusts, estates, or other entities as either primary or contingent beneficiaries. If the beneficiary is a non-spouse, the Custodian will permit non-spouse beneficiaries to designate beneficiaries in a form acceptable to the Custodian. However, if the designation does not effectively dispose of the entire Custodial Account as of the time distribution is to commence, the term "Beneficiary" shall then mean the designating person's spouse, if married at time of Depositor's death, otherwise to the Depositor's estate with respect to the assets of the Custodial Account not disposed of by the designation form (or as otherwise set forth in the plan document in effect at the time of death). Custodian assumes no responsibility to make any distribution unless and until Depositor specifies in writing or in another form acceptable to the Custodian the occasion for such distribution and the elected manner of such distribution. The form last accepted by the Custodian before such distribution is to commence, provided it was received by the Custodian (or deposited in the U.S. Mail or with a reputable delivery service) during the designating person's lifetime shall be controlling and, whether or not fully dispositive of the Custodial Account, thereupon shall revoke all such forms previously filed by that person.
- (b) The term "designating person" means Depositor during his/her lifetime; after Depositor's death, it also means Depositor's spouse but only if the spouse elects to treat the Custodial Account as the spouse's own Custodial Account in accordance with the applicable provisions of the Code. (Note: Married Depositors who reside in a community property or marital property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington or Wisconsin), may need to obtain spousal consent if they have not designated their spouse as the primary Beneficiary for at least half of their Account. (Consult a lawyer or other tax professional for additional information and advice.) The Depositor shall have the right, only by written notice to the Custodian (or in another form acceptable to the Custodian) to designate or to change a beneficiary to receive any benefit to which the Depositor may be entitled in the event of his death prior to the

complete distribution of the Account. Such written designation shall be on a form provided by the Custodian for such purposes, or in such other format which is acceptable to the Custodian. The Custodian may rely upon the last written, telephonic or electronic communication received at the Custodian's office which shall supersede all prior designations. Unless specifically designated otherwise by the Depositor in a form acceptable to the Custodian, death benefits shall be distributed equally among all surviving primary beneficiaries or all surviving contingent beneficiaries (should all primary beneficiaries predecease the Depositor). If no such designation is in effect upon the Depositor's death, or if the Custodian receives satisfactory proof that all such named beneficiaries have predeceased the Depositor, then the Account shall be distributed to the Depositor's spouse, if married at the time of death, otherwise to the Depositor's estate.

- (c) If the Custodian permits, in the event of the Depositor's death, any beneficiary may name a subsequent beneficiary(ies) to receive the balance of the account to which such beneficiary is entitled upon the death of the original beneficiary by notifying the Custodian of the subsequent beneficiary in a form acceptable to and filed with the Custodian. If no beneficiary designation is in effect or if none of the named beneficiaries survive the Depositor, any balance in the Depositor's account will be paid to the surviving spouse of the Depositor, if married at time of death of Depositor, otherwise, to the Depositor's estate.
- (d) Notwithstanding any provision in this Agreement to the contrary, when and after distributions from the Custodial Account to Depositor's Beneficiary commence, all rights and obligations assigned to Depositor hereunder shall inure to, and be enjoyed and exercised by, Beneficiary instead of Depositor.

#### **8.12 Information Reporting:**

- (a) The Depositor agrees to provide information to the Custodian at such time and in such manner as may be necessary for the Custodian to prepare any reports required under Section 408(i) of the Code and the regulations thereunder or otherwise.
- (b) The Custodian or the Service Company will submit reports to the Internal Revenue Service and the Depositor at such time and manner and containing such information as is prescribed by the Internal Revenue Service.
- (c) The Depositor, Custodian and Service Company shall furnish to each other such information relevant to the Custodial Account as may be required under the Code and any regulations issued or forms adopted by the Treasury Department thereunder or as may otherwise be necessary for the administration of the Custodial Account.
- (d) The Depositor shall file any reports to the Internal Revenue Service which are required of him by law (including Form 5329), and neither the Custodian nor Service Company shall have any duty to advise Depositor concerning or monitor Depositor's compliance with such requirement.

#### **8.13 Amendment:**

- (a) Depositor retains the right to amend this Custodial Account document in any respect at any time, effective on a stated date which shall be at least 30 days after giving written notice of the amendment (including its exact terms) to Custodian by registered or certified mail, unless Custodian waives notice as to such amendment. If the Custodian does not wish to continue serving as such under this Custodial Account document as so amended, it may resign in accordance with Section 8.18 below.
- (b) Depositor delegates to the Custodian the Depositor's right to amend, provided (i) the Custodian does not change the investments available under this Custodial Agreement and (ii) the Custodian amends in the same manner all agreements comparable to this one, having the same Custodian, permitting comparable investments, and under which such power has been delegated to it; this includes the power to amend retroactively, if necessary or appropriate in the opinion of the Custodian, in order to conform this Custodial Account to pertinent provisions of the Code and other laws or successor provisions of law, or to obtain a governmental ruling that such requirements are met, to adopt a prototype or master form of agreement in substitution for this Agreement, or as otherwise may be advisable in the opinion of the Custodian. Such an amendment by the Custodian shall be communicated in writing to Depositor, and Depositor shall be deemed to have consented thereto unless, within 30 days after such communication to Depositor is mailed, Depositor either
  - (i) gives Custodian a written order for a complete distribution or transfer of the Custodial Account, or
  - (ii) removes the Custodian and appoints a successor under Section 8.18 below.

Pending the adoption of any amendment necessary or desirable to conform this Custodial Account document to the requirements of any amendment to the Internal Revenue Code or regulations or rulings thereunder (including any amendment to Form 5305-A), the Custodian and the Service Company may operate the Depositor's Custodial Account in accordance with such requirements to the extent that the Custodian and/or the Service Company deem necessary to preserve the tax benefits of the Account.

- (c) Notwithstanding the provisions of subsections 8.13 (a) and (b) above, no amendment shall increase the responsibilities or duties of Custodian without its prior written consent.
- (d) This Section 8.13 shall not be construed to restrict the Custodian's right to substitute fee schedules in the manner provided by Section 8.16 below, and no such substitution shall be deemed to be an amendment of this Agreement.

**8.14 Termination:**

- (a) Custodian shall terminate the Custodial Account if this Agreement is terminated or if, within 30 days (or such longer time as Custodian may agree) after resignation or removal of Custodian under Section 8.18, Depositor or Sponsor, as the case may be, has not appointed a successor which has accepted such appointment. Termination of the Custodial Account shall be effected by distributing all assets thereof in a single payment in cash or in kind to Depositor, subject to Custodian's right to reserve funds as provided in Section 8.18.
- (b) Upon termination of the Custodial Account, or when no assets otherwise remain in the Account, this Custodial Account document shall have no further force and effect (except for Sections 8.16(f), 8.18(b) and (c) hereof which shall survive the termination of the Custodial Account and this document), and Custodian shall be relieved from all further liability hereunder or with respect to the Custodial Account and all assets thereof so distributed.

**8.15 Rollover Contributions:** The Custodian reserves the right to reject any "rollover contributions" received in kind (other than Fund shares).

**8.16 Annual Accounting and other Custodial Responsibilities:**

- (a) In its discretion, the Custodian may appoint one or more contractors or service providers to carry out any of its functions and may compensate them from the Custodial Account for expenses attendant to those functions. In the event of such appointment, all rights and privileges of the Custodian under this Agreement shall pass through to such contractors or service providers who shall be entitled to enforce them as if a named party.
- (b) The Service Company shall be responsible for receiving all instructions, notices, forms and remittances from Depositor.
- (c) The parties do not intend to confer any fiduciary duties on Custodian or Service Company (or any other party providing services to the Custodial Account), and none shall be implied. Neither shall be liable (or assumes any responsibility) for the collection of contributions, the proper amount, time or deductibility of any contribution to the Custodial Account or the propriety of any contributions under this Agreement, or the purpose, time, amount (including any minimum distribution amounts), tax treatment or propriety of any distribution hereunder, which matters are the responsibility of Depositor and Depositor's Beneficiary.
- (d) Not later than 60 days after the close of each calendar year (or after the Custodian's resignation or removal), the Custodian or Service Company shall file with Depositor a written report or reports reflecting the transactions effected by it during such period and the assets of the Custodial Account at its close. Upon the expiration of 60 days after such a report is sent to Depositor (or Beneficiary), the Custodian or Service Company shall be forever released and discharged from all liability and accountability to anyone with respect to transactions shown in or reflected by such report except with respect to any such acts or transactions as to which Depositor shall have filed written objections with the Custodian or Service Company within such 60 day period.
- (e) The Service Company or the Distributor shall deliver, or cause to be delivered, to Depositor all notices, prospectuses, financial statements and other reports to shareholders, proxies and proxy soliciting materials relating to the shares of the Fund(s) credited to the Custodial Account. No shares shall be voted, and no other action shall be taken pursuant to such documents, except upon receipt of adequate written instructions from Depositor.
- (f) Depositor shall always fully indemnify Service Company, Distributor, the Fund(s), Sponsor and Custodian and save them harmless from any and all liability whatsoever which may arise either (i) in connection with this Agreement and the matters which it contemplates, except that which arises directly out of the Service Company's, Distributor's, Fund's, Sponsor's or Custodian's bad faith, gross negligence or willful misconduct, (ii) with respect to making or failing to make any distribution, other than for failure to make distribution in accordance with an order therefor which is in full compliance with Section 8.10, or (iii) actions taken or omitted in good faith by such parties. Neither Service Company nor Custodian shall be obligated or expected to commence or defend any legal action or proceeding in connection with this Agreement or such matters unless agreed upon by that party and Depositor, and unless fully indemnified for so doing to that party's satisfaction.
- (g) The Custodian and Service Company shall each be responsible solely for performance of those duties expressly assigned to it in this Agreement, and neither assumes any responsibility as to duties assigned to anyone else hereunder or by operation of law.



- (h) Custodian and Service Company may each conclusively rely upon and shall be protected in acting upon any written order from Depositor or Beneficiary, or any investment adviser appointed under Section 8.08, or any other notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed, and so long as it acts in good faith, in taking or omitting to take any other action in reliance thereon. In addition, Custodian will carry out the requirements of any apparently valid court order relating to the Custodial Account and will incur no liability or responsibility for so doing.

#### 8.17 **Custodian's Fees and Expenses:**

- (a) The Custodian, in consideration of its services under this Agreement, shall have the right to assess fees. Such fees will be specified on the applicable Custodial Account Fee Schedule. The fee schedule originally applicable shall be the one specified in the Adoption Agreement or the Disclosure Statement, as applicable. The Custodian may substitute a different fee schedule at any time upon 30 days' written notice to Depositor. The Custodian shall also receive reasonable fees for any services not contemplated by any applicable fee schedule and either deemed by it to be necessary or desirable or requested by Depositor.
- (b) Any income, gift, estate and inheritance taxes and other taxes of any kind whatsoever, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the Custodial Account, that may be levied or assessed in respect to such assets, and all other administrative expenses incurred by the Custodian in the performance of its duties (including fees for legal services rendered to it in connection with the Custodial Account) shall be charged to the Custodial Account. If the Custodian is required to pay any such amount, the Depositor (or Beneficiary) shall promptly upon notice thereof reimburse the Custodian.
- (c) All such fees and taxes and other administrative expenses charged to the Custodial Account shall be collected either from the amount of any contribution or distribution to or from the Account, or (at the option of the person entitled to collect such amounts) to the extent possible under the circumstances by the conversion into cash of sufficient shares of one or more Funds held in the Custodial Account (without liability for any loss incurred thereby). Notwithstanding the foregoing, the Custodian or Service Company may make demand upon the Depositor for payment of the amount of such fees, taxes and other administrative expenses. Fees which remain outstanding after 60 days may be subject to a collection charge.

#### 8.18 **Resignation and Removal of Custodian:**

- (a) Upon 30 days' prior written notice to the Custodian, Depositor or Sponsor, as the case may be, may remove it from its office hereunder. Such notice, to be effective, shall designate a successor custodian and shall be accompanied by the successor's written acceptance. The Custodian also may at any time resign upon 30 days' prior written notice to Sponsor, whereupon the Sponsor shall notify the Depositor (or Beneficiary) and shall appoint a successor to the Custodian. In connection with its resignation hereunder, the Custodian may, but is not required to, designate a successor custodian by written notice to the Sponsor or Depositor (or Beneficiary), and the Sponsor or Depositor (or Beneficiary) will be deemed to have consented to such successor unless the Sponsor or Depositor (or Beneficiary) designates a different successor custodian and provides written notice thereof together with such a different successor's written acceptance by such date as the Custodian specifies in its original notice to the Sponsor or Depositor (or Beneficiary) (provided that the Sponsor or Depositor (or Beneficiary) will have a minimum of 30 days to designate a different successor).
- (b) The successor custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury under Code Section 408(a)(2). Upon receipt by Custodian of written acceptance by its successor of such successor's appointment, Custodian shall transfer and pay over to such successor the assets of the Custodial Account and all records (or copies thereof) of Custodian pertaining thereto, provided that the successor custodian agrees not to dispose of any such records without the Custodian's consent. Custodian is authorized, however, to reserve such sum of money or property as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the successor custodian.
- (c) Any Custodian shall not be liable for the acts or omissions of its predecessor or its successor.

8.19 **Internal Revenue Code:** References herein to the "Internal Revenue Code" or "Code" and sections thereof shall mean the same as amended from time to time, including successors to such sections.

8.20 **Notice of Provision Requirements:** Except where otherwise specifically required in this Agreement, any notice from Custodian to any person provided for in this Agreement shall be effective if sent by first-class mail to such person at that person's last address on the Custodian's records.

- 8.21 **Prohibited Transactions:** Depositor or Depositor's Beneficiary shall not have the right or power to anticipate any part of the Custodial Account or to sell, assign, transfer, pledge or hypothecate any part thereof. The Custodial Account shall not be liable for the debts of Depositor or Depositor's Beneficiary or subject to any seizure, attachment, execution or other legal process in respect thereof except to the extent provided by law. At no time shall it be possible for any part of the assets of the Custodial Account to be used or diverted for purposes other than for the exclusive benefit of the Depositor or his/her Beneficiary except to the extent provided by law.
- 8.22 **Applicable Law:** When accepted by the Custodian, this agreement is accepted in and shall be construed and administered in accordance with the laws of the state where the principal office of the Custodian is located. Any action involving the Custodian brought by any other party must be brought in such state.
- This Agreement is intended to qualify under Code Section 408(a) as an individual retirement custodial account and to entitle Depositor to the retirement savings deduction under Code Section 219 if available, and if any provision hereof is subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with that intent.
- However, Custodian shall not be responsible for whether or not such intentions are achieved through use of this Agreement, and Depositor is referred to Depositor's attorney for any such assurances.
- 8.23 **Legal Advice:** Depositor should seek advice from Depositor's attorney regarding the legal consequences (including but not limited to federal and state tax matters) of entering into this Agreement, contributing to the Custodial Account, and ordering Custodian to make distributions from the Account. Depositor acknowledges that Custodian and Service Company (and any company associated therewith) are prohibited by law from rendering such advice.
- 8.24 **Acceptance:** This Custodial Account Agreement and the Adoption Agreement signed by the Depositor (as either may be amended) are the documents governing the Depositor's Custodial Account. The acceptance of this Custodial Account Agreement by the Depositor is indicated by Depositor's signature in the related Adoption Agreement. Articles I through VII of this Agreement are in the form promulgated by the Internal Revenue Service as Form 5305-A. It is anticipated that, if and when the Internal Revenue Service promulgates changes to Form 5305-A, the Custodian will amend this Agreement correspondingly, and the Depositor specifically consents to such amendment in accordance with Section 8.13(b) hereof.
- 8.25 **Depositor Representations:** The Depositor acknowledges that he or she has received and read the current prospectus for each Fund in which his or her account is invested and the Individual Retirement Account Disclosure Statement related to the Account. The Depositor represents under penalties of perjury that his or her Social Security number (or other Taxpayer Identification Number) as stated in the Adoption Agreement is correct. The acceptance of this Custodial Account Agreement by the Depositor is indicated by Depositor's signature in the related Adoption Agreement.
- 8.26 **Written Communications:** If any provision of any document governing the Custodial Account provides for notice, instructions or other communications from one party to another in writing, to the extent provided for in the procedures of the Custodian, Service Company or another party, any such notice, instructions or other communications, may be given by telephonic, computer, other electronic or other means, and requirement for written notice will be deemed satisfied.
- 8.27 **Death Benefit Default Provision:** If the Depositor dies and the beneficiary does not select a method of distribution described in Article IV, Section 4.02(a) by the December 31st following the year of the Depositor's death, then distributions will be made pursuant to the single life expectancy of the Designated Beneficiary determined in accordance with IRS regulations. However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the Account.
- 8.28 **2002 Required Minimum Distributions:** Unless the Custodian provides otherwise, if a beneficiary is subject to required minimum distributions for calendar year 2002, such individual may elect to apply the 1987 proposed regulations, the 2001 proposed regulations, or the 2002 final regulations in determining the amount of the 2002 required minimum. However, the Custodian, in its sole discretion, reserves the right to perform any required minimum distribution calculations through its data systems or otherwise based upon any of the three sets of regulations delineated in the previous sentence.
- 8.29 **Custodial Acceptance:** If all required forms and information are properly submitted, State Street Bank and Trust Company will accept appointment as Custodian of the Depositor's Account. However, this Agreement (and the Adoption Agreement) is not binding upon the Custodian until the Depositor has received a statement confirming the initial transaction for the Account. Receipt by the Depositor of a confirmation of the purchase of the Fund shares indicated in the Depositor's Adoption Agreement will serve as notification of State Street Bank and Trust Company's acceptance of appointment as Custodian of the Depositor's Account.

- 8.30 **Depositor is a Minor:** If the Depositor is a minor under the laws of his or her state of residence, then a parent or guardian shall exercise all powers and duties of the Depositor, as indicated herein, and shall sign the Adoption Agreement on behalf of the minor. The Custodian's acceptance of the Account on behalf of any Depositor who is a minor is expressly conditioned upon the agreement of the parent or guardian to accept the responsibility to exercise all such powers and duties, and all parties hereto so acknowledge. Upon attainment of the age of majority under the laws of the Depositor's state of residence at such time, the Depositor may advise the Custodian in writing (accompanied by such documentation as the Custodian may require) that he or she is assuming sole responsibility to exercise all rights, powers, obligations, responsibilities, authorities or requirements associated with the Account. Upon such notice to the Custodian, the Depositor shall have and shall be responsible for all of the foregoing, the Custodian will deal solely with the Depositor as the person controlling the administration of the Account, and the Depositor's parent or guardian thereafter shall not have or exercise any of the foregoing. (Absent such written notice from the Depositor, Custodian shall be under no obligation to acknowledge the Depositor's right to exercise such powers and authority and may continue to rely on the parent or guardian to exercise such powers and authority until notified to the contrary by the Depositor.)

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## Morgan Stanley Institutional Funds Traditional IRA Disclosure Statement

### RIGHT TO REVOKE YOUR IRA ACCOUNT

You may revoke your IRA within 7 days after you sign the IRA Adoption Agreement by hand-delivering or mailing a written notice to the name and address indicated on the IRA Adoption Agreement. If you revoke your account by mailing a written notice, such notice must be postmarked by the 7th day after you sign the Adoption Agreement. If you revoke your IRA within the 7 day period you will receive a refund of the entire amount of your contributions to the IRA without any adjustment for earnings or any administrative expenses. If you exercise this revocation, we are still required to report the contribution on Form 5498 (except transfers) and the revoked distribution on Form 1099-R.

