

## **Morgan Stanley Roth IRA (Effective as of October 1, 2012)**

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) hereby establishes the Morgan Stanley Roth IRA document for the purpose of establishing and maintaining Roth IRAs described in Section 408A of the Internal Revenue Code of 1986, as amended. Morgan Stanley Smith Barney LLC or an affiliate of Morgan Stanley Smith Barney LLC will act as Custodian of all Roth IRAs established hereunder. The Roth IRA consists of the Roth IRA document, and the separate Morgan Stanley Adoption Agreement and Morgan Stanley Client Agreement (which may be a separate Client Agreement or a component of a master brokerage account agreement), each of which has been executed by (or on behalf) of the individual for whom the Roth IRA is established (the “Participant”). All such Roth IRAs shall be maintained for the exclusive benefit of the individuals for whom such Roth IRAs have been established or their Beneficiaries. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C) maintained for the benefit of a designated Beneficiary of a deceased Participant, references in this document to the “Participant” are to the deceased Participant, unless otherwise provided. This Roth IRA document is effective as of October 1, 2012 for all Morgan Stanley Roth IRAs regardless of the date the Roth IRA was first established.

### **Article I—Definitions**

**1.1 “ADOPTION AGREEMENT”** shall mean the agreement signed by each individual establishing a Roth IRA.

**1.2 “BENEFICIARY”** shall mean the person or persons designated by a Participant or the Participant’s surviving spouse, if appropriate, to receive any undistributed amount credited to the Participant’s Roth IRA at the time of the Participant’s death. The Participant may designate one or more Beneficiaries at any time and from time to time including one or more contingent Beneficiaries who shall receive an interest in the Roth IRA in the manner elected by the Participant only if one or more other Beneficiaries predecease the Participant, disclaim their interest in the Roth IRA or are otherwise disqualified from receiving an interest in the Roth IRA. The general requirements for Beneficiaries under this Roth IRA document are set forth below.

**(a) Non-Person Beneficiaries:** A trust, estate, charitable organization or other entity that is not an individual may be designated as a Beneficiary.

**(b) Form of Beneficiary Designation/“Default Beneficiaries”:** No designation of Beneficiary shall be effective until received by the Custodian, in writing, in a form acceptable to the Custodian. The Custodian shall act upon the last dated and signed designation of Beneficiary actually received by the Custodian in an acceptable form during the lifetime of the Participant. In the event no designated Beneficiary survives the Participant, or if the designated Beneficiary cannot be found, or if the Participant fails to designate a Beneficiary, in writing in a form acceptable to the Custodian prior to the Participant’s death, the Custodian shall pay death benefits under the Roth IRA in accordance with the following default rules:

- (i) to the surviving spouse of the Participant, if any;
- (ii) if no surviving spouse, then to the Participant’s surviving children (naturally born or legally adopted) in equal shares;

- (iii) if no surviving spouse and if no children survive the Participant, then to the Participant’s surviving parents in equal shares, or 100% to the surviving parent; and

- (iv) if no surviving spouse, no surviving children and if no surviving parents of the Participant, then to the personal representative of the Participant’s estate, on behalf of the estate.

**(c) Beneficiary Disclaimers:** A Beneficiary, whether designated by the Participant or designated by operation of this Section 1.2, may disclaim all or part of the Beneficiary’s interest in the Roth IRA by giving written notice of such disclaimer to the Custodian. If the Custodian receives a disclaimer that satisfies the requirements of Section 4.3(c)(II) below, the Roth IRA shall be distributed as if the disclaiming Beneficiary had predeceased the Participant.

**(d) Subsequent Designation of Remainder Beneficiary:** The Beneficiary designated hereunder may, following the death of the Participant, establish an Inherited Roth IRA and name an individual, trust, estate or other entity to receive any minimum required distributions under Section 4.3, which are scheduled to be paid after the Beneficiary’s death. Upon the death of the original Beneficiary, such individual, trust, estate or other entity shall be the Beneficiary for all purposes except for the provisions of (i) Section 4.3 relating to minimum required distributions, and (ii) 1.2 relating to default Beneficiary designations (the limitations of which are described in more detail in Section 1.2(g) below).

**(e) Community Property State Beneficiary Designations:** A Participant residing in a community property state who wishes to designate a Beneficiary other than the Participant’s spouse must obtain the written consent of the spouse to the designation. Such consent shall be intended to transmute and voluntarily relinquish the spouse’s community property interest in the Participant’s Roth IRA. In the event that the Participant’s spouse’s consent is not obtained as of the time of the Participant’s death, and the spouse asserts a claim to such Participant’s Roth IRA, such Beneficiary designation will not be considered by the Custodian to have been received in an acceptable form, but only to the extent of such spouse’s community property interest (as demonstrated to the Custodian by such surviving spouse either through a legal opinion or valid court order) and all other elections made on such form will apply. In the absence of any conclusive determination presented by the Beneficiaries with respect to these matters, the Custodian may take such further action including, but not limited to actions described in Sections 6.5 and 6.8.

**(f) Effect of Divorce on Beneficiary Designation:** If the Participant has designated his or her spouse as a Beneficiary then, effective immediately upon the divorce, annulment or other lawful dissolution of their marriage, the designation of the ex-spouse as Beneficiary shall be null and void. The Roth IRA will, upon the death of the Participant, be distributed as if the ex-spouse had predeceased the Participant. If the Participant, whether voluntarily or pursuant to a court order or agreement, determines to retain the ex-spouse as a Beneficiary, the Participant must submit a new designation of Beneficiary, in an acceptable form, dated after the date of the divorce, annulment or other lawful dissolution of the marriage, except to the extent a court order might otherwise provide.

**(g) Application of Default Beneficiary Provisions—Special Circumstances:** If the sole Beneficiary of a Roth IRA (including a

Roth IRA that has been created by dividing a decedent's Roth IRA into separate Inherited Roth IRAs following the death of the Participant) fails to designate a Beneficiary or the Beneficiary cannot be found, the default provisions provided in Section 1.2(b) will apply for the purposes of determining who is entitled to receive the Roth IRA (with the term "Beneficiary" replacing the term "Participant" in Section 1.2(b)(i)-(iv)). In the event a remainder Beneficiary that is a natural person as described in Section 1.2(d) above dies after receiving benefits, amounts will be payable to his/her estate in a lump sum payment.

**(h) Powers of Appointment:** When the Participant is alive, no Beneficiary or representative of the Participant may act as the Participant to provide directions or instructions with respect to the Participant's Roth IRA, unless authorized to do so in a manner acceptable to the Custodian and permitted by law.

**1.3 "CATCH-UP CONTRIBUTIONS"** shall mean, in the case of a Participant who is 50 or older as of the last day of the year for which a contribution is made, the Maximum Annual Contribution (as defined in Section 1.7 below) shall be increased by \$1,000 for any taxable year beginning in 2006 and years thereafter. Catch-Up Contributions that may be made by or on behalf of the same Participant for any taxable year to a Roth IRA established hereunder shall be reduced by the amount of Catch-Up Contributions made by or on behalf of the same Participant to any other Roth IRA or Traditional IRA for the same taxable year. The Roth IRA shall be interpreted to deem any Participant's contribution that exceeds the Maximum Annual Contribution, as defined in Section 1.7, but not an amount greater than the dollar amounts set forth in this Section 1.4, to be a Catch-Up Contribution unless the Participant elects to treat such amount as an Excess Contribution described in Section 2.8.

**1.4 "CODE"** shall mean the Internal Revenue Code of 1986, as amended.

**1.5 "COMPENSATION"** shall mean all wages, salaries, professional fees or other amounts derived from or received by a Participant during the Participant's taxable year for personal services actually rendered during that year, including but not limited to commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses as well as earned income, as defined in Code Section 401(c)(2), exclusive of deductible contributions made to a self-employed retirement plan. For purposes of this definition, Code Section 401(c)(2) shall be applied as if the term "trade or business" for purposes of Code Section 1402 included service described in Code Section 1402(c)(6). Compensation shall also include any amount includible in a Participant's gross income under Code Section 71 with respect to a divorce or separation instrument described in Code Section 71(b)(2)(A). Compensation shall not include amounts derived from or received as earnings or profits from property (including, but not limited to, interest and dividends), amounts received as pensions, annuities or deferred compensation or amounts not includible in the Participant's gross income for Federal income tax purposes (determined without regard to Code Section 112). In the case of a married Participant filing a joint return, the greater Compensation of such Participant's spouse is treated as the Participant's own Compensation but only to the extent that such spouse's Compensation is not being used for purposes of the spouse making an IRA con-

tribution. The term "Compensation" also includes any differential wage payments as defined in Code Section 3401(h)(2).

**1.6 "CUSTODIAN"** shall mean Morgan Stanley Smith Barney LLC, a Delaware corporation, or its successor or eligible assignee, or an affiliate designated by Morgan Stanley Smith Barney LLC to act as Custodian of Roth IRAs established or maintained hereunder. In the event that Morgan Stanley Smith Barney LLC is merged with an unaffiliated legal entity where Morgan Stanley Smith Barney LLC is not the surviving corporation, or if Morgan Stanley Smith Barney LLC is acquired, in whole or in part, by another unaffiliated legal entity who acquires the custodial IRA business of Morgan Stanley Smith Barney LLC, such entity shall become Custodian under this document, so long as (a) the terms of such operative documents providing for the assumption of the role of IRA Custodian by the acquisition or merger specify the assumption of the IRA Custodianship and (b) such successor or acquiring entity satisfies the requirements under the Code and applicable Federal and state law for serving as an IRA Custodian. In the event of an internal corporate reorganization of the Morgan Stanley group which includes Morgan Stanley Smith Barney LLC and its affiliates where Morgan Stanley Smith Barney LLC is not a surviving entity but one or more of its affiliates are, any such successor entity shall, if otherwise satisfying the requirements under the Code and applicable Federal and state law, automatically become Custodian of this Roth IRA as of the date of such reorganization. In the event that Morgan Stanley Smith Barney LLC shall merge, be acquired, or be reorganized and the foregoing provision of this Section 1.6 does not provide a successor Custodian to Morgan Stanley Smith Barney LLC, the Participant shall appoint a successor Custodian in accordance with Section 8.2.

**1.7 "MAXIMUM ANNUAL CONTRIBUTIONS"** shall mean:

(a) With respect to Roth IRA Contributions made by or on behalf of a Participant for a taxable year, an amount that does not exceed the lesser of (i) the Code Section 219(b)(5)(C) limits (\$5,000 for any taxable year beginning in 2008 and years thereafter), or (ii) 100% of the Participant's Compensation (or, for Spousal Roth IRA Contributions, the aggregate Compensation described in Section 2.4 (b) below), reduced by (c) the amount of any contributions made by or on behalf of the Participant (or, in the case of Spousal Roth IRA Contributions, the Participant's spouse) to another Roth IRA or to a Traditional IRA for the same taxable year. After 2008, the dollar amounts set forth in (a) above will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 219(b)(5)(D). Such adjustments will be in multiples of \$500.

(b) In the case of an individual who is 50 or older, the annual cash contribution limit is increased by \$1,000 for any taxable year beginning in 2006 and years thereafter. See also Section 1.3 above (relating to Catch-Up Contributions generally in the case of an individual who is 50 or older).

(c) In addition to the amounts described in Section 1.7 (a) and (b) above, an individual may make additional contributions specifically authorized by statute—such as repayments of qualified reservist distributions, repayments of certain plan distributions made on account of a federally declared disaster and certain amounts received in connection with the Exxon Valdez litigation. Contributions may be limited under 2.3(b) and 1.7(e) below.

(d) In addition to the amounts described in Section 1.7 (a) and (c) above, an individual who was a Participant in a Section 401(k) plan of a certain employer in bankruptcy described in Code Section 219(b)(5)(C) may contribute up to \$3,000 for taxable years beginning after 2006 and before 2010 only. An individual who makes contributions under this Paragraph (c) may not also make contributions under this Section 1.7 (b) and Section 1.3 (relating to Catch Up Contributions in the case of an individual who is 50 or older).

(e) If this is an inherited IRA within the meaning of Section 408(d)(3)(C), no contributions will be accepted.

**1.8 "MAGI" OR "MODIFIED AGI"** shall mean adjusted gross income as reported on an individual's Federal income tax return but modified, in accordance with Code Section 408A(c)(3)(C), by subtracting Roth IRA conversions and Roth IRA rollovers from qualified plans and for taxable years after 2004, minimum required distributions under Code Section 401(a)(9)(A) and adding certain otherwise excludable income and deductions such as Traditional IRA contributions, student loan interest deductions, tuition and fee deductions, domestic production activities deductions, foreign earned income exclusions, foreign housing deductions, or exclusions, employer-provided, adoption assistance and income from U.S. Savings Bonds used to pay qualified higher education expenses.

**1.9 "PARTICIPANT"** shall mean an individual establishing a Roth IRA or on whose behalf a Roth IRA is established. If a Roth IRA is established by an individual on behalf of his or her spouse, "Participant" shall mean the spouse for whom such Roth IRA is established. For purposes of Articles VI through XI, inclusive, if the Participant is deceased or if the Participant has authorized a representative, in a manner acceptable to the Custodian and permitted by law, to provide directions or instructions with respect to the Participant's Roth IRA, the term "Participant" shall also mean Beneficiary or such representative.

**1.10 "QUALIFIED ROLLOVER CONTRIBUTION"** means a rollover contribution of a distribution from an eligible retirement plan described in Section 402(c)(8)(B) of the Code. If the distribution is from an IRA, the rollover must meet the requirements of Code Section 408(d)(3), except the one-rollover-per year rule of Code Section 408(d)(3)(B) does not apply if the distribution is from a non-Roth IRA. If the distribution is from an eligible retirement plan other than an IRA, the rollover must meet the requirements of Code Section 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16) as applicable. A Qualified Rollover Contribution also includes (i) and (ii) below.

(i) All or part of a military death gratuity or service members' group life insurance ("SGLI") payment may be contributed if the contribution is made within one year of receiving the gratuity or payment. Such contributions are disregarded for purposes of the one-rollover-per year rule under Code Section 408(d)(3)(B).

(ii) All or part of an airline payment (as defined in Section 125 of the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA"), Pub. L. 110-458) received by certain airline employees may be contributed if the contribution is made within 180 days of receiving the payment.

**1.11 "ROTH CONVERSION IRA"** shall mean a Roth IRA established for the purpose of holding assets transferred from a Traditional or SIMPLE IRA as a rollover or conversion described in Code Section 408A(d)(3).

**1.12 "ROTH IRA"** Roth IRA shall mean an IRA described in Code Section 408A and shall include a Roth Conversion IRA.

**1.13 "TRADITIONAL IRA"** shall mean an individual retirement account or individual retirement annuity described in Code Section 408(a) or (b), respectively, and shall, where the context so requires, include a Traditional IRA, Spousal IRA, SEP IRA, SAR-SEP IRA, Rollover IRA or any combination thereof but shall not include a SIMPLE, Education or Roth IRA.

## Article II—Contributions

**2.1 ESTABLISHMENT OF ROTH IRA.** Any eligible individual, the spouse of an eligible individual, any individual wishing to make a rollover contribution described in Section 2.5 or any individual wishing to effect a transfer described in Section 5.1(a), or the duly authorized representative of any such individual, may establish a Roth IRA by delivering an executed Adoption Agreement and Client Agreement to the Custodian. A duly authorized representative includes a parent, legal guardian, conservator or other court-appointed representative of a minor child or incapacitated adult, an attorney-in-fact acting under a power of attorney, the personal representative of a decedent's estate or the Beneficiary of an individual's interest in an IRA or a retirement plan described in Code Sections 401(a), 401(k), 403(a), 403(b) or 457. The Roth IRA shall be established when the Custodian accepts the Adoption Agreement. At that time, such individual shall become a Participant and shall be bound by all of the terms and conditions of the Roth IRA as set forth in this document.

**2.2 REVOCATION OF PARTICIPATION.** Any person who establishes a Roth IRA pursuant to Section 2.1 above may revoke, without penalty, the Roth IRA at any time within seven days after the earlier of the establishment or the purchase of the Roth IRA by notifying the Custodian in writing of such revocation.

Upon revocation of a Roth IRA under this Section 2.2, the Custodian shall return the full amount contributed by or on behalf of such person together with any fees, charges or expenses paid by such person and without regard to any change in market value of Roth IRA assets.

### 2.3 ROTH IRA CONTRIBUTIONS.

**(a) Contributions.** Except in the case of a Qualified Rollover Contribution (as defined in Section 1.10 above) or a recharacterization, as described in Section 2.5(d) below, a Participant may contribute, for any taxable year in which the Participant alone has, or the Participant and his or her spouse have, Compensation, (i) the Maximum Annual Contribution as defined in Section 1.7 above and (ii) if eligible, Catch-Up Contributions as defined in Section 1.3 above, to all of the Participant's Roth IRAs, provided the Participant's MAGI does not exceed the limits described in (b) below.

**(b) Maximum Annual Contribution Limit.** If (i) and/or (ii) below apply, the Maximum Annual Contribution and, if eligible, Catch-Up Contributions that can be made to all the Participant's

Roth IRAs for a taxable year is the smaller amount determined under (i) or (ii).

(i) The Roth IRA Contribution limits are phased out ratably between certain levels of MAGI, as defined in Section 1.8 above, in accordance with the following table:

Federal Income Tax Filing Status	Full Contribution	Phase-Out Range	No Contribution
Modified AGI (MAGI)			
Single or Head of Household	\$95,000 or less	Between \$95,000 and \$110,000	\$110,000 or more
Joint Return or Qualifying Widow(er)	\$150,000 or less	Between \$150,000 and \$160,000	\$160,000 or more
Married—Separate Return	\$0	Between \$0 and \$10,000	\$10,000 or more

If the Participant's Modified AGI for a taxable year is in the Phase-Out Range, the Maximum Annual Contribution determined under this table for that taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200. After 2006, the dollar amounts above will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 408 (c)(3). Such adjustments will be in multiples of \$1,000.

(ii) If the Participant makes Contributions to both Roth and Non-Roth IRAs for a taxable year, the Maximum Annual Contribution and, if eligible, Catch-Up Contributions that can be made to all the individual's Roth IRAs for that taxable year are reduced by the annual contributions made to the individual's Non-Roth IRAs for the taxable year. The total of all of a Participant's contributions to all of the Participant's Roth and Non-Roth IRAs for a single taxable year may not exceed the Maximum Annual Contribution plus, if eligible, the Catch-Up Contribution.

**(c) Time for Making Contributions.** Contributions to a Roth IRA for a Participant's taxable year may be made at any time and from time to time during the period from the first day of the taxable year until the date on which the Participant's Federal income tax return is due (not including extensions).

#### 2.4 SPOUSAL ROTH IRA CONTRIBUTIONS.

**(a) Eligibility.** A Spousal Roth IRA may be established by or for a Participant and contributions ("Spousal Roth IRA Contributions") may be made to such Roth IRA for any taxable year, if the Participant files a joint Federal income tax return for the taxable year for which contributions are to be made and the amount, if any, of such Participant's Compensation includible in such Participant's gross income is less than the Compensation includible in the gross income of such Participant's spouse for such taxable year. Rollover Contributions are not subject to this eligibility rule.

**(b) Maximum Annual Spousal Roth IRA Contributions.** Spousal Roth IRA Contributions may be made in an amount up to the Maximum Annual Contribution described in Section 1.7 above plus Catch-Up Contributions (if the Participant is eligible) described in

Section 1.3 above except that for this purpose, Compensation shall be the aggregate of all Compensation reported by the Participant and the Participant's spouse on their joint Federal tax return reduced by the amount of Roth and Traditional IRA contributions made by the Participant's spouse for such year.

**(c) Time for Making Contributions.** Spousal Roth IRA Contributions for a taxable year may be made at any time and from time to time during the period from the first day of the taxable year until the date on which the Participant's Federal income tax return is due (not including extensions).

#### 2.5 ROLLOVER CONTRIBUTIONS.

**(a) Rollovers from Roth IRAs.** An individual receiving a distribution of all or a portion of the balance of a Roth IRA, as defined in Code Section 408A, may make an irrevocable election to contribute all or a portion of such distribution to a Roth IRA no later than 60 days after the distribution is made (120 days if the distribution failed to be a qualified first-time homebuyer distribution described in Code Section 72(t)(8) solely because of the delay or cancellation of the purchase or construction of the residence), provided such contribution is a Qualified Rollover Contribution as described in Code Section 408(d)(3). For this purpose, the one-rollover per-year rule of Code Section 408(d)(3)(B) does not apply if the rollover contribution is from an IRA other than a Roth IRA.

**(b) Rollovers and Conversions from Traditional and SIMPLE IRAs to Roth IRAs.** An individual may make a rollover contribution to a Roth IRA consisting of all or part of a distribution from a Traditional IRA or a SIMPLE IRA (after the two-year participation requirement is satisfied) provided such contribution is a Qualified Rollover Contribution as described in Code Section 408(d)(3), meeting all of the following requirements:

(i) If the distribution is made before 2010, the Traditional or SIMPLE IRA distribution is made in a taxable year for which the individual's MAGI (whether single or joint) does not exceed \$100,000.

(ii) If the distribution is made before 2010, the individual is not a married taxpayer filing a separate return for the taxable year in which the Traditional or SIMPLE IRA distribution takes place. For this purpose, a married taxpayer who has lived apart from his or her spouse for the entire taxable year is treated as single.

(iii) The rollover contribution is made no later than 60 days after the Traditional or SIMPLE IRA distribution takes place (120 days if the IRA distribution failed to be a qualified first-time homebuyer distribution described in Code Section 72(t)(8) solely because of the delay or cancellation of the purchase or construction of the home).

**(c) Conversions.** The conversion of a Traditional or SIMPLE IRA to a Roth IRA shall be treated as a distribution and a Qualified Rollover Contribution to which this Paragraph applies. SEP, SAR-SEP and SIMPLE IRAs may be rolled over or converted to a Roth IRA provided, however, that subsequent employer contributions or employee elective deferrals to the SEP, SAR-SEP or SIMPLE may only be made to a Non-Roth IRA.

**(d) Recharacterization of Contributions.** Pursuant to the rules set forth in Income Tax Regulations §1.408A-5, a Participant (or a Participant's executor, administrator, legal guardian or other

duly authorized representative) may elect to transfer, in whole or in part, any contribution made by the Participant to a Traditional IRA or a Roth IRA (the “First IRA”) for a taxable year to another Traditional IRA or Roth IRA (the “Second IRA”). The Participant, for Federal tax purposes, shall treat the transferred contribution as having been made to the Second IRA, instead of the First IRA, as of the same date and for the same taxable year as the contribution was made to the First IRA. The Custodian may be Custodian of either or both of the First and Second IRA.

