



## Instructions for Opening a Custody Only Account

To open a Custody Only account with Directed IRA, you'll need:

- Custody Only New Account Application
- Attach a Copy of Driver's License or Passport
- Custody Only Custodial Account Agreement
- Copy of Plan Documents
- Basic Services Agreement Acknowledgement from Third Party Administrator (TPA)
- Privacy Notice
- Fee Schedule

Directed IRA is a tradename of Directed Trust Company

### INSTRUCTIONS

Complete the enclosed Account Application and Agreement forms online or mail or fax back to Directed Trust Company. Review and retain the Custodial Account Agreement, Privacy Notice and Fee Schedule for your records.

### RETURN INSTRUCTIONS

Return the completed forms to Directed IRA by any of the following methods:

**Regular Mail:**

3033 N. Central Ave., Ste. 415  
Phoenix, AZ 85012

**Fax:**

(602) 899-9641

**Email:**

Clients@directedira.com

**\*\*Forms can also be completed via Adobe E-Sign at [directedira.com](http://directedira.com)\*\***

**QUESTIONS?** Call our Client Services team at (602) 899-9396



# Custody Only New Account Application

## IMPORTANT INFORMATION

In order 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 client who opens an account. When you open an account, we will ask for your name, physical address, date of birth, Social Security number, and other information that will allow us to identify you. We may also ask to see your driver's license or other forms of identification.

**Qualified Plan** – A qualified plan is one that is described in [Section 401\(a\) of the Tax Code](#). They include profit sharing plans (including 401(k) plans), defined benefit plans, and money purchase pension plans.

**Non-Qualified Plan** – A non-qualified plan is a type of tax-deferred, employer-sponsored retirement plan that falls outside of the employee retirement income security act guidelines.

**1. Plan Information:**       Qualified or  Non-Qualified      **Type of Funds:**       Traditional or  Roth

Plan Name: \_\_\_\_\_

Plan or Tax ID No.: \_\_\_\_\_ Orig. Effective Date: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**If applicable, name of referring organization, individual or promotion code:** \_\_\_\_\_

**2. Account Owner Information** \*Indicates a required field.

\*First Name: \_\_\_\_\_ \*MI: \_\_\_\_\_ \*Last Name: \_\_\_\_\_

\*Social Security Number: \_\_\_\_\_ \*Date of Birth: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

**Gender:**     Female     Male    **Citizenship:**     U.S.     Other (specify) \_\_\_\_\_

**3. Account Owner Contact Information** \*Indicates a required field.

\*Mailing Address: \_\_\_\_\_  
(If PO Box, provide physical address below)

\*City: \_\_\_\_\_ \*State/Province: \_\_\_\_\_ \*Country: \_\_\_\_\_ \*Zip Code: \_\_\_\_\_

\*Primary Phone: \_\_\_\_\_ Type:     Cell     Home     Business

Other Phone: \_\_\_\_\_ Type:     Cell     Home     Business

†Email Address: \_\_\_\_\_

† Your email address will be used to communicate information about your account. In addition, we will notify you via email when your statements and invoices are available to view electronically, you will need to register for online access to view these documents.

Check this box **ONLY** if your Physical address is the same as your mailing address

Physical Address: \_\_\_\_\_  
(Required if different from mailing address or if PO Box is provided above)

\*City: \_\_\_\_\_ \*State/Province: \_\_\_\_\_ \*Country: \_\_\_\_\_ \*Zip Code: \_\_\_\_\_

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**4. Authorized Party -Informational Only (Optional)**

I authorize the following person to discuss/receive information regarding my account. They will NOT have investment or transaction authority. I understand that I may revise the Authorized Party on my account at any time by giving written notice to Directed IRA.

First Name: \_\_\_\_\_ MI: \_\_\_\_\_ Last Name: \_\_\_\_\_

\*Social Security Number: \_\_\_\_\_ \*Date of Birth: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

\*Used for phone verification purposes only.

**Gender:**  Female  Male **Relationship:** \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone No.: \_\_\_\_\_ Email Address: \_\_\_\_\_

**Interested Party Account Authorization:** (Check all that apply)

Discuss my Account via phone, email or fax

Receive Account Notifications via email and view my account information online. (*email address required above*)

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**5. Paperless Statements**

ALL Statements will be sent quarterly via the email address provided above. You will need to register for online access to view these documents.

Please check box **ONLY** if you prefer to receive paper versions of your statement and invoices. Please be aware that there is a \$20 annual fee for paper statements. We will continue to use your email to communicate information about your account.

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**6. Trustee Contact Information**

Number of trustee signatures required for binding: \_\_\_\_\_

**Trustee 1 Name (First, MI, Last):** \_\_\_\_\_

†Email: \_\_\_\_\_ Phone: \_\_\_\_\_

**Trustee 2 Name (First, MI, Last):** \_\_\_\_\_

†Email: \_\_\_\_\_ Phone: \_\_\_\_\_

**Trustee 3 Name (First, MI, Last):** \_\_\_\_\_

†Email: \_\_\_\_\_ Phone: \_\_\_\_\_

†**Note:** Trustee(s) will receive electronic statements via client login. A valid email address is required for each trustee.

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**7. Plan or Third Party Administrator (TPA) Contact Information**

TPA Company: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Mailing Address: \_\_\_\_\_ Email: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_


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**8. How do you want Account Fees Paid? (Choose One)**

- Deduct all Account Fees from the cash available in my account. If you are transferring funds from another financial institution account fees will be deducted when funds are received by Directed Trust Company.
- Charge all Account Fees to the credit/debit card below.

Be advised that a minimum cash balance of \$500 must be maintained at all times. *Please see Custodial Account Agreement and Fee Schedule for more information on Billing and Fee Collection.*

Credit Card Information	
Card Type:	<input type="checkbox"/> VISA <input type="checkbox"/> MasterCard <input type="checkbox"/> AMEX <input type="checkbox"/> Discover
Name on Card:	_____
Card Number:	_____
Exp. Date (mm/yy):	____ / ____    CVV (security code on back of card): _____
<input type="checkbox"/> Check this box <b>ONLY</b> if the billing address associated with this card is the same as your mailing address listed above.	
Billing Address:	_____
City:	_____ State: _____ Zip Code: _____

 Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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**9. Uninvested Cash**

I have reviewed the Uninvested Cash section of the Custodial Account Agreement and Disclosure Statement, and I hereby direct Directed Trust Company to deposit all undirected and uninvested cash from any source, including but not limited to contributions, transfers, proceeds from asset sales and income and distributions from assets held in the custodial account. Uninvested Cash shall be deposited with banks and will be insured by the FDIC up to the federal deposit insurance limits (currently \$250,000, per account holder) and any excess amount will not be insured by the FDIC. However, I acknowledge and agree that Directed Trust Company makes no representations or warranties as to the financial status of any depository bank or its ability to satisfy its obligations to the Account Owner. Directed Trust Company shall receive and retain interest on uninvested cash pursuant to the Custodial Account Agreement. I further understand and agree that my account has a minimum cash requirement and that fees are applicable to accounts that fall below the required minimum, as outlined in the Custodial Account Agreement, Disclosure Statement and Fee Schedule. I also understand and agree that Directed Trust Company may require me to give at least 7 days' notice of my intent to withdraw funds from my custodial account.

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**10. Duties**

Directed IRA performs the duties of an independent custodian of assets for self-directed individuals and business retirement accounts and does not provide investment advice, sell investments, or offer any tax or legal advice. Clients or potential clients are advised to perform their own due diligence in choosing any investment opportunity as well as selecting any professional to assist them with an investment opportunity. Investments are not FDIC insured and are subject to risk, including loss of principal.