### GENERAL REQUIREMENTS OF A TRADITIONAL IRA

- Your contributions must be made in cash, unless you are making a rollover or transfer contribution and the Custodian accepts non-cash rollover or transfer contributions.
- The annual contributions you make on your behalf may not exceed the lesser of 100% of your compensation or the "applicable annual dollar limitation" (defined below), unless you are making a rollover, transfer, or SEP contribution. If contributions are being made under an employer's SIMPLE Retirement Plan, you must establish a separate SIMPLE-IRA document to which only SIMPLE contributions may be made. This type of IRA is called a "SIMPLE-IRA." "SIMPLE-IRA" contributions may not be made into this account. Roth IRA contributions may not be made into this account.
- Regular, annual contributions cannot be made for any year beginning the year you attain the age of 70½.
- Your regular annual contributions for any taxable year may be deposited at any time during that taxable year and up to the due date for the filing of your Federal income tax return for that taxable year, no extensions. This generally means April 15th of the following year.
- The Custodian of your IRA must be a bank, savings and loan association, credit union or a person who is approved to act in such a capacity by the Secretary of the Treasury.
- No portion of your IRA funds may be invested in life insurance contracts.
- Your interest in your IRA is nonforfeitable at all times.
- The assets in your IRA may not be commingled with other property except in a common trust fund or common investment fund.
- You may not invest the assets of your IRA in collectibles (as described in Section 408(m) of the Internal Revenue Code). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property specified by the IRS. However, if the Custodian permits, specially minted US gold, silver and platinum coins and certain state-issued coins are permissible IRA investments. You may also invest in certain gold, silver, platinum or palladium bullion. Such bullion must be permitted by the Custodian and held in the physical possession of the IRA Custodian.
- Your interest in your IRA must begin to be distributed to you by April 1st following the calendar year you attain the age of 70½. The methods of distribution, election deadlines, and other limitations are described in detail below.

### WHO IS ELIGIBLE TO ESTABLISH A TRADITIONAL IRA

You are permitted to make a regular contribution to your IRA for any taxable year prior to the taxable year you attain age 70½, and if you receive compensation for such taxable year. Compensation includes salaries, wages, tips, commissions, bonuses, alimony, and "earned income" in the case of self-employed individuals. Members of the Armed Forces who serve in combat zones who receive compensation that is otherwise non-taxable, are considered to have taxable compensation for purposes of making regular IRA Contributions. The amount of your regular, annual contribution that is deductible depends upon: whether you are an active

participant in a retirement plan maintained by your employer; your modified adjusted gross income (Modified AGI); your marital status; and your tax filing status.

#### ACTIVE PARTICIPANT

You are considered an active participant if you participate in your employer's qualified pension, profit-sharing, or stock bonus plan qualified under Section 401(a) of the Internal Revenue Code ("the Code"); qualified annuity under Section 403(a) of the Code; a simplified employee pension plan (SEP) under Section 408(k) of the Code; a retirement plan established by a government for its employees (this does not include a Section 457 plan); tax-sheltered annuities (TSA) or custodial accounts under Section 403(b) of the Code; pre-1959 pension trusts under Section 501(c)(18) of the Code; and SIMPLE retirement plans under Section 408(p) of the Code.

If you are not sure whether you are covered by an employer-sponsored retirement plan, check with your employer or check your Form W-2 for the year in question. The W-2 form will have a check in the "retirement plan" box if you are covered by a retirement plan. You can also obtain IRS Notice 87-16 for more information on active participation in retirement plans for IRA deduction purposes.

#### CONTRIBUTIONS

**Regular contributions**—The maximum amount you may contribute for any one year is the lesser of 100% of your compensation or the "applicable annual dollar limitation" described below. This is your contribution limit. The deductibility of regular IRA contributions depends upon your marital status, tax filing status, whether you are an "active participant" and your Modified AGI.

##### Applicable Annual Dollar Limitation

Tax Year	Contribution Limit
2001	\$2,000
2002 through 2004	\$3,000
2005 through 2007	\$4,000
2008	\$5,000

After 2008, the \$5,000 annual limit will be subject to cost-of living increases in increments of \$500, rounded to the lower increment. This means that it will take several years beyond 2008 for the \$5,000 annual limit to increase to \$5,500.

**Catch-up contributions**—Beginning for 2002, if an individual has attained the age of 50 before the close of the taxable year for which an annual contribution is being made and meets the other eligibility requirements for making regular traditional IRA contributions, the annual IRA contribution limit for that individual would be increased as follows:

Tax Year	Normal Limit	Additional Catch-up	Total Contribution
2002	\$3,000	\$500	\$3,500
2003	\$3,000	\$500	\$3,500
2004	\$3,000	\$500	\$3,500
2005	\$4,000	\$500	\$4,500
2006	\$4,000	\$1,000	\$5,000
2007	\$4,000	\$1,000	\$5,000
2008	\$5,000	\$1,000	\$6,000

The additional catch-up amount for traditional IRAs is not subject to COLAs. Therefore, after 2008 when the \$5,000 normal limit increases to \$5,500 due to COLAs, the additional catch-up amount will remain at \$1,000 with no further increases to the catch-up amount.

**Special IRA Catch-up Contribution for Certain Section 401(k) Participants**—Special IRA catch-up contributions of up to \$3,000 are permitted for each of years 2007, 2008, and 2009. To be eligible for this special catch-up IRA contribution, the individual must have been a participant in an employer's section 401(k) plan in which employer-matching contributions were being made at the rate of at least 50% of the participant's deferrals with employer stock, such employer is in bankruptcy and is subject to an indictment or conviction, and the individual must have been a plan participant 6 months before the bankruptcy. The individual is not required to be age 50 in order to take advantage of this rule. However, if the individual is age 50 or over, he or she may not contribute the age 50 catch-up amount in addition to this special catch-up.

The deadline for making such special catch-up contributions is the normal deadline for the applicable year. For example, an eligible individual takes advantage of this rule for calendar year 2008. The normal regular IRA contribution limit for 2008 is \$5,000 and the normal age-50 catch-up contribution limit for 2008 is \$1,000. The eligible individual could contribute the \$5,000 normal limit plus a special catch-up contribution of \$3,000 for a total of \$8,000. The deadline for making this contribution is the 2008 tax filing deadline, not including extensions.

**Deductibility for Nonactive Participants**—If you (and your spouse) are not an active participant, then the applicable annual dollar limitation is also your deduction limit for Federal income tax purposes.

#### **Deductibility for Active Participants:**

**Unmarried or Married Active Participant**—The amount of your IRA deduction depends upon your Modified Adjusted Gross Income (MAGI) for the taxable year. If your MAGI is below a certain amount, you can deduct the entire contribution. If your MAGI is above a certain amount, you cannot deduct any of the contribution. If your MAGI is between certain amounts, you may be entitled to a partial deduction. Any contributions that you cannot deduct because of the active participation rules are called nondeductible contributions and you must report these contributions to the IRS on Form 8606. Refer to the chart below for the MAGI ranges. Also refer to IRS Publication 590 for additional information.

**Married Active Participant Filing a Separate Return (who lived together at any time during the year)**—If you have a separate Modified AGI of more than \$10,000 no deduction is permitted if either you or your spouse was an active participant for the year. If you or your Spouse's separate Modified AGI is more than \$0 but less than \$10,000, then each spouse's deductible limit is reduced for every \$1 of Modified AGI between \$0 and \$10,000.

**Deductibility of Regular Contributions For Tax Years After 1997**—For contributions made for taxable years beginning after 12/31/97, the AGI dollar ranges for certain active participants in employer-sponsored plans are as follows:

	<b>Married Participants Filing Jointly</b>	<b>Single Participants</b>	<b>Married Filing Participants Separately*</b>
1998	\$50,000 - \$60,000	\$30,000 - \$40,000	\$0 - \$10,000
1999	\$51,000 - \$61,000	\$31,000 - \$41,000	\$0 - \$10,000
2000	\$52,000 - \$62,000	\$32,000 - \$42,000	\$0 - \$10,000
2001	\$53,000 - \$63,000	\$33,000 - \$43,000	\$0 - \$10,000
2002	\$54,000 - \$4,000	\$34,000 - \$44,000	\$0 - \$10,000
2003	\$60,000 - \$ 70,000	\$40,000 - \$50,000	\$0 - \$10,000
2004	\$65,000 - \$75,000	\$45,000 - \$55,000	\$0 - \$10,000
2005	\$70,000 - \$80,000	\$50,000 - \$60,000	\$0 - \$10,000
2006	\$75,000 - \$85,000	\$50,000 - \$60,000	\$0 - \$10,000
2007	\$83,000 - \$103,000	\$52,000 - \$62,000	\$0 - \$10,000
2008	\$85,000 - \$105,000	\$53,000 - \$63,000	\$0 - \$10,000

*\* This AGI dollar range also applies to a nonactive participant spouse who files separately, where his or her spouse is an active participant.*

**Special Deduction Rule for Spouse Who is not an Active Participant**—In the case where an IRA participant is not an active participant in an employer plan at any time during a taxable year but whose spouse is an active participant, a special AGI range applies in calculating the nonactive participant's IRA deduction. In this case, the AGI range for deductible IRA contributions is \$150,000 - \$160,000 for years prior to 2007 and the AGI range is \$156,000 - \$166,000 for 2007 and \$159,000 - \$169,000 for 2008. However, in order to use this special deduction rule, such spouse must file a joint income tax return with their spouse who is the active participant.

**Spousal IRAs**—If during any year you receive compensation and your spouse receives no compensation (or receives compensation), you may make contributions to both your IRA and your spouse's IRA. If you are eligible then you may contribute 100% of your combined compensation divided any way you wish so long as no more than the applicable annual dollar limitation is contributed into either account. You and your spouse must file a joint tax return and have unequal compensations to take advantage of this spousal contribution limit.



If you are over the age of 70½ and your spouse is under age 70½, then a regular contribution may still be made for the year into the IRA established by your spouse. Such contribution, however, is limited to the lesser of 100% of your combined compensation or the applicable annual dollar limitation.

If you or your spouse are an active participant in an employer-sponsored plan, then the IRA deduction for your IRA contribution and your spouse's IRA contribution is based upon the AGI "phase-out" ranges in exactly the same manner as the phase-out under the "Married Active Participant Filing Joint Tax Returns" or under the "Special Deduction Rule for Spouse Who is not an Active Participant," whichever applies, as explained above.

**\$200 Minimum Deduction**—If you fall into any of the categories listed above, your minimum allowable deduction will be \$200 until phased out under the appropriate marital status. In other words, if your deductible amount calculated under the appropriate dollar amounts above results in a deduction between \$0 and \$200, your permitted deduction is \$200 instead of the calculated deduction.

**Nondeductible IRA Contributions**—You may make a nondeductible IRA contribution in one of two ways. First, you are permitted to treat any regular IRA contributions that are not deductible due to your active participation status as explained above as nondeductible contributions. Second, you are permitted to treat an otherwise deductible IRA contribution as a nondeductible contribution. Your total contribution for the year however, is still limited to the lesser of 100% of your compensation or the applicable annual dollar limitation.

Nondeductible IRA contributions represent money in your IRA that has already been taxed. Therefore, when you receive a distribution from any of your traditional IRAs (including SEP IRAs and SIMPLE IRAs), a portion of each distribution will be treated as a tax-free return of your nondeductible contributions. You are responsible for indicating the amount of nondeductible IRA contributions you make for a year on IRS Form 8606 which is attached to your Federal income tax return. You should also be aware that there is a penalty of \$100 if you should overstate the nondeductible amount unless you can show it was due to a reasonable cause. There is also a \$50 penalty if you do not file the IRS Form 8606 for years that you are required to do so.

If you make a nondeductible IRA contribution for a year and you decide not to treat it as a nondeductible contribution, you must withdraw the contribution plus earnings attributable to the nondeductible contribution on or before the tax filing deadline, including extensions, for the year during which the contribution was made. You may not take a deduction for such amounts. Such earnings will be taxable to you in the year in which the contribution was made and may be subject to the 10% additional tax if you are under the age of 59½.

**Special Rule for Qualified Reservist Distributions**—Qualified Reservist Distributions are eligible to be repaid to an IRA within a 2-year period after the end of active duty. A Qualified Reservist Distribution is a distribution received from an IRA by members of the National Guard or reservists who are called to active duty for a period of at least 180 days and such distribution is taken during the period of such active duty. This provision is retroactively effective with respect to distributions after September 11, 2001, for individuals called to active duty after September 11, 2001, and before December 31, 2007. However, the 2-year repayment period does not end until August 17, 2008, for those distributions whose 2-year period has already expired. The repayments are not treated as rollovers. Note that such qualified reservist distributions are not subject to the 10% early distribution tax. In June 2008, the Heroes Earning Assistance and Relief Tax Act extended the opportunity to make Qualified Reservist Distributions to individuals called to active duty on and after December 31, 2007.

**Simplified Employee Pension Plan (SEP) Contributions**—Your employer may make a SEP contribution, on your behalf, into this IRA at up to 25% of your compensation not to exceed a specified dollar limit. This limit is a per-employer limit. Therefore, if you work for more than one employer who maintains a SEP, you may receive up to 25% of your compensation from each employer not to exceed a specified dollar limit. Your employer may contribute to this IRA or any other IRA on your behalf under a SEP even if you are age 70½ or over, and even if you are covered under a qualified plan for the year.

In calculating a SEP contribution, there is a limitation on the maximum compensation that can be considered and this compensation limit is subject to cost-of-living adjustments. For 2007, the maximum compensation limit is \$225,000 and for 2008 it is \$230,000. For 2006, the maximum compensation limit is \$220,000 and for 2007 it is \$225,000. For 2007, the maximum SEP contribution limit is \$45,000 and for 2008 it is \$46,000.

## EXCESS CONTRIBUTIONS

Generally, an excess IRA contribution is any contribution that exceeds the applicable contribution limits, and such excess contribution is subject to a 6% excise tax penalty on the principal amount of the excess each year until the excess is corrected. You must file IRS Form 5329 to report this excise tax.

**Method #1: Withdrawing Excess in a Timely Manner**—This 6% excise tax may be avoided if the excess amount plus the earnings attributable to the excess are distributed by your tax filing deadline including extensions for the year during which the excess contribution was made, and you do not take a deduction for such excess amount. If you decide to correct your excess in

this manner, the principal amount of the excess returned to you is not taxable, however, the earnings attributable to the excess are taxable to you in the year in which the contribution was made. In addition, if you are under age 59½, the earnings attributable are subject to a 10% additional tax on premature distributions. This is the only method of correcting an excess contribution that will avoid the 6% excise tax!

**Method #2: Withdrawing Excess After Tax Filing Due Date**—If you do not correct your excess contribution under Method #1 prescribed above, then you may withdraw the principal amount of the excess (no earnings need be distributed). The 6% excise tax penalty will, however, apply first to the year in which the excess was made and each subsequent year until it is withdrawn.

**Excess Amount May be Taxable**—If the principal amount of your excess contribution is withdrawn after your tax-filing deadline for the year during which the contribution was made in accordance with Method #2, it is not taxable unless the total amount of contributions you made during the year the excess was made exceeded the applicable annual dollar limitation. If the aggregate contribution is greater than the applicable annual dollar limitation, the principal amount of the excess withdrawn under Method #2 is taxable and is subject to the 10% additional tax if you are not yet age 59½.

**Method #3: Undercontributing in a Subsequent Year**—Another method of correcting an excess contribution is to treat a prior year excess as a regular contribution in a subsequent year where you have an unused contribution limit for such subsequent year. Basically, all you do is undercontribute in the first subsequent year where you have an unused contribution limit until your excess amount is used up. However, once again, you will be subject to the 6% excise tax penalty in the first year and each subsequent year on any excess contribution that remains as of the end of each year.

## **ROLLOVERS AND RECHARACTERIZATIONS**

**Rollover Contribution from Another Traditional IRA**—A rollover from another traditional IRA is any amount you receive from one traditional IRA and within 60 days redeposit (roll over) some or all of it over into another traditional IRA. You are not required to roll over the entire amount received from the first traditional IRA. However, any amount you do not roll over will be taxed at ordinary income tax rates for Federal income tax purposes and may be subject to the 10% additional tax on early distributions.

### **The following special rules also apply to rollovers between IRAs:**

- The rollover must be completed no later than the 60th day after the day the distribution was received by you from the first IRA. However, if the reason for distribution was for qualified first-time home buyer expenses and there has been a delay or cancellation in the acquisition of such first home, the 60-day rollover period is increased to 120 days. This 60-day rollover period is also extended in cases of disaster or casualty beyond the reasonable control of the taxpayer.
- You may have only one IRA to IRA rollover during a 12 consecutive month period measured from the date you received a distribution from an IRA which was rolled over to another IRA. Trustee to trustee transfers are not subject to the 12-month rule. (See IRS Publication 590 for more information).
- The same property you receive in a distribution from the first IRA must be the same property you roll over into the second IRA. For example, if you receive a distribution from an IRA of property, such as stocks, that same stock must be the property that is rolled over into the second IRA.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to receive a complete distribution from your IRA in order to make a rollover contribution into another IRA, nor are you required to roll over the entire amount you received from the first IRA into the second IRA.
- If you inherit an IRA due to the death of the participant, you may not roll this IRA into your own IRA unless you are the spouse of the deceased IRA participant.
- If you are age 70½ or older and wish to roll over to another IRA, you must first satisfy the required minimum distribution for that year from the first IRA and then the rollover of the remaining amount may be made to the second IRA.
- Rollovers from a SEP IRA or an Employer IRA follow the IRA to IRA rollover rules since your contributions under these types of plans are funded directly into your own traditional IRA.

**Special Rollover Rules for Qualified Hurricane Distributions**—Qualified Hurricane Distributions withdrawn from an IRA are eligible for repayment to an IRA within a 3-year period after the eligible individual received such distribution. Amounts repaid are treated as a qualified rollover. More information on Qualified Hurricane Distributions and other tax relief provisions applicable to affected individuals of Hurricanes Katrina, Rita or Wilma is in IRS Publication 4492. Taxpayers using these tax relief provisions must file Form 8915 with his or her Federal income tax return.

**Rollovers From SIMPLE IRA Plans**—A SIMPLE IRA is a separate IRA that may only receive contributions under an employer-sponsored SIMPLE IRA Retirement Plan. These contributions must remain segregated in a SIMPLE IRA account for a two-year period measured from the initial contribution made into your SIMPLE IRA under the employer's SIMPLE IRA plan. A rollover or transfer from a SIMPLE IRA to any other IRA may not occur until this initial two-year period has been satisfied. Rollovers

or transfers between SIMPLE IRA plans are permitted without waiting the two-year period. All of the IRA to IRA rollover rules generally apply to rollovers between SIMPLE IRAs.

**Recharacterizations**—You may be able to recharacterize certain contributions under the following two different circumstances:

1. By recharacterizing a current-year regular-contribution, plus earnings, as explained in this section; or
2. By recharacterizing a conversion made to a Roth IRA by transferring the amount, plus earnings, back to a traditional IRA discussed in the next section under the heading “Conversion from a Traditional IRA to a Roth IRA.”