The Participant must notify the Custodian of the recharacterization and direct the transfer no later than the due date, with extensions, of the Participant’s Federal income tax return for the taxable year for which the contribution was made to the First IRA. The amount that may be recharacterized is the amount contributed to the First IRA, adjusted for net income or net losses, either by transferring the entire First IRA or pursuant to a calculation under Income Tax Regulations §1.408-4(c)(2)(ii). Amounts contributed to the First IRA in a tax-free transfer may not be recharacterized except for amounts erroneously rolled over or transferred from a Traditional IRA to a SIMPLE IRA. Employer contributions (including employee elective deferrals) to a SEP, SAR-SEP or SIMPLE may also not be recharacterized. However, amounts rolled over or converted from a SEP, SAR-SEP or SIMPLE to a Roth IRA may be recharacterized back to the SEP, SAR-SEP or SIMPLE IRA, respectively. Amounts treated as excess IRA contributions for a prior year and deemed to be current-year contributions for purposes of Code Section 4973 may not be recharacterized.

All recharacterizations in which a Morgan Stanley Traditional IRA or Roth IRA is the Second IRA, shall be subject to such minimum balance requirements as may be specified by Morgan Stanley.

**(e) Reconversions of Recharacterized Amounts.** Pursuant to the rules set forth in Income Tax Regulations §1.408A-5 (Q&A9), an amount that has been rolled over or converted from a Traditional IRA or a SIMPLE IRA to a Roth IRA and transferred back to a Traditional or SIMPLE IRA by means of a recharacterization, may not be reconverted to a Roth IRA before the later of (i) the beginning of the next following taxable year, or (ii) 30 days after the date on which the amount was transferred back to the Traditional or SIMPLE IRA by means of the recharacterization. Any amount previously converted must be adjusted for subsequent net income to determine the amount subject to this limit on subsequent reconversions. For this purpose, a conversion which fails (and is subsequently recharacterized) because the Participant’s MAGI exceeds the \$100,000 applicable before 2010 limit is treated as a conversion for the purpose of applying this limit on reconversions.

Rollover IRAs that (1) qualify as conduit IRAs under Code Section 408(d)(3)(A)(ii), (2) are rolled over or converted to a Roth IRA, and (3) are subsequently recharacterized to a Rollover IRA; do not lose their status as conduit IRAs solely because of the conversion and recharacterization.

**(f) Valuation of Recharacterized and Reconverted Assets.** Requests to recharacterize or reconvert an Account will be processed as soon as practicable after being received in a form acceptable to the Custodian. Due to the volume of such requests and the different processes followed to transfer or liquidate different assets held in an

Account, the recharacterization or reconversion may not begin for some period of time and, once begun, may take place in a series of transactions over an additional period of time. The value of Account assets transferred or liquidated in connection with a recharacterization or reconversion will be determined as of the close of business on the date of transfer, or, if liquidated, using the liquidation price received. Due to market fluctuations, the value of Account assets used for income tax reporting purposes or to determine the number of shares of a security that must be liquidated and transferred, may vary from the value on the date the request is made. Morgan Stanley will not be responsible for any market fluctuations that affect the Participant’s taxable income or the number of shares of a security needed to complete the recharacterization or reconversion.

**(g) Rollovers from Designated Roth Accounts under Code Section 402A.** For taxable years beginning after 2005, a Rollover Contribution includes a rollover from a designated Roth account described in Code Section 402A. To the extent permitted by the Code, an individual receiving an eligible rollover distribution, within the meaning of Code Section 402(c)(4), from a designated Roth account may make an irrevocable election to contribute all or portion of such distribution to a Roth IRA no later than 60 days after the distribution is made, or may make a direct rollover from a designated Roth account to a Roth IRA.

**2.6 NONFORFEITABILITY OF CONTRIBUTIONS.** A Participant’s interest in a Roth IRA shall be nonforfeitable at all times.

**2.7 NATURE OF CONTRIBUTIONS.** Only contributions described in Sections 2.3, 2.4 and 2.5, may be made to a Roth IRA. Except in the case of a rollover contribution or a conversion described in Section 2.5 above, no contributions will be accepted unless they are in cash. A rollover contribution or conversion may consist of cash and property received by the Participant in a distribution described in Section 2.5 provided that such property is of a nature and in a form acceptable to the Custodian.

**2.8 EXCESS CONTRIBUTIONS.** Contributions which do not qualify under, or exceed the limits set forth in, Code Sections 408(d)(3) or 408A, and any earnings on such disqualified or excess contributions, calculated under Income Tax Regulations Section 1.408-4 or any successor, may be recharacterized under Section 2.5(c) above or withdrawn from a Roth IRA upon a request from the Participant to the Custodian. Such request shall be in writing in a form acceptable to the Custodian or in such other medium as may be acceptable to the Custodian.

**2.9 PRE-2011 CONTRIBUTIONS.** Contributions for any taxable year beginning before January 1, 2011, including contributions made in 2011 for the 2010 taxable year, may be made to a Roth IRA established hereunder but shall be made, if at all, pursuant to applicable provisions of the Code in effect for such taxable year.

## Article III — Investments

**3.1 DIRECTION BY PARTICIPANT.** Each Participant (or the Participant’s duly authorized representative) shall direct the Custodian with respect to the investment and reinvestment of the contributions to the Participant’s Roth IRA and the earnings thereon. Such direction shall include investments available for acquisition through the Custodian in its regular course of business and approved by the

Custodian for investment by Roth IRAs. The Custodian will not have discretionary authority or control with respect to the investment of the Roth IRA assets, will not provide investment advice that will serve as a primary basis for the investment decisions of the Participant's Roth IRA, and will not be deemed a fiduciary of the Roth IRA, as such term is defined under Code Section 4975(e)(3) or Section 3(21) of the Employee Retirement Income Security Act of 1974 ("ERISA"), if applicable. The Custodian is not responsible for reviewing the assets in the Participant's Roth IRA, or for making recommendations on acquiring, retaining or selling any assets. Uninvested cash, dividends and distributions on shares of mutual funds or other investments held in the account that are paid in cash will be invested along with other cash balances (see Cash Balances, below).

**3.2 DELEGATION OF INVESTMENT RESPONSIBILITY.** The Participant (or the Participant's duly authorized representative) may delegate the authority to invest all or a portion of the Participant's Roth IRA to an agent or attorney-in-fact, including but not limited to a division or affiliate of the Custodian, by notifying the Custodian in writing on a form acceptable to the Custodian of the delegation of such investment authority, the name of the person or persons to whom such authority is delegated, any limitations upon such authority and the assets over which such agent or attorney-in-fact shall have investment authority. The Custodian shall follow the directions of such agent or attorney-in-fact and shall be under no duty to review or question any direction, action or failure to direct or act of such agent or attorney-in-fact. The Participant may revoke the agent's or attorney-in-fact's authority at any time by notifying the Custodian in writing of such revocation. The Custodian shall not be liable in any way for transactions initiated prior to receipt of such notice of revocation. The Participant (or the Participant's duly authorized representative) is responsible at all times for directing the investment of assets in the Roth IRA.

**3.3 CASH BALANCES.** The Participant authorizes the deposit or investment of cash balances in the Roth IRA in:

- (a) deposit accounts with Morgan Stanley Bank, N.A. and or any other banking affiliate of the Custodian;
- (b) any other sweep investment vehicle specified either in the Adoption Agreement or an agreement applicable to the sweep investment vehicle for the Roth IRA; or
- (c) a sweep investment vehicle otherwise made available to the Roth IRA and disclosed to the Participant.

The Custodian may amend this Section 3.3, or change the sweep investment vehicle available to the Roth IRA, at any time with notice to the Participant.

**3.4 UNINVESTED CASH.** The Custodian may hold uninvested cash of amounts less than \$1.00 in the Participant's Roth IRA.

**3.5 PROHIBITION ON INVESTMENT IN LIFE INSURANCE AND COLLECTIBLES.** No portion of a Participant's Roth IRA may be invested in life insurance contracts or in any work of art, rugs, antiques, metals, gems, stamps, coins, alcoholic beverages or any other tangible personal property classified by the Secretary of the Treasury or the Secretary's delegate as a collectible within the meaning of Code Section 408(m), except that Roth IRA assets may

be used to purchase certain coins and bullion, described in Code Section 408(m)(3), if the Custodian agrees to hold such assets pursuant to the requirements of Code Section 408(m).

**3.6 MORGAN STANLEY ADVISORY SERVICES.** The Participant may enroll the Roth IRA in a Morgan Stanley advisory service, as provided under a separate agreement.

## Article IV — Distributions

**4.1 IN GENERAL.** A Participant (or the Participant's duly authorized representative) may direct a distribution of all or a portion of the Participant's Roth IRA at any time and from time to time in such form and in such manner as is acceptable to the Custodian. A distribution shall be made only upon notification to the Custodian pursuant to Section 4.4 below.

**4.2 METHODS OF DISTRIBUTION.** Subject to Section 4.3, the Participant (or the Participant's duly authorized representative) or, if the Participant is deceased, a Beneficiary, may elect to have the balance in the Participant's Roth IRA distributed in cash or in kind as follows:

- (a) In a single lump sum payment;
- (b) In equal or substantially equal installments at least annually over a period not extending beyond the life or life expectancy of the Participant or Beneficiary or the joint lives or joint life expectancies of the Participant and Beneficiary;
- (c) By purchase of an annuity contract satisfying the requirements of Code Sections 408(b)(1), (3), and (4) and providing for equal or substantially equal payments at least annually over the life or life expectancy of the Participant or Beneficiary or the joint lives or joint life expectancies of the Participant and Beneficiary;
- (d) In monthly, quarterly or annual installments in such amount(s) as the Participant or Beneficiary may request; or
- (e) Any combination of the above (subject to the requirements of the Code).

(f) Subject to the post-death required minimum distribution requirements set forth in Section 4.3 below, unless an annuity contract is purchased and distributions have commenced, the Participant or Beneficiary may change the method of distribution at any time before benefits are completely distributed by filing a new election with the Custodian prior to the effective date of the change in method of distribution.

**4.3 DEATH BENEFITS.** No amount is required to be distributed prior to the death of the individual for whose benefit the account was originally established. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C), the preceding sentence does not apply.

Notwithstanding any provision of this Roth IRA to the contrary, the distribution of the Participant's interest in the Account shall be made in accordance with Code Sections 408(a)(6), as modified by Code Section 408A(c)(5), and the regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are made from an annuity contract purchased from an insurance company, distributions thereunder must satisfy the requirements of Section 1.401(a)(9)-6 of the Income Tax Regulations (taking into account Code Section 408A(c)(5)), rather than the distribution rules in this Section 4.3.

**(a) Required Minimum Distribution Requirements.** Following the Participant's death, the entire Roth IRA must be distributed to the Beneficiary at least as rapidly as follows:

(i) If the designated Beneficiary is someone other than the Participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death, over the remaining life expectancy of the designated Beneficiary, with such life expectancy determined using the age of the Beneficiary as of his or her birthday in the year following the year of the Participant's death, or, if elected, in accordance with paragraph (a)(iii) below. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C) established for the benefit of a nonspouse designated Beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under Code Section 402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the nonspouse designated Beneficiary may elect to have distributions made under this paragraph (a)(i) if the transfer is made no later than the end of the year following the year of death.

(ii) If the Participant's sole designated Beneficiary is the Participant's surviving spouse, the entire interest will be distributed, starting by either: (A) the end of the calendar year following the calendar year of the Participant's death, or (B) at the election of the surviving spouse, the end of the calendar year in which the Participant would have attained age 70½, if later. Distributions will be made over such spouse's life expectancy, or, if elected, in accordance with paragraph (a)(iii) below. If the surviving spouse dies before distributions are required to begin, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's designated Beneficiary's remaining life expectancy determined using such Beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with paragraph (a)(iii) below. If the surviving spouse dies after distributions are required to begin, any remaining interest will be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.

(iii) If there is no designated Beneficiary or, if applicable by operation of paragraph (a)(i) or (a)(ii) above, the entire Roth IRA will be distributed by the end of the calendar year containing the fifth anniversary of the Participant's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin).

(iv) The amount to be distributed each year under paragraph (a)(i) or (ii) is the quotient obtained by dividing the value of the Roth IRA as of the end of the preceding year by the remaining life expectancy specified in such paragraph. For this purpose, the "value of the Roth IRA" is the fair market value of the assets held in the Roth IRA plus the value of any outstanding rollover, transfer or recharacterization under Q&A-7 and -8 of Section 1.408-8 of the Income Tax Regulations. Life expectancy is determined using the Single Life Table in Q&A-1 of Section

1.401(a)(9)-9 of the Income Tax Regulations. If distributions are being made to a surviving spouse as the sole designated Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's age in the year in which distributions must begin under paragraph (a)(i) or (ii) above, as applicable, and reduced by one for each subsequent year. (v) The required minimum distributions payable to a designated Beneficiary from this IRA may be withdrawn from another IRA the Beneficiary holds from the same decedent in accordance with Q&A-9 of Section 1.408-8 of the Income Tax Regulations.

(vi) Trust as Beneficiary. If the following requirements are met with respect to a trust named as Beneficiary of the Roth IRA, then the trust Beneficiaries (and not the trust itself) will be treated as designated Beneficiaries for purposes of determining the distribution period under Code Section 401(a)(9): (A) The trust is valid under state law, or would be but for the fact that there is no corpus.

(B) The trust is irrevocable or will, by its terms, become irrevocable upon the death of the Participant.

(C) The Beneficiaries of the trust who are Beneficiaries with respect to the trust's interest in the Roth IRA are identifiable from the trust instrument within the meaning of Section 1.401(a)(9)-4, Q&A-1 of the Income Tax Regulations.

(D) The Participant or the Trustee has provided to the Custodian either:

(I) A copy of the trust instrument, and agrees that if the trust instrument is amended at any time in the future, the Participant will, within a reasonable time, provide to the Custodian a copy of each such amendment, or

(II) The following documentation:

(aa) A list of all trust Beneficiaries (including contingent and remainder Beneficiaries with a description of the conditions on their entitlement) for purposes of Code Section 401(a)(9).

(bb) A certification, to the best of the Participant's knowledge, that (aa) is correct and complete, and that the requirements of (v)(A), (v)(B), and (v)(C) are satisfied.

(cc) Agreement that, if the trust instrument is amended at any time in the future, the Participant will, within a reasonable time, provide to the Custodian corrected certifications to the extent that the amendment changes any information previously certified; and agreement to provide a copy of the trust instrument to the Custodian upon demand.

(III) The documents described in (I) and (II) above may be provided by the Participant or by the Trustee of the trust at any time starting with the date on which the trust is designated as a Beneficiary, but not later than October 31 of the year following the year of the Participant's death.

**(b) Surviving Spouse's Elections.** If the sole designated Beneficiary is the Participant's surviving spouse, such surviving spouse may, instead of the elections under (a) above, elect to treat the decedent's Roth IRA as the surviving spouse's own Roth IRA. This election will be deemed to have been made if such surviving spouse

makes a rollover contribution to or from the Roth IRA, or fails to elect a method of distribution within the time periods allowed by subparagraphs (a)(i) and (ii) above.

**(c) Determination of Designated Beneficiary.** Under Code Section 401(a)(9)(E) and Section 1.401(a)(9)-4 of the Income Tax Regulations, the term “Designated Beneficiary” refers to an individual or individuals designated as the Beneficiary or Beneficiaries by the Participant or by operation of this agreement, as of the Participant’s date of death, who remain Beneficiaries as of September 30 of the calendar year following the calendar year of the Participant’s date of death. Any person who was a Beneficiary as of the date of the Participant’s death, but is not a Beneficiary as of that September 30 (e.g., because the person receives the entire benefit to which the person is entitled before that September 30), is not taken into account in determining the Participant’s designated Beneficiary for purposes of determining the distribution period for required minimum distributions after the Participant’s death.

**(I) Death of Beneficiary Prior to September 30.** If an individual who is a Beneficiary as of the date of the Participant’s death dies during the period between the Participant’s date of death and September 30 of the year following the year of the Participant’s death without having disclaimed his or her interest, that individual continues to be treated as the Designated Beneficiary for purposes of determining the distribution period.

**(II) Disclaimer by Beneficiary Prior to September 30.** If a Beneficiary disclaims his or her interest prior to September 30 of the year following the year of the Participant’s death, the disclaimant is not taken into account in determining the employee’s Designated Beneficiary, provided the disclaimer satisfies Code Section 2518.

**(III) Multiple Beneficiaries:**

**(A) General Rule.** If more than one individual is designated as a Beneficiary as of the applicable date for determining the Designated Beneficiary under A-4 of 1.401(a)(9)-4, the Designated Beneficiary with the shortest life expectancy will be the Designated Beneficiary for purposes of determining the applicable distribution period.

**(B) Separate Accounts.** If separate accounts are established with respect to multiple Beneficiaries, each Beneficiary may determine his or her required minimum distribution based upon his or her individual life expectancy as opposed to using the life expectancy of the Beneficiary whose life expectancy is shortest. Separate accounts can be established at any time, either before or after the Participant’s required beginning date. However, the applicable distribution period for each such separate account is determined disregarding the other Beneficiaries of the Participant’s benefit only if the separate account is established on a date no later than the last day of the year following the calendar year of the Participant’s death.

The separate accounts will be recognized for required minimum distribution purposes only after the later of the year of the Participant’s death (whether before or after the required beginning date) and the year the separate accounts are established. If separate accounts are established, the separate accounting must allocate all post-death investment gains or losses for the period prior to the establishment of the separate accounts on a pro rata basis in a reasonable and consistent basis among the separate accounts

for the different Beneficiaries. The separate accounting must also allocate any post-death distributions to the separate account of the Beneficiary receiving such distributions.

**(C) Notice to Custodian.** By September 30 of the year following the calendar year of the Participant’s death, the Custodian must receive notice of the names of the Designated Beneficiaries as well as notice of any separate accounts to be established for such Beneficiaries.

(d) Notwithstanding anything contained herein to the contrary, this Section 4.3 is intended to and shall be interpreted in a manner consistent with the minimum distribution requirements that apply to Roth IRAs under Code Section 408A(c)(5).

**4.4 DIRECTIONS TO CUSTODIAN.** All directions to the Custodian for the distribution of property held in a Roth IRA must be in writing on a form acceptable to the Custodian or in such other medium as shall be acceptable to the Custodian. Such directions shall include, but not be limited to, an identification of the Roth IRA, the amount of cash or specific securities or other property to be distributed, the order in which securities or other property held in the Roth IRA shall be liquidated, if necessary, the nature or purpose of the distribution, the party to whom the distribution shall be made, whether income taxes are to be withheld and such other representations or facts as the Custodian may reasonably require.

**4.5 EFFECT OF DISTRIBUTION.** The Custodian shall have no obligation to determine whether a distribution from the Roth IRA is permissible under the Code or any other applicable law. The Custodian may reasonably rely on a representation by the Participant or Beneficiary that a distribution is so permitted. The Custodian may reasonably rely on directions from the Beneficiary or a duly authorized representative of the Beneficiary with respect to the amount and timing of death benefit distributions. The Custodian shall be entitled to withhold from delivery and to reserve such property as it deems reasonably necessary for the payment of all of its unpaid fees and other expenses and/or for the payment of any other liability or charge against the Roth IRA. The Custodian shall not be liable for distributed Roth IRA assets removed from the Roth IRA at the direction of the Participant, Beneficiary, the duly authorized representative of either, or a court or government agency of competent jurisdiction.

## Article V—Transfers

**5.1 IN GENERAL.** Cash, securities or other property may be transferred to or from a Roth IRA as follows:

(a) Cash, securities or other property held on the Participant’s or Beneficiary’s behalf by the Custodian or trustee of another Roth IRA described in Code Section 408A may be transferred to the Custodian and held in a Roth IRA for the benefit of the Participant or Beneficiary but only to the extent that such cash, securities or other property meets the Custodian’s requirements with respect to the administrative feasibility of accepting such transfers. The Custodian is not obligated to accept (and may reject or refuse) any transfer.

(b) Upon the direction of the Participant, Beneficiary or duly authorized representative of either, made in writing in a form acceptable to the Custodian, or such other medium as may be acceptable to the Custodian, the Custodian shall transfer cash, securities or



other property held in the Participant's Roth IRA to the trustee or Custodian of a Roth IRA described in Code Section 408A.

(c) A Participant may, upon written direction to the Custodian accompanied by a copy of the decree or instrument described herein, transfer all or any part of the Participant's Roth IRA to a spouse or former spouse under a decree of divorce or separate maintenance or an instrument incident thereto as described in Code Section 71(b)(2)(A).

**5.2 EFFECT OF TRANSFER.** Upon receipt of a proper direction to transfer all or part of the property held in a Roth IRA, the Custodian shall act upon such direction within a reasonable period to the extent reasonably possible. The Custodian shall be entitled to withhold and reserve such cash or property from such transfer as the Custodian deems reasonably necessary for the payment of all of its unpaid fees and other expenses and/or for the payment of any other liability or charge against the Roth IRA. The Custodian shall have no obligation to ascertain whether any transfer made under this Article is permissible under the Code or any other applicable law and may reasonably rely upon any representation by the Participant or Beneficiary that the transfer does not violate the terms of the Code or any other applicable law. The Custodian shall not be liable for transferred Roth IRA assets removed from the Roth IRA at the direction of the Participant, Beneficiary, the duly authorized representative of either or a court or government agency of competent jurisdiction.

## Article VI—Power, Duties and Obligations of Custodian

**6.1 NO INVESTMENT DISCRETION.** Except as otherwise agreed in writing between the Participant and the Custodian or an affiliate of the Custodian, the Custodian shall have no discretion to direct any investments of a Roth IRA, and is solely authorized to acquire and hold the particular investments specified by the Participant. The Custodian is not, however, obligated to act upon each and every investment direction and may, within its normal and customary practices, decline to act upon a given investment direction. Notwithstanding any other provision herein to the contrary, the Custodian may refuse to follow instructions which it reasonably believes will result in a transaction prohibited by Code Section 4975 or Section 3.5 of this Roth IRA document.

**6.2 INVESTMENT POWERS.** The Custodian may hold any securities acquired for a Roth IRA in the name of the Custodian without qualification or description, in the name of any nominee or by or through a central clearing corporation or depository. The Custodian shall have the following powers and authority with respect to the administration of each Roth IRA:

(a) To invest and reinvest the assets of the Roth IRA without regard to whether such investment is authorized by the laws of any jurisdiction for fiduciary investments.

(b) To exercise, buy or sell covered listed options, conversion privileges or rights to subscribe for additional securities and to make payments therefore.

(c) To consent to or participate in dissolutions, reorganizations, consolidations, mergers, sales, leases, mortgages, transfers or other changes affecting securities held by the Custodian.

(d) To make, execute and deliver as Custodian any and all contracts, waivers, releases or other instruments in writing necessary or proper for the exercise of any of the foregoing powers.

(e) To grant options to purchase securities held by the Custodian or to repurchase options previously granted with respect to securities held by the Custodian.

(f) The Custodian shall exercise any rights of a shareholder (including voting rights) with respect to any securities held in the Roth IRA only in accordance with the instructions of the Participant, pursuant to any applicable rules of the Securities and Exchange Commission and the national securities exchanges of which the Custodian is a member.

(g) To invest and reinvest the assets of the Roth IRA in deposits of an affiliate or affiliates.

### 6.3 ADMINISTRATIVE POWERS.

(a) The Custodian shall have the power to take such actions as are reasonable and necessary to carry out its duties hereunder.