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**11. Account Owner (Trustee or Fiduciary) Representations**

I, the undersigned Participant (Account Owner), hereby establishes a Custody Only Account under the Custody Only Custodial Account Agreement, which is incorporated within this application by this reference. I designate Directed IRA as Custodian of this Custody Only Account and make the following declarations.

I have read, understand and agree to all of the terms as set forth in the Custody Only New Account Application, Custodial Account Agreement and the Fee Schedule (collectively, "Plan Documents,") and I have retained a copy of the Plan Documents, including a copy of this completed Application. The Plan Documents are also available to me at the Directed IRA web site at [www.directedira.com](http://www.directedira.com).

I acknowledge that a minimum cash balance requirement may apply to my Account, as stated on the **Fee Schedule**. If this requirement is not met, I understand additional fees may apply. I also understand that fees are not prorated upon establishment or termination, and I consent to have my conversations with Directed IRA recorded.

*Please complete, sign and return this Application with your contribution and application fee payment. Be sure to keep a copy for your records. Please print or type. All fields must be completed. If not applicable, please indicate by printing "N/A" or "None" where appropriate.*



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**Account Owner Signature**

**Date (required)**

*When the plan has been accepted by Directed IRA, the Account Owner will be sent an account establishment confirmation email showing the account number and account information. Trading or Direction of Investment(s) may be delayed until a Directed IRA account number has been assigned and the account has been funded by the Account Owner.*

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**12. Return Instructions**

Return the completed application to Directed IRA by one of the following methods below. If submitting contribution or payment of account fees by check you MUST mail in your application along with payment.

**Don't Forget to Attach a Copy of Your Driver's License or Passport**

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**INVESTMENTS: NOT FDIC INSURED ■ NO GUARANTEE ■ MAY LOSE VALUE**

[Secure File Upload](#)

**Email Forms to:**  
[Clients@directedira.com](mailto:Clients@directedira.com)

**Send Mail to:**  
3033 N. Central Ave. Ste. 415  
Phoenix, AZ 85012

**Fax:**  
(602) 899-9641

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Directed IRA is a tradename of Directed Trust Company, an Arizona Corporation



# Custody Account Custodial Account Agreement

## Custodian: Directed Trust Company

This Custody Only (Qualified and Non-Qualified) Custodial Account Agreement (hereinafter called the "Agreement") is made between Directed Trust Company, an Arizona Corporation, tradename, Directed IRA (hereinafter called the "Custodian") and each individual who executes an Adoption Agreement, incorporating the terms of this Agreement (hereinafter called the "Account Owner" or "you"), for the purpose of establishing a Custody Only Account (Qualified or Non-Qualified) (hereinafter called the "Custodial Account" or "Account") under section 401(a) to provide for his or her retirement and for the support of his or her beneficiaries after death. Pursuant to this Agreement the Custodian provides financial services solely in the capacity of a directed custodian.

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### The Account Owner and the Custodian make the following agreement:

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#### Article I

##### Designation & Acceptance by Custodian

The Account Owner and Trustee named below hereby appoint Directed Trust Company to be custodian of the assets of the custody account on the terms and conditions set forth in this Custody Only Account Agreement ("Agreement").

**Plan Name:** \_\_\_\_\_

(the "Plan" and Directed Trust Company agree to serve as custodian of the Plan's assets, on the terms and conditions set forth in this Agreement.)

**Participant Name:** \_\_\_\_\_

(the Participant of the Plan is hereinafter called the "Account Owner or "you".)

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#### Article II

##### Holding of Assets

Directed Trust Company shall hold, as custodian, all deposits, funds and assets of the Plan that the Trustee or Account Owner designates and transfers to Directed Trust Company for such purpose, for and on behalf of the Plan. Such deposits, funds and assets are referred to hereinafter as the "Fund". The Trustee, on behalf of the trust established by the Plan, shall remain the legal owner of all Fund assets. Fund assets shall be held in the name of, "**Directed Trust Company FBO (Account Owner Name (Account Type))**", unless agreed to otherwise by Directed Trust Company and the Trustee or Account Owner. Assets may alternatively be held in the Plan name.

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#### Article III

##### Interested Party (Information Only Designation)

The Trustee or Account Owner may authorize an additional person (other than the Trustee or Account Owner, Financial Representative or Designated Representative) to receive

Account information and electronic statements only. Directed Trust Company will not accept purchase or sale instructions from an Interested Party. Individuals who are designated as an Interested Party by the Account Owner may not be a sponsor of or otherwise affiliated with an investment in the Account. It is the responsibility of the Trustee or Account Owner to review the assets for the Account to ensure compliance with this provision and to take steps to remove an Interested Party from the Account in the event of non-compliance.

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#### Article IV

##### Responsibilities for Investment Decisions & Authorization

**1.** The Trustee or Account Owner may direct Directed Trust Company to invest Fund assets in any lawful investment acceptable to Directed Trust Company, in a format prescribed by Directed Trust Company. Directed Trust Company shall have no investment responsibility with respect to the investment of the account. The Trustee or Account Owner have the sole right and responsibility to direct the investment of the account. Directed Trust company shall not be responsible or liable for taxes, losses or other consequences resulting from investments made or transactions entered into at the direction of the Trustee or Account Owner. The Participant or the Participant's Authorized Agent shall direct the Custodian with regard to the investment of any cash in the Account. In the absence of specific direction from the Participant to invest cash in the Account, the Custodian will be deemed to have been directed by the Participant to deposit all uninvested cash with an FDIC-insured depository institution; the uninvested cash deposited with an FDIC-insured depository institution shall bear a reasonable rate of interest.

**2.** The Trustee, Account Owner shall be solely responsible for determining the suitability, nature, prudence, value, viability, risk, safety, legality, tax consequences and merit of, and to perform any "due diligence" or other investigation with

respect to, and to perform any “due diligence” or other investigation with respect to, any particular investment, strategy or transaction involving the Account. Directed Trust Company shall have no responsibility for, and shall not undertake, any such determination, performance or investigation. Directed Trust Company shall render no tax, legal investment or other advice (and no statement, communication or other act by Directed Trust Company or any of its employees or agents shall be deemed to constitute or may be relied upon as any such advice) with respect to any investment or transaction involving the Account. Directed Trust Company shall be authorized, and shall have the responsibility, only to acquire, hold and dispose of such investments as directed by the Trustee or Account Owner as expressly provided in this Agreement.

3. The Trustee or Account Owner shall be solely responsible for monitoring Account investments. Directed Trust company shall have no responsibility whatsoever for supervising or monitoring investments or transaction of the Account, ensuring the receipt of Account disbursements or engaging in any collections or related activities.

4. The Trustee and Account Owner shall be solely responsible for the success, failure or other consequences of any investment or transaction directed by such person. Directed Trust Company shall not be liable or otherwise accountable for taxes, losses, expenses or other consequences resulting from investments made or transactions entered into, or acts taken or omitted, in accordance with the Trustee’s, Account Owner’s, ’s directions or for taking or failing to take any actions in reliance on the instructions or representations of such person and Directed Trust Company shall have no liability or responsibility for monitoring or confirming the scope of authority granted to any Designated Representative or Financial Representative. Without limiting the generality of the foregoing, the Trustee, Account Owner and the Participant agree to hold Directed Trust Company and its employees and agents harmless from all losses, liabilities and expenses incurred, including attorney’s fees, arising out of their administration of the Account or in connection with any actions taken or failures to act in reliance upon the Trustee, Account Owner or a Participant’s instructions.

