

## Electronic Delivery of Documents

By tapping or clicking the "Agree" button below, you agree that you accept electronic delivery, of the following documents as well as the Roth IRA Custodial Account Agreement, which includes the Disclosure Statement and that you have received, carefully reviewed and agree to the terms of each and will retain copies for your records:

- [Form CRS \(Customer Relationship Summary\)](#)
- [RHF-RHS Customer Agreement](#)
- [RHS Nonbank Custodian IRS Approval Letter](#)
- [Match Terms & Conditions](#)
- [Distribution Terms & Conditions](#)
- [Robinhood Terms & Conditions](#)
- [RHF Use and Risk Disclosures](#), [RHF Business Continuity Plan Summary](#), and [FINRA Public Disclosure Program](#)
- [Robinhood Privacy Policy](#) and [Financial Privacy Notice](#)

The documents listed above, in addition to the Account Terms and Conditions, below, constitute the "Application Agreement." Capitalized, undefined terms in this Application Agreement have the meaning given in the RHF-RHS Customer Agreement.

## Account Terms and Conditions

### **You represent and warrant that:**

- You are the person identified in this Account Application, and all of the information you have provided in this Account Application is accurate; Robinhood can rely on such information; and you agree to notify Robinhood promptly regarding any change in such information.

### **You agree that:**

- You consent to electronic delivery of all future brokerage account information as described in the RHF-RHS Customer Agreement.
- You understand that Robinhood will supply your name to issuers of any securities held in your Account so that you might receive any important information from the issuers regarding the securities, unless you notify Robinhood in writing not to do so by sending an email to support@robinhood.com with "Rule 14b-1(c) objection" in the subject.
- You authorize Robinhood to verify, and re-verify as necessary, all information provided in this Account Application to comply with our regulatory obligations.
- Tapping or clicking the "Agree" button below is equivalent to your written signature, and you understand that you are entering into legal agreements.

# **Roth IRA Custodial Account Agreement**

**Form 5305-RA (Revised April 2017) under section 408A of the Internal Revenue Code (the “Code”)**

**The Depositor is establishing a Roth Individual Retirement Account (IRA) under section 408A to provide for his or her retirement and for the support of his or her Beneficiaries after death.**

**Robinhood Securities LLC (the “Custodian” or “RHS”) has given the Depositor the Disclosure Statement required under Regulations section 1.408-6.**

**The Depositor and the Custodian make the following Agreement:**

## **Article I**

Except in the case of a qualified rollover contribution described in section 408A(e) or a recharacterized contribution described in section 408A(d)(6), the Custodian will accept only cash contributions up to \$5,500 per year for 2013 through 2017. For individuals who have reached the age of 50 by the end of the year, the contribution limit is increased to \$6,500 per year for 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

## **Article II**

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a grantor who is single or treated as single, the annual contribution is phased out between adjusted gross income (AGI) of \$118,000 and \$133,000; for a married grantor filing jointly, between AGI of \$186,000 and \$196,000; and for a married grantor filing separately, between AGI of \$0 and \$10,000. These phase-out ranges are for 2017. For years after 2017, the phase-out ranges, except for the \$0 to \$10,000 range, will be increased to reflect a cost-of-living adjustment, if any. Adjusted gross income is defined in section 408A(c)(3).

2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.

## **Article III**

The Depositor's interest in the balance in the Custodial Account is nonforfeitable.

## **Article IV**

1. No part of the Custodial Account funds may be invested in life insurance contracts, nor may the assets of the Custodial Account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).

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

#### Article V

1. If the Depositor dies before his or her entire interest is distributed to him or her and the Depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with paragraph (a) below or, if elected or there is no designated beneficiary, in accordance with paragraph (b) below:

(a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the Depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the Depositor.

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

2. The minimum amount that must be distributed each year under paragraph 1(a) above is the account value at the close of business on December 31 of the preceding year divided by the life expectancy [in the single life table in Regulations section 1.401(a) (9)-9] of the designated beneficiary using the attained age of the beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.