(b) The Custodian shall be under no duty to take any action other than as specified herein unless the Participant or Beneficiary furnishes the Custodian with written instructions, agrees to indemnify and hold the Custodian harmless from any claims arising out of such instructions and such instructions are specifically agreed to in writing by an authorized representative of the Custodian.

(c) The Custodian may consult with and employ suitable agents and advisors, including but not limited to legal counsel, accountants and tax advisors, with respect to its duties under the Roth IRA and applicable law.

(d) The Custodian may mail notices to the Participant or Beneficiary to the last known address of the Participant or Beneficiary.

(e) The Custodian shall keep such records and shall file with the appropriate government agencies, including but not limited to the Internal Revenue Service, such reports, returns and other information concerning the Roth IRA as may be required of it by law or regulation. The Custodian may pay such taxes as are owed by the Roth IRA as an expense of the Roth IRA.

(f) The Custodian may liquidate assets held in a Roth IRA to make distributions or transfers or pay fees, expenses, liabilities, charges or taxes assessed against the Roth IRA. If the Custodian must liquidate assets and the Participant fails to instruct the Custodian as to the liquidation of such assets, assets will be liquidated in the following order to the extent held in the Roth IRA:

(i) Shares held in the Morgan Stanley Liquid Asset Fund, Inc. sweep vehicle or other money market mutual fund sweep vehicle or assets held in savings accounts.

(ii) Amounts held in the Bank Deposit Program sweep vehicle or any other sweep vehicle specified pursuant to Section 3.3.

(iii) Shares held in a money market mutual fund acquired through direct purchase.

(iv) Publicly traded securities in such order as the Custodian deems reasonable.

(v) Other investments in such order as the Custodian deems reasonable.

(vi) Limited Partnership interests.

#### 6.4 RECORDS AND REPORTS.

(a) The Custodian shall keep accurate records of all contributions, receipts, investments, distributions, disbursements and other transactions of the Roth IRA.

(b) Periodically, but not less than each calendar year, and on such other dates as may be prescribed by law or regulation, the Custodian shall deliver a written Account Statement to the Participant or, if the Participant is deceased, the Beneficiary, by mail at the Participant's or Beneficiary's last known address, a written Roth IRA statement electronically (if consented to by the Participant or otherwise permitted) or by such other means as may be allowed by law, regulation or consent of the Participant. Such statement shall reflect:

- (i) receipts, disbursements and other Roth IRA transactions during the calendar year (or such other period).
- (ii) assets and liabilities of the Roth IRA as of the last day of the calendar year (or such other period).
- (iii) such other information as may be required by law or regulation, including but not limited to such information concerning required minimum distributions as is prescribed by the Commissioner of Internal Revenue.

Unless the Participant or Beneficiary files a written statement of exceptions or objections to the Roth IRA statement with the Custodian within 60 days after the mailing of the statement, the Participant or Beneficiary shall be deemed to have approved such statement and the Custodian shall be released from all liability to anyone (including any Participant's spouse or Beneficiary) with respect to all matters set forth in the statement. No person other than a Participant, the spouse of a Participant or Beneficiary may require an accounting.

(c) The Custodian shall also provide the Participant with summary descriptions or other reports as may be required under Code Section 408(i) or other applicable law.

(d) If a Roth IRA is established by an employer or employee association, as described in Code Section 408(c) and Q&A-3 of Section 1.408A-2 of the Income Tax Regulations, the Custodian shall maintain separate records for the interest of each individual participating in the arrangement.

**6.5 RIGHT TO REQUEST JUDICIAL ASSISTANCE.** Anything to the contrary contained in the Client Agreement regarding arbitration notwithstanding, the Custodian shall have the right at any time to apply to a court of competent jurisdiction for judicial settlement of its accounts or for determination of any questions or construction that may arise or for instructions. The only necessary party defendant to any such action shall be the Participant or, if the Participant is deceased, the Beneficiary, but the Custodian may join any other person or persons as a party defendant. The costs, including attorney's fees, of such proceeding shall be charged to the Roth IRA as administrative expense under Article X.

**6.6 SCOPE OF CUSTODIAN'S DUTIES.** The Custodian shall only have the duties that are specifically set forth herein. The Custodian shall have no duty to ascertain whether contributions, distributions or transfers comply with the Roth IRA or the Code. The Custodian shall not make any investments or dispose of any investments held in a Roth IRA, except upon the direction of the Participant or in accordance with Section 6.3(f). The Custodian shall be under no

duty to question any directions of the Participant, to review any securities or other property held in a Roth IRA, or to make suggestions to the Participant with respect to the investment, retention or disposition of any assets held in a Roth IRA. The Custodian shall have no duty to prosecute or defend any legal action with respect to a Roth IRA unless the Custodian is fully indemnified to its satisfaction and agrees to do so in a writing executed by an authorized representative of the Custodian.

**6.7 SCOPE OF CUSTODIAN'S LIABILITY.** The Custodian shall not be liable for any loss of any kind which may result from any action taken by it in accordance with the directions of the Participant or the Participant's duly authorized representative or from any failure to act because of the absence of any such directions. The Custodian is entitled to act upon any instrument, certificate or form it believes is genuine and believes is signed or presented by the proper person or persons, and the Custodian need not investigate or inquire as to any statement contained in such document but may accept it as true and accurate.

**6.8 RIGHT TO ADJUDICATE CLAIMS OF MULTIPLE BENEFICIARIES.** Should two or more Beneficiaries of a Roth IRA give conflicting instructions or should two or more individuals or entities raise conflicting claims that they are each a Beneficiary of a Roth IRA, the Custodian is authorized in its sole discretion and without liability because of fluctuating market conditions or otherwise to do any one or more of the following: (a) select which instructions to follow or claims to honor and which to disregard; (b) suspend all activity in the Roth IRA, refuse to buy, sell or trade any security or commodity, and refuse to disburse any monies or properties, except upon written instructions signed by all Beneficiaries or claimants; (c) close the Roth IRA and send any and all securities, monies or other property by ordinary mail to the owner and address of record, reporting such transaction as a distribution to the owner of record; or (d) take action pursuant to Section 6.5 above including but not limited to an interpleader action in any appropriate court, provided that the filing of any action shall not be deemed a waiver of the Custodian's right to arbitrate under the Client Agreement and Section 11.7 below.

### Article VII—Duties of the Participant or Beneficiary

**7.1 DUTIES UNDER THE CODE.** The Participant or, if the Participant is deceased, the Beneficiary, agrees to fulfill any obligations now or hereafter imposed on the Participant or Beneficiary by the Code or other applicable law or regulation. To the extent the Custodian performs such obligations at the request of the Participant or Beneficiary, the Participant or Beneficiary agrees to pay the Custodian such reasonable fee as the Custodian may charge for its services. Such fees shall be included with the fees charged pursuant to Article X hereof.

**7.2 FURNISHING INFORMATION.** The Participant or, if the Participant is deceased, the Beneficiary, shall furnish the Custodian with such information and documents as the Custodian may reasonably require. If the Participant or Beneficiary fails to furnish such information or documents, the Custodian may, at its sole discretion, terminate the Roth IRA and distribute to the Participant or Beneficiary, in a lump sum payment, an amount equal to the assets in the Account less an amount deemed reasonably necessary by the Custodian for

the payment of all unpaid fees, expenses, charges, taxes or other liabilities of the Roth IRA, whether or not liquidated.

**7.3 INDEMNIFICATION OF CUSTODIAN.** The Participant or, if the Participant is deceased, the Beneficiary, shall indemnify and hold the Custodian harmless from any liability which may arise hereunder except liability arising from the gross negligence or willful misconduct of the Custodian.

## **Article VIII — Resignation or Removal of Custodian**

**8.1 RESIGNATION OR REMOVAL.** The Custodian may resign at any time by giving at least 30 days written notice to the Participant, or, if the Participant is then deceased, to the Participant's Beneficiary, and may, but is not required to, designate a qualified successor Custodian upon such notice of resignation. The appointment of the successor Custodian shall become effective at the time the resigning Custodian ceases to act. The Custodian may be removed by a Participant (or, if applicable, Participant's Beneficiary) at any time by giving at least 30 days written notice to the Custodian. The notice period may be waived by the party entitled to the notice.

**8.2 SUCCESSOR CUSTODIAN OR TRUSTEE.** Upon the resignation or removal of the Custodian, the Participant or the Beneficiary, if the Participant is deceased, shall either accept the Custodian's appointment of a successor or appoint a successor Custodian. The Participant or, if applicable, the Beneficiary, may only designate, as successor Custodian, a bank or other person or institution approved by the Secretary of the Treasury to hold Roth IRA assets. In the event the Custodian resigns and appoints a successor, the Participant's failure to appoint a successor Custodian, on or before the effective date of such resignation and appointment (as set forth in the notice described in Section 8.1 above), shall constitute the Participant's consent to the successor appointed by the Custodian. The successor shall have all rights, powers, privileges, liabilities and duties of the Custodian. Upon acceptance of appointment by the successor, the Custodian shall assign, transfer and deliver to the successor all assets and liabilities of the Roth IRA. The Custodian is authorized, however, to reserve such funds as it deems advisable to provide for the payment of expenses, fees, taxes and other liabilities of the Roth IRA, liquidated or not, then unpaid or to be incurred in connection with the settlement of the Custodian's account, and any balance remaining after the settlement of its account shall be paid to the successor Custodian. If no qualified successor is designated by the Custodian or the Participant (or Beneficiary, if applicable) within 30 days of the notice of resignation or removal, the Custodian may distribute to the Participant (or Beneficiary, if applicable), the entire interest in the Roth IRA in a lump sum.

**8.3 SUBSTITUTION OF CUSTODIAN.** The Custodian shall substitute another trustee or Custodian in place of the Custodian upon notification by the Internal Revenue Service that such substitution is required because the Custodian has failed to comply with the requirements of Section 1.408-2(e) of the Income Tax Regulations, or is not keeping such records, making such returns, or rendering such statements as are required by said regulations.

## **Article IX — Amendment and Termination**

**9.1 AMENDMENT OR TERMINATION.** The Custodian, or any successor Custodian or trustee, may amend or terminate the Roth IRA or related agreements, including the Adoption Agreement, at any time, provided that notice of such amendment or termination be provided to the Participant in writing. The Participant shall be deemed to have consented to any such amendment unless within 30 days after such notice, the Participant terminates (or transfers) his or her Roth IRA account. No amendment of the Roth IRA, however, shall deprive any Participant, spouse of a Participant, or Beneficiary of any benefit to which such person was entitled under the Roth IRA from contributions made prior to the amendment, unless the amendment is necessary to conform the Roth IRA to the current or future requirements of the Employee Retirement Income Security Act of 1974, as amended, the Code or other applicable law, regulation or ruling, in which case the Custodian is expressly authorized to make amendments that are necessary for such purposes retroactively to the later of the effective date of the Roth IRA or the effective date of such legal requirements.

**9.2 DISTRIBUTION ON TERMINATION.** If the Roth IRA is terminated by the Custodian for any reason, the Custodian shall distribute the balance held in each Roth IRA for the benefit of a Participant, spouse of a Participant, or Beneficiary, to a successor Custodian or trustee designated by the Custodian, the Participant, the spouse of the Participant, or the Beneficiary, on whose behalf the Roth IRA is held and if no such successor is designated, in a lump sum directly to the individual, provided, however, that the Custodian may exclude from any such distribution an amount deemed reasonably necessary by the Custodian for the payment of all unpaid fees, expenses, taxes, charges and other liabilities of the Roth IRA, liquidated or not.

## **Article X — Fees and Expenses**

**10.1 COMPENSATION OF THE CUSTODIAN.** The Custodian shall be entitled to reasonable compensation for its services hereunder and to reimbursement for all reasonable expenses incurred in maintaining the Roth IRA. The Custodian shall notify the Participant in writing of its fees and of any changes in fees. The Participant and the Custodian agree that the Custodian has the absolute right to amend, revise or substitute fee schedules included, identified or referred to in the Disclosure Statement, and no amendment, revision or substitution of a fee schedule shall be deemed an amendment of this Agreement.

**10.2 PAYMENT OF FEES AND EXPENSES.** The Participant is responsible for paying any maintenance, custodial, or related administrative charges that the Custodian might reasonably require and disclose, in connection with the process of opening, or maintaining, the Roth IRA. Brokerage fees, commissions and related expenses shall be paid in the customary manner. In the event an Account is terminated or transferred, a termination or transfer fee shall be due and payable on the date of the termination or transfer. Reimbursement for expenses shall be due and payable upon demand.

The Custodian reserves the right, in its sole discretion, to elect to discount or waive certain fees, including but not limited to Roth IRA maintenance fees, for certain customers. To effect the payment of fees from an Account, the Custodian will liquidate assets in accordance with Section 6.3(f).

**10.3 DEDUCTION OF FEES AND EXPENSES.** Notwithstanding any other provisions of this Roth IRA, each Participant's Roth IRA shall be subject to the reasonable fees, charges and expenses of the Custodian, as described in the Roth IRA, the Disclosure Statement, and other fee schedules and documentation, as may be amended from time to time. The Custodian may deduct from and charge against a Roth IRA all reasonable fees and expenses incurred in maintaining the Roth IRA which have not been timely paid by the Participant. The Custodian may allocate such fees and expenses among a Participant's Roth IRAs at such time or times and in such a manner as the Custodian, in its reasonable discretion, determines. To effect the payment of fees and expenses from a Roth IRA, the Custodian may liquidate assets held in the Roth IRA in accordance with Section 6.3(f).

## Article XI — Miscellaneous

**11.1 PROHIBITED TRANSACTIONS.** Notwithstanding anything contained herein to the contrary, no Participant, spouse of a Participant or Beneficiary shall be entitled to borrow from or use a Participant's Roth IRA, or any portion thereof, as security for a loan, nor shall the Participant, Custodian or any other person or institution engage in any prohibited transaction within the meaning of Code Section 4975 with respect to any Participant's Roth IRA.

**11.2 PROHIBITION AGAINST ASSIGNMENT OF BENEFITS.** Except to the extent otherwise required by law, none of the amounts held in a Roth IRA on behalf of any Participant, spouse of a Participant or Beneficiary shall be subject to the claims of any of their creditors nor shall any Participant, spouse of a Participant or Beneficiary have the right to anticipate, sell, pledge, option, encumber or assign, voluntarily or involuntarily, any of the benefits, payments or proceeds to which he or she is or may be entitled under the Roth IRA.

**11.3 GOVERNING LAW.** The Roth IRA is intended to qualify as a Roth IRA under Code Section 408A and shall be governed by and interpreted under the laws of the United States, except that, to the extent not preempted by Federal law, the Roth IRA shall be governed by the laws of New York.

**11.4 ROTH IRA ONLY SOURCE OF BENEFITS.** Each Participant, spouse of a Participant or Beneficiary shall look solely to the assets of the Roth IRA held on his or her behalf for the payment of any benefits to which he or she is entitled hereunder.

**11.5 COMMINGLING.** The assets of a Roth IRA will not be commingled with other property except in a common trust fund or common investment fund under Code Section 408(a)(5).

**11.6 EXCLUSIVE BENEFIT.** The Roth IRA is established for the exclusive benefit of the Participant or his/her Beneficiary or Beneficiaries. The interest of the Participant in the balance of this Roth IRA shall at all times be nonforfeitable.

**11.7 ARBITRATION.** Any claims or controversies with the Custodian related to this Roth IRA are subject to arbitration in accordance with the Client Agreement executed by or on behalf of the Participant.

## Morgan Stanley Roth IRA Disclosure Statement (As of April 7, 2025)

This Disclosure Statement describes the Morgan Stanley Roth IRA (the “Roth IRA”) established under the Morgan Stanley Roth IRA document and provides an overview of the Federal tax rules that apply to Roth IRAs. This Disclosure Statement applies to all Morgan Stanley Roth IRAs on and after April 7, 2025. You should carefully review the following information, and discuss it with your tax advisor. You may also want to review Publications 590-A (Contributions to Individual Retirement Arrangements) and 590-B (Distributions from Individual Retirement Arrangements) for further information on IRAs generally.

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) or an affiliate or successor of Morgan Stanley Smith Barney LLC will act as “Custodian” for your Roth IRA.

By (i) signing the Adoption Agreement and Client Agreement or attesting to such through forms of electronic attestation acceptable to Morgan Stanley and (ii) making a contribution, you complete Morgan Stanley’s requirements to establish a Roth IRA custodied with Morgan Stanley and thereby become a “Participant” in a Roth IRA.

You may establish a Roth IRA for yourself or for your spouse provided you or your spouse, as applicable, meet the eligibility rules described below and you or your spouse is more than 18 years old. The duly authorized representatives of certain individuals or their estates may also establish Roth IRAs on behalf of such individuals. These representatives generally include a parent on behalf of a minor child, a legal guardian on behalf of an incapacitated adult or minor child, an executor, or Beneficiary of a deceased individual and an attorney-in-fact acting under a properly executed power of attorney.

Please read this Disclosure Statement carefully to understand the legal requirements and Federal income tax considerations involved in maintaining a Roth IRA. Morgan Stanley is required by Federal tax rules to provide this information to you. Your Financial Advisor or Private Wealth Advisor is available to answer any questions you may have with respect to your Roth IRA. However, Morgan Stanley does not provide legal or tax advice. Morgan Stanley recommends that you consult your lawyer, accountant or other tax advisor if you have questions about the legal or tax consequences of your contributions to, investments by or distributions from your Roth IRA.

The Morgan Stanley Roth IRA is governed by the written terms of the Morgan Stanley Roth IRA document, the Adoption Agreement and the Client Agreement, all of which are included in this account opening package. In case of a conflict between those documents and this Disclosure Statement or any other material describing the Morgan Stanley Roth IRA, the Roth IRA document and Adoption Agreement will govern.

Please bear in mind when reading the Disclosure Statement that “you” refers to the Participant adopting the Roth IRA and “we” or “us” refers to Morgan Stanley Smith Barney LLC as Custodian. References to “Traditional IRAs” in this document refer to IRAs other than Roth IRAs, SIMPLE IRAs or Education Savings Accounts. References to “IRAs” includes Roth IRAs, Traditional IRAs and SIMPLE IRAs but not Education Savings Accounts. References to “designated Roth accounts” refer to accounts established under applicable retirement plans (plans described in Sections 401(a)

and 403(b) of the Internal Revenue Code (the “Code”), and governmental 457(b) plans) that hold after-tax Roth contributions.

Capitalized terms used in this Disclosure Statement are defined in either Section X below or in Article I of the Roth IRA document.

### I. Right of Revocation by Participant

(1) You may adopt a Roth IRA by completing and signing an Adoption Agreement and Client Agreement. You have the right to revoke for a period of seven days from the earlier of (a) your establishing the Roth IRA by signing the Adoption Agreement and Client Agreement or (b) funding the Roth IRA.

(2) You may exercise your right to revoke by mailing or personally delivering a written notice of revocation within the seven-day period to Morgan Stanley, Retirement Plan Operations, 1300 Thames Street, Baltimore, MD 21231. You will be treated as having revoked your Roth IRA on either (1) the date of the postmark (or if sent by certified or registered mail, the date of certification or registration) if you deposit your written notice in the United States mail in an envelope, or other appropriate wrapper, first-class postage prepaid, properly addressed; or (2) the date you deliver your notice to a private delivery service recognized by the Internal Revenue Service (“IRS”) for filing tax returns. This method of determining when you have revoked your Roth IRA, or taken some other action described below, is referred to as the “Postmark Rule.” Your notice of revocation shall not be valid unless received by Morgan Stanley, directly or under the Postmark Rule, within the seven-day revocation period.

(3) If a material adverse change is made in the Disclosure Statement or the Roth IRA document while you still have the right to revoke the Roth IRA, we will inform you of the change, and you shall be permitted to revoke the Agreement for a period of seven days from the date you receive notice of the change.

(4) If you revoke your Roth IRA within the allotted time period, we will return your entire contribution to your Roth IRA to you without adjustment for fees, sales commissions, administrative expenses or any fluctuations in market value. Cancellation of your Roth IRA after that point is subject to the normal adjustments for fees, sales commissions, or administrative expenses and fluctuations in market value.

### II. Establishing Your Roth IRA

#### (A) STATUTORY REQUIREMENTS.

A Roth IRA is a custodial or trust account established for the exclusive benefit of you or your Beneficiaries. Federal tax law requires a Roth IRA to be established by a written agreement between you and a qualified custodian or trustee and meet the following requirements:

(1) If you are eligible to make an annual Roth IRA contribution, your contribution must be in cash and cannot exceed the sum of a) the lesser of (i) the Maximum Annual Dollar Amount (see Section III(A)(2) below) or (ii) 100% of your Compensation plus b) if you are 50 or older, Catch-Up Contributions described in Section III(A)(2) below. This limit does not apply to rollover contributions, conversions or transfers described in Section IV below. However, your maximum Roth IRA contribution may be reduced or contributions may be prohibited if your Modified Adjusted Gross Income or MAGI (as defined in Section 1.8 of the Roth IRA document) exceeds certain amounts. See Section III(A)(2) below.

(2) Your Roth IRA must be established with a qualified trustee or custodian, such as Morgan Stanley, which is an organization approved by the IRS to act as Custodian of your Roth IRAs.

(3) Your Roth IRA assets may not be invested in life insurance contracts or in collectibles such as art, rugs, antiques, metals, gems, stamps, coins, alcoholic beverages or any other tangible personal property classified by the Secretary of the Treasury or the Secretary's delegate as a collectible within the meaning of Code Section 408(m) except for certain coins and bullion described in Code Section 408(m)(3) where the Custodian has specifically agreed to hold such coins and bullion.

(4) Your interest in your Roth IRA will be nonforfeitable at all times.

(5) Roth IRA assets will not be commingled with other property except in a common trust or investment fund.

(6) Following your death, your Roth IRA must comply with the minimum distribution requirements described in Section V(D) below.

#### **(B) SPECIAL FEATURES OF YOUR MORGAN STANLEY ROTH IRA.**

In addition to the statutory requirements described above, your Roth IRA has the following special features:

**(1) Investment Direction/Other Information.** You acknowledge and understand that we will not make any investment decisions with respect to your Roth IRA, or otherwise act as an investment adviser (as defined under the Investment Adviser's Act of 1940 (the "Advisers Act") unless you enter into a separate written agreement with us or one of our divisions or affiliates which so provides. Such agreements and relationships are generally characterized as "Managed Accounts" elsewhere in this Disclosure Statement. Absent such a separate written agreement, you shall direct us with respect to the investment of all contributions and the earnings therefrom. You acknowledge and understand that (a) when Morgan Stanley, its affiliates and its employees provide "investment advice" as defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or Code Section 4975 (collectively, the "Retirement Laws") regarding an individual retirement account ("IRA"), a Roth IRA, a Coverdell education savings account, a plan covered by ERISA or a plan described in section 4975(e)(1)(A) of the Code (collectively, "Retirement Account"), we are a "fiduciary" under the Retirement Laws; and (b) when we provide investment education, takes orders on an unsolicited basis or otherwise do not provide "investment advice," we will not be considered a "fiduciary" under the Retirement Laws. For more information regarding our role with respect to a Retirement Account, please visit [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol). Investments may be made in publicly traded securities, covered listed options, certain mutual funds, certain unit trusts, money market instruments and funds, certificates of deposit, bank deposits, and certain coins and bullion, provided such investments are available for acquisition in the normal course of Morgan Stanley's business and have been approved by us for Roth IRA investments. We reserve the right to decline any investment direction regardless of the nature of the security or other property involved in the proposed transaction. You acknowledge and agree that we are authorized without further direction from you to automatically invest any uninvested cash in deposit accounts with Morgan Stanley Bank, N.A., Morgan Stanley Private Bank, National Association or any other banking affiliate of the Custodian, or in any other sweep investment vehicle either specified in an agreement applicable to your Account or otherwise made available to your Account and disclosed to you, as further

described in the Summary of the Bank Deposit Program and the Bank Deposit Program Disclosure Statement applicable to your Account.