5. The Trustee and Account Owner acknowledge that certain investments or types of investments or transactions may pose administrative or other burdens to Directed Trust Company, and therefore, Directed Trust Company reserves the right not to process or accept such investments or transactions. The decision not to act on investment directions that Directed Trust Company deems unacceptable for administrative or other reasons shall in no way be construed as a determination by Directed Trust Company concerning the suitability, nature, prudence, value, viability, risk, safety, legality, tax consequences or merit of the investment or transaction. The Trustee, Account Owner, further acknowledge that (1) any administrative review performed by Directed Trust Company is solely for their benefit and is not a “due diligence” or other

review with regard to the investment or transaction and (2) the conducting or results of such a review shall not constitute, may not be relied upon as, or in any way obligate Directed Trust Company or its employees or agents to provide an opinion, recommendation or prediction or advice regarding the suitability, nature, prudence, value, viability, risk, safety, legality, tax consequences, merit or any other aspect of the investment or transaction.

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## Article V

### Limited Duties of Directed Trust Company

1. Directed Trust Company shall act as custodian of the Account, and Directed Trust Company and its agents shall have the duty and authority with respect to the Account to:

(a) Receive assets of the Plan transferred to it by the Trustee or Account Owner, and, except as otherwise provided in this Agreement, invest them pursuant to the instructions of the Trustee or Account Owner.

(b) Purchase, sell, transfer, hypothecate, mortgage, encumber, take title to, record, and obtain title and other insurance for, real or personal property, anywhere situated, according to the instruction of (and only if instructed by) the Trustee or Account Owner to the extent not inconsistent with the other terms of this Agreement or applicable law;

(c) Pay insurance premiums, real property and other taxes, and other expenses associated with any assets of the Account, according to the instructions of (and only if instructed by) the Trustee or Account Owner;

(d) Reinvest all dividends and capital gains distributions from Account investments according to (any only according to) the instructions of the Trustee, Account Owner;

(e) Account for contributions, investments, deductions, distributions and other disbursements made under this Agreement with respect to the Account or any separate account, and produce and furnish to the Trustee and Plan, the statements showing all applicable transactions of Account. Provide to the Trustee and Account Owner information to enable them to file reports required under the Code, the regulations there under or the Internal Revenue Service.

2. Directed Trust Company shall not have any duties except for those duties expressly imposed under this Agreement or applicable law. Directed Trust Company shall have NO duty, to, among other things:

(a) Ascertain whether any contribution to the Plan or transfer to the Account by the Trustee or Account Owner is properly made under applicable provisions of the Code or otherwise;

(b) Determine whether the amount of contributions to the Plan exceeds any limitation contained in any applicable provision of the Code or otherwise;

(c) Determine the permissibility or tax or other consequences of any distribution requested by the Employer or Trustee;

(d) Perform any “due diligence,” investigate or other review of the suitability, nature, prudence, value, viability, risk, safety, legality, tax consequences or merits of any investment the Trustee or Account Owner instructs Directed Trust Company to make;

(e) Monitor or supervise the activities, or determine the scope of authority granted to, Designated Representative or Financial Representative;

(f) Question the intent of the Trustee’s, Account Owner’s instructions regarding any investment or transaction;

(g) Determine the market or other value of any illiquid or non-publically traded asset held in the Account;

(h) Act as an investment advisor to the Trustee and Account Owner, or review or make suggestions with regard to investments or transactions involving the assets of the Account; or

(i) Determine whether any transaction or investment would constitute a prohibited transaction, generate unrelated business taxable income, or constitute a listed transaction or reportable transaction, as any of those foregoing terms are defined in the Code and regulations there under, or to inform the Trustee and Account Owner, or any other person of the consequences and reporting requirements with respect to same.

**3.** Whenever the Trustee, Account Owner gives any directions, notice, warranty, representation or instruction under this Agreement, Directed Trust Company shall be entitled to assume the truth of any statement made by such person, or believed to have been made by such person, in connection therewith, and Directed Trust Company shall be under no duty of further inquiry with respect to any action taken in reliance upon such statement. Furthermore, if any direction, notice or instruction from any such person is incomplete, ambiguous or unclear, Custodian may, in its discretion, request completion or clarification and not act in accordance with such direction, notice or instruction until adequate completion or clarification is provided.

**4.** Custodian shall not be treated as a fiduciary of the plan for any purpose. Nothing in this agreement is intended to or shall impose or confer, by implication or otherwise, any fiduciary duty or responsibility on Directed Trust Company. The Trustee, Account Owner and Participant understand and agree that Directed Trust Company has no duty, fiduciary or otherwise, to:

- (a) Evaluate any investment opportunity, or;
- (b) Investigate, evaluate, or report to the Trustee and Account Owner any information that Directed Trust Company may possess or may become aware of regarding any investment opportunity, entity or enterprise in which the fund is investing or has invested or any sponsor or management of such investment opportunity. The Trustee, Account Owner and

Participant acknowledge that Directed Trust Company has no duties of any kind, express or implied, to the Trustee or Account Owner except as are expressly set forth in this agreement.

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#### **Article VI**

##### **Responsibilities to Ensure Proper Tax Treatment, Payment of Liabilities & Compliance with Reporting Requirements**

The Trustee, Account Owner and Participant shall be solely and fully responsible for ensuring proper payment of any taxes, tax penalties and other liabilities, and compliance with the Trustee’s reporting obligations, in connection with contributions to, disbursements from, or investments or transactions with respect to the Account, and for the consequences of such payment (or nonpayment) or of any noncompliance with applicable reporting requirements. Among other things, it shall be the sole and full responsibility of the Trustee, Account Owner and Participant to ensure that:

- 1.** Any contribution intended to be tax-deductible under the Code or any corresponding provision of state law is so deductible;
- 2.** Fund earnings intended to be tax-deferred qualify for tax-deferred treatment; and
- 3.** All taxes and penalties due are properly and timely paid and that all tax and other reporting requirements, other than those which are under this Agreement Custodian has expressly undertaken to satisfy, are properly and timely complied with.

Notwithstanding the foregoing, Custodian, in its sole discretion, may sell or liquidate assets in the Account, in reverse order of purchase of assets, to the extent necessary to satisfy any tax deficiency with respect to the Account reported by Custodian by the Internal Revenue Service, or of any liability properly chargeable to the Account, and shall not be liable for any consequences of such sale, liquidation or payment.

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#### **Article VII**

##### **Valuation Reporting Policy**

Each account statement issued reflects the reported value of the account assets, all transactions that have been processed and all fees (if any) that have been charged. Custodian reports the value of account assets as accurately as possible using the resources available to it. The Custodian does not conduct appraisals and does not seek to verify any values provided to it by the Account Owner or other third parties. A value listed on an account statement is deemed accepted by the Account Owner if the Account Owner does not dispute it in writing within 60 days of the statement being issued.

On an annual basis (or more frequently if requested), Directed Trust Company requests updated valuation information from the Trustee or Account Owner, of assets of the Account classified as alternative assets. If the Trustee or Account Owner fails to provide this information on an annual basis, Directed Trust Company may require that the asset be removed from the Account by transfer or distribution. If the



Trustee or Account Owner does not remove the asset from the Account as directed, Directed Trust Company may distribute the asset to the Participant at the last reported value or resign as Custodian of the Account and distribute the entire Account to the Participant.

For the alternative asset of real estate, the Account owner must provide Custodian an updated valuation on an annual basis for each real estate investment within the Account. Such annual valuation may be in the form of a comparative market analysis or other source deemed to be acceptable by the Custodian.