3. If the Depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the Depositor.

#### Article VI

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), Regulations sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (IRS).

2. The Custodian agrees to submit to the IRS and Depositor the reports prescribed by the IRS.

#### Article VII

Notwithstanding any other articles, which may be added or incorporated, the provisions of Articles I through IV and this sentence will be controlling. Any additional articles inconsistent with section 408A, the related regulations, and other published guidance will be invalid.

#### Article VIII

This Agreement will be amended as necessary to comply with the provisions of the Code and the related regulations, and other published guidance. Other amendments may be made with the consent of the persons whose signatures appear on the Application.

#### Article IX

##### Definitions

“Account” or “Custodial Account” shall mean the Roth individual retirement custodial account (“Roth IRA” or “IRA”) established hereunder for the benefit of the Depositor and/or his or her Beneficiary or Beneficiaries.

“Agreement” shall mean this Roth IRA Custodial Agreement and Disclosure Statement, including the information and provisions set forth in any Application that goes with this Agreement, as may be amended from time to time.

“Application” shall mean the process by which the Account is established by the agreement between the Investor and the Custodian, including any information provided by the Investor.

“Beneficiary” shall mean the person, persons or estate designated by you to receive benefit by reason of your death or the person or estate described in Article VIII, section 5(c) of the Agreement who would otherwise be entitled to receive such benefit.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Custodian” shall mean Robinhood Securities, LLC, who has the approval of the IRS to act as non-bank custodian and is a trustee to your fiduciary Account.

“Depositor” or “Investor” shall mean the person who establishes the Account.

“Introducing Broker” shall mean Robinhood Financial, LLC (“RHF”), which is the broker-dealer that introduces you to the Custodian.

In this Agreement and associated Disclosure Statement, the words “we,” “us,” and “our” mean the Custodian. The words “you” and “your” mean the Depositor who establishes the Custodial Account.

*2. Notices and Change of Address.* Any required notice regarding this Account will be considered effective when we mail or electronically communicate to you. Any notice to be given

to us will be effective when actually received by us. Your last address on our records will be the address used for any notifications, tax withholding, disbursement, and reporting required by taxing authorities. You will notify us of any change of address.

*3. Representations and Responsibilities.* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, if we receive ambiguous directions regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We will not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for any penalties, taxes, judgments, or expenses you incur in connection with your IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings, or this Agreement. Our duties and responsibilities under this Agreement are limited to those specifically stated in the Agreement, and no further duties or responsibilities shall be implied.

You will have 60 days after you receive any documents, statements, or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements, or other information. If you do not notify us within 60 days, the documents, statements, or other information will be deemed correct and accurate, and we will have no further liability or obligation for such documents, statements, other information, or the transactions described therein.

By performing services under this Agreement we are acting as your agent. You acknowledge and agree that nothing in this Agreement will be construed as conferring investment advice fiduciary status upon us or the Introducing Broker. We will not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the regulations promulgated thereunder with respect to IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs, and expenses, including attorney's fees arising from or in connection with this Agreement.

To the extent written instructions or notices are required under this Agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations including, but not limited to, electronic communication. You agree that neither we nor our Introducing Broker made any recommendation or call to action that you open this Account or that you transfer or rollover assets into this Account.