**(2) Distribution Options.** You must notify us, in writing on a form or in such other medium as may be approved by us, as to when you wish to receive your benefits and the manner of payment. For more information about distributions, see Section V.

#### **(3) Beneficiaries.**

**(a) Who May Be a Beneficiary.** You are entitled to designate one or more individuals or a trust or other organization as a primary and a contingent Beneficiary of your Roth IRA. If you are a resident of a community property state, however, you may need the written consent of your spouse to designate a primary beneficiary other than your spouse as the beneficiary of your Roth IRA. After you die, your primary Beneficiary will receive your Roth IRA benefits. If your primary Beneficiary dies before you do, we will pay your Roth IRA benefits, if any, to your contingent Beneficiary. If you do not designate a Beneficiary, or if your designated Beneficiary and your contingent Beneficiary, if any, die before you or cannot be located, we will pay your Roth IRA balance in accordance with the default Beneficiary rules provided under the Roth IRA document. In general, these default Beneficiary designations are as follows: described below.

(i) If your Account is a Traditional IRA or Traditional Inherited IRA, then the default Beneficiary designation is as to your surviving spouse; if no surviving spouse, to your surviving children in equal shares; if no surviving spouse or surviving children, to your surviving parents in equal shares; if no surviving parents, then to your estate.

(ii) If your Account is a Traditional Inherited Remainder IRA, then the default Beneficiary designation is as follows: to your estate.

**(b) Designating and Changing Beneficiaries.** You may designate a Beneficiary in the Adoption Agreement and may change your Beneficiary at any time by giving written notice to us. We will act upon the last dated, written designation received by us prior to your death. We urge you to review and renew your Beneficiary designation whenever your family circumstances are changed by a life-cycle event such as marriage, divorce, birth, adoption or death (in addition to reviewing the designation when making a will or establishing a trust) to assure that we distribute your Roth IRA as you intend.

**(c) Disclaimers.** Your Beneficiary may elect to disclaim all or part of an interest in your Roth IRA and, if they do, subject to the tax rules governing minimum distributions, we will pay your Roth IRA as if the disclaiming Beneficiary died before you did.

**(d) Divorce.** If you designate your spouse as a Beneficiary, your designation will be automatically cancelled under the terms of your Roth IRA upon the dissolution of your marriage by divorce, annulment or other legal process. If you want to continue to designate your ex-spouse as Beneficiary, you must file a new designation form with us, dated after the date of the dissolution of your marriage.

**(e) Surviving Spouse.** If your spouse is the sole Beneficiary of your Roth IRA, your spouse may, after your death, name a Beneficiary to receive distributions from the Roth IRA following the death of your surviving spouse (see V(D)). If your surviving spouse does not designate a Beneficiary before his or her death, a Beneficiary will be determined under Section 1.2 of the Roth IRA document treating your surviving spouse as the owner of the IRA.

**(f) Remainder Beneficiary.** Your Beneficiary may, after your death, name an individual, trust, estate or other entity to receive distributions of the Beneficiary’s share of your IRA after the death of your Beneficiary. Any individual or entity so designated will, upon the death of your Beneficiary, become the Beneficiary for all purposes except for minimum required distributions described in Section V(D) below. In other words, this additional designation may not extend the schedule of required minimum distributions established during your lifetime or, if sooner, following your death. Remainder beneficiaries are entitled to designate primary and contingent beneficiaries as described in Section II(B)(3)(a).

**(4) Managed Accounts.** In the event you choose to invest in one or more managed or advisory accounts offered by Morgan Stanley at the time you open this Roth IRA, you hereby direct Morgan Stanley to open a separate Roth IRA account for each Managed Account. You agree that the terms and the conditions of the Roth IRA document, the Beneficiary designations and the Adoption Agreement shall apply to all such accounts on Morgan Stanley’s books and records.

**(5) Inherited Roth IRAs.** If you inherit a Roth IRA, you are a “Beneficiary” rather than a “Participant.” If you inherit a Roth IRA from your spouse, you generally have the following three choices. You can either (1) treat it as your own Roth IRA by designating yourself as the account owner, (2) treat it as your own by rolling it over into another Roth IRA of your own or (3) treat yourself as the Beneficiary rather than treating the Roth IRA as your own. If you inherited the Roth IRA from your spouse, you can make additional IRA contributions, subject to the limitations for such contributions, but will then be considered to have chosen to treat the Roth IRA as your own. If you inherit a Roth IRA from anyone other than your deceased spouse, you cannot treat the inherited Roth IRA as your own. This means that you cannot make any contributions to the Roth IRA. It also means you cannot roll over any amounts into or out of the inherited Roth IRA. However, you can make a trustee-to-trustee transfer between Roth IRAs as long as the Roth IRA into which amounts are being moved is set up and maintained in the name of the deceased Roth IRA owner for the benefit of you as Beneficiary.

**(6) Other Information.**

**(a) Earnings.** The earnings of each separate Roth IRA shall be allocated only to that Roth IRA.

**(b) Growth In Value Not Guaranteed.** Growth in value of your Roth IRA will depend entirely on the investment decisions made by you or on your behalf and is neither guaranteed nor projected by Morgan Stanley or its affiliate.

**(c) Internal Revenue Service Approval.** The Morgan Stanley Roth IRA has been approved by the IRS as to form of the Roth IRA document only (subject to subsequent amendment(s) unrelated to the tax-qualification requirements under the Code); and does not represent any endorsement or determination of the merits of opening such Roth IRA at Morgan Stanley.

**III. Roth IRA Contributions**

**(A) ELIGIBILITY TO MAKE CONTRIBUTIONS.**

**(1) Eligibility to Make Annual Roth IRA Contributions.** For 2025, you may make an annual contribution to your Roth IRA only if your MAGI (as defined in Section 1.8 of the Roth IRA document)

is less than \$246,000, if you file a joint Federal income tax return; \$165,000, if you file under any other status (e.g., single or head of household) except married filing separately; and \$10,000 if you are married and file separately. For this purpose, married taxpayers who file separately but lived apart from their spouses for the entire taxable year are treated as single.

**(2) Amount of Contributions.**

**(a) In General.** If you are eligible, you may contribute to all of your Roth IRAs and Traditional IRAs any amount you choose up to the lesser of (I) 100% of your Compensation or (II) the Maximum Annual Contribution (plus Catch-Up Contributions if you are 50 or over). Your Roth IRA contribution limit will be reduced (possibly to \$0) based upon your MAGI, filing status and whether you contribute to a Traditional IRA (a “Non-Roth IRA”) for the same taxable year. If (d)(i) and/or (ii) below apply, the Maximum Annual Contribution and, if you are eligible, Catch-Up Contribution that can be made to all of your Roth IRAs for a taxable year is the smaller amount determined under (d)(i) or (ii).

**(b) Maximum Annual Contributions.** You may contribute to all of your Roth IRAs and Traditional IRAs any amount you choose up to the lesser of 100% of your Compensation or the Maximum Annual Dollar Amount for each year listed below:

Years	Maximum Annual Dollar Amount
2024	\$7,000
2025	\$7,000

For years after 2010, the \$5,000 limit is subject to cost-of-living adjustments (“COLAs”) determined by the U.S. Treasury. COLAs, if any, will be made in \$500 increments.

**(c) Catch-Up Contributions.** If, by December 31st of any taxable year, you are age 50 or over, you may make an additional contribution (a “Catch-Up Contribution”) to all of your Roth IRAs and Traditional IRAs up to the amounts listed below for each year:

Years	Catch-Up Contribution
2006 and thereafter	\$1,000

If you are eligible, any annual contribution you make that exceeds your Maximum Annual Contribution will be treated as a Catch-Up Contribution (up to the limits described above) unless you elect to treat such amounts as an Excess Contribution described in Section VI(F)(2) below.

**(d) Reductions in Contribution Limits.** The maximum amount you may contribute to your Roth IRA for any year may be reduced as shown in (i) and (ii) below:

(i) For 2025, the Maximum Annual Contributions and Catch-Up Contributions you may make to your Roth IRAs are phased out ratably between certain levels of MAGI in accordance with the following table. For future years, these dollar amounts will be periodically subject to COLAs in increments of \$1,000.

Federal Income Tax Filing Status	Full Contribution	Phase-Out Range	No Contribution
<b>Modified AGI (MAGI)</b>			
Single or Head of Household	\$150,000 or less	Between \$150,000 and \$165,000	\$165,000 or more
Joint Return or Qualifying Widow(er)	\$236,000 or less	Between \$236,000 and \$246,000	\$246,000 or more
Married—Separate Return	\$0	Between \$0 and \$10,000	\$10,000 or more

(ii) If the Participant makes annual contributions to both Roth and Non-Roth IRAs for a taxable year, the Maximum Annual Contribution that can be made to all the individual's Roth IRAs for that taxable year is reduced by the annual contributions made to the individual's Non-Roth IRAs for the taxable year. The total of all of a Participant's annual contributions to all of the Participant's Roth and Non-Roth IRAs for a single taxable year may not exceed the Maximum Annual Contribution.

(iii) Examples:

Example 1: If you file jointly, and your MAGI is \$242,000 and you are less than 50 years old, your Maximum Annual Contribution for 2025 will be calculated as follows:

**Step 1:** \$242,000 (MAGI) – \$236,000 (Applicable Dollar Amount)

**Step 2:** Result of Step 1 (\$6,000) ÷ \$10,000

**Step 3:** Quotient of Step 2 (.6) x \$7,000

**Step 4:** \$7,000 – Product of Step 3 (\$4,200)

**Step 5:** \$2,800 is the Maximum Annual Contribution for 2025

Example 2: If you are a joint filer who is age 50 or over and your MAGI is \$242,000, you might contribute \$3,200 to a Roth IRA if you have made no contributions to any other Roth IRA for 2025. You could in that case contribute \$4,800 to a Traditional IRA, for a total \$8,000 for 2025, if you are otherwise eligible to make a Traditional IRA Contribution. But if you were eligible and had contributed \$8,000 to a Traditional IRA for 2025, you cannot contribute anything to a Roth IRA for the same taxable year.

**(3) Time for Making Contributions.** A Roth IRA may be established and contributions made for a taxable year at any time starting on the first day of the taxable year and ending on the day your Federal income tax return is due for such year (without regard to any extensions). The date on which an account is opened or a contribution is made will be the date on which Morgan Stanley actually receives both the signed Adoption Agreement and Client Agreement and the contribution. If the agreements or contribution is sent by U.S. Mail or certain private delivery service, your Roth IRA is deemed opened and the contribution made using the Postmark Rule described in Section I(2) above.

**(4) Spousal Roth IRA Contributions.** If you file a joint Federal income tax return and your spouse has no Compensation (or your spouse's Compensation is less than yours), your spouse (or you, on behalf of your spouse) may contribute to a Roth IRA established for the benefit of your spouse, provided that your joint MAGI, reduced by the amount of your deductible Traditional IRA contributions,

does not equal or exceed \$246,000 for 2025. The Maximum Contribution Amount and, if your spouse is age 50 or over, the Catch-Up Contribution, you may contribute to your spouse's Roth IRA is determined in the same manner as the amount you may contribute to your own Roth IRA (see (A)(2) above, applying the limits to joint filers), except that Compensation used to determine the 100% limit is the aggregate of all Compensation reported on your joint Federal income tax return for the year of the contributions reduced by the amount of your Traditional and Roth IRA contributions for the same year. The timing for making Spousal Roth IRA contributions is the same as for your contributions (see (A)(3) above).

**(5) Prohibited Contributions.** No contributions, other than Roth IRA contributions or rollover contributions from an eligible retirement plan (including a plan described in Code Section 401(a), 401(k), 403(a), or 403(b); a governmental 457(b) plan; a designated Roth account established under a plan; or a Traditional IRA, SIMPLE IRA, or Roth IRA) as described in Section IV(A) below, may be made to a Roth IRA.

**(6) Qualified Reservist Distributions.** An individual may make a repayment of a Qualified Reservist Distribution during the two-year period beginning on the day after the end of the active duty period, even if the repayment would cause the individual's total contributions to be more than the general limits on contributions described above in Section III(A)(2). The total repayments cannot be more than the amount of the Qualified Reservist Distribution.

**(7) Qualified Disaster Distributions.** An individual generally may make a repayment of a Qualified Disaster Distribution to a Roth IRA at any time during the three-year period following the distribution. The total repayments cannot be more than the amount of the Qualified Disaster Distribution and do not count as a rollover for purposes of the one-rollover-per-year limitation for IRAs.

**(8) Qualified Birth or Adoption Distributions.** An individual may make a repayment of a Qualified Birth or Adoption Distribution without regard to the 60-day limit for rollovers.

**(B) NO DEDUCTION FOR ROTH IRA CONTRIBUTIONS.**

Roth IRA contributions are not tax deductible. Special tax rules, discussed in Section VI below, allow earnings on contributions to be withdrawn income tax and/or penalty tax-free. Because Roth IRA contributions are not tax deductible, contributions are generally not subject to taxes when withdrawn from a Roth IRA.

**(C) SAVER'S CREDIT.** The Saver's Credit is a nonrefundable tax credit available to taxpayers whose adjusted gross income, as defined for purposes of the Saver's Credit under section 45B of the Code, does not exceed certain limits. The credit is equal to a specified percentage of the taxpayer's eligible contributions to IRAs or certain employer-sponsored retirement plans for the year.

**1. Eligibility.** The taxpayer must be age 18 or over before the end of the taxable year, may not be a full-time student and cannot be claimed as a dependent on another taxpayer's Federal income tax return.

**2. Contributions Eligible for the Saver's Credit.** The maximum amount of annual contributions that may be taken into account is \$2,000 (\$4,000 if married filing jointly). Eligible contributions include annual contributions to Traditional and Roth IRAs and salary reduction contributions to 401(k), SIMPLE IRA or 401(k),



Code Section 403(b), governmental Code Section 457 or SAR-SEP plans. Voluntary after-tax contributions to an employer's qualified retirement plan or a Code Section 403(b) plan are also eligible for the credit.

**3. Reduction of Eligible Contributions.** The amount of a taxpayer's eligible contributions for any taxable year generally will be reduced by any taxable distributions received by the taxpayer (or by the taxpayer's spouse if filing a joint return) from an IRA or a plan listed in (C)(2) above during the taxable year, during the two preceding years or during the period from the end of the taxable year until the due date (with extensions) of the taxpayer's Federal income tax return.

**4. Amount of Credit.** The Saver's Credit will be 50%, 20% or 10% (the "Applicable Percentage") of eligible contributions based upon the taxpayer's filing status and adjusted gross income. For this purpose, you should not exclude from your adjusted gross income amounts otherwise excluded or deducted from your income as foreign earned income, foreign housing costs, income for bona fide residents of American Samoa, or income from Puerto Rico. Please consult your tax advisor on the extent to which the Saver's Credit may be relevant for you given your personal tax situation.

## IV. Rollovers, Conversions and Transfers

### (A) ROLLOVER CONTRIBUTIONS AND CONVERSIONS.

#### (1) Eligibility

**(i) Rollovers from Roth IRAs.** You may make a rollover contribution to your Roth IRA consisting of a distribution from another (or the same) Roth IRA, provided the requirements set forth in (2) below are met.

**(ii) Rollovers from Eligible Retirement Plans (other than Roth IRAs and designated Roth accounts).** You may make a rollover contribution to your Roth IRA consisting of a distribution from an eligible retirement plan (such as a plan described in Code Section 401(a), a Traditional IRA or a SIMPLE IRA) if you meet the requirements set forth in (2) below. Please see the brochure entitled "Qualified Retirement Plan Distributions" which is included in this account-opening package.

To roll over a distribution from a SIMPLE IRA, you must have participated in the employer's SIMPLE plan for at least two years. Also, while the distribution being rolled over may come from a SEP, SAR-SEP or SIMPLE IRA, all future employer or employee SEP, SAR-SEP and SIMPLE contributions may only be made to a SEP, SAR-SEP or SIMPLE IRA, not to your Roth IRA. However, the rollover from an eligible retirement plan may not include your minimum required distribution.

**(iii) Rollovers from Designated Roth Accounts.** To the extent permitted by the Code, you may make a rollover contribution to your Roth IRA from a designated Roth account, provided the requirements set forth in (2) below are met.

**(2) Rollover Requirements:** You may make a rollover contribution if you are eligible under (1) above and you satisfy the following requirements:

(i) The distribution is contributed to your Roth IRA no later than 60 days after the distribution was received except that a distribution from an IRA (but not a designated Roth account)

which fails to be a Qualified First-time Homebuyer Distribution solely because of a delay or cancellation of the purchase, construction or reconstruction of a Principal Residence may be rolled over to a Roth IRA within 120 days after the distribution was made;

(ii) The rollover contribution is made up only of cash or property (of a nature and in a form acceptable to Morgan Stanley) received in the distribution, or the cash proceeds of the sale of property received from an eligible retirement plan (other than a Traditional, Roth, SEP or SIMPLE IRA);

(iii) The rollover contribution does not violate the 12-month rule for IRA-to-IRA rollovers. In general, if you make a tax-free rollover of any part of a distribution ("first distribution") from an IRA (including a Roth IRA) to the same or another IRA, you cannot make another tax-free rollover to an IRA of any later IRA distributions you receive during the 12-month period beginning on the date you received the first distribution. This 12-month rule does not apply to (a) rollovers from or to eligible retirement plans (other than IRA based plans), (b) rollovers or conversions from a non-Roth IRA (i.e., Traditional, SEP or SIMPLE IRA) to a Roth IRA, (c) rollovers of distributions which fail to be Qualified First-time Homebuyer Distributions solely by reason of the delay or cancellation of the purchase or constructions of a principal Residence, or (d) IRA re-characterizations.

(iv) The distribution does not include a minimum required distribution amount;

(v) If the distribution is from an eligible retirement plan (other than a Traditional, Roth, SEP or SIMPLE IRA), such as a designated Roth account, it otherwise qualifies as an "eligible rollover distribution" under Code Section 402(c)(4). For example, a hardship distribution from a designated Roth account is not eligible for rollover.

**(3) Conversions of a Traditional or SIMPLE IRA to a Roth IRA.** If you are eligible to make rollover contributions from a Traditional or SIMPLE IRA to a Roth IRA (see (1)(ii) above), you may also direct Morgan Stanley to convert your Traditional or SIMPLE IRA to a Roth IRA at any time. For Federal income tax purposes, a conversion is generally treated in the same manner as a rollover contribution from a Traditional or SIMPLE IRA. See (4)(ii) below for a discussion of the tax treatment of a conversion.

#### (4) Federal Income Tax Considerations.

**(i) Rollover Contributions from Roth IRAs and Designated Roth Accounts.** Taxable earnings, if any, included in a rollover contribution from a Roth IRA or designated Roth account are not included in your Federal gross income at the time of the rollover. Any Federal income taxes that may become due on your Roth IRA designated Roth account earnings as a result of a distribution continue to be deferred following the rollover.

**(ii) Rollover Contributions from Eligible Retirement Plans (other than Roth IRAs and Designated Roth Accounts) and Conversions from Traditional or SIMPLE IRAs.** The portion of your eligible retirement plan (including Traditional or SIMPLE IRA) distribution which would be included in your income if you did not roll over the distribution must be

included in your income. The taxable portion of an eligible retirement plan distribution (i.e., your earnings under the plan, deductible contributions, employer contributions to an employer-sponsored eligible retirement plan, such as a SEP, SAR-SEP or SIMPLE IRA, or a plan described in Code Section 401(a) or 403(b)) that is contributed or converted to a Roth IRA is known as the “taxable conversion amount.” The taxable conversion amount must be included in gross income for the year in which the distribution takes place even if, within 60 days, you complete a rollover contribution or a conversion to a Roth IRA in the same or next year.

**(iii) No Penalty Tax.** The 10% penalty tax on early distributions imposed by Code Section 72(t) does not apply to a rollover contribution or conversion except to the extent of withholding tax paid out of the distributing IRA or plan with respect to the taxable conversion amount and an exception does not apply. However, if any converted or rolled-over amounts are withdrawn from your Roth IRA within the five-year period beginning with the year of the conversion or rollover, the 10% early withdrawal penalty tax would apply to any taxable conversion amount included in the withdrawal, even though the distribution was taxed at the time of conversion and is not otherwise taxable in the year of distribution, unless another exception applies (see Section VI(F)(1) below for a list of exceptions). This is to prevent you from receiving premature distributions from the amount converted to a Roth IRA while retaining the benefit of the inapplicability of the early withdrawal penalty tax on the conversion.

**(iv) Tax-Free Distributions.** When distributed from your Roth IRA, the rollover contribution from your Non-Roth eligible retirement plan, such as a Traditional or SIMPLE IRA will not be taxed a second time. (IRA rollovers are, in this respect, treated the same way as Roth IRA Regular contributions discussed in Section III(A) above). Earnings on a rollover contribution or conversion may be subject to income and penalty taxes when distributed, as discussed in Section VI below.

**(v) Unrelated Business Taxable Income (“UBTI”).** The income earned in your IRA is generally exempt from Federal income taxes and will not be taxed until distributed to you, unless you make an investment that results in “unrelated business taxable income” (“UBTI”), as defined under the Code. UBTI can result, for example, from an investment in a limited partnership interest in a partnership that is debt-financed or that actively conducts a trade or business. If your IRA derives UBTI for any year, then an unrelated business income tax will generally be due (Note: an IRS Form 990-T, Exempt Organization Business Income Tax Return, must be filed in any year for which the gross unrelated business income exceeds \$1,000, regardless of whether any unrelated business income tax is due). In some cases, quarterly estimated tax must be paid as calculated using Form 990-W. You are obligated to notify Morgan Stanley in writing if an investment you have directed generates UBTI (including but not limited to the name of the investment and the amount of the

UBTI). You hereby authorize and direct Morgan Stanley to make such filings and pay taxes with respect to UBTI as it deems appropriate (with the information received or made available to Morgan Stanley from you or other sources), and to liquidate assets of the Account to pay any such taxes, as this tax is an expense of your IRA and must be paid from the assets of your IRA. To the extent Morgan Stanley prepares such Form 990-T, Morgan Stanley reserves the right to charge you, or your IRA, for the cost of such preparation, and for any penalties, interest, losses or expenses relating to such taxes and filings.