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### Article VIII

**1. Applicable Law; Terminology:** This Custodial Agreement shall be governed by the laws of the jurisdiction where the Custodian is organized. The term Account Owners also includes the Account Owner's Beneficiary, where appropriate throughout this Agreement.

**2. Annual Accounting:** The Custodian shall, at least annually, provide the Account Owner or Beneficiary (in the case of death) with an accounting of the Custodial Account. Such accounting shall be deemed to be accepted by the Account Owner or the Beneficiary, if the Account Owner or Beneficiary does not object in writing within 60 days after the mailing of such accounting statement.

**3. Amendment:** The Account Owner irrevocably delegates to the Custodian the right and power to amend this Agreement. Except as hereafter provided, the Custodian will give the Account Owner 30 days prior written notice of any amendment. In case of a retroactive amendment required by law, the Custodian will provide written notice to the Account Owner of the amendment within 30 days after the amendment is made, or if later, by the time that notice of the amendment is required to be given under regulations or other guidance provided by the IRS. The Account Owner shall be deemed to have consented to any such amendment unless the Account Owner notifies the Custodian to the contrary within 30 days after notice to the Account Owner and requests a distribution or transfer of the balance in the Custodial Account.

**4. Resignation and Removal of Custodian:**

(a) The Custodian may appoint a successor trustee or custodian to serve under this Agreement or under another governing agreement selected by the successor trustee or custodian and neither the Account Owner nor the successor shall be required to execute any written document to complete the transfer of the Custodial Account to the successor trustee or custodian. The successor trustee or custodian may rely on any information, including beneficiary designations, previously provided by the Account Owner to the Custodian.

(b) The Custodian shall also provide annual tax reporting to the IRS.

(c) The Custodian may resign and demand that the Account Owner appoint a successor trustee or custodian of this IRA by

giving the Account Owner written notice at least 30 days prior to the effective date of such resignation. The Account Owner shall then have 30 days from the date of such notice to designate a successor trustee or custodian, notify the Custodian of the name and address of the successor trustee or custodian, and provide the Custodian with appropriate evidence that such successor has accepted the appointment and is qualified to serve as trustee or custodian of an individual retirement account.

(1) If the Account Owner designates a successor trustee or custodian and provides the Custodian evidence of the successor's acceptance of appointment and qualification within such 30-day period, the Custodian shall then deliver all of the assets held by the Custodian in the Custodial Account (whether in cash or personal or real property, wherever located, and regardless of value) to the successor trustee or custodian.

(2) If the Account Owner does not notify the Custodian of the appointment of a successor trustee or custodian within such 30 day period, then the Custodian may distribute all of the assets held by the Custodian in the Custodial Account (whether in cash or personal or real property, wherever located, and regardless of value) to the Account Owner, outright and free of trust, and the Account Owner shall be wholly responsible for the tax consequences of such distribution.

In any event, the Custodian may expend any assets in the Custodial Account to pay expenses of transfer (including re-registering the assets and preparation of deeds, assignments, and other instruments of transfer or conveyance) to the successor trustee or custodian or the Account Owner, as the case may be. In addition, the Custodian may retain a portion of the assets as a reserve for payment of any anticipated remaining fees and expenses. Upon satisfaction of such fees and expenses, the Custodian shall pay over any remainder of the reserve to the successor trustee or custodian or to the Account Owner, as the case may be.

**5. Uninvested Cash:**

Directed Trust Company will receive and retain a reasonable rate of interest not to exceed 3.75% per annum of the average daily balance on Account Owner's uninvested cash as further compensation for the services it renders to Account Owner. This shall be deducted from the cash balance prior to the crediting of any rate higher than the reasonable rate of interest as stated above to the Account Owner's custodial account at the end of each month. The account is only eligible to earn interest if it is open as of the interest crediting date, and any interest that may accrue on the account during a month that the account is closed prior to the interest crediting date to Directed IRA as an additional fee.

**6. Custodian's Fees and Expenses:**

(a) Account Owner agrees to maintain a monthly minimum account cash balance of \$500. If Custodial Account has a cash balance of \$499 or less, and no other assets, the Custodial Account may be closed at Directed IRA's sole discretion. The

Account Termination fee of \$200 will be deducted from the Custodial Account balance and any remaining cash balance will be mailed to Account Owner in the form of a check paid directly to Account Owner as; 1. A 60-day rollover if the Account Owner qualifies; or 2. As a distribution. If distributed as a 60-day rollover, the Account Owner will have 60 days to deposit all or a portion of the funds into an IRA or another qualified retirement plan.

**(b)** We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) in accordance with a fee schedule provided by the Custodian to the Account Owner for maintaining your Account. We reserve the right to modify fees and charge any additional fee after giving you 30 days' notice. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this Account. Any commissions or other costs directly attributable to the assets in your Account will be charged to your Account.

**(c)** The Custodian shall be entitled to fees for distributions from, transfers from, and terminations of this IRA. The Custodian shall invoice Custodial Account directly for these services. If insufficient funds are in Custodial Account, Custodian will charge fees to credit/debit card maintained on file, or billed to Account Owner directly for these services, and Account Owner agrees to pay such fees. The Custodian may change its fee schedule at any time by giving the Account Owner 30 day's prior written notice.

**(d)** The Account Owner agrees to pay any expenses incurred by the Custodian in the performance of their duties in connection with the Custodial Account. Such expenses include, but are not limited to, administrative expenses, such as legal and accounting fees, and any taxes of any kind whatsoever that may be levied or assessed with respect to such account.

**(e)** All such fees (including Custodial Fees), taxes, and other administrative expenses charged to the account shall be collected either from the assets in the account or from any contributions to or distributions from such account, or charged to the credit/debit card maintained on file with Custodian, if not paid by the Account Owner, but the Account Owner shall be responsible for any deficiency.

**(f)** In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the assets of the Custodial Account, the Custodian reserves the right to withhold any payment from the Custodial Account, to request a court ruling to determine the disposition of the Custodial Account assets, and to charge the Custodial Account for any expenses incurred in obtaining such legal determination.

**7. Withdrawal Requests:** All requests for withdrawal shall be in writing on a form provided by the Custodian. Such written notice must also contain the reason for the withdrawal and the method of distribution being requested.

**10. Responsibilities:** Account Owner represents and warrants that all information and instructions given to the Custodian by the Account Owner is complete and accurate and agrees that

the Custodian shall not be responsible for any incomplete or inaccurate information provided by the Account Owner or Account Owner's beneficiary (ies). Account Owner and Account Owner's beneficiary (ies) agree to be responsible, jointly and severally, for all tax consequences arising from contributions to and distributions from this Custodial Account and acknowledges that no tax advice has been provided by the Custodian.

**11. Investment Provisions:** All funds shall be invested and reinvested by the Custodian as directed by the Account Owner. As provided in Article IX Section 1; Self-Directed IRA Provisions. It is understood and acknowledged by Account Owner that the Custodian shall assume no responsibility, expressed or implied, for any loss or diminution of account and Account Owner indemnifies and holds harmless Custodian, without limitation, against any and all losses, costs, expenses or liabilities of any nature whatsoever incurred as a result of Custodian's and/'s execution of Account Owner's investment instructions. Account Owner agrees that any cash in the account as to which the Account Owner has not given investment direction may remain uninvested, or may be deposited in interest bearing accounts of financial institutions, which may include the Custodian itself, United States government securities and securities that are insured or guaranteed by the United States government. The Custodian shall have no duty other than to follow the written investment directions of the Account Owner, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Account Owner.