*4. Investments and Contributions.*

- a. **Direction by Investor.** You have exclusive responsibility for and control over the investment of the assets of your IRA. All of your investment instructions shall be accepted by us in accordance with our established policies and procedures, subject to any and all restrictions or limitations, direct or indirect, that are imposed by any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed. Such direction shall be limited to investments to the extent that they are obtainable through and subject to our custody in our regular course of business. In the absence of such directions, we shall have no investment responsibility. We reserve the right not to accept assets intended for deposit to the Account and may at any time require liquidation or transfer of any asset held in the Account if we determine that maintaining custody of any such asset is not in accordance with our administrative or operational requirements and regular business practices. You understand that we shall attribute earnings only to assets held in the Account while in our custody. You understand that the income from, and gain or loss on, each investment you select for the Account will affect the value of the Account, and that the growth in value of the Account cannot be guaranteed or projected.
- b. **Direction by Beneficiary.** After your death, your beneficiaries will have the right to direct the investment of your IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement. Upon notification of your death, the Account may be divided into separate shares for each Beneficiary who is entitled to receive a share of your Account, and each Beneficiary's share will be transferred into a separate Account. This permits each Beneficiary to provide investment and distribution directions as to his or her share of the Account. The transfer to separate Account(s) does not create a taxable event for the Beneficiary(ies). In such event, except as otherwise provided in this Agreement or by applicable law or regulations, all rights, duties, obligations and responsibilities of the Investor under the Agreement will extend to the Beneficiary(ies) following the death of the Investor. If a transfer upon your death is payable to a Beneficiary known by us to be a minor or under a legal disability, we may in our sole discretion take instruction from the parent, guardian, conservator, or other legal representative of such minor or legally disabled person.
- c. **No Duty to Review.** We will have no discretion to direct any investment in your IRA. We assume no responsibility for rendering investment advice with respect to your IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your IRA. The only exception is that, upon your request, we may make a point-in-time recommendation to you of a specific security or securities, though you will be ultimately responsible for deciding whether to execute any such recommendation.
- d. **In the absence of instructions from you, or if your instructions are not in a form acceptable to us, you acknowledge and agree any uninvested amounts shall be deemed to be directed by you to be invested in non-interest bearing cash in accordance with this**

Section 4, and we will have no responsibility to invest such uninvested cash unless and until subsequently directed by you. We will not be liable for any losses that may result by reason of investments made by us in accordance with your directions. Nor shall we be liable for any potential missed earnings or gains associated with such uninvested cash balances. You agree that Robinhood will retain as compensation for services any interest earned on cash balances of (1) assets awaiting investment or (2) assets pending distribution from your Account. Such interest retained by Robinhood shall generally be at money market rates. By opening and maintaining the Account, you authorize Robinhood to borrow any of your uninvested cash. You agree that Robinhood may borrow this uninvested cash for no interest because if Robinhood were not permitted to retain all income/earnings on the uninvested cash, Robinhood would charge an additional fee, directly or indirectly, for IRA-related services, and that this constitutes adequate consideration.

- e. As described in Section 22 of the Robinhood Financial and Robinhood Securities Customer Agreement, Robinhood may facilitate the holding or trading of a fraction of a share of a security ("Fractional Shares") in your Account. Robinhood will act to promptly execute orders for an immediate fill. When a dollar-based order is placed for a security, Robinhood fills any Fractional Shares out of inventory, and the price for the Fractional Shares will be as follows. For an order placed during market hours for a security listed on a national exchange: (i) the price at which any whole shares to fill the order are purchased or sold on an exchange, or (ii) if the order is for an amount that is lower than the price of a share, the price at which a whole share would be purchased or sold on an exchange if the order had been for a whole share. For an order placed during extended hours for a security listed on a national exchange, or for a security not listed on a national exchange: (i) the price at which any whole shares to fill the order are purchased or sold in an over-the-counter transaction, or (ii) if the order is for an amount that is lower than the price of a share, the price quoted by a vendor that Robinhood uses to price such securities.

## *5. Distributions*

- a. **Distribution Request.** You may distribute all or part of your Account balance at any time. All requests for distribution shall be in a form and manner provided by or acceptable to us. Any distribution shall be subject to all applicable tax and other laws and regulations including possible early withdrawal penalties and withholding requirements. We shall have no duty to ascertain whether any payment or distribution as directed by you is proper under the provisions of the Code, this Agreement, or otherwise. We shall not be responsible for the purpose, sufficiency, or propriety of any distribution. We are only authorized to make distributions in accordance with instructions of the Investor, or after the Investor's death, of their Beneficiary, or as otherwise provided for in this Agreement. Such instructions must be given in a form and manner acceptable to us.