#### **(B) DIRECT TRANSFERS.**

All or a portion of any Roth IRA you maintain with another custodian or trustee may be directly transferred to your Morgan Stanley Roth IRA at any time, provided such assets are in a form acceptable to Morgan Stanley. At your written request, Morgan Stanley will make such a transfer of all or a portion of your Roth IRA to another custodian or trustee. Morgan Stanley is not required to process any transfer to, or from, your Morgan Stanley IRA until directed by you, in writing (or such other medium), in a form and manner acceptable to Morgan Stanley.

#### **(C) TRANSFER INCIDENT TO A DIVORCE.**

All or any portion of your Roth IRA assets may be transferred tax-free to a Roth IRA of your spouse or former spouse pursuant to a court-ordered division of property, separation or divorce and shall be held as a separate Roth IRA for the benefit of your spouse or former spouse. Contributions so transferred will be deemed to have been first made to your spouse or former spouse’s Roth IRA in the same taxable year as they were first made to your Roth IRA. Absent receipt of a court order, any such transfer will, however, be subject to the normal tax distribution rules, which may result in income tax (and potentially excise tax penalties).

#### **(D) RECHARACTERIZATION OF CONTRIBUTIONS.**

A Roth IRA Conversion cannot be recharacterized effective January 1, 2018. You (or your executor, administrator or other personal representative of your estate) may recharacterize a contribution made to a Traditional or a Roth IRA (the “First IRA”) by transferring the amount contributed with any allocable earnings to another Traditional or Roth IRA (the “Second IRA”). You must give notice to the trustee or Custodian of both the First and Second IRA that you want to transfer and recharacterize your IRA contribution no later than the due date, with extensions, of your Federal income tax return for the tax year. A contribution that is recharacterized is treated as having been originally contributed to the Second IRA on the same date and for the same tax year as the original contribution to the First IRA. The recharacterized contribution is reported to the IRS and is treated as a contribution to the Second IRA. The recharacterization is accomplished by directly transferring the amount being recharacterized (in cash or in kind), adjusted for net gains or net losses, from the First IRA to the Second IRA.

Amounts contributed to the First IRA in a tax-free transfer or rollover may not be recharacterized, except for amounts erroneously rolled over or transferred from a Traditional IRA to a SIMPLE IRA. Additionally, employer contributions, including employee elective deferrals to a SEP, SAR-SEP or SIMPLE IRA, may not be

recharacterized. The 12-month limit on IRA rollovers does not apply to a recharacterized contribution.

If a contribution is not properly recharacterized, it will be treated as a current year annual IRA contribution and, to the extent the annual contribution limit is exceeded, as an excess contribution subject to the 6% penalty excise tax (see VI(F)(2) below).

**(E) DIRECT ROLLOVERS/TRANSFERS BY NONSPOUSE BENEFICIARIES TO AN INHERITED ROTH IRA.**

**(1) Distributions from a Roth Account under a Plan.**

Distributions from a deceased Participant's Roth account under a 401(a) plan, 403(b) plan, or governmental Section 457(b) plan that would satisfy all of the requirements for being an eligible rollover distribution to a Roth IRA but for that the distribution would be made to you as a Beneficiary who is not the Participant or the Participant's spouse can, instead of being paid to you, be transferred directly from the plan to an inherited Roth IRA on your behalf. If you are making such a transfer into a Morgan Stanley inherited Roth IRA, any check from the plan must be made out to Morgan Stanley Smith Barney LLC as IRA Custodian for the benefit of or showing in the memo line the names of the decedent and Beneficiary, and can't be made payable to the Beneficiary directly. Transfers can also be made directly electronically from the plan to the inherited Roth IRA. This is known as a nonspouse Beneficiary direct rollover.

**(2) Converting Regular Plan Accounts to a Roth IRA.**

In the case of a distribution from a regular account under a 401(a) plan, 403(b) plan, or governmental Section 457(b) plan, Beneficiaries can make a direct transfer of the amount that would otherwise be an eligible rollover distribution to a Roth IRA. Such a direct transfer is subject to the rules for conversions. A surviving spouse who makes a rollover to a Roth IRA may elect either to treat the Roth IRA as his or her own or to establish the Roth IRA as an inherited Roth IRA in the name of the decedent with the surviving spouse as the Beneficiary. A nonspouse Beneficiary cannot elect to treat the Roth IRA as his or her own, and must treat it as an inherited Roth IRA.

**(3) Required Minimum Distributions and Inherited Roth IRA.**

The receiving inherited Roth IRA must be identified and maintained as an inherited Roth IRA and is subject to the minimum required distribution requirements for a Roth Beneficiary. Under those minimum required distribution rules, depending on the plan's provisions, the required minimum distributions, for purposes of determining the amount eligible for direct transfer with respect to a nonspouse Beneficiary, are determined under the 5-Year Rule, the 10-Year Rule or the applicable Life Expectancy Method (all of which are discussed later). The plan administrator is responsible for determining the portion of any plan distribution that is an "eligible rollover distribution" that can be transferred to an inherited Roth IRA.

After the transfer, the required minimum distribution requirements that apply to the inherited Roth IRA are generally the same as would have applied to the plan. The Beneficiary is responsible for continuing the appropriate applicable required minimum distributions, and should consult with their personal tax advisor. See V below for more information.

**V. Distributions from Your Roth IRA**

**(A) IN GENERAL.**

You may take a distribution of all or any portion of your Roth IRA at any time. The amount you withdraw and the timing of your withdrawal will affect the amount, if any, of Federal income or penalty taxes owed as a result of the withdrawal. The Federal tax considerations of withdrawing assets from your Roth IRA are discussed below in Section VI.

**(B) REQUESTING A DISTRIBUTION.** You may take a distribution by submitting a written request to Morgan Stanley on a form provided by us and/or in such other medium as we may approve and by providing any additional information or documents reasonably needed by Morgan Stanley to complete your distribution and make any reports Morgan Stanley is required to make to the IRS (or any other regulatory agency).

**(C) FORM OF DISTRIBUTIONS.**

You (or your Beneficiary if distributions commence after your death) may elect to have the balance in your Roth IRA paid, in cash or in-kind, as a lump sum or recurring payment in such form and in such manner as is acceptable by us.

**(D) POST-DEATH RMD**

**(1) This section (D) sets forth the rules for RMDs paid after the death of the Roth IRA owner (Post-Death RMDs).** For purposes of applying the Post-Death RMD rules to a Roth IRA, the Roth IRA owner is always treated as though he or she died before his or her required beginning date. The application of the Post-Death RMD rules to a Beneficiary depends on the following:

- (a) The identity of the Beneficiary and whether there are multiple Beneficiaries of the Roth IRA.
- (b) Whether the Roth IRA owner died before January 1, 2020, or after December 31, 2019.
- (c) If the Roth IRA owner died before January 1, 2020, whether the Roth IRA is treated as having an Applicable Designated Beneficiary or no Applicable Designated Beneficiary.
- (d) If the Roth IRA owner died after December 31, 2019, whether the Roth IRA is treated as having an Applicable Designated Beneficiary, an Applicable Eligible Designated Beneficiary, or no Applicable Designated Beneficiary.

The RMD payout period and/or method will be based on one of the following: (a) the identity of the Applicable Designated Beneficiary (if there is one), (b) the determination that there is no Applicable Designated Beneficiary, or (c) in certain instances, the identity of the Applicable Eligible Designated Beneficiary (if there is one). If there are multiple Beneficiaries of the Roth IRA, the RMD payout period and/or method for one or more of the Beneficiaries may be based on the identity of a different Beneficiary because that other Beneficiary may qualify as either the Applicable Designated Beneficiary or the Applicable Eligible Designated Beneficiary, or may cause the Roth IRA to be treated as having no Applicable Designated Beneficiary.

**(2) Determining the Beneficiary for purposes of the Post-Death RMD rules.** This subsection provides a summary of rules for determining the identity of the Beneficiary(ies) for purposes of ascertaining the RMD payout period and/or method.

(a) Which Beneficiary(ies) must be taken into account: In general, the Beneficiary(ies) required to be taken into account is the individual(s) or entity(ies) who is

- (i) designated as the Beneficiary(ies) by either the terms of the Roth IRA document or an affirmative election by the Roth IRA owner, in writing, in a form acceptable to Morgan Stanley, and
- (ii) a Beneficiary(ies) as of the Roth IRA owner's date of death, and
- (iii) remains a Beneficiary as of September 30 of the year after the year of the Roth IRA owner's death.

**Note:** In general, a Beneficiary of the Roth IRA will not be taken into account if, before September 30 of the year after the year of the Roth IRA owner's death, the Beneficiary either (a) properly and timely disclaims his or her entire interest in the Roth IRA in accordance with federal tax law and applicable state law, or (b) takes a taxable distribution of the Beneficiary's entire interest in the Roth IRA. However, if a person who is a Beneficiary as of the owner's date of death dies before September 30 of the year following the year of the owner's death without properly and timely disclaiming their interest in the Roth IRA, the Beneficiary is required to be taken into account for purposes of determining the RMD payout period and/or method.

**(b) Single Beneficiary:**

- (i) If there is only one Beneficiary of the Roth IRA that is required to be taken into account under the rules described in paragraph (a) of this section (D)(2) and/or by operation of the separate account rules described in paragraph (c)(ii), then the following applies:
  - a. If the Beneficiary is an individual, the Roth IRA is treated as having an Applicable Designated Beneficiary for purposes of determining the RMD payout period and/or method and the Beneficiary shall be treated as the Applicable Designated Beneficiary. If the Applicable Designated Beneficiary is the Roth IRA owner's surviving spouse, the surviving spouse will be considered the sole Applicable Designated Beneficiary of the Roth IRA.
  - b. If the Beneficiary is an entity (except for certain trusts, as described later), the Roth IRA is treated as having no Applicable Designated Beneficiary for purposes of determining the RMD payout period and/or method.

**(c) Multiple Beneficiaries:**

- (i) In general, if there is more than one Beneficiary of the Roth IRA that is required to be taken into account under the rules described in paragraph (a) of section (D)(2), then, unless separate inherited Roth IRAs are timely established for each Beneficiary in accordance with the separate account rules described in paragraph (c)(ii) of section (D)(2),
  - a. If all the Beneficiaries required to be taken into account are individuals, the Roth IRA is treated as having an Applicable Designated Beneficiary for purpose of determining the RMD payout period

and/or method and the Beneficiary with the shortest life expectancy shall be treated as the Applicable Designated Beneficiary for purposes of applying the RMD rules. Note, however, even if the Beneficiary with the shortest life expectancy is the Roth IRA owner's surviving spouse, the surviving spouse will not be considered the sole Applicable Designated Beneficiary of the Roth IRA.

- b. If any of the Beneficiaries required to be taken into account is an entity (except for certain trusts, as described later), the Roth IRA is treated as having no Applicable Designated Beneficiary for purposes of determining the RMD payout period and/or method.
- (ii) **Separate Account Rule:** If the Roth IRA is split into separate inherited Roth IRAs for each Beneficiary of the Roth IRA on or before the end of the year following the year of the Roth IRA owner's death, the RMD rules will be applied separately to each Inherited Roth IRA, meaning only the Beneficiary for which the Inherited Roth IRA is established is required to be taken into account for purposes of determining the RMD payout period and/or method. These separate account rules cannot be used for, or by, beneficiaries of a trust with respect to the trust's interest in the Roth IRA as a named Beneficiary of such Roth IRA. Morgan Stanley will generally require each beneficiary to submit paperwork to open such separate inherited Roth IRAs.

**(d) Pass-Through Trust as Beneficiary**

- (i) A trust is treated as entity and generally does not qualify as an Applicable Designated Beneficiary for RMD purposes. However, if the trust qualifies as a Pass-Through Trust (as defined below), the beneficiaries of the trust will be treated as having been designated as the beneficiaries of the Roth IRA for purposes determining the Beneficiary(ies) under these Post-Death RMD rules. As indicated above, the separate account rules cannot be used for, or by, beneficiaries of a trust with respect to the trust's interest in the Roth IRA as a named Beneficiary of such Roth IRA.
- (ii) **Definition of Pass-Through Trust.** To be treated as a Pass-Through Trust, the trust must satisfy the following conditions: (A) a valid trust under applicable state law (or would be, but for the fact that there is no corpus), (B) the trust is irrevocable or will become irrevocable no later than the Roth IRA owner's date of death, (C) the beneficiary(ies) of the trust who are beneficiaries with respect to the trust's interest in the Roth IRA are identifiable from the trust instrument, and (d) the trustee provides the Roth IRA Custodian with either a copy of the trust (and any amendments) or a written certification that indicates (A) and (B) are true, and includes (among other things) a final list of all the beneficiaries (including contingent and remainder beneficiaries) of the trust as of September 30 of the year following the year of the Roth IRA owner's death,

detailing each beneficiary's share of the Roth IRA and the conditions to their entitlement to the Roth IRA (the "Required Documentation"). The trustee must provide the Custodian with a new certification if there is a change in the trust that would change the original certification. The Required Documentation must be provided to the Roth IRA custodian by October 31 of the year following the year of the Roth IRA owner's death. Morgan Stanley has a trustee certification form for this purpose and generally requires the trustee to use this form to satisfy the Required Documentation condition. In general, a Pass-Through Trust may be any type of trust (personal, testamentary, credit shelter, qualified terminable interest, etc.) so long as it satisfies the four criteria listed in this paragraph

### **(3) RMD Payout Period and/or Methods:**

#### **(a) Life Expectancy Methods**

**(i) Non-spouse Life Expectancy Method.** Under the Non-spouse Life Expectancy Method, the Beneficiary calculates RMDs for each DCY by dividing the Roth IRA account balance as of December 31 of the prior year by the applicable life expectancy factor. The life expectancy factor for the first DCY is determined using the IRS Single Life Expectancy Table (IRS Publication 590-B, Appendix B, Table I) and the age of the Applicable Designated Beneficiary as of the Applicable Designated Beneficiary's birthday in the first DCY (Note: a Beneficiary taking RMDs based on the life expectancy method may be required to determine the life expectancy factor using the age of the Applicable Designated Beneficiary determined under subsection (2) of this section (D), instead of his or her own age). The first DCY for the Beneficiary is the first calendar year after the year of death. For each succeeding year, the life expectancy factor will be the prior year's factor minus one. This continues until the life expectancy factor is less than one. In that year, the entire remaining balance of the Roth IRA must be distributed. This method of distribution is often referred to as "nonrecalculation" or "term certain" because the Applicable Designated Beneficiary's life expectancy is not recalculated each year.

**(ii) Spousal Life Expectancy Method.** Under the Spousal Life Expectancy Method, Post-Death RMDs are calculated for each DCY during the surviving spouse's lifetime by dividing the Roth IRA account balance as of December 31 of the prior year by the applicable life expectancy factor. The life expectancy factor for each DCY is determined using the IRS Single Life Expectancy Table (IRS Publication 590-B, Appendix B, Table I) and the spouse's actual age as of his or her birthday in each DCY. This is known as the "recalculation" method.

**(iii) Note:** Post-Death RMDs must generally be calculated and paid separately to the Beneficiary from each of the inherited Roth IRAs established for the Beneficiary, except that the RMD payable to a Beneficiary from one inherited Roth IRA may be withdrawn from another inherited Roth IRA that the Beneficiary holds as beneficiary of the same decedent.

**(b) 5-year Rule.** Under the 5-year Rule, the Beneficiary is required to withdraw the Beneficiary's entire interest in the Roth IRA no later than December 31 of the fifth year following the year of the Roth IRA owner's death, but may take distributions that exhaust the Roth IRA at any time as long as the Beneficiary's entire interest is distributed before the end of the fifth year following the year of the Roth IRA owner's death.

**(c) 10-year Rule.** Under the 10-year Rule, the Beneficiary is required to withdraw the Beneficiary's entire interest in the Roth IRA no later than December 31 of the 10th year following the year of the Roth IRA owner's death, but may take distributions that exhaust the Roth IRA at any time as long as the Beneficiary's entire interest is distributed before the end of the 10th year following the year of the Roth IRA owner's death.

### **(4) RMD rules applicable to Beneficiaries of a Roth IRA owner who died before January 1, 2020.**

#### **(a) Roth IRA is treated as having No Applicable Designated Beneficiary:**

(i) If the Roth IRA is treated as having no Applicable Designated Beneficiary, the Beneficiary(ies) of the Roth IRA are subject to the 5-year Rule.

#### **(b) Surviving Spouse is not the Sole Applicable Designated Beneficiary:**

(i) If the Roth IRA is treated as having an Applicable Designated Beneficiary, but the Roth IRA owner's surviving spouse is not considered the sole Applicable Designated Beneficiary of the Roth IRA (as described in subsection (2)(b) and (c) of this section (D)), the Beneficiary(ies) must take RMDs each DCY by December 31 of the DCY using the Non-spouse Life Expectancy Method, unless a Beneficiary elects to use the 5-year Rule. The first DCY for the Beneficiary is the first calendar year after the year of death.

(ii) **Death of Beneficiary before January 1, 2020.** If the Beneficiary dies before the Roth IRA is exhausted, the Remainder Beneficiary must continue to take RMDs after the deceased Beneficiary's death, based on the distribution schedule that was used by the deceased Beneficiary prior to his or her death.

(iii) **Death of Beneficiary after December 31, 2019.** If the Beneficiary dies before the Roth IRA is exhausted, the Remainder Beneficiary is subject to the 10-year Rule.

**(c) Surviving Spouse is the Sole Applicable Designated Beneficiary:**

- (i) If the Roth IRA is treated as having an Applicable Designated Beneficiary and the Roth IRA owner's surviving spouse is considered the sole Applicable Designated Beneficiary of the Roth IRA, the surviving spouse is not required to start taking RMDs until the later of December 31 of the (A) year after the year of the Roth IRA owner's death, or (B) the year in which the Roth IRA owner would have attained 70½. Once the surviving spouse is required to start taking RMDs, the surviving must take RMDs each DCY by December 31 of the DCY using the Spousal Life Expectancy Method, unless the surviving spouse elects to use the 5-year Rule.
- (ii) **Death of Spousal Applicable Designated Beneficiary before January 1, 2020.** If the surviving spouse is the sole Applicable Designated Beneficiary and dies before the Roth IRA is exhausted, the spouse's Remainder Beneficiary may continue to receive annual payments from the Roth IRA but must change the life expectancy method to a nonrecalculating method. This is done by taking the spouse's life expectancy factor for the spouse's year of death and subtracting one for each subsequent year until the factor is less than one. The RMD for each year is calculated by dividing the prior year's December 31 account balance by the applicable life expectancy factor. When the life expectancy factor for a DCY is less than one, the entire Roth IRA must be distributed during that year.
- (iii) **Death of Spousal Applicable Designated Beneficiary after December 31, 2019.** If the surviving spouse is the sole Applicable Designated Beneficiary and dies before the Roth IRA is exhausted, the Remainder Beneficiary is subject to the 10-year Rule.
- (iv) **Death of Surviving Spouse before RMDs Begin.** If the surviving spouse is the sole Applicable Designated Beneficiary and dies before December 31 of the year he or she must begin receiving RMDs, the surviving spouse will be treated as if he or she was the Roth IRA owner for purposes of determining the RMD payout period and/or method applicable to the surviving spouse's Beneficiary(ies). Note, however, if the surviving spouse has remarried, his or her new spouse may not use the special rules for surviving spouses set forth in this paragraph but is, instead, treated as a nonspouse Beneficiary of the decedent's Roth IRA.
- (v) **Special Election to Treat Decedent's Roth IRA as Spouse's own Roth IRA.** If the Roth IRA owner's surviving spouse is considered the sole Applicable

Designated Beneficiary and has an unlimited right of withdrawal from the Roth IRA, the surviving spouse may elect to treat the Roth IRA as the surviving spouse's Roth IRA. In general, the special election may be made at any time. This special election is automatically deemed to have been made if the surviving spouse either (A) fails to take the RMD for a year as a beneficiary of the Roth IRA, or (B) makes any form of contribution to the Roth IRA. Once this election is made, the Roth IRA is treated as the Spouse's Roth IRA for all purposes, including the RMD rules.

**(5) RMD rules applicable to Beneficiaries of a Roth IRA owner who died after December 31, 2019.**

**CAUTION:** The IRS issued final RMD regulations applicable to calendar years beginning on or after January 1, 2025, requiring that in certain instances when a non-eligible designated beneficiary is subject to the 10-year rule the beneficiary may need to continue taking annual distributions under the life expectancy method and satisfy the 10-year rule. The below information does not reflect this requirement. You should discuss this information and the new Post-Death RMD rules with your own legal and tax advisor prior to taking any action.

**(a) Eligible Designated Beneficiary and Applicable Multi-Beneficiary Trusts.**

**(i) Definition of Eligible Designated Beneficiary.**

In general, an Eligible Designated Beneficiary is an individual designated beneficiary who is:

- i. the surviving spouse of the Roth IRA owner,
- ii. a child of the Roth IRA owner who is under the age of majority (note: once the child reaches the age of majority, the child will no longer be considered an Eligible Designated Beneficiary and, from that point forward, will generally be subject to the 10-year Rule),
- iii. an individual who is not more than 10 years younger than the Roth IRA owner,
- iv. a disabled individual (as defined under the federal tax rules), or
- v. a chronically ill individual (as defined under the federal tax rules).

**(ii) Applicable Multi-Beneficiary Trust**

**a. Definition of Applicable Multi-Beneficiary Trust.**

In general, an Applicable Multi-Beneficiary Trust is a trust (a) which has more than one beneficiary, (b) all of the beneficiaries of which are treated as Designated Beneficiaries for purposes of determining the RMD payout period and/or method, and (c) at least one of the beneficiaries is a chronically ill or disabled Eligible Designated Beneficiary.

**i. Special Rule for Applicable Multi-Beneficiary Trusts.**

1. If under the terms of the Applicable Multi-Beneficiary Trust it is to be divided immediately upon the death of the Roth IRA owner into separate trusts for each beneficiary of the trust, it appears the separate trust(s) established for the disabled or chronically ill Eligible Designated Beneficiary will be treated separately and will qualify as an Eligible Designated Beneficiary for purposes of determining the RMD payout period and/or method.
2. If under the terms of the Applicable Multi-Beneficiary Trust no individual other than a chronically ill or disabled Eligible Designated Beneficiary has any right to the Roth IRA until the death of all such Eligible Designated Beneficiaries of the trust, it appears the Applicable Multi-Beneficiary Trust will qualify as an Eligible Designated Beneficiary for purposes of determining the RMD payout period and/or method, but at the death of chronically ill or disabled Eligible Designated Beneficiary of the trust, the 10-year rule would apply.

**(b) Determining the Beneficiary for purposes of the new Post-Death RMD rules.** Although not entirely clear, it appears that the rules for determining whether or not a Roth IRA has an Applicable Designated Beneficiary and the identity of the Applicable Designated Beneficiary for purposes of determining the RMD payout period and/or method (as described in section (D)(2)) continue to apply under the new Post-Death RMD rules to the Beneficiaries of a Roth IRA owner who died after December 31, 2019.