#### **12. Recorded Phone Line**

Directed Trust Company reserves the right to record phone line conversations that may be used for record-keeping, training and quality-assurance purposes. All recorded phone line conversations are the property of Directed Trust Company and will be maintained at the sole discretion of Directed Trust Company. By signing the New Account Application and/or the Custodial Account Agreement, the Account Owner gives Directed Trust Company consent to record and play back such calls as necessary for business purposes, and also acknowledges that recorded phone line conversations are the property of Directed Trust Company.

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### **ARTICLE IX**

#### **SELF-DIRECTED IRA PROVISIONS**

**1. Investment of Contributions:** As provided in Article VIII, Section 11, at the direction of the Account Owner, the Custodian shall invest all contributions to the Custodial Account and earnings thereon in investments, provided that such investments that are considered administratively feasible by the Custodian. The Custodian shall have no duty other than to follow the written investment directions of the Account Owner, shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Account Owner under any circumstances.

**2. Indemnification.** The Custodian shall have no duty other

than to follow the written investment directions of the Account Owner, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Account Owner under any circumstances. Account Owner agrees to indemnify Custodian for any losses, costs, or fees (including reasonable attorney's fees) that are incurred by Custodian as a result of the foregoing provision.

**3. Registration:** All assets of the Custodial Account shall be registered in the name of the Custodian,

**4. No Investment Advice:** The Custodian does not provide investment advice and does not assume any responsibility for rendering advice with respect to the investment and reinvestment of Custodial Account and shall not be liable for any loss which results from Account Owner's exercise of control over his or her Custodial Account under any circumstances.

**5. Prohibited Transactions:** Account Owner acknowledges and agrees to abide by the provisions of § 4975 of the Internal Revenue Code and the related Treasury regulations pertaining to "Prohibited Transactions," and acknowledges that adverse tax consequences to the Account Owner would result from any investment or other use of the Custodial Account in a way that constitutes such a Prohibited Transaction. Account Owner assumes full responsibility for and agrees to hold the Custodian harmless for Prohibited Transactions entered into, either knowingly or without knowledge, at the direction of the Account Owner. Without limiting the generality of the foregoing, and notwithstanding anything contained in this Agreement to the contrary, the Account Owner shall not direct the Custodian to lend directly or indirectly any part of the corpus or income of the Custodial Account to; pay any compensation for personal services rendered to the Custodial Account to; make any part of its services available on a preferential basis to; acquire for the Custodial Account any property, other than cash, from; or sell any property to, any Account Owner, any member of an Account Owner's family, or a corporation controlled by any Account Owner through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or of 50 percent or more of the total value of shares of all classes of stock of such corporation.

**Acknowledgment**

I declare that I have examined this Custodial Account Agreement, including accompanying information, and to the best of my knowledge and belief, it is true, correct, and complete. I acknowledge this Custodian Account Agreement and agree to abide by their terms as currently in effect or as they may be amended from time to time by the IRS or Custodian.

Trustee Signature: \_\_\_\_\_ Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

Account Owner Signature: \_\_\_\_\_ Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

**INVESTMENTS: NOT FDIC INSURED ■ NO GUARANTEE ■ MAY LOSE VALUE**

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Email Forms to:  
[Clients@directedira.com](mailto:Clients@directedira.com)

Send Mail to:  
3033 N. Central Ave. Ste. 415  
Phoenix, AZ 85012

Fax:  
(602) 899-9641

Directed IRA is a tradename of Directed Trust Company, an Arizona Corporation

**6. Unrelated Business Income Tax:** If the Account Owner directs investment of the Custodial Account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Account Owner to so advise the Custodian and to provide the Custodian with tax returns to file any required returns or reports for the Custodial Account. It shall be the responsibility of the Account Owner to produce such returns and provide to the Custodian the information necessary to file such returns. The Custodian is authorized to file such returns and reports, and to apply assets of the Custodial Account to the payment of any taxes that are owed as a result of such unrelated business taxable income.

**7. Disclosures and Voting:** The Custodian may deliver, or cause to be executed and delivered, to Account Owner all notices, prospectuses, financial statements, proxies and proxy soliciting materials relating to assets credited to the Custodial Account. The Custodian shall not vote any shares of stock or take any other action, pursuant to such documents, with respect to such assets except upon receipt by the Custodian of adequate written instructions from Account Owner.

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**ARTICLE X**

**Verification of Employer & Trustee Identification**

The Trustee and Account Owner acknowledges that to comply with federal law, Directed Trust Company may request as a condition for establishing the Custodial Account the name, address, date of birth and tax identification number of the Trustee, Account Owner and may require other information that will allow Directed Trust Company to identify such person(s), using a third-party verification service.

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**Article XI**

**SEVERABILITY**

**If any provision of this Custodial Agreement is found to be illegal, invalid, void or unenforceable such provision shall be severed, and such illegality or invalidity shall not affect the remaining provisions which shall remain in full force and effect.**

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## Disclosure Statement – Coverdell Education Savings Account (ESA)

This Coverdell Education Savings Account (ESA) Disclosure Statement is a summary of the requirements for Directed Trust Company, an Arizona Corporation, tradename Directed IRA, pursuant to and which are governed by Section 530 of the Internal Revenue Code (Code) and any regulation that may be issued under Code Section 530. The details under which this Coverdell Education Savings Account (ESA) is governed are specified by the law and as provided in the Coverdell Education Savings Account (ESA) Custodial Account Agreement. By executing the Coverdell Education Savings Account (ESA) Application, you acknowledge receipt of this Disclosure Statement. The Account Owner has executed the Coverdell Education Savings Account (ESA) Account Custodial Agreement.

Because the rules with respect to Coverdell ESAs are very complex, you should consult with your own tax advisor if you have questions about the information contained in this Additional Information for Coverdell ESA document. Further information is contained in IRS Publication 970, which can be obtained from any District Office of the Internal Revenue Service (IRS) or [www.irs.gov](http://www.irs.gov).

In this Disclosure Statement for Coverdell ESAs document, the term “child” or “Designated Beneficiary” means the Designated Beneficiary, as defined in the Custodial Account Agreement, on whose behalf the Custodial Account is established.

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### 1. Revocation of Account

The Account Owner may revoke the Coverdell Education Savings Account (ESA) at any time within seven (7) days after he or she has executed the Coverdell Education Savings Account (ESA) Application. Upon revocation, the Custodian will return to the Account Owner the amount contributed to the Coverdell Education Savings Account (ESA) without penalty, service charge or administrative expense. Contributions will be returned plus establishment fees without adjustment for such items as sale commissions or administrative expenses. To revoke the Coverdell Education Savings Account (ESA), the Account Owner must personally deliver or mail a written notice of revocation to the Custodian postmarked within seven (7) days of executing the Coverdell Education Savings Account (ESA) Application. Mail the notice by First Class Mail to the Custodian:

Directed Trust Company  
Attn: Revocation  
3033 North Central Ave, Suite 415  
Phoenix, AZ 85012

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### 1. General Information Coverdell Education Savings Account

Beginning January 1, 2002, taxpayers may deposit up to \$2,000 per year into an ESA for a child under age 18. Parents, grandparents, other family members, friends, and a child him/herself may contribute to the child’s ESA, provided that the total contributions for the child during the taxable year do not exceed the \$2,000 limit. Amounts deposited in the account

grow tax-free until distributed, and the child will not owe tax on any withdrawal from the account if the child’s qualified higher education expenses or qualified elementary and secondary education expenses at an eligible educational institution for the year equal or exceed the amount of the withdrawal. If the child does not need the money for qualified education expenses, the account balance can be rolled over to the ESA of certain family members who can use it for their qualified education expenses. Amounts withdrawn from an ESA that exceed the child’s qualified education expenses in a taxable year are generally subject to income tax and to an additional tax of 10 percent. The Hope Scholarship Credit and Lifetime Learning Credit may not be claimed for a student’s expenses in a taxable year in which the student takes a tax-free withdrawal from an ESA.