If you decide by your tax filing deadline (including extensions) of the year for which the contribution was made to transfer a current year contribution plus earnings from your traditional IRA to a Roth IRA, no amount will be included in your gross income as long as you did not take a deduction for the amount of the contribution. You may also recharacterize a current year contribution plus earnings from your Roth IRA to a traditional IRA by your tax filing deadline including extensions of the year for which the contribution was made. A regular contribution that is appropriately recharacterized from your Roth IRA to a traditional IRA may be deductible depending upon the deductibility rules previously discussed. In order to recharacterize a regular contribution from one type of IRA to another type of IRA, you must be eligible to make a regular contribution to the IRA to which the contribution plus earnings is recharacterized. All recharacterizations must be accomplished as a direct transfer, rather than a distribution and subsequent rollover. You are also required to report recharacterizations to the IRS in accordance with the instructions to IRS Form 8606. Any recharacterized contribution (whether a regular contribution or a conversion) cannot be revoked after the transfer. You are required to notify both trustees (or custodians) and to provide them with certain information in order to properly effectuate such a recharacterization.

**Conversion from a Traditional IRA to a Roth IRA**—You are permitted to make a qualified rollover contribution from a traditional IRA to a Roth IRA if your Modified AGI (not including the taxable amount converted) for the year during which the distribution is made does not exceed \$100,000 and you are not a married person filing a separate tax return. This is called a “conversion” and may be done at any time without waiting the usual 12 months. Modified AGI for purposes of a conversion does not include any distributions from a traditional IRA that are converted to a Roth IRA and included in income. Modified AGI is determined before deductible traditional IRA contributions. Effective for distributions after December 31, 2004, modified AGI also does not include any amounts that are required minimum distributions pursuant to section 408(a)(6), but only for purposes of determining eligibility for conversion contributions.

You are also permitted to recharacterize a conversion made to a Roth IRA if the amount plus earnings is transferred back to a traditional IRA before the tax filing deadline including extensions for the year that the original conversion came from a traditional IRA. Effective for tax years after 2009, the \$100,000 income requirement is eliminated.

**Taxation in Completing a Conversion from a Traditional IRA to a Roth IRA**—If you complete a conversion from a traditional IRA to a Roth IRA, the conversion amount (to the extent taxable) is included in your gross income for the year during which the distribution is made from your traditional IRA that is converted to a Roth IRA. However, the 10% additional income tax for premature distributions does not apply.

**Reconversions**—Once an amount has been properly converted, and is then recharacterized back to a traditional IRA, any subsequent conversion of that amount is called a “reconversion.” You may reconvert an amount at any time after the later of (1) the tax year following the tax year during which the original conversion of that amount occurred; or (2) 30 days following the date that the original conversion of that amount was recharacterized back to a traditional IRA. Since adverse tax consequences could arise, it is recommended that you seek the advice of your own tax advisor.

**Qualified Rollover Contribution**—This term includes: (a) Rollovers between Roth IRA accounts; and (b) Traditional IRA to a Roth IRA. Qualified Rollovers must meet the general IRA rollover rules, except that the 12-month rollover restriction does not apply to rollovers (conversions) between a traditional IRA and a Roth IRA. However, the 12-month rule does apply to rollovers between Roth IRAs. Rollovers from employer-sponsored plans, such as qualified plans and 403(b)s, to a Roth IRA are not permitted. However, you could roll over from the employer’s plan to a traditional IRA, and then roll over (convert) to a Roth IRA if you meet the conversion eligibility requirements discussed earlier.

**Employer-Sponsored Plans Eligible for Rollovers to Traditional IRAs**—Rollovers to traditional IRAs are permitted if you have received an eligible rollover distribution from one of the following:

- A qualified plan under Section 401(a);
- A qualified annuity under Section 403(a);
- A Tax-Sheltered Annuity (TSA) or Custodial Account under Section 403(b);
- A governmental section 457(b) plan; or
- The Federal Employees’ Thrift Savings Plan.



Notwithstanding the foregoing, an eligible rollover distribution from a Roth Elective Deferral Account can be rolled over only to a Roth IRA or another accepting employer's plan.

**Eligible Rollover Distributions**—An eligible rollover distribution from one of the employer-sponsored plans listed above generally include any distribution that is not:

1. part of a series of substantially equal payments that are made at least once a year and that will last for:
  - your lifetime (or your life expectancy), or
  - your lifetime and your beneficiary's lifetime (or joint life expectancies), or
  - a period of ten years or more.
2. attributable to your required minimum distribution for the year
3. amounts attributable to any hardship distribution
4. deemed distributions of any defaulted participant loan
5. certain corrective distributions and ESOP dividends

**Rollovers of After-Tax Employee Contributions**—Beginning for eligible rollover distributions you receive after December 31, 2001, you can roll over your after-tax employee contributions to a traditional IRA either as a 60-day rollover or as a direct rollover. If you roll over your after-tax employee contributions to a traditional IRA, you are required to keep track of these amounts as required by the IRS according to their instructions. This will enable you to calculate the nontaxable amount of any future distributions from your traditional IRAs. Once you roll over your after-tax employee contributions to a traditional IRA, these amounts cannot later be rolled over to an employer plan.

**Direct Rollover to Another Plan**—You can elect a direct rollover of all or any portion of your payment that is an “eligible rollover distribution,” as described above. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to a traditional IRA or another employer plan that accepts rollovers. If you elect a direct rollover, you are not taxed on the payment until you later take it out of the IRA or the employer plan, and you will not be subject to the 20% mandatory Federal income tax withholding otherwise applicable to Eligible Rollover Distributions that are paid directly to you. Your employer is required to provide you with a Notice regarding the effects of electing or not electing a direct rollover to an IRA or another employer plan. Although a direct rollover is accomplished similar to a transfer, the IRA Custodian must report the direct rollover on Form 5498 as a rollover contribution.

**Eligible Rollover Distribution Paid to You**—If you choose to have your eligible rollover distribution paid to you (instead of electing a direct rollover), you will receive only 80% of the payment, because the plan administrator is required to withhold 20% of the payment and send it to the IRS as federal income tax withholding to be credited against your taxes. However, you may still roll over the payment to an IRA within 60 days after receiving the distribution. The amount rolled over will not be taxed until you take it out of the IRA. If you want to roll over 100% of the payment to an IRA, you must replace the 20% that was withheld from other sources. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over. In either event, the 20% that was withheld can be claimed on your federal income tax return as a credit toward that year's tax liability.

**Conduit IRAs**—A direct rollover (or rollover within 60 days) of any eligible rollover distribution may generally be treated as a “Conduit IRA,” provided that a separate IRA is established for purposes of retaining the ability to later roll these funds back into an employer's plan that accepts the rollover. The conduit IRA need not be completely distributed in order for a rollover back to an employer's plan that accepts rollovers. In addition, a surviving spouse may also treat such conduit IRA for purposes of rolling over into the surviving spouse's employer plan that accepts rollovers.

**Rollovers from Traditional IRAs into Employer-Sponsored Plans**—Beginning for distributions made after December 31, 2001, traditional IRAs are permitted to be rolled over into an employer's plan. The employer's plan must accept these types of rollovers. The maximum amount that can be rolled over from a traditional IRA to an employer's plan that accepts these rollovers cannot exceed the amount that would be taxable. Any amount in a traditional IRA that represents the principal amount of a nondeductible IRA contribution or a rollover of after-tax employee contributions to a traditional IRA may not be rolled over to an employer's plan. The types of IRAs that can be rolled over to an employer's plan that accepts these rollovers include regular traditional IRAs, rollover “conduit” IRAs, SEP IRAs and SIMPLE IRAs (after the two-year waiting period has been satisfied applicable to SIMPLE IRAs). In determining the maximum amount eligible to be rolled over from an IRA to an employer's plan, you must treat all of these types of IRAs as one IRA. Only the taxable amount is eligible to be rolled over. If you are interested in rolling over your traditional IRAs into your employer's plan, you should contact the plan administrator of your employer's plan for additional information.

**Special Rules for Surviving Spouses, Alternate Payees, and Other Beneficiaries**—If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to your own traditional IRA, your own employer's plan that accepts rollovers, or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to your employer's plan that accepts rollovers. If you are the spouse or former spouse alternate payee with respect to a Qualified Domestic

Relations Order (QDRO), you may have the payment paid as a direct rollover or paid to you which you may roll over to a traditional IRA or your own employer's plan that accepts rollovers. If you are a beneficiary other than the surviving spouse or you are a nonspouse alternate payee with respect to a QDRO, you cannot choose a direct rollover and you cannot roll over the payment yourself.

**Special Rules for Nonspouse**—Eligible rollover distributions payable from an employer's plan to a nonspouse beneficiary are eligible for direct rollover into an Inherited IRA. Such amounts must be paid in the form of a direct rollover, rather than a distribution and subsequent rollover. Thus, if the distribution is paid directly by the employer's plan to the nonspouse beneficiary, no rollover is permitted. Also, the IRA receiving the direct rollover must be an Inherited IRA, rather an IRA owned by the nonspouse beneficiary. The Inherited IRA is subject to the same required minimum distributions that apply to beneficiaries under the employer's plan and carries over to the Inherited IRA. The IRA must be established and titled in a manner that identifies it as an IRA with respect to a deceased individual and also identifies the deceased individual and the beneficiary, for example, "Tom Smith as beneficiary of John Smith".

For these purposes, a nonspouse beneficiary includes an individual beneficiary and a trust beneficiary that meets the special "look through" rules under the IRS regulations. Any required minimum distributions applicable to the employer's plan for the year in which the direct rollover occurs and any prior year is not eligible for direct rollover.

**The following additional rules apply to a rollover from an employer-sponsored plan to a traditional IRA:**

- The rollover must be completed no later than the 60th day after the day the distribution was received by you.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to roll over the entire amount you received from the employer's plan.
- If you are age 70½ or older and wish to roll over your employer's plan to a traditional IRA, you must first satisfy the minimum distribution requirement for that year and then the rollover of the remaining amount may be made.
- If your distribution consists of property (i.e., stocks) you may either roll over the same property (the same stock) or you may sell the distributed property and rollover the proceeds from the sale. This is true whether the proceeds from the sale are more or less than the fair market value of the property on the date of distribution. You may not keep the property received in the distribution and roll over cash which represents the fair market value of the property.

## **DISTRIBUTIONS**

**Taxation of Distributions**—When you start withdrawing from your IRA, you may take the distributions in periodic payments, random withdrawals or in a single sum payment. Generally all amounts distributed to you from your IRA are included in your gross income in the taxable year in which they are received. However, if you have made nondeductible contributions to your IRA or rollover over after-tax employee contributions from your employer's plan (collectively referred to as "basis"), the nontaxable portion of any distribution from any of your IRAs (except Roth IRAs), if any, will be a percentage based upon the ratio of your unrecovered "basis" to the aggregate of all IRA balances, including SEP, SIMPLE and rollover contributions, as of the end of the year in which you take the distribution, plus distributions from the account during the year. All taxable distributions from your IRA are taxed at ordinary income tax rates for Federal income tax purposes and are not eligible for any favorable tax treatment. You must file Form 8606 to calculate the portion of any IRA distribution that is not taxable. Eligible individuals who receive a Qualified Hurricane Distribution prior to January 1, 2007, may include the taxable portion of the distribution in gross income ratably over a 3-year period. See IRS Form 8915 for more information.

**Premature Distributions**—If you are under age 59½ and receive a distribution from your IRA account, a 10% additional income tax will apply to the taxable portion of the distribution unless the distribution is received due to death; disability; a series of substantially equal periodic payments at least annually over your life expectancy or the joint life expectancy of you and your designated beneficiary; medical expenses in excess of 7½ percent of your adjusted gross income; health insurance premiums paid by certain unemployed individuals; qualified acquisition costs of a first-time home buyer; qualified higher education expenses; a qualifying rollover distribution; the timely withdrawal of the principal amount of an excess or nondeductible contribution; due to an IRS levy; qualified hurricane distributions prior to January 1, 2007; or qualified reservist distributions.

If you request a distribution in the form of a series of substantially equal payments, and you modify the payments before 5 years have elapsed and before attaining age 59½, the 10% additional income tax will apply retroactively to the year payments began through the year of such modification.

**Age 70½ Required Minimum Distributions**—You are required to begin receiving minimum distributions from your IRA by your required beginning date (the April 1 of the year following the year you attain age 70½). The year you attain age 70½ is referred to as your "first distribution calendar year". The required minimum distribution for your first calendar year must be withdrawn no later than your required beginning date. The required minimum distribution for your second distribution calendar year and for each subsequent distribution calendar year must be made by December 31 of each such year. Your minimum distribution for each year beginning with

the calendar year you attain the age of 70½ is generally based upon the value of your account at the end of the prior year divided by the factor for your age derived from the Uniform Lifetime Distribution Period Table regardless of who or what entity is your named beneficiary. This uniform table assumes you have a designated beneficiary exactly 10 years younger than you. However, if your spouse is your sole beneficiary and is more than 10 years younger than you, your required minimum distribution for each year is based upon the joint life expectancies of you and your spouse. The account balance that is used to determine each year's required minimum amount is the fair market value of each IRA you own as of the prior December 31st, adjusted for outstanding rollovers (or transfers) as of such prior December 31st and recharacterizations that relate to a conversion or failed conversion made in the prior year.

However, no payment will be made from this IRA until you provide the Custodian with a proper distribution request acceptable by the Custodian. Upon receipt of such distribution request, you may switch to a joint life expectancy in determining the required minimum distribution if your spouse was your sole beneficiary as of the January 1st of the relevant distribution calendar year and such spouse is more than 10 years younger than you.

In any distribution calendar year you may take more than the required minimum. However, if you take less than the required minimum with respect to any distribution calendar year, you are subject to a Federal excise tax penalty of 50% of the difference between the amount required to be distributed and the amount actually distributed. If you are subject to that tax, you are required to file IRS Form 5329.

**Reporting the Required Minimum Distribution**—Beginning for minimum distributions that are required for calendar 2003, the Custodian must provide a statement to each IRA owner who is subject to required minimum distributions that contains either the amount of the minimum or an offer by the Custodian to perform the calculation if requested by the IRA owner. The statement must inform the IRA owner that required minimum distributions apply and the date by which such amount must be distributed. The statement must further inform the IRA owner that beginning in 2004, the Custodian must report to the IRS that the IRA owner is required to receive a minimum for the calendar year.

**Death Distributions**—If you die before your required beginning date and you have a designated beneficiary, the balance in your IRA will be distributed to your beneficiary over the beneficiary's single life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. However, if your spouse is your sole beneficiary, these distributions are not required to commence until the December 31st of the calendar year you would have attained the age of 70½, if that date is later than the required commencement date in the previous sentence. If you die before your required beginning date and you do not have a designated beneficiary, the balance in your IRA must be distributed no later than the December 31st of the calendar year that contains the fifth anniversary of your death.

If you die on or after your required beginning date and you have a designated beneficiary, the balance in your IRA will be distributed to your beneficiary over the longer of the beneficiary's single life expectancy or your remaining life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. If you die on or after your required beginning date and you do not have a designated beneficiary, the balance in your IRA must be distributed over a period that does not exceed your remaining single life expectancy determined in the year of your death. However, the required minimum distribution for the calendar year that contains the date of your death is still required to be distributed. Such amount is determined as if you were still alive throughout that year. If your spouse is your sole beneficiary, your spouse may elect to treat your IRA as his or her own IRA, whether you die before or after your required beginning date. If you die after your required beginning date and your spouse elects to treat your IRA as his or her own IRA, any required minimum that has not been distributed for the year of your death must still be distributed to your surviving spouse and then the remaining balance can be treated as your spouse's own IRA.

## PROHIBITED TRANSACTIONS

If you or your beneficiary engage in a prohibited transaction (as defined under Section 4975 of the Internal Revenue Code) with your IRA, it will lose its tax exemption and you must include the value of your account in your gross income for that taxable year and may also be subject to the 10% additional tax on early distributions. If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year and may also be subject to the 10% additional tax.

## PENALTIES

If you are under age 59½ and receive a premature distribution from your IRA, an additional 10% income tax will apply on the taxable amount of the distribution unless an exception applies. If you make an excess contribution to your IRA and it is not corrected on a timely basis, an excise tax of 6% is imposed on the excess amount. This tax will apply each year to any part or all of the excess which remains in your account. If you are age 70½ or over or if you should die, and the appropriate required minimum distributions are not made from your IRA, an additional tax of 50% is imposed upon the difference between what should have been distributed and what was actually distributed.

You must file IRS Form 5329 with the Internal Revenue Service for any year an additional tax is due. You must file IRS Form 8606 for any year you make a nondeductible IRA contribution, rollover over after-tax employee contributions from your employer's plan, convert from your traditional IRA to a Roth IRA or recharacterize a contribution to your traditional IRA. The penalty for not filing Form 8606, when required, is \$50.

#### **INCOME TAX WITHHOLDING**

All withdrawals from your IRA (except certain transfers to another traditional IRA or any recharacterization) are subject to Federal income tax withholding. You may, however, elect not to have withholding apply to your IRA distribution in most cases. If withholding does apply to your distribution, the applicable rate of withholding is 10% of the amount of the distribution. In addition to federal income tax withholding, distributions from IRAs may also be subject to state income tax withholding.

#### **TRANSFERS**

**Transfers Between “Like” IRAs**—A direct transfer of all or a portion of your funds is permitted from this IRA to another traditional IRA or vice versa. Transfers do not constitute a distribution since you are never in receipt of the funds. The monies are transferred directly to the new trustee or custodian. If you should transfer all or a portion of your IRA to your former spouse's IRA under a divorce decree (or under a written instrument incident to divorce) or separation instrument, you will not be deemed to have made a taxable distribution, but merely a transfer. The portion so transferred will be treated at the time of the transfer as the IRA of your spouse or former spouse. If your spouse is the beneficiary of your IRA, in the event of your death, your spouse may “assume” your IRA. The assumed IRA is then treated as your surviving spouse's IRA.

**Qualified Charitable Distributions**—If an IRA owner is age 70½ or over, the IRA owner may direct the IRA trustee or custodian to transfer up to \$100,000 per year from the IRA to a qualified charity. Such transfer will not be subject to Federal income taxes. Qualified Charitable Distributions may also be made by a beneficiary who is age 70½ or over. Qualified Charitable Distributions are not subject to Federal income tax withholding.

The amount transferred will be treated as coming from the taxable portion of the IRA and will be an exception to the pro-rata bases recovery rules applicable to traditional IRAs. The tax-free transfer to a qualified charity applies only if the IRA owner could otherwise receive a charitable deduction with respect to the transferred amount. In other words, it must be made to a qualified charitable organization that the taxpayer would have otherwise been able to take a tax deduction for making the charitable contribution. However, since such transfer will be tax-free, the taxpayer may not also take a charitable deduction on his or her tax return.

Since the eligible individual must be at least 70½ or over, the taxpayer is also subject to required minimum distributions with respect to his or her traditional IRA. However, any amount transferred to the qualified charity under this rule from a traditional IRA will be treated toward satisfying the individual's required minimum distribution for the year, even though the transferred amount is tax-free.