**(i) Single Beneficiary – Applicable Eligible Designated Beneficiary Determination.** If there is only one Beneficiary of the Roth IRA that is required to be taken into account under the rules described in paragraph (a) of section (D)(2) and/or by operation of the separate account rules described in paragraph (c)(ii) of section (D)(2), then it appears the following applies

1. If the Beneficiary is an individual who satisfies the definition of an Eligible Designated Beneficiary (as described above), it appears the Roth IRA is treated as having an Applicable Eligible Designated Beneficiary for purposes of determining the RMD payout period and/or method and the Beneficiary shall be treated as the Applicable Eligible Designated Beneficiary. If the Applicable Eligible Designated Beneficiary is the Roth IRA owner's surviving spouse, it appears the surviving spouse will be considered the sole Applicable Eligible Designated Beneficiary of the Roth IRA.

2. If the Beneficiary is an individual who does not satisfy the definition of an Eligible Designated Beneficiary, it appears the Roth IRA is treated as having an Applicable Designated Beneficiary who is not an Applicable Eligible Designated Beneficiary for purposes of determining the RMD payout period and/or method.
3. If the Beneficiary is an entity (except for certain trusts, as described earlier), it appears the Roth IRA is treated as having no Applicable Designated Beneficiary for purposes of determining the RMD payout period and/or method.

**(ii) Multiple Beneficiaries – Applicable Eligible Designated Beneficiary Determination:** In general, if there is more than one Beneficiary of the Roth IRA that is required to be taken into account under the rules described in paragraph (a) of section (D)(2), then, unless separate inherited Roth IRAs are timely established for each Beneficiary in accordance with the separate account rules described in paragraph (c)(ii) of section (D)(2), the following applies:

1. If all the Beneficiaries required to be taken into account are individuals who satisfy the definition of an Eligible Designated Beneficiary, it appears the Roth IRA is treated as having an Applicable Eligible Designated Beneficiary for purpose of determining the RMD payout period and/or method and the Beneficiary with the shortest life expectancy shall be treated as the Applicable Eligible Designated Beneficiary for purposes of applying the RMD rules. Note, however, even if the Beneficiary with the shortest life expectancy is the Roth IRA owner's surviving spouse, the surviving spouse will not be considered the sole Applicable Eligible Designated Beneficiary of the Roth IRA.
2. If all the Beneficiaries required to be taken into account are individuals, but any one of the Beneficiaries does not satisfy the definition of an Eligible Designated Beneficiary, it appears the Roth IRA is treated as having an Applicable Designated Beneficiary who is not an Applicable Eligible Designated Beneficiary for purpose of determining the RMD payout period.
3. If any of the Beneficiaries required to be taken into account is an entity (except for certain trusts, as described earlier), it appears the Roth IRA is treated as having no Applicable Designated Beneficiary for purposes of determining the RMD payout period and/or method.

**(c) Roth IRA is treated as having No Applicable Designated Beneficiary:**

- (i) If the Roth IRA is treated as having no Applicable Designated Beneficiary, the Beneficiary(ies) of the Roth IRA are subject to the 5-year Rule.

- (d) **Applicable Designated Beneficiary is not an Applicable Eligible Designated Beneficiary.** If the Roth IRA is treated as having an Applicable Designated Beneficiary that does not qualify as an Applicable Eligible Designated Beneficiary, the Beneficiary(ies) of the Roth IRA are subject to the 10-year Rule.
- (e) **Applicable Eligible Designated Beneficiary where the Surviving Spouse is not the Sole Applicable Eligible Designated Beneficiary:**
  - (i) If the Roth IRA is treated as having an Applicable Eligible Designated Beneficiary, but the Roth IRA owner's surviving spouse is not considered the sole Applicable Eligible Designated Beneficiary of the Roth IRA, the Beneficiary(ies) must take RMDs each DCY by December 31 of the DCY using the Non-spouse Life Expectancy Method, unless a Beneficiary elects to use the 10-year Rule. The first DCY for the Beneficiary is the first calendar year after the year of death.
  - (ii) **Death of Beneficiary.** If the Beneficiary dies before the Roth IRA is exhausted, the Remainder Beneficiary is subject to the 10-year Rule.
- (f) **Applicable Eligible Designated Beneficiary where the Surviving Spouse is the Sole Applicable Eligible Designated Beneficiary:**
  - (i) If the Roth IRA is treated as having an Applicable Eligible Designated Beneficiary and the Roth IRA owner's surviving spouse is considered the sole Applicable Eligible Designated Beneficiary of the Roth IRA, the surviving spouse is not required to start taking RMDs until the later of December 31 of the (A) year after the year of the Roth IRA owner's death, or (B) the year in which the Roth IRA owner would have attained 70½. Once the surviving spouse is required to start taking RMDs, the surviving spouse must take RMDs each DCY by December 31 of the DCY using the Spousal Life Expectancy Method, unless the surviving spouse elects to use the 10-year Rule.
  - (ii) **Death of Spousal Designated Beneficiary after December 31, 2019.** If the surviving spouse is the sole Applicable Eligible Designated Beneficiary and dies before the Roth IRA is exhausted, the Remainder Beneficiary is subject to the 10-year Rule.
  - (iii) **Death of Surviving Spouse before RMDs Begin.** If the surviving spouse is the sole Applicable Eligible Designated Beneficiary and dies before December 31 of the year he or she must begin receiving RMDs, the surviving spouse will be treated as if he or she was the Roth IRA owner for purposes of determining the RMD payout period and/or method applicable to the surviving spouse's Beneficiary(ies). Note, however, if the surviving spouse has remarried, his or her new spouse may not use the special rules for surviving spouses set forth in this paragraph but is, instead, treated as a nonspouse Beneficiary of the decedent's Roth IRA.

- (iv) **Special Election to Treat Decedent's Roth IRA as Spouse's own Roth IRA.** If the Roth IRA owner's surviving spouse is considered the sole Applicable Eligible Designated Beneficiary and has an unlimited right of withdrawal from the Roth IRA, the surviving spouse may elect to treat the Roth IRA as the surviving spouse's Roth IRA. In general, the special election may be made at any time. This special election is automatically deemed to have been made if the surviving spouse either (A) fails to take the RMD for a year as a beneficiary of the Roth IRA, or (B) makes any form of contribution to the Roth IRA. Once this election is made, the Roth IRA is treated as the Spouse's Roth IRA for all purposes including the RMD rules.

## VI. Federal Taxation of Roth IRA Distributions

### (A) TAX-FREE DISTRIBUTIONS.

**(i) Qualified Distributions.** Earnings included in a Qualified Distribution from your Morgan Stanley Roth IRA will not be subject to Federal income tax (i.e., such earnings will be excluded from your gross income). A Qualified Distribution is any payment of all or a part of your Roth IRA balance to you or your Beneficiary which is made after your Roth IRA satisfies the 5-Year Holding Rule (described in (ii) below) and is made:

- (1) on or after the date you attain age 59½;
- (2) to your Beneficiary (or your estate) on or after your death;
- (3) on account of your having become Disabled (as defined later); or
- (4) as a Qualified First-Time Homebuyer Distribution but not in excess of a \$10,000 lifetime limit.

**(ii) 5-Year Holding Rule.** Your Roth IRA account satisfies the 5-Year Holding Rule for any distribution made after the end of the five full years starting with the first year in which you make any contribution (regular, conversion or rollover from a Traditional or SIMPLE IRA or a designated Roth account or other eligible retirement plan) to any Roth IRA. For this purpose, your first Roth IRA contribution of any kind is deemed to have been made on January 1 of the year for which it is made. For example, if you make a Roth IRA contribution for 2017 by April 17, 2018, the 5-Year Holding Period will be satisfied on January 1, 2022. Once you satisfy the 5-Year Holding Rule, you will have satisfied the rule for all of your Roth IRAs regardless of when they are established or when subsequent contributions or conversions are made. If you make a rollover to a Roth IRA from a designated Roth account, the period that the rolled-over funds were in the designated Roth account does not count for purposes of satisfying the IRA's 5-Year Holding Period. However, if you had established a Roth IRA in an earlier year, the 5-Year Holding Period that began as a result of that earlier Roth IRA contribution will apply to amounts rolled over from the designated Roth account.

If you die during your 5-Year Holding Period, the beginning of the five-year period remains unchanged. Thus, in determining the 5-Year Holding Period for purposes of distributions to your Beneficiary, the period during which you held the Roth IRA is included. The 5-Year Holding Period is determined separately for Roth IRAs held by an individual as a Beneficiary and for the individual's own Roth IRAs. However, if a surviving spouse treats a



decendent's Roth IRA as his or her own, the 5-Year Holding Period for all of the surviving spouse's Roth IRAs ends at the earliest of the 5-Year Holding Period for the decendent's Roth IRAs or the surviving spouse's own Roth IRAs.

If you establish and then revoke a Roth IRA or recharacterize a Roth IRA contribution as a Traditional IRA contribution, the revoked or recharacterized contribution may not be used to start the clock for the 5-Year Holding Rule.

#### **(B) TAXABLE ROTH IRA DISTRIBUTIONS.**

Earnings included in a Roth IRA distribution that is not a Qualified Distribution are taxed as ordinary income. If a Roth IRA distribution fails to be a Qualified Distribution because the 5-Year Holding period or the other requirement has not been met, then the distribution is deemed to consist first of Regular Contributions (with all years aggregated), then conversion or rollover amounts on a first-in, first-out basis and, last, earnings. To the extent a distribution is treated as made from a particular conversion contribution, it is treated as made first from the taxable conversion amount.

For purposes of this rule, all of your Roth IRAs are aggregated. You are responsible for maintaining adequate records (such as account statements and confirmations) so that you may trace the history of your Roth IRA contributions in order to properly file your income tax return(s) for years in which you receive a Roth IRA distribution. You may maintain separate Roth IRAs and Roth Conversion IRAs for this purpose.

For purposes of this rule, the entire amount of any qualified distribution, as defined in Code Section 402A(d)(2), from a designated Roth account that is rolled over to a Roth IRA is treated as a Regular Contribution. Accordingly, a subsequent distribution from the Roth IRA in the amount of that rollover contribution will not be subject to Federal income tax (although any investment return on that rollover contribution earned in the Roth IRA will be taxable when distributed unless the distribution satisfies the requirements for a Qualified Distribution, including the 5-Year Holding Period, summarized above). A Qualified Distribution from a designated Roth account under Code Section 402A(d)(2) is a distribution which satisfies certain requirements that are similar, but not identical, to the requirements for a Qualified Distribution summarized above. For example, a Qualified Distribution from a designated Roth account does not include a Qualified First-Time Homebuyer Distribution.

If a nonqualified distribution from a designated Roth account is rolled over to a Roth IRA, the portion of the distribution that constitutes a nontaxable return of investment in the contract (for example, contributions to the designated Roth account) is treated as a Regular Contribution to the Roth IRA, and the remainder of the contribution is treated as earnings. If only a portion of a nonqualified distribution from a designated Roth account is rolled over to a Roth IRA, the portion that is rolled over is treated as consisting first of the taxable amount of the distribution. If the entire account balance of a designated Roth account is distributed and some or all of the distribution is rolled over to a Roth IRA, and, at the time of the distribution, the investment in the contract exceeds the balance in the designated Roth account, the investment in the contract in

the distributing plan generally is included in the amount treated as a Regular Contribution to the Roth IRA.

**(C) QUALIFIED HEALTH SAVINGS ACCOUNT ("HSA") FUNDING DISTRIBUTIONS.** If you are covered by a high deductible health plan ("HDHP"), you may be able to make a nontaxable HSA funding distribution from your Roth IRA, even if all or a portion of the distribution would otherwise be taxable under the above rules. The distribution must be contributed to your HSA in a direct trustee-to-trustee transfer. The distribution will be nontaxable to the extent that it does not exceed the annual limit on your HSA contributions.

In general, you may make only one nontaxable HSA funding distribution during your lifetime. If, however, you subsequently change your HDHP coverage from self-only to family coverage, you may be able to make an additional HSA funding distribution during the same taxable year.

#### **(D) DEEMED DISTRIBUTIONS.**

**1. The Code Defines Certain Transactions as "Prohibited Transactions"** You (or upon your death or certain other circumstances, your Beneficiary) are generally considered to be a "fiduciary" of your Roth IRA because of your ability to direct the investment and transactions within your account. If you or your Beneficiary engages in a "prohibited transaction" described in Code Section 4975(c) with respect to your Roth IRA as a fiduciary of such Account, the Roth IRA will immediately cease to be an IRA and will be taxable under Code Section 408(e)(2)(A) on the first day of the taxable year in which the prohibited transaction occurs, and your Roth IRA will be treated as having been distributed on such day. It will not be a Qualified Distribution. The taxable portion of your Roth IRA as of that day will be included in your income for that taxable year and your account will cease to be treated as an IRA going forward (which means you will be subject to annual taxation on the realized income generated in the account). A 10% penalty tax on premature distributions will be imposed on the amounts included in gross income as a result of the deemed distribution if you have not yet attained age 59½ and no exemption to the penalty tax applies. The same consequences apply to your spouse's Roth IRA if your spouse engages in a prohibited transaction with his or her own IRA. In general, a "prohibited transaction" means any direct or indirect (1) sale or exchange, or leasing, of any property between a disqualified person and the IRA; (2) lending of money or other extension of credit between a disqualified person and the IRA; (3) furnishing of goods, services or facilities between a disqualified person and the IRA; (4) transfer to or use by or for the benefit of a disqualified person of the income or assets of the IRA; (5) dealing by the disqualified person who is a fiduciary with the assets of the IRA in his own interest or for his own account; or (6) receipt of any consideration for his own personal account by any disqualified person who is a fiduciary from any party dealing with the IRA in connection with a transaction involving the income or assets of the IRA. For this purpose, "disqualified person" means generally the individual for whom the IRA is maintained, such individual's family members, and any person or entity from which the IRA Participant derives a personal benefit, or a business or other entity (such as a trust) in which you have a 50% or greater interest, or, if your employer

contributes to your IRA, between the IRA and your employer or an owner of your employer. If someone other than the owner or Beneficiary of a Roth IRA engages in a prohibited transaction, that person may be liable for certain penalty taxes. In general, there is a 15% tax on the amount of the prohibited transaction and a 100% additional tax if the transaction is not corrected.

Examples of prohibited transactions are: borrowing from your Roth IRA; engaging in a cross trade between your non-IRA brokerage account and your Roth IRA; investing Roth IRA assets in a residence for personal use (present or future); selling or leasing property to your Roth IRA; or buying or leasing property from your Roth IRA.

**2. Pledging IRA Assets — Tax Treatment:** If you use all or any portion of an IRA as security for a loan, then the portion so used is treated as distributed to you and, to the extent such portion is attributable to deductible contributions and earnings, will be included in your income for the taxable year during which you so use the IRA. Further, you may be subject to the 10% penalty tax on the amount pledged if you pledge your IRA before you attain age 59½.

**3. Collectibles Purchased in the Account:** If you use IRA assets to acquire “collectibles” such as artworks, rugs, antiques, metals, gems, stamps, coins, alcoholic beverages or any other tangible personal property classified by the Department of the Treasury as a collectible within the meaning of Code Section 408(m), the assets so used will be treated as having been distributed to you in an amount equal to the cost of the collectibles. There is a limited exception to this rule for certain coins and bullion; please confirm with your Financial Advisor or Private Wealth Advisor whether or not Morgan Stanley currently permits coins and/or bullion to be held in your Account.

#### **(E) FEDERAL INCOME TAX WITHHOLDING.**

In general, Federal income tax will be withheld at the rate of 10% from your distribution unless you (or your Beneficiary) elects, on a form acceptable to us, not to have such amount withheld. Distributions made to you or your Beneficiary at an address outside of the United States or its possessions are subject to withholding.

#### **(F) FEDERAL PENALTY TAXES.**

**(1) 10% Penalty Tax on Premature Distributions.** If your Roth IRA distribution is not a Qualified Distribution or a qualified HSA funding distribution, a penalty tax of an amount equal to 10% of the earnings included in your Roth IRA distribution (or deemed distribution) is imposed, unless an exception listed below applies. Also, if your distribution includes any amount that was included in gross income due to a conversion or rollover from a Traditional IRA or a plan (the “taxable conversion amount”) within the previous five taxable years (starting with the year of the distribution), the 10% penalty tax will be imposed on the taxable conversion amount even though the distribution was taxed at the time of conversion and is not otherwise taxable in the year of the Roth distribution, unless an exception listed below applies. The 10% penalty tax will not apply if the taxable distribution is paid under any one of the following circumstances:

- (i) you receive the distribution after you have attained age 59½;
- (ii) your Beneficiary receives the distribution on account of your death;
- (iii) you receive the distribution after you have become Disabled (as defined later);

(iv) the distribution is part of a scheduled series of substantially equal payments made at least annually until the later of 5 years or your attaining age 59½ calculated using the life expectancy of you alone or jointly with your Beneficiary;

(v) the distribution is used as a rollover contribution to another Roth IRA;

(vi) the distribution is a Qualified First-time Homebuyer Distribution but not in excess of a \$10,000 lifetime limit;

(vii) the distribution (together with all other premature Roth IRA and IRA distributions for the same year) is not in excess of your Qualified Higher Education Expenses for the year of the distribution;

(viii) the distribution is used to pay your Qualified Medical Expenses in excess of 7.5% of your adjusted gross income;

(ix) the distribution is paid to you after separation from employment (or within 60 days of re-employment) in the same or next succeeding taxable year after you have received (or would have received but for your self-employment) Federal or state unemployment compensation for at least 12 consecutive weeks as a result of such unemployment provided the Roth IRA distribution is used to pay premiums for health care coverage during such period of unemployment;

(x) the distribution is a Qualified Reservist Distribution; or

(xi) the distribution is a Qualified Disaster Distribution;

(xii) as a Qualified Birth or Adoption Distribution.

**(2) 6% Tax on Excess Contributions.** An excise tax equal to 6% of any excess contribution is imposed for the taxable year in which such contribution is made and for each later year until the excess amount is eliminated. An excess contribution includes any amount that exceeds the Maximum Amount described in Section II(A) above or which fails to be a Qualified Rollover under Code Section 408(d)(3). If the amount of the excess and the earnings thereon are withdrawn from your Roth IRA prior to the due date for filing your Federal income tax return (with any extensions) for the year for which the contribution was made, the 6% excise tax will not be imposed and the earnings will be taxable income in the year in which the excess contribution was made. Any earnings so withdrawn will also be subject to the 10% tax on premature distributions unless one of the exceptions to that tax applies (see (1) above). If the excess contribution is withdrawn after your Federal income tax return is due, the 6% penalty tax is imposed and earnings will be taxable income in the year of the withdrawal (and the 10% additional tax on premature distributions may apply).

If an excess amount is contributed in one year and is not withdrawn in later years, the excess amount will be subject to a cumulative 6% excise tax each year until it has been withdrawn.

The excess contribution may be eliminated in later years if you contribute less than the Maximum Amount allowable in any year after the excess contribution is made. The portion of the excess contribution equal to your unused current year’s Maximum Amount will then be treated as a current year contribution. If you contributed less than the Maximum Amount in years before the year you make an excess contribution; the prior years’ “under contributions” may not be used to reduce the excess contribution.

You may be able to avoid having an excess contribution by applying the recharacterization rules described in Section IV(D) above. However, an excess contribution from a prior year that is treated as a current year contribution under the preceding paragraph may not be recharacterized.

**(3) 50% Tax on Excess Accumulations After the Death of the Roth IRA Owner.** If a post-death required minimum distribution described in Section V(D) above is not made by its due date, a 50% excise tax is imposed on the difference between the post-death RMD amount and the amount, if any, actually distributed to your beneficiary during the year under Code Section 4974.

**(G) REPORTS TO THE IRS.** You must file IRS Form 8606 with your Federal income tax return for each year for which you receive a distribution from a Roth IRA. You must file IRS Form 5329 with the Internal Revenue Service for the taxable year during which you are subject to any of the penalty taxes described above.

**(H) ADDITIONAL INFORMATION.** You may obtain further information about the Federal income taxation of individual retirement programs from any District Office of the Internal Revenue Service, or from the IRS website, [www.irs.gov](http://www.irs.gov). You may want to review Publications 590-A (Contributions to Individual Retirement Arrangements) and 590-B (Distributions from Individual Retirement Arrangements).

**(I) STATE TAX RULES.** Some states and localities may have tax rules differing from the Federal rules with respect to Roth accounts. You should consult your tax advisor in this regard.

## VII. Client Agreement and Arbitration

The brokerage account components of your Roth IRA are subject to the terms and conditions contained in the Client Agreement with Morgan Stanley, which include, among other requirements (e.g., Patriot Act disclosures) a pre-dispute arbitration provision. Any claims or controversies are subject to an arbitration clause as set forth in the Client Agreement.

## VIII. Federal Estate and Gift Tax Rules

Amounts held in your Morgan Stanley Roth IRA are includible in your gross estate for Federal estate tax purposes (although IRA assets for which a nonestate Beneficiary is selected are not generally considered to be probate assets in most state jurisdictions). For further information about how your Roth IRA may fit in with your estate, consult your estate or tax advisor.

## IX. Additional Financial Information

### 1. Account Maintenance and Other Fees.

A Fee Schedule is provided in Section XI of this Disclosure Statement, listing and describing the account and other fees that may be assessed against the Roth IRA.

### 2. Certain Compensation Earned by Morgan Stanley and its Affiliates.

**(a) Float** Morgan Stanley may retain, as compensation for the performance of services, your Account's proportionate share of any interest earned on aggregate cash balances held by Morgan Stanley with respect to "assets awaiting investment or other processing"

This amount, known as "float," is earned by us through investment in overnight cash deposits and highly liquid securities (e.g., U.S. government obligations), with the amount of such earnings retained by us, due to the short-term nature of the investments, being generally at the prevailing overnight interest rate applicable to these investments. This rate averaged approximately five hundred fourteen basis points during the 12 months ended December 31, 2024, but please note that due to market fluctuations, the rate will change – please contact your Financial Advisor or Private Wealth Advisor for more current information. "Assets awaiting investment or other processing" for these purposes includes, to the degree applicable: (i) new deposits to the Account, including interest and dividends; (ii) any uninvested assets held by the Account caused by an instruction to purchase or sell securities (which may, after the period described below, be automatically swept into a sweep vehicle); (iii) assets held in the Plan Account (where applicable); and (iv) withdrawals from the Account, to the degree checkwriting privileges may be offered to the Plan. With respect to assets awaiting investment or other processing: (i) where such assets are received by Morgan Stanley on a day on which the New York Stock Exchange and/or the Federal Reserve Banks are open ("Business Day"), float shall generally be earned by us through the end of that Business Day (known as the "Sweep Date"), with the client credited interest/dividends in such funds as of the next Business Day following the Sweep Date; or (ii) where such assets are received on a Business Day that is not followed by another Business Day, or on a day which is not a Business Day, float shall generally be earned by us through the end of the next Business Day. Delays in providing investment instruction could result in increased compensation in the form of float. Please note, however, that uninvested cash typically does not await sweep for more than one day and Morgan Stanley does not invest, and therefore does not earn interest on, all uninvested client cash. Where Morgan Stanley facilitates a distribution from the Account, Morgan Stanley earns float on money set aside for payment of outstanding but uncashed checks, generally from the date on the face of the checks until the date that either the recipient cashes the check or the check is cancelled and the underlying funds are returned to the Account.