### What is an Education Savings Account (ESA)?

An ESA is a trust or custodial account that is created or organized in the United States exclusively for the purpose of paying the qualified higher education expenses or qualified elementary and secondary education expenses of the designated beneficiary of the account. The account must be designated as an ESA when it is created in order to be treated as an ESA for tax purposes.

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### 2. Eligibility

#### For whom may an ESA be established?

An ESA may be established for the benefit of any child under age 18. Contributions to the ESA cannot be made after the designated beneficiary reaches his/her 18<sup>th</sup> birthday.

### **Where may an individual open an ESA?**

An individual may open an ESA with any bank, or other entity that has been approved to serve as a nonbank trustee or custodian of an individual retirement account (IRA), and the bank or entity is offering ESAs. Other entities that wish to offer ESAs but are not approved to serve as IRA trustees or custodians may seek approval by following the same IRS procedures used for approval of other IRA nonbank trustees. See Notice 97-57, 1997-43 I.R.B. (October 27, 1997).

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### **3. Contributions**

#### **When may a taxpayer start contributing to an ESA for a child?**

A taxpayer may start making contributions on January 1, 1998, or any time thereafter.

#### **How much may be contributed to a child's ESA?**

Beginning in taxable year 2002, up to \$2,000 per year in aggregate contributions may be made for the benefit of any child. The contributions may be placed in a single ESA or in multiple ESAs.

#### **What happens if more than \$2,000 is contributed to an ESA on behalf of a child in a calendar year?**

Aggregate contributions for the benefit of a particular child in excess of \$2,000 for a calendar year are treated as excess contributions. If the excess contributions (and any earnings attributable to them) are not withdrawn from the child's account (or accounts) before the first day of the sixth month of the taxable year following the taxable year, the excess contributions are subject to a six (6) percent excise tax for each year the excess amount remains in the account.

#### **May contributions other than cash be made a child's ESA?**

No. ESAs are permitted to accept contributions made in cash only.

#### **May contributors take a deduction for contributions made to an ESA?**

No.

#### **Are there any restrictions on who can contribute to an ESA?**

In the case of a contributor who is an individual, the contributor may contribute up to \$2,000 to a child's ESA if the individual's adjusted gross income for the taxable year is not more than \$95,000 (\$190,000 for married taxpayers filing jointly). The \$2,000 maximum contribution per child is gradually reduced for individuals with modified adjusted gross income between \$95,000 and \$110,000 (between \$190,000 and \$220,000 for married taxpayers filing jointly). For example, an unmarried taxpayer with modified adjusted gross income of \$96,500 in a taxable year could make a maximum contribution per child of \$450 for that year. Taxpayers with modified adjusted gross income above \$110,000 (\$220,000 for married taxpayers filing jointly) cannot make contributions to anyone's ESA.

#### **May a child contribute to his/her own ESA?**

Yes.

#### **May contributions be made to both a qualified state tuition program (QTP) and an ESA on behalf of the same designated beneficiary in the same taxable year?**

You can contribute to both a QTP and a Coverdell ESA in the same year for the same designated beneficiary.

#### **Does a taxpayer have to be related to the designated beneficiary in order to contribute to the designated beneficiary's ESA?**

No.

#### **How many ESAs may a child have?**

There is no limit on the number of ESAs that may be established designating a particular child as beneficiary. However, in any given taxable year the total aggregate contributions to all the accounts designating a particular child as beneficiary may not exceed \$2,000.

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### **4. Distributions/Withdrawals**

#### **May a designated beneficiary take a tax-free withdrawal from an ESA to pay qualified higher education expenses if the designated beneficiary is enrolled less than full-time at an eligible educational institution?**

Yes. Whether the designated beneficiary is enrolled fulltime, half-time, or less than half-time, he/she may take a tax free withdrawal to pay qualified education expenses.

#### **What happens when a designated beneficiary withdraws assets from an ESA to pay for college?**

Generally, with withdrawal is tax-free to the designated beneficiary to the extent the amount of the withdrawal does not exceed the designated beneficiary's qualified education expenses.

#### **What are "qualified education expenses"?**

"Qualified education expenses" means qualified higher education expenses and qualified elementary and secondary education expenses. Qualified higher education expenses include expenses for tuition, fees, books, supplies, and equipment required for the enrollment or attendance of the designated beneficiary at an eligible educational institution. Qualified higher education expenses also include amounts contributed to a qualified state tuition program. Qualified higher education expenses also include room and board (generally the school's posted room and board charge, or \$2,500 per year for students living off-campus and not at home) if the designated beneficiary is at least a half-time student at an eligible education institution. The standards for determining whether a student is enrolled at least half time are the same as those used for the Hope Scholarship Credit.

#### **What is an eligible educational institution?**

An eligible educational institution is any college, university, vocational school, or other postsecondary educational institution that is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) and, therefore, eligible to participate in the student aid programs administered by the Department of Education. This category includes virtually all accredited public, nonprofit, and proprietary postsecondary institutions. (The same eligibility requirements for institutions apply for the Hope Scholarship Credit, the Lifetime Learning Credit, and early withdrawals from IRAs for qualified higher education expenses.)

**What happens if a designated beneficiary withdraws an amount from an ESA but does not have any qualified higher education expenses to pay in the taxable year he/she makes the withdrawal?**

Generally, if a designated beneficiary withdraws an amount from an ESA and does not have any qualified higher education expenses during the taxable year, a portion of the distribution is taxable. The taxable portion is the portion that represents earnings that have accumulated tax-free in the account. The taxable portion of the distribution is also subject to a 10 percent additional tax unless an exception applies.

**Is a distribution from an ESA taxable if the distribution is contributed to another ESA?**

Any amount distributed from an ESA and rolled over to another ESA for the benefit of the same designated beneficiary or certain member of the designated beneficiary's family is not taxable. An amount is rolled over if it is paid to another ESA on a date within 60 days after the date of the distribution. Members of the designated beneficiary's family include the designated beneficiary's children and their descendants, stepchildren and their descendants, siblings and their children, parents and grandparents, stepparents, and spouses of all the foregoing. The \$2,000 annual contribution limit to ESAs does not apply to these rollover contributions. For example, an older brother who has \$2,000 left in his ESA after he graduates from college can roll over the full \$2,000 balance to an ESA for his younger sister who is still in high school without paying any tax on the transfer.

**What happens to the assets remaining in an ESA after the designated beneficiary finishes his/her post-secondary education?**

There are two options. The amount remaining in the account may be withdrawn for the designated beneficiary. The designated beneficiary will be subject to both income tax and the additional 10 percent tax on the portion of the amount withdrawn that represents earnings if the designated beneficiary does not have any qualified higher education expenses in the same taxable year he/she makes with withdrawal. Alternatively, if the amount in the designated beneficiary's ESA is withdrawn and rolled over to another ESA for the benefit of a member of the designated beneficiary's family, the amount rolled over will not be taxable.

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**5. Taxes**

**Rather than rolling over money from one ESA to another, may the designated beneficiary of the account be changed from one child to another without trigger a tax?**

Yes, provided: (1) the terms of the particular trust or custodial account permit a change in designated beneficiaries (each trustee or custodian will control whether options like this one are available in the accounts they offer), and (2) the new designated beneficiary is a member of the previous designated beneficiary's family.