This provision is effective with respect to distributions transferred directly to a qualified charity beginning in 2006, but applies only for distributions transferred through the end of 2007. In other words, there is only 2 years for eligible individuals to take advantage of this tax-free transfer to a charity. Although the IRA trustee or custodian must transfer the Qualified Charitable Distribution directly to the qualified charity, the taxpayer is responsible for substantiating and reporting the Qualified Charitable Distribution on his or her Federal income tax return. The Trustee or Custodian of the IRA will report the amount transferred on IRS Form 1099-R as if the IRA owner withdrew the money. After the IRA trustee or custodian issues the payment in the name of the charity, the trustee or custodian may deliver the payment to the IRA owner, who then would deliver the payment to the charity.

**Qualified HSA Funding Distribution**—Beginning for annual HSA contributions made for 2007 or thereafter, an HSA-eligible individual may make an irrevocable one-in-a-lifetime, tax-free “qualified HSA Funding distribution” from an IRA to an HSA, subject however to strict requirements. The amount of the HSA funding distribution must be made in the form of a trustee-to-trustee transfer from the IRA to the HSA. The amount of the transfer cannot exceed the maximum HSA contribution limit for the year that the amount is transferred. Consequently, this one-time transfer from an IRA to an HSA counts toward the individual's total HSA contribution limit for the year depending upon the type of coverage under the High Deductible Health Plan (self-only or family). This distribution will be tax-free as long as the individual remains an HSA eligible individual through the last day of the twelfth month following the month of the HSA contribution.

Prior to 2007, if an IRA owner wanted to use the money in an IRA to make an annual HSA contribution, the distribution from the IRA was taxable and subject to the 10% additional tax if the individual was under the age of 59½. Prior law did not provide for a tax-free transfer from an IRA to an HSA.

## **FEDERAL ESTATE AND GIFT TAXES**

Generally there is no specific exclusion for IRAs under the estate tax rules. Therefore, in the event of your death, your IRA balance will be includible in your gross estate for Federal estate tax purposes. However, if your surviving spouse is the beneficiary of your IRA, the amount in your IRA may qualify for the marital deduction available under Section 2056 of the Internal Revenue Code. A transfer of property for Federal gift tax purposes does not include an amount which a beneficiary receives from an IRA plan.

## **IRS APPROVAL AS TO FORM**

This IRA Custodial Agreement has been approved by the Internal Revenue Service as to form. This is not an endorsement of the plan in operation or of the investments offered.

## **ADDITIONAL INFORMATION**

You may obtain further information on IRAs from your District Office of the Internal Revenue Service. In particular you may wish to obtain IRS Publication 590 (Individual Retirement Arrangements). You may obtain this publication by calling the Internal Revenue Service Forms Request toll free number, (800) TAX FORM, or by downloading this publication from the Internal Revenue Service web site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

## **FINANCIAL DISCLOSURE**

**In General:** IRS regulations require the Custodian to provide you with a financial projected growth of your IRA account based upon certain assumptions.

**Growth in the Value of Your IRA:** Because the assets held in your IRA are invested at your direction and will be subject to market fluctuation, growth in the value of your IRA is neither guaranteed nor projected. However, you will be provided with periodic statements of your IRA, including current market values of investments.

Information about the shares of each mutual fund that you choose for investment through your IRA must be furnished to you in the form of a prospectus governed by the rules of the U.S. Securities and Exchange Commission. Please refer to the prospectus for detailed information concerning the fund objectives, the sales charges and the income and expenses of your mutual funds.

**Custodian Fees:** The Custodian may charge reasonable fees or compensation for its services and it may deduct all reasonable expenses incurred by it in the administration of your IRA, including any legal, accounting, distribution, transfer, termination or other designated fees. Any charges made by the Custodian will be separately disclosed on an attachment hereto. Such fees may be charged to you or directly to your IRA account. In addition, depending on your choice of investment vehicles, you may incur sales charges attributable to the purchase or sale of mutual fund shares.

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## **Form**

**5305-RA**

**[Rev. March 2002]**

**Dept. of the Treasury**

**Internal Revenue Service**

## **Morgan Stanley Institutional Funds Roth Individual Retirement Custodial Account (Under Section 408A of the Internal Revenue Code)**

### **ARTICLE I**

- 1.01 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**

- 2.01 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.

- 2.02 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**

- 3.01 The Depositor's interest in the balance in the custodial account is nonforfeitable.

#### **ARTICLE IV**

- 4.01 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)).
- 4.02 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**

- 5.01 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.
- 5.02 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.
- 5.03 If the Depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the Depositor.

#### **ARTICLE VI**

- 6.01 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).
- 6.02 The Custodian agrees to submit to the IRS and Depositor the reports prescribed by the IRS.

#### **ARTICLE VII**

- 7.01 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**

- 8.01 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 on the Roth IRA Adoption Agreement.

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## Morgan Stanley Institutional Funds Roth IRA Custodial Account Agreement

### ARTICLE IX

9.01 **Definitions:** As used in this Article IX the following terms have the following meanings:

“Account” or “Custodial Account” means the Roth Individual Retirement Account established using the terms of this Morgan Stanley Institutional Funds Roth Individual Retirement Custodial Account Agreement and the Adoption Agreement signed by the Depositor.

“Custodian” means State Street Bank and Trust Company.

“Fund” means any Morgan Stanley registered investment company which is specified in the Adoption Agreement, or which is advised, sponsored, or distributed by Sponsor; provided, however, that such a mutual fund or registered investment company must be legally offered for sale in the state of the Depositor’s residence.

“Distributor” means Morgan Stanley Distribution, Inc., the entity which has a contract with the Fund(s) to serve as distributor of the shares of such Fund(s).

In any case where there is no Distributor, the duties assigned hereunder to the Distributor may be performed by the Fund(s) or by an entity that has a contract to perform management or investment advisory services for the Fund(s).

“Service Company” means DST Asset Manager Solutions, Inc., or any entity employed by the Custodian or the Distributor, including the transfer agent for the Fund(s), to perform various administrative duties of either the Custodian or the Distributor.

In any case where there is no Service Company, the duties assigned hereunder to the Service Company will be performed by the Distributor (if any) or by an entity specified in the second preceding paragraph.

“Sponsor” means Morgan Stanley Investment Management Inc., the entity that is making the Fund(s) available under this Agreement and has the power to appoint a successor custodian.

9.02 **Roth IRA Revocation:** The Depositor may revoke the Custodial Account established hereunder by mailing or delivering a written notice of revocation to the Custodian within seven calendar days after the account is established. It will be assumed that Depositor receives the Disclosure Statement related to the Custodial Account no later than the date of the check in which Depositor established the Account. Mailed notice is treated as given to the Custodian on the date postmarked (or on the date certified or registered in the case of notice mailed by this method). Upon timely and proper revocation, the Depositor’s initial contribution will be returned, without adjustment for administrative expenses, commissions or sales charges, fluctuations in market value or other changes. If you exercise this revocation, the Service Company may invest such initial contribution in a money market fund during this seven day revocation period, and neither the Service Company nor the Custodian will have any responsibility for such investment. In addition, the Custodian is still required to report the contribution on Form 5498 (except transfers) and the revoked distribution on Form 1099-R.

9.03 **Investment of Contributions:** After deduction of all appropriate fees and charges, the balance of Depositor’s contributions shall be invested as hereinafter provided. All contributions to the Custodial Account, and any dividends or capital gain distributions thereon, shall be invested and reinvested in full and fractional shares of one or more Funds for which Service Company serves as transfer agent. All such shares shall be issued and accounted for as book entry shares, and no physical shares or share certification will be issued. Such investments shall be made in such proportions and/or in such amounts as Depositor from time to time in the Adoption Agreement or by other written notice to the Service Company (in such form as may be acceptable to the Service Company) may direct.

The Service Company shall be responsible for promptly transmitting all investment directions by the Depositor for the purchase or sale of shares of one or more Funds hereunder for execution. However, if investment directions with respect to the investment of any contribution hereunder are not received from the Depositor as required or, if received, are unclear or incomplete in the opinion of the Service Company, the contribution will be returned to the Depositor, or will be held uninvested (or invested in a money market fund if available) pending clarification or completion by the Depositor, in either case without liability for interest or for loss of income or appreciation. If any other directions or other orders by the Depositor with respect to the sale or purchase of shares of one or more Funds for the Custodial Account are unclear or incomplete in the opinion of the Service Company, the Service Company will refrain from carrying out such investment directions or from executing any such sale or purchase, without liability for loss of income or for appreciation or depreciation of any asset, pending receipt of clarification or completion from the Depositor.

All investment directions by Depositor will be subject to any minimum initial or additional investment or minimum balance rules applicable to a Fund as described in its then effective prospectus.

In the event that any Fund held in the Custodial Account is liquidated or is otherwise made unavailable by the Sponsor as a permissible investment for a Custodial Account hereunder, the liquidation or other proceeds of such Fund shall be invested in accordance with the instructions of the Depositor; if the Depositor does not give such instructions, or if such instructions are unclear or incomplete in the opinion of the Service Company, the Service Company may invest such liquidation or other proceeds in such other Fund (including a money market fund if available) as the Sponsor designates, and neither the Service Company nor the Custodian will have any responsibility for such investment.

9.04 **Exchange of Fund Shares:** Subject to the minimum initial or additional investment, minimum balance and other exchange rules applicable to a Fund, the Depositor may at any time direct the Service Company to exchange all or a specified portion of the shares of a Fund in the Depositor's Account for shares and fractional shares of one or more other Funds. The Depositor shall give such directions in writing, by telephone, by computer or electronic notice in a form acceptable to the Service Company, and the Service Company will process such directions as soon as practicable after receipt thereof (subject to the second paragraph of Section 9.03 of this Article IX).

9.05 **Financial Disclosure:** Any purchase or redemption of shares of a Fund for or from the Depositor's Account will be effected at the public offering price or net asset value of such Fund (as described in the then effective prospectus for such Fund) next established after the Service Company has transmitted the Depositor's investment directions to the transfer agent for the Fund(s).

Any purchase, exchange, transfer or redemption of shares of a Fund for or from the Depositor's account will be subject to any applicable sales, redemption or other charge as described in the then effective prospectus for such Fund.

9.06 **Recordkeeping:** The Service Company shall maintain adequate records of all purchases or sales of shares of one or more Funds for the Depositor's Custodial Account. Any account maintained in connection herewith shall be in the name of the Custodian for the benefit of the Depositor. All assets of the Custodial Account shall be registered in the name of the Custodian or of a suitable nominee. The books and records of the Custodian shall show that all such investments are part of the Custodial Account.

The Custodian shall maintain or cause to be maintained adequate records reflecting transactions of the Custodial Account. In the discretion of the Custodian, records maintained by the Service Company with respect to the Account hereunder will be deemed to satisfy the Custodian's recordkeeping responsibilities therefor. The Service Company agrees to furnish the Custodian with any information the Custodian requires to carry out the Custodian's recordkeeping responsibilities.

9.07 **No Investment Advice:** Neither the Custodian nor any other party providing services to the Custodial Account will have any responsibility for rendering advice with respect to the investment and reinvestment of Depositor's Custodial Account, nor shall such parties be liable for any loss or diminution in value which results from Depositor's exercise of investment control over his Custodial Account. Depositor shall have and exercise exclusive responsibility for and control over the investment of the assets of his Custodial Account, and neither Custodian nor any other such party shall have any duty to question his directions in that regard or to advise him regarding the purchase, retention or sale of shares of one or more Funds for the Custodial Account.

9.08 **Investment Advisor Appointment:** The Depositor may in writing appoint an investment adviser with respect to the Custodial Account on a form acceptable to the Custodian and the Service Company. The investment adviser's appointment will be in effect until written notice to the contrary is received by the Custodian and the Service Company. While an investment adviser's appointment is in effect, the investment adviser may issue investment directions or may issue orders for the sale or purchase of shares of one or more Funds to the Service Company, and the Service Company will be fully protected in carrying out such investment directions or orders to the same extent as if they had been given by the Depositor.

The Depositor's appointment of any investment adviser will also be deemed to be instructions to the Custodian and the Service Company to pay such investment adviser's fees to the investment adviser from the Custodial Account hereunder without additional authorization by the Depositor or the Custodian.

9.09 **Withdrawal Requests:**

(a) Distribution of the assets of the Custodial Account shall be made at such time and in such form as Depositor (or the Beneficiary if Depositor is deceased) shall elect by written order or other form acceptable to the Custodian. Depositor acknowledges that any distribution of a taxable amount from the Custodial Account (except for distribution on account of Depositor's disability or death, return of an "excess contribution" referred to in Code Section 408(d), or a "rollover" from this Custodial Account) made earlier than age 59½ may subject Depositor to an "additional tax on early distributions" under Code Section 72(t) unless an exception to such additional tax is applicable. For that purpose, Depositor will be considered disabled if Depositor certifies to the Custodian that such distribution meets the disability requirements, as provided in Code Section 72(m)(7), that Depositor 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 be of long-continued and indefinite duration. It is the responsibility of the Depositor (or the Beneficiary) by appropriate distribution instructions to the Custodian to insure that any applicable distribution requirements of Code Section 401(a)(9) and Article V above are met. Custodian assumes no responsibility to make any distribution unless and until Depositor specifies in writing or in an other form acceptable to Custodian the occasion for such distribution and the elected manner of such distribution. If the Depositor (or Beneficiary) does not direct the Custodian to make distributions from the Custodial Account by the time that such distributions are required to commence in accordance with such distribution requirements, the Custodian (and Service Company) shall assume that the Depositor (or Beneficiary) is meeting any applicable minimum distribution requirements from another individual retirement arrangement maintained by the Depositor (or Beneficiary) and the Custodian and Service Company shall be fully protected in so doing.

- (b) The Depositor acknowledges (i) that any withdrawal from the Custodial Account will be reported by the Custodian in accordance with applicable IRS requirements (currently, on Form 1099-R), (ii) that the information reported by the Custodian will be based on the amounts in the Custodial Account and will not reflect any other individual retirement accounts the Depositor may own and that, consequently, the tax treatment of the withdrawal may be different than if the Depositor had no other individual retirement accounts, and (iii) that, accordingly, it is the responsibility of the Depositor to maintain appropriate records so that the Depositor (or other person ordering the distribution) can correctly compute all taxes due. Neither the Custodian nor any other party providing services to the Custodial Account assumes any responsibility for the tax treatment of any distribution from the Custodial Account; such responsibility rests solely with the person ordering the distribution.

**9.10 Responsibilities:** Custodian assumes (and shall have) no responsibility to make any distribution except upon the written order of Depositor or in any other form acceptable to Custodian (or Beneficiary if Depositor is deceased) containing such information as the Custodian may reasonably request. Also, before making any distribution from or honoring any assignment of the Custodial Account, Custodian shall be furnished with any and all applications, certificates, tax waivers, signature guarantees, releases, indemnification agreements, and other documents (including proof of any legal representative's authority) deemed necessary or advisable by Custodian, but Custodian shall not be responsible for complying with any order or instruction which appears on its face to be genuine, or for refusing to comply if not satisfied it is genuine, and Custodian has no duty of further inquiry. Any distributions from the Account may be mailed, first-class postage prepaid, to the last known address of the person who is to receive such distribution, as shown on the Custodian's records, and such distribution shall to the extent thereof completely discharge the Custodian's liability for such payment.

**9.11 Designation of Beneficiary:**

- (a) The term "Beneficiary" means the person or persons designated as such by the "designating person" (as defined below) in a form acceptable to the Custodian for use in connection with the Custodial Account, signed by the designating person, and filed with the Custodian. If, in the opinion of the Custodian or Service Company, any designation of beneficiary is unclear or incomplete, in addition to any documents or assurances the Custodian may request under Section 9.10, the Custodian or Service Company shall be entitled to request and receive such clarification or additional instructions as the Custodian or Service Company in its discretion deems necessary to determine the correct Beneficiary(ies) following the Depositor's death. The form designating the Beneficiary(ies) may name individuals, trusts, estates, or other entities as either primary or contingent beneficiaries. If the beneficiary is a non-spouse, the Custodian will permit non-spouse beneficiaries to designate beneficiaries in a form acceptable to the Custodian. However, if the designation does not effectively dispose of the entire Custodial Account as of the time distribution is to commence, the term "Beneficiary" shall then mean the designating person's spouse, if married at time of Depositor's death otherwise to Depositor's estate with respect to the assets of the Custodial Account not disposed of by the designation form (or as otherwise set forth in the plan document in effect at the time of death). Custodian assumes no responsibility to make any distribution unless and until Depositor specifies in writing or in another form acceptable to the Custodian the occasion of such distribution and the elected manner of such distribution. The form last accepted by the Custodian before such distribution is to commence, provided it was received by the Custodian (or deposited in the U.S. Mail or with a reputable delivery service) during the designating person's lifetime, shall be controlling and, whether or not fully dispositive of the Custodial Account, thereupon shall revoke all such forms previously filed by that person.
- (b) The term "designating person" means Depositor during his/her lifetime; after Depositor's death, it also means Depositor's spouse, but only if the spouse elects to treat the Custodial Account as the spouse's own Custodial Account in accordance with applicable provisions of the Code. (Note: Married Depositors who reside in a community property or marital property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington or Wisconsin), may need to obtain spousal consent if they have not designated their spouse as the primary Beneficiary for at least half of their Account. (Consult a lawyer or other tax professional for additional information and advice.) The depositor shall have

the right, only by written notice to the Custodian (or in another form acceptable to the Custodian) to designate or to change a beneficiary to receive any benefit to which the Depositor may be entitled in the event of his death prior to the complete distribution of the Account. Such written designation shall be on a form provided by the Custodian for such purposes, or in such other format which is acceptable to the Custodian. The Custodian may rely upon the last written, telephonic or electronic communication received at the Custodian's office which shall supersede all prior designations. Unless specifically designated otherwise by the Depositor in a form acceptable to the Custodian, death benefits shall be distributed equally among all surviving primary beneficiaries or all surviving contingent beneficiaries (should all primary beneficiaries predecease the Depositor). If no such designation is in effect upon the Depositor's death, or if the Custodian receives satisfactory proof that all such named beneficiaries have predeceased the Depositor, then the Account shall be distributed to the Depositor's spouse, if married at the time of death, otherwise to the Depositor's estate.

- (c) If the Custodian permits, in the event of the Depositor's death, any beneficiary may name a subsequent beneficiary(ies) to receive the balance of the account to which such beneficiary is entitled upon the death of the original beneficiary by notifying the Custodian of the subsequent beneficiary in a form acceptable to and filed with the Custodian. If no beneficiary designation is in effect or if none of the named beneficiaries survive the Depositor, any balance in the Depositor's account will be paid to the surviving spouse of the Depositor, if married at time of death of Depositor, otherwise, to the Depositor's estate.
- (d) Notwithstanding any provisions in this Agreement to the contrary, when and after the distribution from the Custodial Account to Depositor's Beneficiary commence, all rights and obligations assigned to Depositor hereunder shall inure to, and be enjoyed and exercised by, Beneficiary instead of Depositor.
- (e) Notwithstanding Section 5.03 of Article V above, if the Depositor's spouse is the sole Beneficiary on the Depositor's date of death, the spouse will not be treated as the Depositor if the spouse elects not to be so treated. In such event, the Custodial Account will be distributed in accordance with the other provisions of such Article V, except that distributions to the Depositor's spouse are not required to commence until December 31 of the year in which the Depositor would have turned age 70½.