For example: If \$10,000 is deposited into a Morgan Stanley Account and those funds are awaiting investment (i.e., the funds are not swept into the Morgan Stanley Bank Deposit Program, a money market fund or otherwise invested), Morgan Stanley may earn interest or "float" on the funds (as further described above). Assuming the interest rate is 5.14%, Morgan Stanley would earn approximately 1.43 dollars per day ( $\$10,000 \times 5.14\% / 360 = \$1.43$ ).

### (b) Payment for Order Flow and other Routing Arrangements and Use of Electronic Communication Networks and Alternative Trading Systems.

Morgan Stanley is committed to providing the best execution for customers' orders. In furtherance of this commitment, Morgan Stanley considers several factors, including price, the available liquidity pool, execution speed, transaction costs, service and opportunities for price improvement in determining where to route customer orders for execution.

Industry regulations require that we disclose whether we receive compensation for directing client orders for execution to various dealers, national securities exchanges, alternative trading systems (“ATSS”), including electronic communications networks (“ECNs”), and other market centers. This compensation is commonly referred to as “payment for order flow.”

Morgan Stanley, either directly or indirectly, may route customer equity orders to national securities exchanges, ATSS, including ECNs, and other market centers, including its affiliate Morgan Stanley & Co. LLC (“Morgan Stanley & Co.”). Certain market centers offer cash credits for orders that provide liquidity to their books and charge explicit fees for orders that extract liquidity from their books (and certain market centers invert this practice). From time to time, the amount of credits that Morgan Stanley receives from one or more such market centers may exceed the amount Morgan Stanley is charged. Morgan Stanley receives the benefit of these credits, either directly or indirectly, and such payments constitute payment for order flow. Morgan Stanley may also receive incremental pricing benefits from exchanges and/or ECNs if certain volume thresholds are met.

In addition, Morgan Stanley & Co. may route certain customer orders (including orders for fixed income securities, preferred shares and convertible bonds) to Morgan Stanley & Co. on behalf of Morgan Stanley. These arrangements between Morgan Stanley & Co. and Morgan Stanley are intended to facilitate trade execution for our customers, with apportionment of resulting expenses and revenue from the trading activity between Morgan Stanley and Morgan Stanley & Co. Morgan Stanley & Co. participates in Exchange-sponsored listed option payment for order flow programs and accepts payment for order flow for certain listed option orders. In the course of providing liquidity, Morgan Stanley & Co. may preference certain option orders to Morgan Stanley & Co.’s options market maker, or third-party market makers for execution.

Morgan Stanley and/or its affiliates have ownership interests in and/or Board seats on ECNs or other ATSS. In certain instances, Morgan Stanley and/or its affiliates may be deemed to control one or more of such ECNs or ATSS based on the level of such ownership interests and whether Morgan Stanley and/or its affiliates are represented on the Board of such ECNs or ATSS. Morgan Stanley and/or its affiliates may from time to time, directly or indirectly, effect client trades through ECNs or other ATSS in which Morgan Stanley and/or its affiliates have or may acquire an interest or Board seat, and Morgan Stanley and/or its affiliates may thereby receive an indirect economic benefit based upon their ownership in the ECNs or other ATSS. Morgan Stanley and/or its affiliates will, directly or indirectly, execute through an ECN or other ATS in which it has an interest only in situations where Morgan Stanley and/or its affiliates, or the broker-dealer through whom they are accessing the ECN or ATS, reasonably believes such transaction will be in the best interest of its clients and the requirements of applicable law have been satisfied.

As noted above, Morgan Stanley, subject at all times to its obligations to obtain best execution for its customers’ orders, will route certain customer order flow to Morgan Stanley & Co. Furthermore, as of

December 2022, Morgan Stanley and/or its affiliates own an interest in certain ECNs or ATSS, including: (i) National Stock Exchange of India; (ii) Miami International Holdings Inc.; (iii) Equilend; (iv) Euroclear Holding SA/NV; (v) LCH Group Holdings Limited (Clearing); (vi) CME; (vii) ICE US Holding Company, LP; (viii) OTCDeriv Limited; (ix) TIFFE – Tokyo Financial Futures Exchange; (x) iSWAP Limited; (xi) EOS Precious Metals Limited; (xii) Creditderiv Limited; (xiii) FXGlobalClear; (xiv) Japan Securities Clearing Corporation; (xv) CME/CBOT/NYMEX; (xvi) Dubai Mercantile Exchange; (xvii) Intercontinental Exchange; (xviii) Bombay Stock Exchange; (xix) Japan Securities Depository Center Inc.; (xx) MEMX Holdings LLC; (xxi) LCH.Clearnet Group LTD; (xxii) The Depository Trust Clearing Corporation; and (xxiii) Copeland Markets LLC. (xxiv) Yensai.com Co., Ltd; and (xxv) Octaura Holdings LLC.

You understand and acknowledge that Morgan Stanley may effect trades on behalf of client accounts through ECNs, ATSS and similar execution systems and trading venues (collectively, “Trading Systems”), including Trading Systems in which Morgan Stanley and/or its affiliates may have a direct or indirect ownership interest. In addition, you understand and agree that, subject at all times to its obligations to obtain best execution for its customers’ orders, Morgan Stanley will route certain customer order flow to its affiliates, and that Morgan Stanley and/or its affiliates own an interest in certain ECNs or ATSS as listed above. The ECNs and ATSS on which Morgan Stanley trades for client accounts and in which Morgan Stanley and/or its affiliates own interests may change from time to time. You may contact Morgan Stanley for an up-to-date list of ECNs and ATSS in which Morgan Stanley and/or its affiliates own interests. You hereby authorize Morgan Stanley to effect trades on behalf of your account(s) through all such Trading Systems, affiliated and unaffiliated, and all such other Trading Systems through which Morgan Stanley may determine to trade in the future. You further acknowledge that the Adoption Agreement, along with this Disclosure Statement, shall constitute the requisite authorization and notice of Morgan Stanley’s intent to trade through all such Trading Systems, pursuant to section 408(b)(16) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and/or section 4975(d) (19) of the Internal Revenue Code of 1986, as amended (“Code”).

Notwithstanding the foregoing, Morgan Stanley regularly and rigorously monitors the quality of the executions provided by all market centers to which customer orders are routed to ensure those market centers are providing the best execution reasonably available under the circumstances.

Additional information regarding these disclosures will be provided upon written request and certain order routing information is available online at <http://www.morganstanley.com/wealth-disclosures/disclosures>.

On request of a customer, Morgan Stanley will disclose to such customer the identity of the venue to which such customer’s orders were routed for execution in the six months prior to the request, whether the orders were directed orders or non-directed orders, and the time of the transactions, if any, that resulted from such

orders as well as other customer specific order routing and execution information that is required by SEC Rule 606(b)(3).

**X. Definitions**

Any capitalized term used in this Disclosure Statement that is not defined in the text when the term first appears shall have the meaning set forth below. Any capitalized term used but not defined in this Disclosure Statement shall have the meaning given to it in Article I of the Morgan Stanley IRA document.

**1. “Adjusted Gross Income” or “AGI”** is your total income less certain deductions as shown on your Federal income tax return, but modified under Code Section 219(g)(3)(A), by adding in certain otherwise excludible income and deductions such as foreign earned income, adoption assistance or expenses, income from U.S. Savings Bonds used to pay Qualified Higher Education Expenses, student loan interest and deductible Traditional IRA contributions. AGI is used to determine your ability to deduct Traditional IRA contributions.

**2. “Modified Adjusted Gross Income” or “MAGI”** is your AGI but does not include a taxable conversion amount. MAGI is used to determine your eligibility to contribute to a Roth IRA.

**3. “Disabled”** shall mean you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or be of long-continued and indefinite duration. Under Code Section 72(m)(7) you must, if requested by the IRS, be able to furnish proof of your disability in a form and manner acceptable to the IRS.

**4. “Qualified First-Time Homebuyer Distribution”** shall mean any distribution used, within 120 days of the date the distribution is received, to pay for the acquisition, construction or reconstruction of the principal residence of the Participant, Participant’s spouse or the child, grandchild or ancestor of the Participant or Participant’s spouse, provided that the individual for whom the principal residence is acquired or constructed (and the individual’s spouse) had no present ownership interest in a principal residence during the two-year period ending on the date a binding contract to acquire the principal residence was entered into or on which construction or reconstruction of the principal residence commenced. The aggregate amount of distributions received by the Participant during the Participant’s lifetime which may be treated as Qualified First-time Homebuyer Distributions may not exceed \$10,000.

**5. “Qualified Higher Education Expenses”** shall mean tuition, fees, books, supplies and equipment required for, and expenses for special needs services incurred in connection with, the enrollment or attendance of the Participant, the Participant’s spouse or the child (as defined in Code Section 152(f)(1)) or grandchild of the Participant or Participant’s spouse, at an eligible educational institution (as defined in Code Section 529(e)(5)) reduced, for any taxable year, by any amount paid for the benefit of the student consisting of a qualified scholarship, qualified educational assistance allowance or similar payment or qualified distributions from a qualified tuition program or an Education Savings Account which is excludible from gross income under the Code or any other Federal law. Qualified Higher Education Expenses also include room and board for students who are at least half-time up to the greater of the educational institution’s allowance for room and board in its cost of attendance (as described in Section 472 of the Higher

Education Act) or the amount actually charged for room and board to a student residing in the institution’s housing.

**6. “Qualified Medical Expenses”** shall mean any amount paid for medical care (as defined in Code Section 213(d)) which you would be allowed to treat as a deductible medical expense if you itemized your deductions for that year. For purposes of exempting a distribution from the 10% premature distribution penalty tax, it is not required that you actually itemize your deductions for the relevant year.

**7. “Qualified Disaster Distributions”** shall mean a distribution made from an IRA to an individual whose main home was in a qualified disaster area at any time during that disaster’s incident period and who sustained an economic loss because of the disaster. The total of an individual’s Qualified Disaster Distributions from all IRAs and employer plans is limited to \$100,000 per disaster.

**8. “Qualified Reservist Distribution”** shall mean a distribution made from an IRA to a member of a reserve component ordered or called to active duty after September 11, 2001, if certain requirements are met. Under Code Section 72(t)(2)(G), the individual must be ordered or called to active duty for a period in excess of 179 days or for an indefinite period. In addition, the distribution must be made during the period beginning on the date of such order or call and ending at the close of the active duty period.

**9. “Qualified Birth or Adoption Distribution”** shall mean a distribution of not more than \$5,000 made during the one-year period beginning on the date on which a child is born or which the adoption is finalized. Eligible adoptees must be under the age of 18 (unless physically or mentally incapable of self-support) and cannot be the child of the participant or IRA owner’s spouse.

**XI. IRA Fee Schedule**

This Fee Schedule is part of the Morgan Stanley Roth IRA Document, but may be supplemented or changed upon notification to the Participant in accordance with Article X of the Roth IRA document.

(A) ACCOUNT FEES:		
Fee Description	All eDelivery Fee*	Standard Fee
Annual Maintenance Fee per Account	\$75**	\$100**
Termination Fee per Account	\$125***	\$125***
Account Transfer Fee per Account	\$125***	\$125***
<b>Note: in the event that both the termination and transfer fees apply, only the transfer fee will be assessed.</b>		
* Read Section (C) eDelivery Discounted IRA Annual Maintenance Fee for eligibility requirements.		
**For Morgan Stanley Virtual Advisor accounts, the Annual Maintenance Fee per Account is \$50 for the All eDelivery Fee and \$70 for the Standard Fee.		
***For Morgan Stanley Virtual Advisor accounts, the Termination Fee per Account and the Account Transfer Fee per Account is \$95.		

**(B) DESCRIPTION OF FEES:**

**(1) Maintenance Fees:** The annual maintenance fee will be charged for any calendar year or portion of any calendar year during which you have an IRA with us. Maintenance Fees are due and payable on the following dates: (a) on or about the 10th business day following a 90 calendar day grace period after you open your IRA, regardless of account balance; (b) for subsequent years, annual maintenances fees will be due on or after the 10th business day of

the quarter-ending month on or after your account's anniversary month; and (c) the day you terminate or transfer your IRA.

The first year's maintenance fee, due when you establish your IRA, will be debited from your IRA. Subsequently, your annual maintenance fee will be automatically debited from the IRA unless you elect in writing one of the following methods: (i) payment by means of a check made payable to Morgan Stanley or (ii) transfer of funds from another eligible nonretirement Morgan Stanley account (if possible) and, in the event payment is not made sooner under one of these two elections, the annual maintenance fees will be automatically debited from the IRA on or after the 10th business day of the quarter-ending month on or after your account's anniversary month (if your IRA remains open on that date). The maintenance fee due upon the termination or transfer of your account will be automatically debited from your IRA account. To effect the payment of fees from an account when the fees are automatically debited, Morgan Stanley may liquidate assets in accordance with Section 6.3(f) of the Morgan Stanley Roth IRA document.

**(2) Termination/Transfer Fees:** Account termination or transfer fees are charged when your IRA is closed. Termination fees are not charged if the account is distributed in any year following your disability or death or at age 75 or older. The Account Transfer Fee will be imposed when all account assets are transferred from your Morgan Stanley Roth IRA to another financial institution. In the event both the termination and transfer fees would apply to the same transaction, only the transfer fee will be assessed.

**(3) Brokerage/Advisory/Transaction Expenses:** For brokerage activity, we offer transaction-based pricing in which you pay commissions, sales loads, markups/markdowns or other fees for each transaction you and your Financial Advisor execute. You can conduct transaction-based business in virtually all financial products and services within a Morgan Stanley IRA. Please contact your Financial Advisor or Private Wealth Advisor about the fees connected to a particular brokerage transaction before you direct us to execute the transaction. The amount of any advisory or Managed Account fees will be as set forth in the applicable Managed Account agreement.

**(C) eDelivery DISCOUNTED IRA ANNUAL MAINTENANCE FEE:**

eDelivery means that you will receive your documents in an electronic format that you can access via our secure website Morgan Stanley Online. eDelivery eliminates paper and makes the documents viewable as soon as they are available.

- Accounts enrolled in eDelivery of all eligible account documents for every account within their Account Linked Group will receive a discounted IRA annual maintenance fee.
- All eligible accounts within your Account Link Group must be enrolled in eDelivery—contact your Financial Advisor or Private Wealth Advisor to discuss account linking requirements.
- Account linking enables multiple accounts to be grouped together for the purpose of consolidating client correspondence mailings, as well as consolidating accounts viewed via Morgan Stanley Online.
- A Morgan Stanley Online account is required to enroll in eDelivery of documents. To enroll in eDelivery, please go to [www.morganstanley.com/edelivery](http://www.morganstanley.com/edelivery).

- More information regarding eDelivery (including eligible documents) is available in the Important New Account Information ("INAI") and in the Account and Service fee guide available at [http://www.morganstanley.com/wealth-relationshipwithms/pdfs/account\\_and\\_service\\_fees.pdf?v=1](http://www.morganstanley.com/wealth-relationshipwithms/pdfs/account_and_service_fees.pdf?v=1).

**(D) LOW BALANCE HOUSEHOLD FEE:**

A Low Balance Household Fee will be charged quarterly to Morgan Stanley households\* which do not meet certain criteria. Morgan Stanley reserves the right to waive this fee, as described in (E) below. For more information on this fee please review the Account and Service Fee guide available at [http://www.morganstanley.com/wealth-relationshipwithms/pdfs/account\\_and\\_service\\_fees.pdf?v=1](http://www.morganstanley.com/wealth-relationshipwithms/pdfs/account_and_service_fees.pdf?v=1).

**(E) FEE WAIVERS:**

Morgan Stanley may, in its sole discretion, elect to discount or waive certain fees, including but not limited to IRA account fees, for certain customers. Morgan Stanley reserves the right to amend when fees are due and payable. To learn about the availability of any fee discounts or waivers, please contact your Morgan Stanley Financial Advisor or Private Wealth Advisor.

**(F) OTHER COMPENSATION/CHARGES:**

Certain compensation earned by Morgan Stanley in connection with your account(s) is described elsewhere in your new account opening materials. Please ask your Financial Advisor or Private Wealth Advisor about such compensation and for information about other fees that may apply to your IRA relating to services that are now or may be offered in the future.

**Supplement to the Traditional Individual Retirement Account (IRA), Roth IRA and SIMPLE IRA Disclosure Statements**

The SECURE 2.0 Act of 2022 (SECURE 2.0) was signed into law on December 29, 2022, as part of the Consolidated Appropriations Act of 2023. This supplement to the Traditional IRA, Roth IRA and SIMPLE IRA Disclosure Statements describes certain statutory changes under SECURE 2.0 and how these changes may affect your IRA account. As we receive additional regulatory guidance concerning these SECURE 2.0 changes, Morgan Stanley will update our agreements and disclosures. The most recent Morgan Stanley IRA Adoption Agreement, including the disclosure statement, can be found at [www.morganstanley.com/disclosures/account-disclosures](http://www.morganstanley.com/disclosures/account-disclosures).

**Supplement to the Traditional IRA Disclosure Statement Provisions beginning in 2023 or earlier—**

**INCREASE IN AGE FOR REQUIRED BEGINNING DATE FOR MANDATORY DISTRIBUTIONS**

Increases the age at which required minimum distributions ("RMDs") from retirement plans must commence from age 72 to age 73 in 2023 and to age 75 in 2033 ("RMD Age"). Specifically, the RMD Age is (a) age 70 ½ for individuals born before July 1, 1949, (b) age 72 for individuals born after June 30, 1949, but before

\* A household is comprised of one or more eligible account(s) formally grouped under one individual designated as the Head of Household. Certain accounts can be included in the household if the account owner qualifies, based on his/her familial relationship to the Head of Household. Contact your Financial Advisor or Private Wealth Advisor for more information regarding householding.

1951, (c) age 73 for individuals born after 1950, but before 1960, or (d) age 75 for all others.

#### **REDUCTION IN EXCISE TAX FOR FAILURE TO TAKE RMD**

Reduces the excise tax penalty for failure to take RMDs from 50% to 25% of the shortfall. Such excise tax is further reduced to 10% if the individual corrects the shortfall in accordance with the applicable requirements during a 2-year window. Effective for taxable years beginning after the date of enactment.

#### **EXCESS CONTRIBUTION DISTRIBUTION ELIMINATION OF 10% PENALTY**

Exempts from the 10% early distribution tax withdrawals of net income on excess IRA contributions provided that it is returned by the federal income tax filing deadline, including extensions.

#### **ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION ("QCD") TO SPLIT-INTEREST ENTITY; INCREASE IN QUALIFIED CHARITABLE DISTRIBUTION LIMITATION**

Allows an individual to make a one-time election to treat up to \$50,000 (as indexed for inflation) in IRA distributions paid directly to certain split-interest entities (i.e., certain charitable remainder annuity trusts, charitable remainder unitrusts and charitable gift annuities) during a single tax year as qualified charitable distributions, provided certain requirements are met. Additionally, the annual IRA qualified charitable distribution limit of \$100,000 will also be indexed for inflation.

#### **EXCEPTION TO PENALTY TAX ON EARLY DISTRIBUTIONS FROM IRAS FOR INDIVIDUALS WITH A TERMINAL ILLNESS**

Creates an exception to the 10% early withdrawal penalty tax for those plan participants or IRA owners with a terminal illness. Such withdrawal may be repaid within three years. Requires a physician to certify that such participant or IRA owner has an illness or condition that is reasonably expected to result in death within 84 months.

#### **REPAYMENT OF QUALIFIED BIRTH OR ADOPTION DISTRIBUTIONS LIMITED TO THREE YEARS**

Imposes a three-year time constraint on period during which a qualified birth or adoption distributions ("QBAD") may be repaid and still qualify as a rollover contribution. Specifically, the repayment for a QBAD up to \$5,000 must occur within three years to qualify as a rollover contribution. For any distributions taken prior to enactment of SECURE 2.0, the repayment period ends on December 31, 2025.

#### **SPECIAL RULES FOR USE OF RETIREMENT FUNDS IN CONNECTION WITH QUALIFIED FEDERALLY DECLARED DISASTERS**

Establishes permanent special rules governing IRA and qualified retirement plan distributions and qualified retirement plan loans in cases of qualified federally declared disasters. This provision (among other relief) permits up to \$22,000 to be distributed from employer retirement plans or IRAs for affected individuals which may be repaid within three years. Creates an exemption to the 10% early distribution penalty tax for such distributions. Effective for disasters occurring on or after January 26, 2021.

### **Provisions effective beginning in 2024–**

#### **INDEXING OF IRA CATCH-UP LIMIT**

Indexes IRA catch-up contributions for inflation in \$100 increments in the same manner as regular IRA contributions.

### **EMERGENCY EXPENSE WITHDRAWAL**

Allows one penalty tax-free withdrawal from an IRA or certain qualified retirement plans during a calendar year of up to \$1,000 for "unforeseeable or immediate financial needs relating to personal or family emergency expenses" ("emergency personal expense distribution"). Such withdrawal may be repaid within the three-year repayment period (which begins the day after such withdrawal). No subsequent withdrawals made during the three calendar years immediately following the calendar year of an emergency personal expense distribution (first distribution) may be treated as an emergency personal expense distribution, unless the first distribution is repaid during the three-year repayment period.

#### **DISTRIBUTION TO A DOMESTIC ABUSE VICTIM**

Allows a domestic abuse victim to take certain penalty tax-free withdrawals up to the lesser of (i) \$10,000 (indexed for inflation), or (ii) 50% of their IRA or vested account value under certain qualified retirement plans with the option to repay such amounts within a three-year timeframe.

### **Provision effective beginning in 2025–**

#### **INCREASED CATCH-UP CONTRIBUTION LIMITS FOR AGES 60-63**

Effective for 2025, the catch-up limit for SAR-SEP participants who have attained age 60, 61, 62, 63 is increased to 150% of the limit in effect for those age 50 and older in 2025.

### **Supplement to the Roth IRA Disclosure Statement Provisions effective beginning in 2023 or earlier–**

#### **EXCESS CONTRIBUTION DISTRIBUTION ELIMINATION OF 10% PENALTY**

Exempts from the 10% early distribution tax withdrawals of net income on excess IRA contributions provided that it is returned by the federal income tax filing deadline, including extensions.

#### **REDUCTION IN EXCISE TAX FOR FAILURE TO TAKE POST-DEATH RMD**

Reduces the excise tax penalty for failure to take Post-Death RMDs from 50% to 25% of the shortfall. Such excise tax is further reduced to 10% if the individual corrects the shortfall in accordance with the applicable requirements during a 2-year window. Effective for taxable years beginning after the date of enactment.