**May a student or the student's parents claim the Hope Scholarship Credit or Lifetime Learning Credit for the**

**student's expenses in a taxable year in which the student receives money from an ESA on a tax-free basis?**

The Hope or Lifetime Learning Credit can be claimed in the same year the beneficiary takes a tax-free distribution from a Coverdell ESA as long as the same expenses are not used for both benefits. This means the beneficiary must reduce qualified higher education expenses by tax-free educational assistance, and then further reduce them by any expenses taken into account in determining a Hope or Lifetime Learning Credit.

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**6. Prohibited Transactions**

If you or your beneficiary engage in a prohibited transaction with the account, as described in IRC Section 4975, the account (or the portion of the account engaged in the prohibited transaction) will lose its exemption from tax and then you must include the fair market value of the amount involved in the prohibited transaction in your gross income for the year during which the prohibited transaction occurred in addition to any regular income tax that may be payable. It is your responsibility to determine if a transaction constitutes a prohibited transaction. The Custodian is not responsible for determining if a transaction constitutes a prohibited transaction. The Custodian reserves the right to request certification from you that the direction provided by you does not create a prohibited transaction. If such certification is not forthcoming, the Custodian reserves the right to take whatever action it deems within its discretion to be appropriate, including but not limited to resigning from the account and/or distributing the assets. Not requesting such a certification regarding a transaction is not a determination that a prohibited transaction does not exist.

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**7. Beneficiaries**

You can name one or more beneficiaries to whom the balance of your Coverdell Education Savings Account (ESA) will be paid when you die. To do so, fill out the designation of beneficiary form provided by the Custodian. Your designation of beneficiaries will not be effective until received and accepted by the Custodian.

You should review your designation periodically, especially if there is a change in your family status such as marriage, divorce, death of a family member or birth or adoption of children. You may change your beneficiary at any time by filling out a new form and sending it to us. You can use a new designation to revoke your prior designation in whole or in part.

If the Coverdell Education Savings Account (ESA) continues after your death, your beneficiary has the same right to name beneficiaries as you had before your death. If you do not name beneficiaries, or if all your beneficiaries die before you or disclaim, the Custodian will pay your Coverdell Education Savings Account (ESA) to your spouse first, if he or she survives you. If you have no spouse who survives you, then the money will go to your children who survive you in equal shares. If you

have no children who survive you, the assets in your Coverdell Education Savings Account (ESA) will be paid to your estate.

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### **8. Self-Direction Requirements**

Under the Directed Trust Company Coverdell Education Savings Account (ESA) Account Agreement, you are required to direct the Custodian with respect to the investment of funds in your account. In the absence of direction from you or your authorized agent, the Custodian will not make or dispose of any investments or distribute any funds held in the account, except Custodian may liquidate assets, chose in the Custodian's sole discretion, to pay fees and expenses, including the Custodian's fees and expenses. The Custodian has no power or duty to question or investigate any investment agent, as to a specific investment of the Coverdell Education Savings Account (ESA)'s overall portfolio, to review any investments held in the account or to make any suggestions to you with respect to the investment, retention, or disposition of any asset in the account. The Custodian will not be liable for any loss of any kind which may result by reason of any action taken by it in accordance with direction from your or your designated agent, or by reason of any failure to act because of the absence of any directions. The Custodian may resign rather than execute an investment direction if it determines in its discretion that the investment would not be administratively feasible.

The assets in your Coverdell Education Savings Account (ESA) will be invested only in accordance with directions received from you or your designated Investment Agent. Directed Trust Company offers no investment management, recommendations, or investment advice as to which investments may be best for your Coverdell Education Savings Account (ESA). As Custodian, Directed Trust Company accepts custody of a wide range of different types of assets. The fact that Directed Trust Company accepts custody of an asset does not constitute an endorsement of that asset or the entity or principals which/who sell or manage such assets. You alone are responsible to do the appropriate investigation of the investment, entity and principals involved before you invest. Likewise, you alone are responsible for continuing oversight for all your investments. Growth in value of the retirement account is neither guaranteed nor projected, and depends entirely on the success of your investment strategy. The profits and/or losses of each individual retirement account are allocated to that account. Your fees are for custodial and administrative services.

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### **9. Approved Form**

The Directed Trust Company Coverdell Education Savings Account (ESA) Account is treated as approved, as to the form, by the Internal Revenue Service since it utilizes precise language of Form 5305-EA, currently provided by the Internal Revenue Service, plus additional language permitted by such form. The Internal Revenue Service approval is a

determination only as to the form of the account, and does not represent a determination of the merits of the account.

The provisions of the Coverdell Education Savings Account (ESA) Custodial Account Agreement and this Disclosure Statement shall be construed and interpreted under the laws of the State of Arizona.

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### **10. No Tax Advice**

This Disclosure Statement together with the Custodial Agreement should answer most questions concerning the Coverdell Education Savings Account (ESA). However, the fact that Coverdell Education Savings Account (ESA) state tax laws vary should be noted by you. If you have additional questions regarding Coverdell Education Savings Account (ESA)s, you should consult your tax advisor or attorney. Also, you may obtain additional information regarding Coverdell Education Savings Account (ESA) s from any District Office of the IRS. Further information is contained in IRS Publication 970. Directed Trust Company does not render tax or legal advice.

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### **11. Uninvested Cash**

Directed Trust Company will receive and retain a reasonable rate of interest not to exceed 3.75% per annum of the average daily balance on Account Owner's uninvested cash as further compensation for the services it renders to Account Owner. This shall be deducted from the cash balance prior to the crediting of any rate higher than the reasonable rate of interest as stated above to the Account Owner's custodial account at the end of each month. The account is only eligible to earn interest if it is open as of the interest crediting date, and any interest that may accrue on the account during a month that the account is closed prior to the interest crediting date to Directed IRA as an additional fee.

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### **12. Fee Disclosure, Referral Fees, Fund Custodian**

In connection with the Coverdell Education Savings Account (ESA), you agree to pay the fees set forth on the accompanying Fee Schedule. The services and fees on the Fee Schedule can be changed or additional fees added from time to time without notice to you.

The Custodian may pay a referral fee, one time or recurring, to brokers, financial institutions, investment sponsors, and other entities or individuals, which/who referred you/your Account to the Custodian.

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### **13. Privacy Disclosure**

The mission of the Custodian is to meet the desires of our customers. As a financial services professional entrusted with sensitive information, the Custodian respects the privacy of customers and is committed to treating customer information responsibly. The applicable Customer information Privacy Principles serve as standards for all employees for the collection, use, retention, and security of individual customer information.

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**14. Information the Custodian Collects About You**

The Custodian collects nonpublic information about you from the following sources:

- Information the Custodian receives from you on applications and other forms,
- Information about your transactions with the Custodian, our affiliates, or others.

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**15. No Disclosures Outside of Exceptions**

The Custodian does not reveal specific information about your Coverdell Education Savings Account (ESA) or other personally identifiable data to outside parties for their independent use unless: 1) the information is provided to help complete a transaction initiated by you; 2) the information is provided to a reputable credit bureau or similar information reporting agency; 3) the information goes to, agents, vendors, and service suppliers in connection with the services they supply to the Coverdell Education Savings Account (ESA); 4) you request or authorize disclosure; and 5) the disclosure otherwise is lawfully permitted or required. The Custodian does not provide account or personal information to outside companies for the purpose of independent telemarketing or direct mail marketing of any non-financial products or services of those companies.