#### **9.12 Information Reporting:**

- (a) The Depositor agrees to provide information to the Custodian at such time and in such manner as may be necessary for the Custodian to prepare any reports required under Section 408(i) or Section 408A(d)(3)(E) of the Code and the regulations thereunder or otherwise.
- (b) The Custodian or the Service Company will submit reports to the Internal Revenue Service and the Depositor at such time and manner and containing such information as is prescribed by the Internal Revenue Service.
- (c) The Depositor, Custodian and Service Company shall furnish to each other such information relevant to the Custodial Account as may be required under the Code and any regulations issued or forms adopted by the Treasury Department thereunder or as may otherwise be necessary for the administration of the Custodial Account.
- (d) The Depositor shall file any reports to the Internal Revenue Service which are required of him by law (including Form 5329), and neither the Custodian nor Service Company shall have any duty to advise Depositor concerning or monitor Depositor's compliance with such requirement.

#### **9.13 Amendment:**

- (a) Depositor retains the right to amend this Custodial Account document in any respect at any time, effective on a stated date which shall be at least 30 days after giving written notice of the amendment (including its exact terms) to Custodian by registered or certified mail, unless Custodian waives notice as to such amendment. If the Custodian does not wish to continue serving as such under this Custodial Account document as so amended, it may resign in accordance with Section 9.18 below.
- (b) Depositor delegates to the Custodian the Depositor's right so to amend, provided (i) the Custodian does not change the investments available under this Custodial Agreement, and (ii) the Custodian amends in the same manner all agreements comparable to this one, having the same Custodian, permitting comparable investments, and under which such power has been delegated to it; this includes the power to amend retroactively if necessary or appropriate in the opinion of the Custodian in order to conform this Custodial Account to pertinent provisions of the Code and other laws or successor provisions of law, or to obtain a governmental ruling that such requirements are met, to adopt a prototype or master form of agreement in substitution for this Agreement, or as otherwise may be advisable in the opinion of the Custodian. Such an amendment by the Custodian shall be communicated in writing to Depositor, and Depositor shall be deemed to have consented thereto unless, within 30 days after such communication to Depositor is mailed, Depositor either

- (i) gives Custodian a written order for a complete distribution or transfer of the Custodial Account, or
- (ii) removes the Custodian and appoints a successor under Section 9.18 below.

Pending the adoption of any amendment necessary or desirable to conform this Custodial Account document to the requirements of any amendment to any applicable provision of the Internal Revenue Code or regulations or rulings thereunder (including any amendment to Form 5305-RA), the Custodian and the Service Company may operate the Depositor's Custodial Account in accordance with such requirements to the extent that the Custodian and/or the Service Company deem necessary to preserve the tax benefits of the Account.

- (c) Notwithstanding the provisions of subsections (a) and (b) above, no amendment shall increase the responsibilities or duties of Custodian without its prior written consent.
- (d) This Section 9.13 shall not be construed to restrict the Custodian's right to substitute fee schedules in the manner provided by Section 9.16 below, and no such substitution shall be deemed to be an amendment of this Agreement.

#### 9.14 **Termination:**

- (a) Custodian shall terminate the Custodial Account if this Agreement is terminated or if, within 30 days (or such longer time as Custodian may agree) after resignation or removal of Custodian under Section 9.18, Depositor or Sponsor as the case may be, has not appointed a successor which has accepted such appointment. Termination of the Custodial Account shall be effected by distributing all assets thereof in a single payment in cash or in kind to Depositor, subject to Custodian's right to reserve funds as provided in Section 9.18.
- (b) Upon termination of the Custodial Account or when no assets otherwise remain in the Account, this Custodial Account document shall have no further force and effect (except for Sections 9.16(f) and 9.18(b) and (c) hereof which shall survive the termination of the Custodial Account and this document), and Custodian shall be relieved from all further liability hereunder or with respect to the Custodial Account and all assets thereof so distributed.

9.15 **Rollover Contributions:** The Custodian reserves the right to reject any "rollover contributions" received in kind (other than Fund shares).

#### 9.16 **Annual Accounting and other Custodial Responsibilities:**

- (a) In its discretion, the Custodian may appoint one or more contractors or service providers to carry out any of its functions and may compensate them from the Custodial Account for expenses attendant to those functions. In the event of such appointment, all rights and privileges of the Custodian under this Agreement shall pass through to such contractors or service providers who shall be entitled to enforce them as if a named party.
- (b) The Service Company shall be responsible for receiving all instructions, notices, forms and remittances from Depositor.
- (c) The parties do not intend to confer any fiduciary duties on Custodian or Service Company (or any other party providing services to the Custodial Account), and none shall be implied. Neither shall be liable (or assumes any responsibility) for the collection of contributions, the proper amount, time or tax treatment of any contribution to the Custodial Account or the propriety of any contributions under this Agreement, or the purpose, time, amount (including any minimum distribution amounts), tax treatment or propriety of any distribution hereunder, which matters are the sole responsibility of Depositor and Depositor's Beneficiary.
- (d) Not later than 60 days after the close of each calendar year (or after the Custodian's resignation or removal), the Custodian or Service Company shall file with Depositor a written report or reports reflecting the transactions effected by it during such period and the assets of the Custodial Account at its close. Upon the expiration of 60 days after such a report is sent to Depositor (or Beneficiary), the Custodian or Service Company shall be forever released and discharged from all liability and accountability to anyone with respect to transactions shown in or reflected by such report except with respect to any such acts or transactions as to which Depositor shall have filed written objections with the Custodian or Service Company within such 60 day period.
- (e) The Service Company or the Distributor shall deliver, or cause to be delivered, to Depositor all notices, prospectuses, financial statements and other reports to shareholders, proxies and proxy soliciting materials relating to the shares of the Fund(s) credited to the Custodial Account. No shares shall be voted, and no other action shall be taken pursuant to such documents, except upon receipt of adequate written instructions from Depositor.
- (f) Depositor shall always fully indemnify Service Company, Distributor, the Fund(s), Sponsor and Custodian and save them harmless from any and all liability whatsoever which may arise either (i) in connection with this Agreement and the matters which it contemplates, except that which arises directly out of the Service Company's, Distributor's, Fund's, Sponsor's or

Custodian's bad faith, gross negligence or willful misconduct, (ii) with respect to making or failing to make any distribution, other than for failure to make distribution in accordance with an order therefor which is in full compliance with Section 9.10, or (iii) actions taken or omitted in good faith by such parties. Neither Service Company nor Custodian shall be obligated or expected to commence or defend any legal action or proceeding in connection with this Agreement or such matters unless agreed upon by that party and Depositor, and unless fully indemnified for so doing to that party's satisfaction.

- (g) The Custodian and Service Company shall each be responsible solely for performance of those duties expressly assigned to it in this Agreement, and neither assumes any responsibility as to duties assigned to anyone else hereunder or by operation of law.
- (h) Custodian and Service Company may each conclusively rely upon and shall be protected in acting upon any written order from Depositor or Beneficiary, or any investment adviser appointed under Section 9.08, or any other notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed, and so long as it acts in good faith, in taking or omitting to take any other action in reliance thereon. In addition, Custodian will carry out the requirements of any apparently valid court order relating to the Custodial Account and will incur no liability or responsibility for so doing.

#### **9.17 Custodian's Fees and Expenses:**

- (a) The Custodian, in consideration of its services under this Agreement, shall have the right to assess fees. Any fees will be specified on the applicable Custodial Account Fees schedule. The Fee schedule originally applicable shall be the one specified in the Adoption Agreement or the Disclosure Statement, as applicable. The Custodian may substitute a different fee schedule at any time upon 30 days' written notice to Depositor. The Custodian shall also receive reasonable fees for any services not contemplated by any applicable fee schedule and either deemed by it to be necessary or desirable or requested by Depositor.
- (b) Any income, gift, estate and inheritance taxes and other taxes of any kind whatsoever, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the Custodial Account, that may be levied or assessed in respect to such assets, and all other administrative expenses incurred by the Custodian in the performance of its duties (including fees for legal services rendered to it in connection with the Custodial Account) shall be charged to the Custodial Account. If the Custodian is required to pay any such amount, the Depositor (or Beneficiary) shall promptly upon notice thereof reimburse the Custodian.
- (c) All such fees and taxes and other administrative expenses charged to the Custodial Account shall be collected either from the amount of any contribution or distribution to or from the Account, or (at the option of the person entitled to collect such amounts) to the extent possible under the circumstances by the conversion into cash of sufficient shares of one or more Funds held in the Custodial Account (without liability for any loss incurred thereby). Notwithstanding the foregoing, the Custodian or Service Company may make demand upon the Depositor for payment of the amount of such fees, taxes and other administrative expenses. Fees which remain outstanding after 60 days may be subject to a collection charge.

#### **9.18 Resignation and Removal of Custodian:**

- (a) Upon 30 days' prior written notice to the Custodian, Depositor or Sponsor, as the case may be, may remove it from its office hereunder. Such notice, to be effective, shall designate a successor custodian and shall be accompanied by the successor's written acceptance. The Custodian also may at any time resign upon 30 days' prior written notice to Sponsor, whereupon the Sponsor shall notify the Depositor (or Beneficiary) and shall appoint a successor to the Custodian. In connection with its resignation hereunder, the Custodian may, but is not required to, designate a successor custodian by written notice to the Sponsor or Depositor (or Beneficiary), and the Sponsor or Depositor (or Beneficiary) will be deemed to have consented to such successor unless the Sponsor or Depositor (or Beneficiary) designates a different successor custodian and provides written notice thereof together with such a different successor's written acceptance by such date as the Custodian specifies in its original notice to the Sponsor or Depositor (or Beneficiary) (provided that the Sponsor or Depositor (or Beneficiary) will have a minimum of 30 days to designate a different successor).
- (b) The successor custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury under Code Section 408(a)(2). Upon receipt by Custodian of written acceptance by its successor of such successor's appointment, Custodian shall transfer and pay over to such successor the assets of the Custodial Account and all records (or copies thereof) of Custodian pertaining thereto, provided that the successor custodian agrees not to dispose of any such records without the Custodian's consent. Custodian is authorized, however, to reserve such sum of money or property as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the successor custodian.
- (c) Any Custodian shall not be liable for the acts or omissions of its predecessor or its successor.

9.19 **Internal Revenue Code:** References herein to the “Internal Revenue Code” or “Code” and sections thereof shall mean the same as amended from time to time, including successors to such sections.

9.20 **Notice of Provision Requirements:** Except where otherwise specifically required in this Agreement, any notice from Custodian to any person provided for in this Agreement shall be effective if sent by first-class mail to such person at that person’s last address on the Custodian’s records.

9.21 **Prohibited Transactions:** Depositor or Depositor’s Beneficiary shall not have the right or power to anticipate any part of the Custodial Account or to sell, assign, transfer, pledge or hypothecate any part thereof. The Custodial Account shall not be liable for the debts of Depositor or Depositor’s Beneficiary or subject to any seizure, attachment, execution or other legal process in respect thereof except to the extent required by law. At no time shall it be possible for any part of the assets of the Custodial Account to be used for or diverted to purposes other than for the exclusive benefit of the Depositor or his/her Beneficiary except to the extent required by law.

9.22 **Applicable Law:** When accepted by the Custodian, this Agreement is accepted in and shall be construed and administered in accordance with the laws of the state where the principal offices of the Custodian are located. Any action involving the Custodian brought by any other party must be brought in such state.

This Agreement is intended to qualify under Code Section 408A as a Roth IRA and to entitle Depositor to the tax benefits thereof, and if any provision hereof is subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with that intent.

However, the Custodian shall not be responsible for whether or not such intentions are achieved through use of this Agreement, and Depositor is referred to Depositor’s attorney for any such assurances.

9.23 **Legal Advice:** Depositor should seek advice from Depositor’s attorney regarding the legal consequences (including but not limited to federal and state tax matters) of entering into this Agreement, contributing to the Custodial Account, and ordering Custodian to make distributions from the Account. Depositor acknowledges that Custodian and Service Company (and any company associated therewith) are prohibited by law from rendering such advice.

9.24 **Written Communications:** If any provision of any document governing the Custodial Account provides for notice, instructions or other communication from one party to another in writing, to the extent provided for in the procedures of the Custodian, Service Company or another party, any such notice, instructions or other communications may be given by telephonic, computer, other electronic or other means, and the requirement for written notice will be deemed satisfied.

9.25 **Acceptance:** This Custodial Account Agreement and the Adoption Agreement signed by the Depositor (as either may be amended) are the documents governing the Depositor’s Custodial Account. The acceptance of this Custodial Account Agreement by the Depositor is indicated by Depositor’s signature in the related Adoption Agreement. Articles I through VIII of this Agreement are in the form promulgated by the Internal Revenue Service as Form 5305-RA. It is anticipated that, if and when the Internal Revenue Service promulgates changes to Form 5305-RA, the Custodian will amend this Agreement correspondingly, and the Depositor specifically consents to such amendment in accordance with Section 9.13(b) hereof.

9.26 **Establishment of Separate Roth IRA Contribution and Roth IRA Conversion Accounts:** The Depositor acknowledges that the Service Company may require the establishment of different Roth IRA accounts to hold annual contributions under Code Section 408A(c)(2) and to hold conversion amounts under Code Section 408A(c)(3)(B). The Service Company may also require the establishment of different Roth IRA accounts to hold amounts converted in different calendar years. If the Service Company does not require such separate account treatment, the Depositor may make annual contributions and conversion contributions to the same account.

9.27 **Conversion from a Traditional IRA to a Roth IRA and Reconversions:** If the Depositor maintains an individual retirement account under Code Section 408(a), Depositor may convert or transfer such other IRA to a Roth IRA under Code section 408A, using the terms of this Agreement and the Adoption Agreement, by completing and executing the Adoption Agreement and giving suitable directions to the Custodian and the custodian or trustee of such other IRA. Alternatively, if available the Depositor may convert or transfer such other IRA to a Roth IRA by use of a reply card or by telephonic, computer or electronic means in accordance with procedures adopted by the Custodian or Service Company intended to meet the requirements of Code Section 408A, and the Depositor will be deemed to have executed the Adoption Agreement and adopted the provisions of this Agreement and the Adoption Agreement in accordance with such procedures.

In accordance with the requirements of Code Section 408A(d)(6) and regulations thereunder, the Depositor may recharacterize a contribution to a Traditional IRA as a contribution to a Roth IRA, or may recharacterize a contribution to a Roth IRA as a contribution to a Traditional IRA. The Depositor agrees to observe any limitations imposed by the Service



Company on the number of such transactions in any year (or any such limitations or other restrictions that may be imposed by the Service Agreement or the IRS).

- 9.28 **Conversion Eligibility Requirements and Combining Regular Roth IRA Contributions with Roth Conversion Contributions:** Notwithstanding the provisions of the third sentence of Article II, the Depositor agrees to be solely responsible for determining eligibility to convert any of the Depositor's traditional IRAs to a Roth IRA.

The Depositor may commingle regular Roth IRA contributions in the same Roth IRA account as Roth IRA contributions (and the tax year to which it relates) or a Roth IRA conversion contribution. The Depositor further agrees that he/she will be solely responsible for any recordkeeping of such deposit as determined or required by the Internal Revenue Service, including but not limited to, the timing, ordering and taxation of any distributions.

- 9.29 **Death Benefit Default Provisions:** If the Depositor dies and the beneficiary does not select a method of distribution described in Article IV, Section 4.05(a) or (b) by the December 31st following the year of the Depositor's death, then distributions will be made pursuant to the single life expectancy of the Designated Beneficiary determined in accordance with IRS regulations. However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the Account.
- 9.30 **Depositor Representations:** The Depositor acknowledges that he or she has received and read the current prospectus for each Fund in which his or her Account is invested and the Individual Retirement Account Disclosure Statement related to the Account. The Depositor represents under penalties of perjury that his or her Social Security number (or other Taxpayer Identification Number) as stated in the Adoption Agreement is correct.
- 9.31 **Custodian Acceptance:** If all required forms and information are properly submitted, State Street Bank and Trust Company will accept appointment as Custodian of the Depositor's Account. However, this Agreement (and the Adoption Agreement) is not binding upon the Custodian until the Depositor has received a statement confirming the initial transaction for the Account. Receipt by the Depositor of a confirmation of the purchase of the Fund shares indicated in the Depositor's Adoption Agreement will serve as notification of State Street Bank and Trust Company's acceptance of appointment as Custodian of the Depositor's Account.
- 9.32 **Depositor is a Minor:** If the Depositor is a minor under the laws of his or her state of residence, then a parent or guardian shall exercise all powers and duties of the Depositor, as indicated herein, and shall sign the Adoption Agreement on behalf of the minor. The Custodian's acceptance of the Account on behalf of any Depositor who is a minor is expressly conditioned upon the agreement of the parent or guardian to accept the responsibility to exercise all such powers and duties, and all parties hereto so acknowledge. Upon attainment of the age of majority under the laws of the Depositor's state of residence at such time, the Depositor may advise the Custodian in writing (accompanied by such documentation as the Custodian may require) that he or she is assuming sole responsibility to exercise all rights, powers, obligations, responsibilities, authorities or requirements associated with the Account. Upon such notice to the Custodian, the Depositor shall have and shall be responsible for all of the foregoing, the Custodian will deal solely with the Depositor as the person controlling the administration of the Account, and the Depositor's parent or guardian thereafter shall not have or exercise any of the foregoing. (Absent such written notice from the Depositor, Custodian shall be under no obligation to acknowledge the Depositor's right to exercise such powers and authority and may continue to rely on the parent or guardian to exercise such powers and authority until notified to the contrary by the Depositor.)

## Morgan Stanley Institutional Funds Roth IRA Disclosure Statement

### RIGHT TO REVOKE YOUR ROTH IRA ACCOUNT

You may revoke your Roth IRA within 7 days after you sign the Roth IRA Adoption Agreement by hand-delivering or mailing a written notice to the name and address indicated on the Roth IRA Adoption Agreement. If you revoke your account by mailing a written notice, such notice must be postmarked by the 7th day after you sign the Adoption Agreement. If you revoke your Roth IRA within the 7 day period you will receive a refund of the entire amount of your contributions to the Roth IRA without any adjustment for earnings or any administrative expenses. If you exercise this revocation, we are still required to report the contribution on Form 5498 (except transfers) and the revoked distribution on Form 1099-R.

### GENERAL REQUIREMENTS OF A ROTH IRA

- Your contributions must be made in cash, unless you are making a qualified rollover contribution and the Custodian accepts non-cash rollover or transfer contributions.
- The annual contributions you make on your behalf to all of your Roth IRAs and traditional IRAs may not exceed the lesser of 100% of your compensation or the “applicable annual dollar limitation” (defined below), unless you are making a rollover or transfer contribution from a traditional IRA or another Roth IRA.
- Your regular annual Roth IRA contributions for any taxable year may be deposited at any time during that taxable year and up to the due date for the filing of your Federal income tax return for that taxable year, not including extensions. This generally means April 15th of the following year.
- The Custodian of your Roth IRA must be a bank, savings and loan association, credit union or a person who is approved to act in such a capacity by the Secretary of the Treasury.
- No portion of your Roth IRA funds may be invested in life insurance contracts.
- Your interest in your Roth IRA is nonforfeitable at all times.
- The assets in your Roth IRA may not be commingled with other property except in a common trust fund or common investment fund.
- You may not invest the assets of your Roth IRA in collectibles (as described in Section 408(m) of the Internal Revenue Code). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property specified by the IRS. However, if the Custodian permits, specially-minted U.S. gold, silver and platinum coins and certain state-issued coins are permissible Roth IRA investments. You may also invest in certain gold, silver, platinum or palladium bullion, if the Custodian permits. Such bullion must be in the physical possession of the Roth IRA Custodian.