#### **ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION ("QCD") TO SPLIT-INTEREST ENTITY; INCREASE IN QUALIFIED CHARITABLE DISTRIBUTION LIMITATION**

Allows an individual to make a one-time election to treat up to \$50,000 (as indexed for inflation) in IRA distributions paid directly to certain split-interest entities (i.e., certain charitable remainder annuity trusts, charitable remainder unitrusts and charitable gift annuities) during a single tax year as qualified charitable distributions, provided certain requirements are met. Additionally, the annual IRA qualified charitable distribution limit of \$100,000 will also be indexed for inflation.

#### **ROTH SEP IRA**

A SEP IRA may be designated as a Roth IRA and accept Roth contributions under the SEP IRA plan. Effective in 2023, however, in practice, this provision will not be available until a later date, as guidance from the IRS is required before implementation.

#### **EXCEPTION TO PENALTY TAX ON EARLY DISTRIBUTIONS FROM IRAS FOR INDIVIDUALS WITH A TERMINAL ILLNESS**

Creates an exception to the 10% early withdrawal penalty tax for those plan participants or IRA owners with a terminal illness. Such withdrawal may be repaid within three years. Requires a physician to certify that such participant or IRA owner has an illness or condition that is reasonably expected to result in death within 84 months.

#### **REPAYMENT OF QUALIFIED BIRTH OR ADOPTION DISTRIBUTIONS LIMITED TO THREE YEARS**

Imposes a three-year time constraint on period during which a qualified birth or adoption distributions (“QBAD”) may be repaid and still qualify as a rollover contribution. Specifically, the repayment for a QBAD up to \$5,000 must occur within three years to qualify as a rollover contribution. For any distributions taken prior to enactment of SECURE 2.0, the repayment period ends on December 31, 2025.

#### **SPECIAL RULES FOR USE OF RETIREMENT FUNDS IN CONNECTION WITH QUALIFIED FEDERALLY DECLARED DISASTERS**

Establishes permanent special rules governing IRA and qualified retirement plan distributions and qualified retirement plan loans in cases of qualified federally declared disasters. This provision (among other relief) permits up to \$22,000 to be distributed from employer retirement plans or IRAs for affected individuals which may be repaid within three years. Creates an exemption to the 10% early distribution penalty tax for such distributions. Effective for disasters occurring on or after January 26, 2021.

#### **Provisions effective beginning in 2024 –**

##### **INDEXING OF IRA CATCH-UP**

Indexes IRA catch-up contributions for inflation in \$100 increments in the same manner as regular IRA contributions.

##### **EMERGENCY EXPENSE WITHDRAWAL**

Allows one penalty tax-free withdrawal from an IRA or certain qualified retirement plans during a calendar year of up to \$1,000 for “unforeseeable or immediate financial needs relating to personal or family emergency expenses” (“emergency personal expense distribution”). Such withdrawal may be repaid within the three-year repayment period (which begins the day after such withdrawal). No subsequent withdrawals made during the three calendar years immediately following the calendar year of an emergency personal expense distribution (first distribution) may be treated as an emergency personal expense distribution, unless the first distribution is repaid during the three-year repayment period.

##### **DISTRIBUTION TO A DOMESTIC ABUSE VICTIM**

Allows a domestic abuse victim to take certain penalty tax-free withdrawals up to the lesser of (i) \$10,000 (indexed for inflation), or (ii) 50% of their IRA or vested account value under certain qualified retirement plans with the option to repay such amounts within a three-year timeframe.

#### **SPECIAL RULES FOR CERTAIN DISTRIBUTIONS FROM CERTAIN 529 QUALIFIED TUITION PROGRAMS TO ROTH IRAS**

Permits tax-free and penalty tax-free rollovers of certain assets held in a 529 qualified tuition plan to a Roth IRA maintained for

the benefit of the designated beneficiary of that 529 plan (subject to certain requirements/limitations, including the annual Roth IRA contribution limits and an overarching \$35,000 lifetime limit). Such rollovers are only permitted from 529 accounts that have been established and maintained for at least 15 years and requires that the IRA owner have compensation equal or above the amount of the rollover.

#### **Supplement to the SIMPLE IRA Disclosure Statement Provisions effective beginning in 2023 or earlier –**

##### **ROTH SIMPLE IRA**

A SIMPLE IRA may be designated as a Roth IRA and accept Roth contributions under the SIMPLE IRA plan. Effective in 2023, however, in practice, this provision will not be available until a later date, as guidance from the IRS is required before implementation.

#### **INCREASE IN AGE FOR REQUIRED BEGINNING DATE FOR MANDATORY DISTRIBUTIONS**

Increases the age at which required minimum distributions (“RMDs”) from retirement plans must commence from age 72 to age 73 in 2023 and to age 75 in 2033 (“RMD Age”). Specifically, the RMD Age is (a) age 70 ½ for individuals born before July 1, 1949, (b) age 72 for individuals born after June 30, 1949, but before 1951, (c) age 73 for individuals born after 1950, but before 1960, or (d) age 75 for all others.

##### **REDUCTION IN EXCISE TAX FOR FAILURE TO TAKE RMD**

Reduces the excise tax penalty for failure to take RMDs from 50% to 25% of the shortfall. Such excise tax is further reduced to 10% if the individual corrects the shortfall in accordance with the applicable requirements during a 2-year window. Effective for taxable years beginning after the date of enactment.

#### **EXCESS CONTRIBUTION DISTRIBUTION ELIMINATION OF 10% PENALTY**

Exempts from the 10% early distribution tax withdrawals of net income on excess IRA contributions provided that it is returned by the federal income tax filing deadline, including extensions.

#### **ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION (“QCD”) TO SPLIT-INTEREST ENTITY; INCREASE IN QUALIFIED CHARITABLE DISTRIBUTION LIMITATION**

Allows an individual to make a one-time election to treat up to \$50,000 (as indexed for inflation) in IRA distributions paid directly to certain split-interest entities (i.e., certain charitable remainder annuity trusts, charitable remainder unitrusts and charitable gift annuities) during a single tax year as qualified charitable distributions, provided certain requirements are met. Additionally, the annual IRA qualified charitable distribution limit of \$100,000 will also be indexed for inflation.

#### **EXCEPTION TO PENALTY TAX ON EARLY DISTRIBUTIONS FROM IRAS FOR INDIVIDUALS WITH A TERMINAL ILLNESS**

Creates an exception to the 10% early withdrawal penalty tax for those plan participants or IRA owners with a terminal illness. Such withdrawal may be repaid within three years. Requires a physician to certify that such participant or IRA owner has an illness or condition that is reasonably expected to result in death within 84 months.



### **REPAYMENT OF QUALIFIED BIRTH OR ADOPTION DISTRIBUTION LIMITED TO THREE YEARS**

Imposes a three-year time constraint on period during which a qualified birth or adoption distributions (“QBAD”) may be repaid and still qualify as a rollover contribution. Specifically, the repayment for a QBAD up to \$5,000 must occur within three years to qualify as a rollover contribution. For any distributions taken prior to enactment of SECURE 2.0, the repayment period ends on December 31, 2025.

### **SPECIAL RULES FOR USE OF RETIREMENT FUNDS IN CONNECTION WITH QUALIFIED FEDERALLY DECLARED DISASTERS**

Establishes permanent special rules governing IRA and qualified retirement plan distributions and qualified retirement plan loans in cases of qualified federally declared disasters. This provision (among other relief) permits up to \$22,000 to be distributed from employer retirement plans or IRAs for affected individuals which may be repaid within three years. Creates an exemption to the 10% early distribution penalty tax for such distributions. Effective for disasters occurring on or after January 26, 2021.

### **Provisions effective beginning in 2024 –**

#### **TREATMENT OF STUDENT LOAN PAYMENTS AS ELECTIVE DEFERRALS FOR PURPOSES OF MATCHING CONTRIBUTIONS**

Allows for employer contributions made on behalf of employees for “qualified student loan repayments” to be treated as matching contributions to 401(k) plans, 403(b) plans, SIMPLE IRAs, and governmental 457(b) plans. With respect to nondiscrimination testing, such plans are permitted to separately test the employees who receive matching contributions on student loan repayments. Effective for plan years beginning after December 31, 2023.

#### **ALLOW ADDITIONAL NONELECTIVE CONTRIBUTIONS FOR SIMPLE PLANS**

Employers are permitted to make additional contributions to each plan participant in a uniform manner, provided such additional contribution does not exceed the lesser of 10% of a participant’s compensation or \$5,000 (as indexed).

#### **INCREASED DEFERRAL AND CATCH-UP CONTRIBUTION LIMITS**

Increases the annual deferral limit to 110% of the 2024 SIMPLE IRA plan limit (as indexed) and the catch-up contribution limit at age 50 to 110% of the 2024 SIMPLE IRA plan limit (as indexed) in the case of an employer with no more than 25 employees. Employers with 26 to 100 employees are permitted to provide these higher

deferral limits, provided that the employer either provides a 4 % matching contribution or a 3% employer non-elective contribution.

Increased limits only apply to eligible employers if they have not maintained another retirement plan during the 3-year period before offering the SIMPLE IRA plan. An election to apply the increased limits remains in effect until revoked. If an employer decides to not offer the increased limits for a future year, they must take written action (i.e., corporate resolution or other instrument) to revoke the election before providing the annual notice to employees.

#### **MID-YEAR TERMINATION OF AND ROLLOVER FROM SIMPLE IRA**

Employers may terminate their SIMPLE IRA plan and replace with a SIMPLE 401(k) or other safe harbor 401(k) plan at any time during the plan year provided certain conditions are met, including prorated contribution limits for the transition year. Additionally, employees may roll over amounts from the SIMPLE IRA plan after termination to the newly established plan within two years of the first contribution date to the SIMPLE IRA plan, provided certain conditions are met.

#### **EMERGENCY EXPENSE WITHDRAWAL**

Allows one penalty tax-free withdrawal from an IRA or certain qualified retirement plans during a calendar year of up to \$1,000 for “unforeseeable or immediate financial needs relating to personal or family emergency expenses” (“emergency personal expense distribution”). Such withdrawal may be repaid within the three-year repayment period (which begins the day after such withdrawal). No subsequent withdrawals made during the three calendar years immediately following the calendar year of an emergency personal expense distribution (first distribution) may be treated as an emergency personal expense distribution, unless the first distribution is repaid during the three-year repayment period.

#### **DISTRIBUTION TO A DOMESTIC ABUSE VICTIM**

Allows a domestic abuse victim to take certain penalty tax-free withdrawals up to the lesser of (i) \$10,000 (indexed for inflation), or (ii) 50% of their IRA or vested account value under certain qualified retirement plans with the option to repay such amounts within a three-year timeframe.

### **Provision effective beginning in 2025 –**

#### **INCREASED CATCH-UP CONTRIBUTION LIMITS FOR AGES 60 – 63**

Effective for 2025, the catch-up limit for SIMPLE participants who have attained age 60, 61, 62, 63 is increased to 150% of the limit in effect for those age 50 and older in 2025.



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

**JAN 27 2010**

Morgan Stanley Smith Barney LLC  
2000 Westchester Avenue  
Purchase, New York 10577

Employer Identification Number: 26-4310844

Ladies and Gentlemen:

In a letter dated October 1, 2009, and as supplemented by letters dated November 30, 2009, and January 4 and 8, 2010, your authorized representative requested a written Notice of Approval that Morgan Stanley Smith Barney LLC may act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 and accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive or non-passive nonbank custodian of eligible deferred compensation plans described in section 457(b).

Section 220(d)(1)(B) of the Code (dealing with Archer MSAs (medical savings accounts)) provides, in pertinent part, that the trustee of a medical savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Q & A-10 of Notice 96-53, 1996-2 C.B. 219 provides, in pertinent part, that persons other than banks, insurance companies, or previously approved IRA trustees or custodians may request approval to be a trustee or custodian in accordance with the procedures set forth in section 1.408-2(e) of the Income Tax Regulations.

Section 223(d)(1)(B) of the Code provides, in pertinent part, that the trustee of a health savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Section 223(d)(4)(E) provides, in general, that rules similar to section 408(h) (dealing with custodial accounts) also apply to health savings accounts.

**Morgan Stanley Smith Barney LLC**

Section 401(f)(1) of the Code provides that a custodial account shall be treated as a qualified trust under this section if such custodial account would, except for the fact it is not a trust, constitute a qualified trust under this section. Section 401(f)(2) provides that the custodian must be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will hold the assets will be consistent with the requirements of section 401 of the Code. Section 401(f) also provides that in the case of a custodial account treated as a qualified trust, the person holding the assets of such account shall be treated as the trustee thereof.

Section 403(b)(7)(A) of the Code requires, in part, that for amounts paid by an employer to a custodial account to be treated as amounts contributed to an annuity contract for his employee, the custodial account must satisfy the requirements of section 401(f)(2). That section also requires, in order for the amounts paid by an employer to be treated as amounts contributed to an annuity contract for his employee, that the amounts are to be invested in regulated investment company stock to be held in the custodial account, and under the custodial account no such amounts may be paid or made available to any distributee before the employee dies, attains age 59 1/2, has a severance from employment, becomes disabled (within the meaning of section 72(m)(7)), or in the case of contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(5)(D)), encounters financial hardship.

Section 408(a)(2) of the Code requires that the trustee of an IRA be a bank (as defined in section 408(n) of the Code) or such other person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the IRA will be consistent with the requirements of section 408.

Section 408(h) of the Code provides that a custodial account shall be treated as a trust under this section if the assets of such account are held by a bank (as defined in subsection (n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an IRA described in subsection (a). Section 408(h) also provides that, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section 408A of the Code provides, in general, that a Roth IRA shall be treated in the same manner as an individual retirement plan. Section 7701(a)(37)(A) defines an individual retirement plan as an individual retirement account described in section 408.

Section 530(b)(1)(B) of the Code (dealing with Coverdell education savings accounts) requires that the trustee of such an account be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in

**Morgan Stanley Smith Barney LLC**

which that person will administer the trust will be consistent with the requirements of this section or who has so demonstrated with respect to any individual retirement plan.

Section 530(g) of the Code (dealing with Coverdell education savings accounts) provides that a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 408(n)) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which he will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an account described in subsection (b)(1). For purposes of title 26 [the Internal Revenue Code], in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section VII of Notice 98-8, 1998-1 C.B. 355 (guidance relating to the requirements applicable to eligible deferred compensation plans described in section 457(b) of the Code), provides, in pertinent part, that for purposes of the trust requirements of section 457(g)(1), a custodial account will be treated as a trust if the custodian is a bank, as described in section 408(n), or a person who meets the nonbank trustee requirements of section VIII of this notice, and the account meets the requirements of section VI of this notice, other than the requirement that it be a trust. Section VIII provides that the custodian of a custodial account may be a person other than a bank only if the person demonstrates to the satisfaction of the Commissioner that the manner in which the person will administer the custodial account will be consistent with the requirements of sections 457(g)(1) and (g)(3) of the Code. To do so, the person must demonstrate that the requirements of paragraphs (2)-(6) of section 1.408-2(e) of the regulations relating to nonbank trustees will be met.

The Income Tax Regulations at section 1.408-2(e) contain the requirements that such other person must comply with in order to act as trustee or custodian, for purposes of sections 220, 223, 401(f), 403(b)(7), 408(a)(2), 408(h), 408(q), 408A, 457(b) and 530 of the Code. One of the requirements of section 1.408-2(e) states that such person must file a written application with the Commissioner demonstrating, as set forth in that section, its ability to act as a trustee or custodian.

Based on all the information submitted to this office and all the representations made in the application, we have concluded that Morgan Stanley Smith Barney LLC meets the requirements of section 1.408-2(e) of the regulations and, therefore, is approved to act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 and accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section

**Morgan Stanley Smith Barney LLC**

530, and as a passive or non-passive nonbank custodian of eligible deferred compensation plans described in section 457(b).

This Notice of Approval authorizes Morgan Stanley Smith Barney LLC to act as a passive or non-passive nonbank custodian. When Morgan Stanley Smith Barney LLC acts as a passive nonbank custodian (within the meaning of section 1.408-2(e)(6)(i)(A) of the regulations), it is authorized only to acquire and hold particular investments specified by the custodial agreement. It may not act as a passive custodian if under the written custodial agreement it has discretion to direct investments of the custodial funds.

This Notice of Approval authorizes Morgan Stanley Smith Barney LLC to pool the accounts for which it acts as a non-passive custodian in a common investment fund within the meaning of section 1.408-2(e)(5)(viii)(C) of the regulations. Morgan Stanley Smith Barney LLC may not act as a custodian unless it undertakes to act only under custodial agreements that contain a provision to the effect that the grantor is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because Morgan Stanley Smith Barney LLC has failed to comply with the requirements of section 1.408-2(e) of the regulations or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations. For example, one such form is Form 990-T for IRAs that have \$1000 or more of unrelated business taxable income that is subject to tax by section 511(b)(1) of the Code.

Morgan Stanley Smith Barney LLC is required to notify the Commissioner of Internal Revenue, Attn: SE:T:EP:RA, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change which affects the continuing accuracy of any representations made in its application. Further, the continued approval of Morgan Stanley Smith Barney LLC to act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 and accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive or non-passive nonbank custodian of eligible deferred compensation plans described in section 457(b) is contingent upon the continued satisfaction of the criteria set forth in section 1.408-2(e) of the regulations.

This Notice of Approval is not transferable to any other entity. An entity that is a member of a controlled group of corporations, within the meaning of section 1563(a) of the Code, may not rely on a Notice of Approval issued to another member of the same controlled group. Furthermore, any entity that goes through an acquisition, merger, consolidation or other type of reorganization may not necessarily be able to rely on the Notice of Approval issued to such entity prior to the acquisition, merger, consolidation or

**Morgan Stanley Smith Barney LLC**

other type of reorganization. Such entity may have to apply for a new Notice of Approval in accordance with section 1.408-2(e) of the regulations.

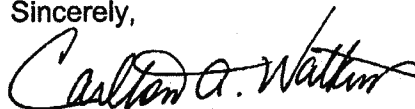
This Notice of Approval constitutes a notice that Morgan Stanley Smith Barney LLC may act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 and accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive or non-passive nonbank custodian of eligible deferred compensation plans described in section 457(b) and does not bear upon its capacity to act as a custodian under any other applicable law. This is not an endorsement of any investment. The Internal Revenue Service does not review or approve investments.

This Notice of Approval is effective as of the date of this notice and will remain in effect until withdrawn by Morgan Stanley Smith Barney LLC or revoked by the Service. This Notice of Approval does not authorize Morgan Stanley Smith Barney LLC to accept any fiduciary account before this notice becomes effective.

In accordance with the power of attorney on file in this office, a copy of this notice is being sent to your authorized representative.

If you have any questions, please contact Mr. Ernest L. Tichenor (Badge No. 50-37980) at (202) 283-9571.

Sincerely,



Carlton A. Watkins, Manager  
Employee Plans Technical Group 1



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Plan Name: Roth IRA Custodial Account 004  
FFN: 50116610000-004 Case: 201100257 EIN: 26-4310844  
Letter Serial No: M100795e

MORGAN STANLEY SMITH BARNEY LLC  
2000 WESTCHESTER AVENUE  
PURCHASE, NY 10577

Contact Person:  
Ms. Roslynn B. Perry  
Telephone Number:  
(202) 283-9624  
In Reference To: SE:T:EP:RA  
Date: 07/12/2011

Dear Applicant:

In our opinion, the amendment to the form of the prototype trust, custodial account or annuity contract/endorsement identified above does not adversely affect its acceptability for use as a Roth IRA under section 408A of the Internal Revenue Code, as amended through the Small Business Jobs Act of 2010.

Each individual who adopts this approved prototype will be considered to have a Roth IRA that satisfies the requirements of Code section 408A, provided the individual follows the terms of the approved prototype document, does not engage in certain transactions specified in Code section 408(e), and, if the Roth IRA is a trust or custodial account, the trustee or custodian is a bank within the meaning of Code section 408(n) or has been approved by the Internal Revenue Service pursuant to Code section 408(a)(2).

Code section 408(i) and related regulations require that the trustee, custodian or issuer of a contract provide a disclosure statement to each adopting individual as specified in the regulations. Publication 590, Individual Retirement Arrangements (IRAs), gives information about the items to be disclosed. The trustee, custodian or issuer of a contract is also required to provide each adopting individual with annual reports of all transactions related to the IRA.

The Internal Revenue Service has not evaluated the merits of this IRA and does not guarantee contributions or investments made under the IRA. Furthermore, this letter does not express any opinion as to the applicability of Code section 4975, regarding prohibited transactions.

This prototype IRA may have to be amended to include or revise provisions in order to comply with future changes in the law or regulations.

If you have any questions concerning IRS processing of this case, call us at the above telephone number. Please refer to the File Folder Number (FFN) shown in the heading of this letter. Please provide those adopting this prototype with your telephone number, and advise them to contact your office if they have any questions about the operation of their IRA. Please provide a copy of this letter to each adopting individual.

You should keep this letter as a permanent record. Please notify us if you terminate sponsorship of this prototype IRA.

MORGAN STANLEY SMITH BARNEY LLC  
FFN: 50116610000-004  
Page: 2

Sincerely Yours,

A handwritten signature in black ink, appearing to read "A. E. Zuckerman", with a horizontal line extending to the right.

Andrew E. Zuckerman  
Director, Employee Plans Rulings and Agreements



# Morgan Stanley

## Choosing to Move Your Retirement Account

When you transfer to a Morgan Stanley retirement account, the transfer may be based on a recommendation from your Morgan Stanley Financial Advisor/Private Wealth Advisor or Team. To the extent such a recommendation is made, the transfer was recommended by your Morgan Stanley Financial Advisor/Private Wealth Advisor or Team as in your best interest based on consideration of required factors, including the costs associated with any non-transferable assets, and for one of the following reasons:

- Access to Morgan Stanley investment platform and services and tools
- Access to Morgan Stanley investment research and insights
- Opportunity to receive guidance from a Morgan Stanley Financial Advisor/Private Wealth Advisor or Team and, where applicable, further consolidate assets with Morgan Stanley.

If Morgan Stanley provides “investment advice” as defined under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and/or section 4975 of the Internal Revenue Code of 1986 (the “Code”) (collectively, the “Retirement Laws”) regarding a Retirement Account<sup>1</sup>, Morgan Stanley is a “fiduciary” under the Retirement Laws. For more information regarding Morgan Stanley’s role with respect to a Retirement Account, please visit [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol).

Morgan Stanley acts as a “fiduciary” under the Retirement Laws when we provide a recommendation to you concerning a rollover or transfer of your retirement assets to a Morgan Stanley Retirement Account.

To learn more about the relationship between you and Morgan Stanley, please see our Client Relationship Summary and Important Account Information booklet at [www.morganstanley.com/disclosures/account-disclosures](http://www.morganstanley.com/disclosures/account-disclosures).

---

<sup>1</sup> Retirement Account means any Individual Retirement Account (“IRA”), Roth IRA, Health Savings Account, Coverdell Education Savings Account, Archer Medical Savings Account, a Plan covered by ERISA, or a plan described in section 4975(e)(1)(A) of the Code.

Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.