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**16. Confidentiality and Security**

The Custodian restricts access to nonpublic personal information about you and the Custodial Account to those employees, vendors and agents who need to know that information to provide products or services to the Coverdell

Education Savings Account (ESA). Custodian maintains physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

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**17. 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, you will be asked for your name, address, date of birth, and other information that will allow the Custodian to identify you.

**Acknowledgment**

By signing the Coverdell Education Savings Account (ESA) Application document, you acknowledge the opening of the account and agree to be bound by the terms of the Coverdell Education Savings Account (ESA) Custodial Account Agreement including this Disclosure Statement, and the Privacy Notice included herein. Although not a part of the Application process, you authorize the Custodian to make inquiries from any consumer reporting agency or other personal information agency or service, including a check protection service, in connection with this Account, if deemed necessary at a future time.

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Account Owner Signature

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Date

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**INVESTMENTS: NOT FDIC INSURED ■ NO GUARANTEE ■ MAY LOSE VALUE**

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Email Forms to:  
[Clients@directedira.com](mailto:Clients@directedira.com)

Send Mail to:  
3033 N. Central Ave. Ste. 415  
Phoenix, AZ 85012

Fax:  
(602) 899-9641

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Directed IRA is a tradename of Directed Trust Company, an Arizona Corporation





## Privacy Notice – What We Do with Your Information

### Purpose of this Notice

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.

### What do we Collect?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and account balances
- Account transactions and payment history
- Assets and investment experience

When you are no longer our customer, we continue to share your information as described in this notice.

### How do we Share Your Information?

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 Directed Trust Company chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do we share this?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes - to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We Don't Share
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We Don't Share
For our affiliates to market to you	Yes	Yes <input type="checkbox"/> Opt out- Do not share my information
For non-affiliates to market to you	No	We Don't Share



## Privacy Notice – Continued

<i>How does Directed Trust Company protect my personal information?</i>	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.
<i>How does Directed Trust Company collect my personal information?</i>	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>• Open an account or deposit money</li> <li>• Provide account information or give us your contact information</li> <li>• Direct us to buy or sell securities</li> <li>• Use your credit or debit card</li> </ul>
<i>Why can't I limit all sharing?</i>	Federal law gives you the right to limit only <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 non-affiliates to market to you</li> </ul> State laws and individual companies may give you additional rights to limit sharing.
<i>What happens when I limit sharing for an account I hold jointly with someone else?</i>	Your choice will apply to everyone on your account, unless you tell us otherwise.

### Questions?

- Call (602) 899-9396 or visit our website [www.directedira.com](http://www.directedira.com)

### Want to limit our Sharing?

- Contact us – Speak to one of our representatives today by calling (602) 899-9396

### Definitions

<i>Non-affiliates</i>	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• Neither Directed Trust Company nor its affiliates, (if applicable) share your information with non-affiliates for marketing purposes.</li> </ul>
<i>Joint Marketing</i>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>• Directed Trust Company does not participate in joint marketing with non-affiliates.</li> </ul>

INVESTMENTS: NOT FDIC INSURED ■ NO GUARANTEE ■ MAY LOSE VALUE

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Email Forms to:  
[Clients@directedira.com](mailto:Clients@directedira.com)

Send Mail to:  
3033 N. Central Ave. Ste. 415  
Phoenix, AZ 85012

Fax:  
(602) 899-9641

Directed IRA is a tradename of Directed Trust Company, an Arizona Corporation



## Fee Schedule

### Account Fees

Account Establishment .....	\$50
Annual Account Fee (All IRA's, SEP's, HSA's, & ESA's,) .....	\$295
(Qualified & Nonqualified Custodial Accounts).....	\$495

**\*\*All accounts must maintain a minimum monthly balance of \$500\*\***

### Transaction Fees

Check Fee.....	\$15	ACH Fee .....	\$15
Domestic Wire Out .....	\$35	Recurring Distribution (Check/ACH).....	\$15
International Wire Out.....	\$50	Cashier's Check.....	\$50

*Directed Trust Company does not charge for incoming ACH or Wire transfers.*

### Asset Processing Fees (Purchase/Liquidation/Sale/Re-registration/In-kind Transfer)

Private Company, PPM .....	\$75	Real Estate.....	\$100
Promissory Note .....	\$50	Precious Metals.....	\$30
IRA/LLC.....	\$50	Tax Lien, Other .....	\$100

*Includes Check/ACH fee. If a Wire is sent, additional fee will apply.*

### Mail Fees

Priority Mail .....	\$15
Overnight Mail .....	\$35
International Mail .....	\$50

### Processing Fees

Next Day Service (All requests must be received by 10 am MST and in good order to be processed the following business day).....	\$150
Same-Day Service (All requests must be received <u>prior</u> to 10 am MST and in good order to be processed the same day) .....	\$250

### Other Fees

Account Research .....	\$100/hr	Late Payment Penalty <sup>3</sup> .....	\$35
Medallion Stamp.....	\$25	Roth Conversion Fee .....	\$95
Processing for Returned Wire .....	\$35	Distressed Asset Maint. Fee <sup>1</sup> .....	\$100/yr
Processing for Stop payment of Check Sent Out .....	\$35	IRS Form Facilitation/Preparation Fee .....	\$100/yr
Returned (NSF) Check .....	\$25	Legal Action Fee <sup>2</sup> .....	\$150/hr
Paper Statements .....	\$20/yr	Account Termination.....	\$200

1 Asset subject to dissolution, bankruptcy, receivership, or alternative disposition or status. 2 Relating to production of documents related to subpoena or legal action. 3 For failure to pay any outstanding invoice by provided deadline. Uninvested Cash shall be deposited with banks and will be insured by the FDIC up to the federal deposit insurance limits (currently \$250,000, per account holder) and any excess amount will not be insured by the FDIC. Directed Trust Company shall receive and retain interest on uninvested cash pursuant to the Custodial Account Agreement. See the Uninvested Cash section of your Custodial Account Agreement and Disclosure Statement for more information about the Uninvested Cash fee.

Directed IRA reserves the right to effect changes to this Fee Schedule, including the uninvested cash fee, upon thirty (30) days' prior written notice to the Account Owner.

Fees will continue to accrue and be payable even if the Account contains no assets from which Directed IRA can collect amounts owed by the Account Owner.

The Account Owner is responsible for reporting any inaccuracy of all assessed account fees and must report any inaccuracies to Directed IRA's Client Services within 45 days of the Fee Statement date.

Accounts holding \$499 or less in cash, and no other assets, may be closed at Directed IRA's sole discretion, and the Account Termination fee of \$200 will be deducted from cash balance. The remainder of the account balance will be paid to Account Owner by check. It is Account Owners responsibility to deposit the funds into another qualified retirement plan within 60 day(s), if applicable, or to pay the distribution tax.

Directed IRA may charge the Account Owner, and/or the custodial account, and/or the maintained credit/debit card held on file, and shall be reimbursed by the Account Owner or the custodial account, for any reasonable expense incurred by Directed IRA in connection with any account services or activities that Directed IRA determines are necessary or advisable, or which are expressly directed by the Account Owner, and which are not included in the services provided by Directed IRA for its normal fees. See the Custodial Account Agreement for more details.

All outstanding account fees/balances must be satisfied prior to the completion of an asset transfer out or an account closure.

Certain costs in this Fee Schedule may apply after notification of account closure. Examples include: research/special services costs, such as trailing dividends, check/wire costs, and requests for copies of records. Costs that remain unpaid after account closure will be subject to collections and payment according to the terms of the Custodial Account Agreement.