### WHO IS ELIGIBLE TO ESTABLISH A ROTH IRA?

You are permitted to make regular contributions to your Roth IRA for any taxable year if you receive compensation for such taxable year. Compensation includes salaries, wages, tips, commissions, bonuses, alimony, and “earned income” in the case of self-employed individuals. Members of the Armed Forces who serve in combat zones who receive compensation that is otherwise non-taxable, are considered to have taxable compensation for purposes of making regular Roth IRA contributions. The amount which is permitted to be contributed depends upon your modified adjusted gross income (Modified AGI); your marital status; and your tax filing status discussed below.

### CONTRIBUTIONS TO A ROTH IRA

**Regular Roth Contributions**—The maximum amount you may contribute for any year is the lesser of 100% of your compensation or the “applicable annual dollar limitation” (described below). Your actual contribution limit depends upon your marital status, tax filing status, and your Modified AGI.

#### Applicable Annual Dollar Limitation

Tax Year	Contribution Limit
2001	\$2,000
2002 through 2004	\$3,000
2005 through 2007	\$4,000
2008	\$5,000

After 2008, the \$5,000 annual limit will be subject to cost-of living increases in increments of \$500, rounded to the lower increment. This means that it will take several years beyond 2008 for the \$5,000 annual limit to increase to \$5,500.

**Catch-up Contributions**—Beginning for 2002, if an individual has attained the age of 50 before the close of the taxable year for which an annual contribution is being made and meets the other eligibility requirements for making regular Roth IRA contributions, the annual Roth IRA contribution limit for that individual would be increased as follows:

<b>Tax Year</b>	<b>Normal Limit</b>	<b>Additional Catch-up</b>	<b>Total Contribution</b>
2002	\$3,000	\$500	\$3,500
2003	\$3,000	\$500	\$3,500
2004	\$3,000	\$500	\$3,500
2005	\$4,000	\$500	\$4,500
2006	\$4,000	\$1,000	\$5,000
2007	\$4,000	\$1,000	\$5,000
2008	\$5,000	\$1,000	\$6,000

The additional catch-up amount for Roth IRAs is not subject to COLAs. Therefore, after 2008 when the \$5,000 normal limit increases to \$5,500 due to COLAs, the additional catch-up amount will remain at \$1,000 with no further increases to the catch-up amount.

**Special IRA Catch-up Contributions for Certain Section 401(k) Participants**—Special Roth IRA catch-up contributions of up to \$3,000 are permitted for each of years 2007, 2008 and 2009. To be eligible for this special catch-up Roth IRA contribution, the individual must have been a participant in an employer's 401(k) plan in which employer-matching contributions were being made at the rate of at least 50% of the participant's deferrals with employer stock and such employer is in bankruptcy and is subject to an indictment or conviction, and the individual must have been a plan participant 6 months before the bankruptcy. The individual is not required to be age 50 in order to take advantage of this rule. However, if the individual is age 50 or over, he or she may not contribute the age 50 catch-up amount in addition to this special catch-up.

The deadline for making such special catch-up contributions is the normal deadline for the applicable year. For example, an eligible individual takes advantage of this rule for calendar year 2008. The normal regular Roth IRA contribution limit for 2008 is \$5,000 and the normal age 50 catch-up contribution limit for 2008 is \$1,000. The eligible individual could contribute the \$5,000 normal limit plus a special catch-up contribution of \$3,000 for a total of \$8,000. The deadline for making this contribution is the 2008 tax filing deadline, not including extensions.

All regular contributions (including catch-up contributions) to a Roth IRA are nondeductible. The maximum amount you may contribute to a Roth IRA is reduced by any contributions you make to all of your traditional IRAs for the same tax year. In other words, the total maximum combined annual contribution to a traditional IRA and a Roth IRA for 2008 is \$5,000 (\$6,000 if you are age 50 or older).

**Modified Adjusted Gross Income**—The amount of your regular annual Roth IRA contribution depends upon your Modified Adjusted Gross Income (MAGI) for the taxable year and your marital status. If your MAGI is below a certain amount, you can contribute the entire contribution subject to the dollar limit. If your MAGI is above a certain amount, you cannot make any regular contribution to a Roth IRA. If your MAGI is between certain amounts, you are entitled to make a partial Roth IRA contribution. You are responsible for keeping track of your Roth IRA contributions so that you can report Roth IRA distributions on IRS Form 8606. Refer to the chart below for the MAGI ranges. Beginning in 2007, the MAGI ranges are subject to cost-of-living adjustments. Also refer to IRS Publication 590 for additional information.

	<b>Married Participants Filing Jointly</b>	<b>Unmarried Participants</b>	<b>Married Filing Participants Separately*</b>
1998-2006	\$150,000 - \$160,000	\$95,000 - \$110,000	\$0 - \$10,000
2007	\$156,000 - \$166,000	\$99,000 - \$114,000	\$0 - \$10,000
2008	\$159,000 - \$169,000	\$101,000 - \$116,000	\$0 - \$10,000

**Spousal Roth IRAs**—If you and your spouse file a joint tax return and have unequal compensation (including no compensation for one spouse) you may establish separate Roth IRAs for each spouse. The total annual contribution limit for both Roth IRAs may not exceed 100% of the combined compensation for both spouses, but neither Roth IRA may accept more than the Applicable Annual Dollar Limitation per spouse, plus the additional catch-up amount, if applicable.



The maximum Roth IRA contribution for the spouse is then reduced by:

- (1) regular Traditional IRA contributions made on behalf of such spouse; and
- (2) Roth IRA contributions made on behalf of such spouse.

This annual limit may be further reduced if the MAGI exceeds the levels discussed above.

**\$200 Minimum Roth IRA Contribution**—If you fall into any of the categories listed above, your minimum allowable Roth IRA contribution will be \$200 until phased out under the MAGI limit above. In other words, if your Roth IRA contribution amount calculated under the appropriate MAGI limit discussed above results in a contribution that is more than \$0 but less than \$200, your permitted contribution is \$200 instead of the calculated amount. If the result is not a multiple of \$10, round up to the nearest \$10.

**MAGI Defined**—MAGI does not include any distributions from a Traditional IRA that are converted to a Roth IRA and included in income. MAGI is determined before deductible Traditional IRA contributions.

**Other Contributions**—Your Roth IRA may not accept rollovers from an employer-sponsored plan (other than from a Designated Roth Account), employer contributions made under a SEP or SIMPLE plan and Traditional IRA contributions. However, certain rollovers and transfers as described below may be made.

Note: Effective 1/1/08, qualified plans, 403(b) plans and 457 governmental plans may roll into Roth IRAs.

**Miscellaneous Contribution Rules**—Contributions are permitted after you attain age 70½, so long as you have compensation and meet the AGI limits described above. Contributions are permitted regardless of whether you are an active participant in an employer-sponsored plan.

**Special Rules for Qualified Reservist Distributions**—Qualified Reservist Distributions withdrawn from a Roth IRA are eligible to be repaid to a Roth IRA within a 2-year period after the end of active duty. A Qualified Reservist Distribution is a distribution received from a Roth IRA by members of the National Guard or reservists who are called to active duty for a period of at least 180 days and such distribution is taken during the period of such active duty. This provision is retroactively effective with respect to distributions after September 11, 2001, for individuals called to active duty after September 11, 2001, and before December 31, 2007. However, the 2-year rollover period does not end until August 17, 2008, for those distributions whose 2-year period has already expired. The repayments are not treated as rollovers. Note that such qualified reservist distributions are not subject to the 10% early distribution tax. In June 2008, the Heroes Earning Assistance and Relief Tax Act extended the opportunity to make Qualified Reservist Distributions to individuals called to active duty on and after December 31, 2007.

#### EXCESS CONTRIBUTIONS TO A ROTH IRA

Generally, an excess Roth IRA contribution is any contribution which exceeds the contribution limits. Such excess amount is subject to a 6% excise tax on the principal remaining amount of the excess each year until the excess is corrected. You must file IRS Form 5329 to report this excise tax.

**Method of Withdrawing Excess in a Timely Manner**—This 6% excise tax may be avoided, if the excess amount plus the earnings attributable to the excess are distributed to you by your tax filing deadline including extensions for the year during which the excess contribution was made. If you decide to correct your excess in this manner, the principal amount of the excess returned to you is not taxable, however, the earnings attributable to the excess are taxable to you in the year in which the contribution was made. In addition, if you are under age 59½, the earnings attributable to the excess amount are subject to a 10% additional income tax. This is the only method of correcting an excess contribution that will avoid the 6% excise tax! The earnings attributable to an excess contribution will always be taxable, even if you would otherwise meet the definition of a “qualified distribution” discussed later.

**Undercontribution Method**—If an excess is not corrected by the tax filing deadline, including extensions, for the year during which the excess contribution was made, such excess contribution may be “carried over” to subsequent years and applied, on a year-by-year basis, against the annual limit for regular Roth IRA contributions. However, in order to “carry over” the excess contribution and treat it as a contribution made for a subsequent year, the participant must meet the eligibility requirements for the subsequent year. In addition, the taxpayer is subject to the 6% excise tax for the initial year and each subsequent year until the excess is used up.

#### CONTRIBUTION RECHARACTERIZATIONS

You may be able to recharacterize certain contributions under the following two different circumstances:

1. By recharacterizing a current year regular contribution plus earnings explained in this section; or
2. By recharacterizing a conversion made to a Roth IRA by transferring the amount plus earnings back to a traditional IRA discussed in the next section under the heading “Conversion from a Traditional IRA to a Roth IRA.”

If you decide by your tax filing deadline (including extensions) of the year for which the contribution was made to transfer a current year contribution plus earnings from your traditional IRA to a Roth IRA, no amount will be included in your gross income as long as you did not take a deduction for the amount of the contribution. You may also recharacterize a current year contribution plus earnings from your Roth IRA to a traditional IRA by your tax filing deadline including extensions of the year for which the contribution was made.

In order to recharacterize a regular contribution from one type of IRA to another type of IRA, you must be eligible to make a regular contribution to the IRA to which the contribution plus earnings is recharacterized. All recharacterizations must be accomplished as a direct transfer, rather than a distribution and subsequent rollover. You are also required to report recharacterizations to the IRS in accordance with the instructions to IRS Form 8606. Prior year excess contributions made to an IRA that are carried over to a subsequent year cannot be recharacterized as a current year contribution to another IRA. Only actual contributions made for a taxable year may be recharacterized. Any recharacterized contribution (whether a regular contribution or a conversion) cannot be revoked after the transfer. You are required to notify both trustees (or custodians) and to provide them with certain information in order to properly effectuate such a recharacterization.

## **ROLLOVER ROTH IRAS**

**Rollover Contribution from Another Roth IRA**—A rollover contribution from another Roth IRA is any amount you receive from one Roth IRA and within 60 days roll some or all of it over into another Roth IRA. You are not required to roll over the entire amount received from the first Roth IRA. However, any taxable amount (generally earnings) you do not roll over will be taxed at ordinary income tax rates for Federal income tax purposes and may be subject to the 10% additional tax on early distributions.

### **The following special rules also apply to rollovers between Roth IRAs:**

- The rollover must be completed no later than the 60th day after the day the distribution was received by you from the first Roth IRA. However, if the reason for distribution was for qualified first time home buyer expenses and there has been a delay or cancellation in the acquisition of such first home, the 60 day rollover period is increased to 120 days. This 60-day rollover period is also extended in cases of disaster or casualty beyond the reasonable control of the taxpayer.
- You may have only one Roth IRA to Roth IRA rollover during a 12 consecutive month period measured from the date you received a distribution from a Roth IRA which was rolled over to another Roth IRA. Trustee to trustee transfers are not subject to the 12-month rule. (See IRS Publication 590 for more information.)
- The same property you receive in a distribution from the first Roth IRA must be the same property you roll over into the second Roth IRA. For example, if you receive a distribution from a Roth IRA of property, such as stocks, that same stock must be the property rolled over into the second Roth IRA.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to receive a complete distribution from your Roth IRA in order to make a rollover contribution into another Roth IRA, nor are you required to roll over the entire amount you received from the first Roth IRA into the second Roth IRA.
- If you inherit a Roth IRA due to the death of the participant, you may not roll this Roth IRA into your own Roth IRA unless you are the spouse of the deceased Roth IRA participant.

**Rollovers From a Designated Roth Contributions Account Under Employer-Sponsored Plans**—Amounts attributable to a participant's Designated Roth Contributions Account under an employer's 401(k) plan or 403(b) plan are eligible to roll over to a Roth IRA as either a direct rollover or a 60-day rollover. After such amounts have been rolled over to a Roth IRA, these amounts cannot be subsequently rolled back to an employer's plan.

**Effect of 5-Year Aging**—If the Roth IRA owner has already started the 5-year aging on any Roth IRA, the rollover of the Designated Roth Contributions Account under the employer's plan has the same 5-year period start date. However, if the Roth IRA owner establishes a Roth IRA for the first time with the rollover of the Designated Roth Contributions Account under the employer's plan, a new 5-year aging period starts with respect to the rollover amount, regardless of the period of participation in the employer's plan.

**Effect on Ordering Rules for Subsequent Distributions from the Roth IRA**—If a Roth IRA owner rolls over his or her Designated Roth Contributions Account under an employer's plan, the Roth IRA owner is responsible for keeping track of the rollover in the following manner for purposes of determining taxable distributions from the Roth IRA:

If the distribution from the employer's plan is a "nonqualified distribution", the Roth IRA owner adds the basis amount (contributions) to his or her other regular Roth IRA contributions, and adds the earnings to the earnings.

If the distribution from the employer's plan is a "qualified distribution", the Roth IRA owner adds the entire amount of the rollover to his or her other regular Roth IRA contributions.

**Partial Rollovers**—If a distribution representing the participant's Designated Roth Account is eligible to roll over and it is paid to the participant, and the participant rolls over to a Roth IRA only a portion of the distribution, the amount not rolled over is treated as first consisting of the nontaxable portion (the contributions). Thus, the amount rolled over is treated first as the taxable earnings and no amount is taxable to the participant if the amount of the rollover is equal to or greater than the amount of the earnings attributable to the distribution received by the employee. Proper adjustments to the ordering rules explained above are necessary in the case of a partial rollover.

**Effective 1/1/08, rollovers from qualified plans, 403(b) plans and 457 governmental plans to Roth IRAs are permitted.**

**Special Rollover Rules for Qualified Hurricane Distributions**—Qualified Hurricane Distributions withdrawn from a Roth IRA are eligible to be rolled over to a Roth IRA within a 3-year period after the eligible individual received such distribution. More information on Qualified Hurricane Distributions and other tax relief provisions applicable to affected individuals of Hurricanes Katrina, Rita or Wilma is in IRS Publication 4492. Taxpayers using these tax relief provisions must file Form 8915 with his or her Federal income tax return.

**Special Rules for Nonspouse Beneficiaries**—Eligible rollover distributions from a Designated Roth Contribution Account payable to a nonspouse beneficiary are eligible for direct rollover into an Inherited Roth IRA. Such amounts must be paid in the form of a direct rollover, rather than a distribution and subsequent rollover. Thus, if the distribution is paid directly by the plan to the nonspouse beneficiary, no rollover is permitted. Also, the Roth IRA receiving the direct rollover must be an Inherited Roth IRA, rather than a Roth IRA owned by the nonspouse beneficiary. The Inherited Roth IRA is subject to the same required minimum distributions that apply to beneficiaries under the employer's plan and carries over to the Inherited Roth IRA. The Roth IRA must be established and titled in a manner that identifies it as a Roth IRA with respect to a deceased individual and also identifies the deceased individual and the beneficiary, for example, "Tom Smith as beneficiary of John Smith".

For these purposes, a nonspouse beneficiary includes an individual beneficiary and a trust beneficiary that meets the special "look through" rules under the IRS regulations. A non-individual beneficiary (such as an estate or charity) or a non-look through trust is not eligible for direct rollover. Any required minimum distributions applicable to the employer's plan for the year in which the direct rollover occurs and any prior year is not eligible for direct rollover.

**Conversion from a Traditional IRA to a Roth IRA**—You are permitted to make a qualified rollover contribution from a traditional IRA to a Roth IRA if your Modified AGI (not including the taxable amount converted) for the year during which the distribution is made does not exceed \$100,000 and you are not a married person filing a separate tax return. This is called a "conversion" and may be done at any time without waiting the usual 12 months. You are also permitted to recharacterize a conversion made to a Roth IRA if the amount plus earnings is transferred back to a traditional IRA before your tax filing deadline including extensions for the year the amount was distributed from the traditional IRA that was converted to the Roth IRA. Effective for tax years after 2009, the \$100,000 income requirement is eliminated.

**Taxation in Completing a Conversion from a Traditional IRA to a Roth IRA**—If you complete a conversion from a traditional IRA to a Roth IRA, the conversion amount (to the extent taxable) is included in your gross income for the year during which the distribution is made from your traditional IRA that is converted to a Roth IRA. However, the 10% additional income tax for premature distributions does not apply.

**Reconversions**—Once an amount has been properly converted and then is recharacterized back to a traditional IRA, any subsequent conversion of that amount is called a "reconversion." An IRA owner who converts an amount from a traditional IRA to a Roth IRA during any taxable year and then recharacterizes that amount back to a traditional IRA may not reconvert that amount from the traditional IRA to a Roth IRA before the later of: (a) the taxable year following the taxable year in which the amount was first converted to a Roth IRA; or, (b) the end of the 30-day period beginning on the day on which the IRA owner recharacterizes the amount from the Roth IRA back to a traditional IRA. Any amount previously converted is adjusted for subsequent net income in determining the amount subject to the limitation on subsequent reconversions. Since adverse tax consequences could arise, it is recommended that you seek the advice of your own tax advisor.

**Substantially Equal Payments**—If a taxpayer converts a traditional IRA to a Roth IRA where the traditional IRA was subject to the substantially equal periodic payment exception, the same periodic payments must continue from the Roth IRA.

**Types of IRAs Permitted to be Converted**—Traditional regular IRAs, Rollover "conduit" IRAs, and SEP IRAs may be converted to a Roth IRA, so long as the taxpayer meets the eligibility requirements. A SIMPLE IRA may also be converted to a Roth IRA, but only after such SIMPLE IRA is no longer subject to the 2-year holding period applicable to SIMPLE IRAs.

**Required Minimum Distributions**—If the IRA owner is age 70½ or older, the required minimum amount must first be distributed to the owner before any of the remaining amount can be converted to the Roth IRA, if eligible.

## DISTRIBUTIONS FROM A ROTH IRA

**Taxation of Distributions**—“Qualified distributions” are neither subject to Federal income tax nor the 10% additional income tax for premature distributions. Nonqualified distributions are taxable to the extent such distribution is attributable to the income earned in the account. When you start withdrawing from your Roth IRA, you may take the distributions in regular payments, random withdrawals or in a single sum payment.

**Qualified Distributions**—A Qualified Distribution is one that is both made:

1. on or after you attain age 59½;
2. to a beneficiary after your death;
3. on account of you becoming disabled (defined under Section 72(m)(7) IRC); or
4. for qualified first time homebuyer expenses.

AND

made after the end of the 5-year period beginning with the taxable year for which you first make any contribution to a Roth IRA.

If your first contribution is a conversion from a traditional IRA to a Roth IRA, the five year period begins with the year in which the conversion was made from the traditional IRA. If your first contribution is a regular contribution, the five year period begins with the year for which the contribution was made. You may maintain only one Roth IRA plan which accepts regular contributions and conversions. Additional contributions or conversions in subsequent years will not start the running of another five year period for purposes of determining whether or not you have received a “Qualified Distribution.” If the entire Roth IRA account balance is distributed before any other Roth IRA contributions are made, the 5-year aging period does not start over when future contributions are made.

However, if any of the following situations occur, the 5-year aging period has not yet started:

- a. the initial Roth IRA contribution is revoked within its first 7-day period;
- b. the initial Roth IRA contribution is recharacterized to a traditional IRA; or
- c. an excess contribution, plus earnings, is timely distributed in accordance with section 408(d)(4), by the tax filing deadline including extensions, unless other eligible contributions were made.

**Nonqualified Distributions**—Distributions from a Roth IRA which are made as a nonqualified distribution are treated as made from contributions to the Roth IRA to the extent that such distribution, when added to all previous distributions from the Roth IRA (whether or not they were qualified distributions), and reduced by the taxable amount of such previous distributions, does not exceed the aggregate amount of contributions to the Roth IRA.

In other words, nonqualified distributions are treated as taken from the nontaxable portion first (the contributions) until the aggregate distributions exceed the aggregate contributions. When the aggregate distributions exceed the aggregate contributions, then the earnings will be treated as part of the distribution for taxation purposes. The portion of the nonqualified distribution that represents earnings will be taxable and subject to the 10% additional income tax for premature distributions, unless an exception applies. You are responsible for keeping records on the contributions you make to your Roth IRA and for figuring any taxable, nonqualified distributions from your Roth IRA.

**Distributions Made Before the End of the Five Year Period**—Distributions taken before the end of the five year period are taxable (to the extent you receive the earnings attributable) and are subject to the 10% additional income tax if the participant is not age 59½. However, the 10% additional income tax is avoided if the distribution meets any one of the exceptions under Section 72(t).

**Recapture of the 10% Additional Tax**—The 10% additional tax on early distributions will apply to conversions if the taxpayer is deemed to withdraw any portion of the taxable conversion amount before the end of the five year period commencing the year of conversion contribution, unless an exception under Section 72(t) applies. This is true even if none of the distribution is otherwise taxable.

**Basis Recovery Rules for Distributions from Different IRA Plans**—The taxation of distributions from a Roth IRA shall be treated separately from the taxation of a distribution from other IRA plans. In other words, nondeductible contributions made to your traditional IRA will continue to be recovered tax-free on a ratable basis.

**Ordering Rules**—Distributions from any of your Roth IRAs are to be “deemed” withdrawn in the following order: first from regular Roth IRA contributions; second from converted amounts on a first-in, first-out basis (with the taxable conversion amount first and then the nontaxable conversion amount); and last from the earnings. In determining these ordering rules, any amount distributed from an individual’s Roth IRA is determined as of the end of a taxable year and exhausting each category before moving to the next category. The taxpayer will be required to keep track of these ordering provisions by using IRS Form 8606.

**Multiple Beneficiaries**—At the Roth IRA owner's death and where multiple beneficiaries are named, each type of contribution must be allocated to each beneficiary on a pro-rata basis. Thus, for example, if a Roth IRA owner dies when the Roth IRA contains a regular contribution of \$2,000, a conversion contribution of \$6,000 and earnings of \$1,000, and the owner leaves his Roth IRA equally to four children, each child will receive one quarter of each type of contribution. Pursuant to the ordering rules, an immediate distribution of \$2,000 to one of the children will be deemed to consist of \$500 of regular contributions, and \$1,500 of conversion contributions.

For purposes of the ordering rules upon distribution, a beneficiary's inherited Roth IRAs may not be aggregated with any other Roth IRAs maintained by such beneficiary, except for other Roth IRAs that the beneficiary inherited from the same decedent. However, if the surviving spouse is the sole beneficiary of a Roth IRA and such surviving spouse elects to treat the Roth IRA as his or her own Roth IRA, the spouse can aggregate contributions with his or her other Roth IRAs for purposes of determining the ordering rules when distributions are taken. The term "spouse as sole beneficiary" means either the only primary beneficiary of the entire plan, or the only primary beneficiary of a segregated portion of the plan.

**Premature Distributions**—If you are under age 59½ and receive a "nonqualified" distribution from your Roth IRA, a 10% additional income tax will apply to the taxable portion (generally the earnings portion) of the distribution unless the distribution is received due to death; disability; a qualifying rollover distribution; the timely withdrawal of the principal amount of an excess; substantially equal periodic payments; certain medical expenses; health insurance premiums paid by certain unemployed individuals; qualified higher education expenses; qualified first time homebuyer expenses; due to an IRS levy; qualified hurricane distributions received prior to January 1, 2007; or qualified reservist distributions.

**Required Distributions**—Unlike a traditional IRA, you are not required to begin distributions when you attain age 70½. Also, the incidental death benefit requirements (referred to as MDIB) do not apply to the Roth IRA.

**Death Distributions**—If you die and you have a designated beneficiary, the balance in your Roth IRA will be distributed to your beneficiary over the beneficiary's single life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. However, if your spouse is your sole beneficiary, these distributions are not required to commence until the December 31st of the calendar year you would have attained the age of 70½, if that date is later than the required commencement date in the previous sentence. If you die and you do not have a designated beneficiary, the balance in your Roth IRA must be distributed no later than the December 31st of the calendar year that contains the fifth anniversary of your death.

#### **PROHIBITED TRANSACTIONS WITH A ROTH IRA**

If you or your beneficiary engage in a prohibited transaction (as defined under Section 4975 of the Internal Revenue Code) with your Roth IRA, it will lose its tax exemption and you must include the taxable portion of your account in your gross income for that taxable year and may also be subject to the 10% additional tax on early distributions. If you pledge any portion of your Roth IRA as collateral for a loan, the amount so pledged will be treated as a distribution and the taxable portion will be included in your gross income for that year and may also be subject to the 10% additional tax.

#### **ADDITIONAL TAXES AND PENALTIES**

If you are under age 59½ and receive a nonqualified premature distribution from your Roth IRA, an additional 10% income tax will apply on the taxable amount of the distribution (generally the earnings portion only), unless an exception under Section 72(t) applies. A 10% additional tax will be assessed if you are under age 59½ if you are deemed to withdraw any portion of a conversion that you made from your traditional IRA to your Roth IRA before five years have lapsed from the conversion year, even if such distribution is otherwise nontaxable. If you make an excess contribution to your Roth IRA and it is not corrected on a timely basis, an excise tax of 6% is imposed on the excess amount.

This tax will apply each year to any part or all of the excess which remains in your account.

If you should die, and the appropriate required death distributions are not made from your Roth IRA, an excise tax of 50% is assessed to your beneficiary based upon the difference between the amount that should have been distributed and the amount that was actually distributed. You may be required to file IRS Form 5329 with the Internal Revenue Service for any year an additional tax is due.

#### **INCOME TAX WITHHOLDING**

All withdrawals from your Roth IRA (except the earnings attributable to a return of excess contributions) are not subject to Federal income tax withholding.



## **TRANSFERS**

A direct transfer of all or a portion of your funds is permitted from this Roth IRA to another Roth IRA or vice versa. Transfers do not constitute a distribution since you are never in receipt of the funds. The monies are transferred directly to the new trustee or custodian. Transfers are neither subject to the 12-month restriction nor the 60 day rollover period usually associated with rollovers.

If you should transfer all or a portion of your Roth IRA to your former spouse's Roth IRA under a divorce decree (or under a written instrument incident to divorce) or separation instrument, you will not be deemed to have made a taxable distribution, but merely a transfer. The portion so transferred will be treated at the time of the transfer as the Roth IRA of your spouse or former spouse.

If your spouse is the beneficiary of your Roth IRA, in the event of your death, your spouse may "assume" your Roth IRA. The assumed Roth IRA is then treated as your surviving spouse's Roth IRA.

## **QUALIFIED CHARITABLE DISTRIBUTIONS**

If a Roth IRA owner is age 70½ or over, the Roth IRA owner may direct the Roth IRA trustee or custodian to transfer up to \$100,000 per year from the Roth IRA to a qualified charity. Such transfer will not be subject to Federal income taxes. Qualified Charitable Distributions may also be made by a beneficiary who is age 70½ or over. Qualified Charitable Distributions are not subject to Federal income tax withholding.

The amount transferred will be treated as coming from the taxable portion of the Roth IRA and will be an exception to the ordering rules applicable to distributions from Roth IRAs. The tax-free transfer to a qualified charity applies only if the Roth IRA owner could otherwise receive a charitable deduction with respect to the transferred amount. In other words, it must be made to a qualified charitable organization that the taxpayer would have otherwise been able to take a tax deduction for making the charitable contribution. However, since such transfer will be tax-free, the taxpayer may not also take a charitable deduction on his or her tax return.

This provision is effective with respect to distributions transferred directly to a qualified charity beginning in 2006, but applies only for distributions transferred through the end of 2007. In other words, there is only 2 years for eligible individuals to take advantage of this tax-free transfer to a charity. Although the Roth IRA trustee or custodian must transfer the Qualified Charitable Distribution directly to the qualified charity, the taxpayer is responsible for substantiating and reporting the Qualified Charitable Distribution on his or her Federal income tax return. The Trustee or Custodian of the Roth IRA will report the amount transferred on IRS Form 1099-R as if the Roth IRA owner withdrew the money. After the Roth IRA trustee or custodian issues the payment in the name of the charity, the trustee or custodian may deliver the payment to the Roth IRA owner, who then would deliver the payment to the charity.

## **QUALIFIED HSA FUNDING DISTRIBUTION**

Beginning for annual HSA contributions made for 2007 or thereafter, an HSA-eligible individual may make an irrevocable once-in-a-lifetime, tax-free "qualified HSA Funding distribution" from a Roth IRA to an HSA, subject however to strict requirements. The amount of the HSA funding distribution must be made in the form of a trustee-to-trustee transfer from the IRA to the HSA. The amount of the transfer cannot exceed the maximum HSA contribution limit for the year that the amount is transferred. Consequently, this one-time transfer from a Roth IRA to an HSA counts toward the individual's total HSA contribution limit for the year depending upon the type of coverage under the HDHP (self-only or family).

Prior to 2007, if a Roth IRA owner wanted to use the money in a Roth IRA to make an annual HSA contribution, any nonqualified distribution from the Roth IRA was taxable (to the extent attributable to the earnings) and subject to the 10% additional tax if the individual was under the age of 59½. Prior law did not provide for a tax-free transfer from a Roth IRA to an HSA.

## **FEDERAL ESTATE AND GIFT TAXES**

Generally there is no specific exclusion for Roth IRAs under the Federal estate tax rules. Therefore, in the event of your death, the value of your Roth IRA will be includible in your gross estate for Federal estate tax purposes. However, if your surviving spouse is the beneficiary of your Roth IRA, the value of your Roth IRA may qualify for the marital deduction available under Section 2056 of the Internal Revenue Code. A transfer of property for Federal gift tax purposes does not include an amount which a beneficiary receives from a Roth IRA plan.

## **IRS APPROVAL AS TO FORM**

This Roth IRA Custodial Agreement has been approved by the Internal Revenue Service as to form. This is not an endorsement of the plan in operation or of the investments offered.



## ADDITIONAL INFORMATION

You may obtain further information on Roth IRAs and Traditional IRAs from your District Office of the Internal Revenue Service. In particular, you may wish to obtain IRS Publication 590 (Individual Retirement Arrangements). You may obtain this publication by calling the Internal Revenue Service Forms Request toll free number, (800)-TAX-FORM, or by downloading this publication from the Internal Revenue Service web site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

## FINANCIAL DISCLOSURE

**In General:** IRS regulations require the Custodian to provide you with a financial projected growth of your IRA account based upon certain assumptions.

**Growth in the Value of Your IRA:** Because the assets held in your IRA are invested at your direction and will be subject to market fluctuation, growth in the value of your IRA is neither guaranteed nor projected. However, you will be provided with periodic statements of your IRA, including current market values of investments.

Information about the shares of each mutual fund that you choose for investment through your IRA must be furnished to you in the form of a prospectus governed by the rules of the U.S. Securities and Exchange Commission. Please refer to the prospectus for detailed information concerning the fund objectives, the sales charges and the income and expenses of your mutual funds.

**Custodian Fees:** The Custodian may charge reasonable fees or compensation for its services and it may deduct all reasonable expenses incurred by it in the administration of your Roth IRA, including any legal, accounting, distribution, transfer, termination or other designated fees. Any charges made by the Custodian will be separately disclosed on an attachment hereto. Such fees may be charged to you or directly to your custodial account. In addition, depending on your choice of investment vehicles, you may incur sales charges attributable to the purchase or sale of mutual fund share.

## U.S. Customer Privacy Notice

FACTS	WHAT DOES MSIM DO WITH YOUR PERSONAL INFORMATION?
<b>WHY?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>WHAT?</b>	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"><li>• Social Security number and income</li><li>• investment experience and risk tolerance</li><li>• checking account number and wire transfer instructions</li></ul>
<b>HOW?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons MSIM chooses to share; and whether you can limit this sharing.

REASONS WE CAN SHARE YOUR PERSONAL INFORMATION	DOES MSIM SHARE?	CAN YOU LIMIT THIS SHARING?
<b>For our everyday business purposes</b> —such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes</b> —to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes</b> —information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes</b> —information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share

<b>QUESTIONS?</b>	Call toll-free (844) 312-6327 or email: <a href="mailto:imprivacyinquiries@morganstanley.com">imprivacyinquiries@morganstanley.com</a>
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<b>WHO WE ARE</b>	
<b>Who is providing this notice?</b>	Morgan Stanley Investment Management, Inc. and its affiliated registered investment advisers, registered broker-dealers, and registered and unregistered funds ("MSIM")

<b>WHAT WE DO</b>	
<b>How does MSIM protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We have policies governing the proper handling of customer information by personnel and requiring third parties that provide support to adhere to appropriate security standards with respect to such information.
<b>How does MSIM collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• open an account or make deposits or withdrawals from your account</li> <li>• buy securities from us or make a wire transfer</li> <li>• give us your contact information</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p>

<b>DEFINITIONS</b>	
<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• Our affiliates include companies with a Morgan Stanley name and financial companies such as Morgan Stanley Smith Barney LLC and Morgan Stanley &amp; Co.</li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• MSIM does not share with nonaffiliates so they can market to you.</li> </ul>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>• MSIM doesn't jointly market</li> </ul>

<b>OTHER IMPORTANT INFORMATION</b>	
<b>Vermont:</b> Except as permitted by law, we will not share personal information we collect about Vermont residents with Nonaffiliates unless you provide us with your written consent to share such information.	
<b>California:</b> Except as permitted by law, we will not share personal information we collect about California residents with Nonaffiliates and we will limit sharing such personal information with our Affiliates to comply with California privacy laws that apply to us.	

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## State Street Bank and Trust Company Privacy Notice\*

### AN IMPORTANT NOTICE CONCERNING CUSTOMER PRIVACY

From the following State Street entities: State Street Bank and Trust Company; State Street Global Markets, LLC; State Street Global Advisors (SSgA); State Street Global Advisors, Inc.; State Street Global Advisors Limited; State Street Bank and Trust Company, N.A.; State Street Bank and Trust Company of California, N.A.; and State Street Bank and Trust Company of New Hampshire (collectively, "State Street")

The trust and confidence of our customers are important to us. For this reason, we are careful in the way we handle nonpublic personal information about our customers ("Customer Information"). This Privacy Notice describes our policies and practices concerning Customer Information and how they are designed to preserve the trust of our customers.

### INFORMATION WE COLLECT

We may collect Customer Information from the following sources:

#### PRIVACY NOTICE

- Information we receive on applications or other forms, such as name, address, date of birth, and social security number.
- Information relating to transactions with us, our affiliates and others, such as the purchase and sale of securities and account balances.
- Information we receive from third parties, such as credit reporting agencies.

### INFORMATION WE DISCLOSE

We do not disclose Customer Information about our present or former customers to third parties, including the affiliates named in this notice, except as permitted by law. For example, we may disclose Customer Information in order to process a transaction or service an account, or to comply with legal requirements.

### INFORMATION SECURITY

We restrict access to Customer Information to employees and service providers who are involved in providing products and services to our customers. In addition, we maintain physical, electronic, and procedural safeguards that are designed to comply with federal standards in order to protect Customer Information.

This privacy notice applies to financial products and services provided by State Street that are used primarily for personal, family, or household purposes.

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A BANK DEPOSIT

# Canadian Addendum to Morgan Stanley Investment Management Account Application

Please note, that pages 51-57 are only applicable to Canadian Residents.

By signing below, the investor acknowledges and agrees that this Canadian Addendum (the “**Addendum**”) is incorporated into and forms part of the account application for shares of a Morgan Stanley Fund (the “**Account Application**”). Capitalized terms used and not defined in this document have the meanings given to them in the Account Application.

1. The investor hereby represents, warrants, covenants and/or acknowledges to Morgan Stanley Investment Management Inc. (the “**Adviser**”), Morgan Stanley Distribution, Inc. (the “**Distributor**”) and any other dealer appointed by the Distributor or the Fund to market and sell the shares (each, a “**Placement Agent**”), that:
  - (a) The investor is located and resident in, and was offered the shares in, the province listed in the address of the investor set out in the Account Application, and the investor is not subject to the requirements of the securities laws of any other province or territory of Canada, or any other jurisdiction in connection with its purchase of the shares.
  - (b) The investor is basing its investment decision solely on the prospectus which has been provided to the investor and not on any other information concerning the Fund or the offering.
  - (c) The investor is purchasing the shares as principal for its own account or is deemed to be purchasing the shares as principal for its own account in accordance with applicable securities laws.
  - (d) The shares have not been and will not be qualified for sale to the public by prospectus under applicable Canadian securities laws and, accordingly, any sale of the shares in Canada will only be made on a basis which is exempt from the prospectus requirements of Canadian securities laws. Even if the prospectus states that the shares may be transferred by the investor, any such transfer may only be effected pursuant to a prospectus exemption under Canadian securities laws, or in a transaction not subject to the prospectus requirements of Canadian securities laws. In addition, such transfer may only be effected by a person not required to register as a dealer under Canadian securities laws or through a dealer that is appropriately registered or exempt from registration in the jurisdiction of the transfer.
2. **Accredited Investor:** The investor certifies that, as of the date hereof, the investor is an “accredited investor” as defined in National Instrument 45-106 *Prospectus Exemptions* and Section 73.3 of the *Securities Act* (Ontario), by virtue of the fact that the investor is (please check one box):
  - ☐ (a) Either:
    - (i) a Canadian financial institution, which means:
      - (A) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or
      - (B) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;
    - (ii) or a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
  - ☐ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
  - ☐ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
  - ☐ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;
  - ☐ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);

- ☐ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual registered solely as a limited market dealer under one or both of the Securities Act (Ontario) or the Securities Act (Newfoundland and Labrador);
- ☐ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- ☐ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- ☐ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- ☐ (i) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- ☐ (j) *[Intentionally omitted]*;
- ☐ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that before taxes but net of any related liabilities, exceeds Cdn. \$5,000,000;
- ☐ (k) *[Intentionally omitted]*;
- ☐ (l) *[Intentionally omitted]*;
- ☐ (m) a person, other than an individual or investment fund, that has net assets of at least Cdn. \$5,000,000 as shown on its most recently prepared financial statements, but not a person that is created or used solely to purchase or hold securities as an accredited investor;
- ☐ (n) an investment fund that distributes or has distributed its securities only to
  - (i) a person that is or was an accredited investor at the time of the distribution;
  - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 *[Minimum amount investment]* and 2.19 *[Additional investment in investment funds]* of National Instrument 45-106; or
  - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 *[Investment fund reinvestment]* of National Instrument 45-106;
- ☐ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- ☐ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- ☐ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- ☐ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- ☐ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- ☐ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;
- ☐ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- ☐ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- ☐ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries of the trust are the accredited investor's spouse, a former spouse of the accredited investor, or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

3. **Permitted Client Representation:** The investor certifies that, as of the date hereof, the investor is a “permitted client” as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, and if resident in Ontario, Québec or Newfoundland and Labrador, the investor is a “permitted client” as that term is defined in Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers*, by virtue of the fact that the investor is (please check one box):
- ☐ (a) a Canadian financial institution, or a Schedule III bank;
  - ☐ (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada);
  - ☐ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
  - ☐ (d) a person or company registered under the securities legislation of a jurisdiction of Canada as an adviser, investment dealer, mutual fund dealer or exempt market dealer;
  - ☐ (e) a pension fund that is regulated by either the federal Office of the Superintendent of Financial Institutions or a pension commission or similar regulatory authority of a jurisdiction of Canada or a wholly-owned subsidiary of such a pension fund;
  - ☐ (f) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (e);
  - ☐ (g) the Government of Canada or a jurisdiction of Canada, or any Crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada;
  - ☐ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
  - ☐ (i) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l’île de Montréal or an intermunicipal management board in Québec;
  - ☐ (j) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a managed account managed by the trust company or trust corporation, as the case may be;
  - ☐ (k) a person or company acting on behalf of a managed account managed by the person or company, if the person or company is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
  - ☐ (l) an investment fund if one or both of the following apply:
    - (i) the fund is managed by a person or company registered as an investment fund manager under the securities legislation of a jurisdiction of Canada;
    - (ii) the fund is advised by a person or company authorized to act as an adviser under the securities legislation of a jurisdiction of Canada;
  - ☐ (m) a registered charity under the *Income Tax Act* (Canada) that obtains advice on the securities to be traded from an eligibility adviser, as defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions*, or an adviser registered under the securities legislation of the jurisdiction of the registered charity;
  - ☐ (n) *[Intentionally omitted]*;
  - ☐ (o) an individual who beneficially owns financial assets, as defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions*, having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds Cdn. \$5 million;
  - ☐ (p) a person or company that is entirely owned by an individual or individuals referred to in paragraph (o), who holds the beneficial ownership interest in the person or company directly or through a trust, the trustee of which is a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction;
  - ☐ (q) a person or company, other than an individual or an investment fund, that has net assets of at least Cdn. \$25 million as shown on its most recently prepared financial statements; or
  - ☐ (r) a person or company that distributes securities of its own issue in Canada only to persons or companies referred to in paragraphs (a) to (q).
4. **Notices:** The investor acknowledges receipt of the following notices:
- (a) **Enforcement of Legal Rights.** The Fund, the Adviser, the Distributor, any Placement Agent and their respective directors and officers, as well as any experts named in the prospectus, are or may be located outside of Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Fund, the Adviser, the Distributor, any Placement Agent or those persons. All or a substantial portion of the assets of the Fund, the Adviser, the Distributor, any Placement



Agent or those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Fund, the Adviser, the Distributor, any Placement Agent or those persons in Canada or to enforce a judgment obtained in Canadian courts against the Fund, the Adviser, the Distributor, any Placement Agent or those persons outside of Canada.

- (b) **Non-Resident Investment Fund Manager.** The Adviser is considered to be an investment fund manager for purposes of Canadian securities laws; however, the Adviser is not registered, and is relying on an exemption from registration, as an investment fund manager in Ontario, Québec and Newfoundland and Labrador. The head office of the Adviser is located in New York, New York, USA. The agent for service of process of the Adviser in Ontario is Osler, Hoskin & Harcourt LLP, 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, ON M5X 1B8, the agent for service of process of the Adviser in Québec is Osler, Hoskin & Harcourt LLP, 1000 De La Gauchetière Street West, Suite 2100, Montréal, QC H3B 4W5 and the agent for service of process of the Adviser in Newfoundland is Stewart McKelvey LLP, 100 New Gower Street, Suite 1100, Cabot Place, P.O. Box 5038, St. John's, NL A1C 6K3.
- (c) **International Dealer.** The Distributor is not registered as a securities dealer in any province or territory of Canada. The head office of the Distributor is located at 522 Fifth Avenue, New York, NY 10036 and all or substantially all of the assets of the Distributor are situated outside of Canada. There may be difficulty enforcing legal rights against the Distributor for these reasons. The Distributor hereby directs you to send completed copies of the Account Application and Addendum to Morgan Stanley Funds at the address of Morgan Stanley Funds set out in the Account Application, or to such other address directed by the Distributor or any Placement Agent. The agent for service of process of the Distributor in your jurisdiction of residence are set out below.

**British Columbia**

Borden Ladner Gervais LLP  
1200 Waterfront Centre  
200 Burrard Street  
Vancouver, BC V7X 1T2  
Attn: Jason Brooks

**Alberta**

Osler, Hoskin & Harcourt LLP  
450 - 1st St. S.W. TransCanada Tower  
Suite 2500  
Calgary, AB T2P 5H1  
Attn: Colin Feasby

**Saskatchewan**

MacPherson Leslie & Tyerman LLP  
1500 Hill Centre I  
1874 Scarth Street  
Regina, SK S4P 4E9  
Attn: Aaron Runge

**Ontario**

Osler, Hoskin & Harcourt LLP  
100 King St. West, Suite 6200  
Toronto, ON M5X 1B8  
Attn: Desmond Lee

**Québec**

1000 De La Gauchetière Street W.  
Suite 2100  
Montréal, PQ H3B 4W5  
Attn: Robert Yalden

**New Brunswick**

Stewart McKelvey LLP  
Suite 1000, Brunswick House  
44 Chipman Hill  
P.O. Box 7289, Postal Station A  
Saint John, NB, E2L 4S6  
Attn: Paul Smith

**Prince Edward Island**

Stewart McKelvey LLP  
65 Grafton Street  
P.O. Box 2140  
Charlottetown, PE, C1A 8B9  
Attn: Paul Kiley

**Nova Scotia**

Stewart McKelvey LLP  
Suite 900, Purdy's Wharf Tower One  
1959 Upper Water Street  
P.O. Box 997  
Halifax, NS, B3J 2X2  
Attn: Gavin Stuttard

**Newfoundland and Labrador**

Stewart McKelvey LLP  
Suite 1100, Cabot Place  
100 New Gower Street  
P.O. Box 5038  
St. John's, NL, A1C 6K3  
Attn: Neil Jacobs

**Manitoba**

Thompson Dorfman Sweatman LLP  
201 Portage Avenue  
Suite 2200  
Winnipeg, MB R3B 3L3  
Attn: Barry MacTavish

- (d) **Exemption under NI 33-105 Section 3A.3.** The shares are “eligible foreign securities” for the purposes of National Instrument 33-105 *Underwriting Conflicts* (“NI 33-105”) and are being distributed concurrently in the United States and the investor has received an offering document which contains the same disclosure as that provided to investors in the United States. The Fund and the Distributor are relying on an exemption in Section 3A.3 of NI 33-105 from the requirement set out in Section 2.1 of NI 33-105 to provide specific disclosure regarding related and connected issuers on the basis of the U.S. disclosure which has been provided to the investor.
- (e) **Rights of Action:** In connection with this distribution of shares which constitute “eligible foreign securities” as defined in Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* and Multilateral Instrument 45-107 *Listing Representations and Statutory Rights of Action Disclosure Exemptions* or other applicable provisions, the Fund, the Adviser, the Distributor or any Placement Agent has delivered to you a prospectus which may constitute an offering memorandum under applicable securities laws in Canada. The investor may have, depending on the province or territory of Canada in which the trade was made to the investor, remedies for rescission or damages if the prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the investor within the time limit prescribed by the securities legislation of the investor’s province or territory. The investor should refer to any applicable provisions of the securities legislation of the investor’s province or territory for particulars of these rights or consult with a legal advisor.
- (f) **French Language Waiver.** The parties to this Addendum confirm that it is their wish that this Addendum, as well as all documents relating to this Addendum, have been and shall be drawn up in the English language only. *Les signatures conferment leur volonté que la présente convention, de même que tous documents s’y rattachant, y compris tout avis, annexe et autorisation, soient rédigés en anglais seulement.*

5. **Suppression of Terrorism and Canadian Sanctions:**

- (a) To the best of the investor’s knowledge, the funds being used to purchase the shares: (i) were not obtained or derived, directly or indirectly, as a result of illegal activities; (ii) are not intended to be used, directly or indirectly, in order to carry out a criminal offence, a terrorist activity or for the benefit of a terrorist group, (iii) are not owned or controlled by a terrorist group; and (iv) are not being tendered on behalf of a person or entity who has not been identified to the investor.
- (b) The investor is not a person or entity identified on a list established under section 83.05 of the *Criminal Code* (Canada) or in any Regulations made under the *United Nations Act* (Canada), the *Freezing Assets of Corrupt Foreign Officials Act* (Canada), the *Justice for Victims of Corrupt Foreign Officials Act* (Sergei Magnitsky Law) (Canada), the *Justice for Victims of Corrupt Foreign Officials Act* (Canada), the *Special Economic Measures Act* (Canada) or any other Canadian statutes or regulations which take legislative measures against terrorist financing and against financial dealings with certain sanctioned individuals and entities (collectively, “STCS Legislation”).
- (c) The investor, the Fund, the Adviser, the Distributor or any Placement Agent may in the future be required by law to disclose the investor’s name and other information relating to the investor, on a confidential basis, pursuant to STCS Legislation and the investor is deemed to have agreed to the foregoing.
- (d) The investor shall promptly notify the Fund, the Adviser, the Distributor and any Placement Agent if the investor discovers that any such representations cease to be true, and shall provide the Fund with appropriate information in connection therewith.

- 6. **Indirect Collection of Personal Information:** By purchasing the shares, the investor acknowledges that information such as its name and other specified information, including specific purchase details, will be disclosed to Canadian securities regulatory authorities as part of a Report of Exempt Distribution on Form 45-106F1 (the “Report”) and may become available to the public in accordance with the requirements of applicable laws. The investor consents to the disclosure of that information.

If the investor is an individual located or resident in Canada, the investor is hereby notified that the following personal information about the investor will be disclosed to Canadian securities regulatory authorities in the Report: his or her full legal name, residential street address, telephone number, email address (if available), specific purchase details and details of the prospectus exemption relied on. Such information is collected on behalf of and used by the securities regulatory authority or regulator under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation. By purchasing the shares the investor authorizes this indirect collection of information by the securities regulatory authorities and regulators. Questions about the collection and use of this information should be directed to the securities regulatory authority or regulator in the province or territory where the investor is located or resident, as listed below.

**Alberta Securities Commission**

Suite 600, 250 - 5th Street SW  
Calgary, Alberta T2P 0R4  
Telephone: (403) 297-6454  
Toll free in Canada: 1-877-355-0585  
Facsimile: (403) 297-2082

**British Columbia Securities Commission**

P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Inquiries: (604) 899-6854  
Toll free in Canada: 1-800-373-6393  
Facsimile: (604) 899-6581  
Email: [inquiries@bcsc.bc.ca](mailto:inquiries@bcsc.bc.ca)

**The Manitoba Securities Commission**

500-400 St. Mary Avenue  
Winnipeg, Manitoba R3C 4K5  
Telephone: (204) 945-2548  
Toll free in Manitoba 1-800-655-5244  
Facsimile: (204) 945-0330

**Financial and Consumer Services Commission  
(New Brunswick)**

85 Charlotte Street, Suite 300  
Saint John, New Brunswick E2L 2J2  
Telephone: (506) 658-3060  
Toll free in Canada: 1-866-933-2222  
Facsimile: (506) 658-3059  
Email: [info@fcnb.ca](mailto:info@fcnb.ca)

**Ontario Securities Commission**

20 Queen Street West, 22<sup>nd</sup> Floor  
Toronto, Ontario M5H 3S8  
Telephone: (416) 593-8314  
Toll free in Canada: 1-877-785-1555  
Facsimile: (416) 593-8122  
Email: [exemptmarketfilings@osc.gov.on.ca](mailto:exemptmarketfilings@osc.gov.on.ca)  
Public official contact regarding indirect  
collection of information: Inquiries Officer

**Prince Edward Island Securities Office**

95 Rochford Street, 4<sup>th</sup> Floor Shaw Building  
P.O. Box 2000  
Charlottetown, Prince Edward Island CIA 7N8  
Telephone: (902) 368-4569  
Facsimile: (902) 368-5283

**Autorité des marchés financiers**

800, Square Victoria, 22<sup>e</sup> étage  
C.P. 246, Tour de la Bourse  
Montréal, Québec H4Z 1G3  
Telephone: (514) 395-0337 or 1-877-525-0337  
Facsimile: (514) 873-6155 (For filing purposes only)  
Facsimile: (514) 864-6381 (For privacy requests only)  
Email: [financementdassocies@lautorite.qc.ca](mailto:financementdassocies@lautorite.qc.ca)  
(For corporate finance issuers);  
[fonds\\_dinvestissement@lautorite.qc.ca](mailto:fonds_dinvestissement@lautorite.qc.ca)  
(For investment fund issuers)

**Government of Newfoundland and Labrador  
Financial Services Regulation Division**

P.O. Box 8700  
Confederation Building  
2nd Floor, West Block  
Prince Philip Drive  
St. John's, Newfoundland and Labrador A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189  
Facsimile: (709) 729-6187

**Nova Scotia Securities Commission**

Suite 400, 5251 Duke Street  
Duke Tower  
P.O. Box 458  
Halifax, Nova Scotia B3J 2P8  
Telephone: (902) 424-7768  
Facsimile: (902) 424-4625

**Financial and Consumer Affairs  
Authority of Saskatchewan**

Suite 601 - 1919 Saskatchewan Drive  
Regina, Saskatchewan S4P 4H2  
Telephone: (306) 787-5879  
Facsimile: (306) 787-5899

7. **CANADIAN TAX CONSIDERATIONS:** THE PROSPECTUS DOES NOT ADDRESS THE CANADIAN TAX CONSEQUENCES OF THE ACQUISITION, HOLDING OR DISPOSITION OF THE SHARES. PROSPECTIVE PURCHASERS OF SHARES ARE STRONGLY ADVISED TO CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE CANADIAN AND OTHER TAX CONSIDERATIONS APPLICABLE TO THEM.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Investor Name

\_\_\_\_\_  
Investor Signature

\_\_\_\_\_  
Name of Authorized Signatory

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A BANK DEPOSIT

# Beneficial Owner(s) (25% or More) and Key Controller Certification

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## I. General Instructions

### What is this form?

U.S. law requires financial institutions to obtain, verify, and record information about the beneficial owners and key controllers of legal entity customers.

### Who has to complete this form?

This form is applicable to legal entity customers and must be completed by the person opening a new account or establishing a customer relationship on behalf of a legal entity. For the purposes of this form, a **legal entity** includes a corporation, limited liability company, partnership, personal holding company, statutory trust, or other entity created by the filing of a public document with a Secretary of State or similar office, and any similar business entity formed in the United States or a foreign country. **Legal entity** does not include sole proprietorships, unincorporated associations, or natural persons opening accounts or establishing a customer relationship on their own behalf.

### What information do I have to provide?

This form requires you to provide the name, address, date of birth and social security number (in the case of non-U.S. individuals, a social security number, a passport number or other similar information) for the following:

- (i) Each individual, if any, who owns, directly or indirectly, 25 percent or more of the equity interests of the legal entity customer (e.g., each natural person that owns 25 percent or more of the shares of a corporation); **and**
- (ii) An individual with significant responsibility for managing the legal entity customer (e.g., a Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, or Treasurer).

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## II. Certification of Beneficial Owner(s) and Key Controller

**Persons opening an account or establishing a customer relationship on behalf of a legal entity must provide the following information:**

Name and Title of Natural Person Opening Account/Establishing Customer Relationship:
Name, Legal Entity Type, and Address of Legal Entity for Which the Account is Being Opened/Relationship Established:

## A. Beneficial Owner(s)

Nonprofit legal entities and Pooled Investment Vehicles, please skip to Section B (Key Controller) below.

Please provide the following information for each individual, if any, who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25 percent or more of the equity interests ("Beneficial Owner") of the legal entity listed above.

☐ **BENEFICIAL OWNER NOT APPLICABLE** (CHECK THIS BOX AND SKIP TO SECTION B (KEY CONTROLLER) IF THERE IS NO INDIVIDUAL THAT MEETS THE DEFINITION OF A BENEFICIAL OWNER STATED ABOVE.)

### Beneficial Owner 1

Individual name	Street address			
Date of birth	City	State	Zip	Country
SSN	<b>Only complete if no SSN available*</b> Government-issued identification type			
	Identification number		Country of issuance	
	Issuance date		Expiration date	

### Beneficial Owner 2

Individual name	Street address			
Date of birth	City	State	Zip	Country
SSN	<b>Only complete if no SSN available*</b> Government-issued identification type			
	Identification number		Country of issuance	
	Issuance date		Expiration date	

### Beneficial Owner 3

Individual name	Street address			
Date of birth	City	State	Zip	Country
SSN	<b>Only complete if no SSN available*</b> Government-issued identification type			
	Identification number		Country of issuance	
	Issuance date		Expiration date	

### Beneficial Owner 4

Individual name	Street address			
Date of birth	City	State	Zip	Country
SSN	<b>Only complete if no SSN available*</b> Government-issued identification type			
	Identification number		Country of issuance	
	Issuance date		Expiration date	

\* Where a social security number is unavailable, Non-U.S. Persons may provide a passport number, an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.



B. Key Controller

All legal entities must complete this section.

Please provide the following information for one individual with significant responsibility to control, manage, or direct the legal entity listed above, such as:

- An executive officer or senior manager (e.g., a Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, Treasurer; with regards to a pooled investment vehicle, a portfolio manager, commodity pool operator, commodity trading advisor, or general partner); or
- Any other individual who regularly performs similar functions.

(Where applicable, an individual listed under the **Beneficial Owner(s)** section above may also serve as a **Key Controller** and be listed below.)

Key Controller

Individual name	Street address			
Date of birth	City	State	Zip	Country
SSN	<b>Only complete if no SSN available*</b> Government-issued identification type			
	Identification number		Country of issuance	
	Issuance date		Expiration date	
Title/Responsibility of key controller at legal entity				

Certification

I, \_\_\_\_\_ (name of natural person opening account/ establishing customer relationship), hereby certify, to the best of my knowledge, that the information provided above is complete and correct. I further agree to inform Morgan Stanley of any changes to the Beneficial Owner and Key Controller information provided, including if/when an individual becomes a 25 percent or more Beneficial Owner.

Signature	Date
X	
Legal entity identifier (optional)	

\* Where a social security number is unavailable, Non-U.S. Persons may provide a passport number, an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.