- b. **Required Distributions.** You are not required to take a distribution from your Roth IRA during your lifetime. At your death, however, your beneficiaries must begin taking distributions as prescribed by the Internal Revenue Code and regulations. If your surviving spouse is the designated beneficiary, your spouse may elect to treat your Roth IRA as his or her own Roth IRA, and would not be subject to the required minimum distribution rules. Your surviving spouse will also be entitled to such additional beneficiary payment options as are granted under the Code or applicable regulations.
- c. **Beneficiary Designation and Distributions.** You may designate a Beneficiary or Beneficiaries of the Account at any time and any such designation may be changed or revoked at any time, executed by you in a form and manner prescribed by, and filed with, us. You must provide complete information including the Beneficiary's name, date of birth, and email address. You may not designate a contingent, unborn, or successor beneficiary. These designations will remain in effect until changed or canceled by You. Such designation, change, or revocation shall be effective only upon receipt and acceptance by us and only if such receipt shall be during your lifetime. The latest such accepted designation, change, or revocation shall control. If you are married and live, or have lived, in a state with community property statutes and do not designate your spouse as the sole beneficiary, you represent and warrant that your spouse has consented to such designation. A Beneficiary designation will NOT automatically be revoked or modified due to the Investor's divorce, legal separation, annulment or other dissolution of marriage, depending on the laws of any given state. We reserve the right to limit the designation of Beneficiaries to only those that we can operationally support, and beneficiaries must be at least 18 years old, a U.S. Citizen, and of legal age under the laws of the jurisdiction where they reside. We will treat an ineligible Beneficiary as though they predeceased You, and the IRA assets shall be equally divided among the surviving Beneficiaries to the extent possible, or shall pass to Your surviving spouse (if any) or Your estate if no surviving spouse. Examples of Beneficiary designations that may not be available to you are Trusts, Charities, foreign individuals, and minor individuals who have not attained the age of majority. You may request additional information concerning the Custodian's beneficiary policies and procedures from the Custodian.

If we determine that the Beneficiary designation is not clear with respect to the amount of distribution, or the identity of the party who should receive the distribution, we shall have the right, in our sole discretion, to consult counsel and to institute legal proceedings to determine the proper distribution of the Account, all at the expense of the Account, before distributing or transferring the Account. Should we receive notice of your death, we have no obligation to (a) verify your death or your marital status at the time of death, (b) locate the Beneficiary, (c) notify any person of the transfer of any of the IRA Assets, or (d) independently verify any information submitted. It is the Beneficiary's responsibility to initiate transfer of the IRA assets and we are not expressly not liable for any loss that could occur following your death and prior to proof of Beneficiary's entitlement to the Account assets and the transfer thereof.



Upon your death, to the extent possible, each Beneficiary will be entitled to an equal share of the Account assets. We, in our sole discretion, shall determine the method for transferring or otherwise administering all assets in your Account or payments (ie. dividends) received into your Account. We reserve the right to liquidate securities, including fractional shares (if any) and close out Options contracts (if any) to assist with transferring or administering your Account upon your death. We shall have no liability to any beneficiary for any loss of or fluctuation in the value of assets held in your account.

In the case of multiple Beneficiaries, if one but not all of the Beneficiaries predecease you, the predeceased Beneficiary's share of the IRA Assets shall be equally divided among the surviving beneficiaries to the extent possible. When securities cannot be evenly distributed, such securities will be liquidated and any proceeds from the liquidation will be distributed in equal percentages to the named Beneficiaries. If all Beneficiaries have predeceased You, the IRA Assets shall pass to Your surviving spouse (if any) or Your estate if no surviving spouse. Only beneficiaries identified by name will share in the account assets. Per Stirpes distributions are not permitted. Any Beneficiary who does not survive You by 120 hours will be considered to have passed before you. If no designated Beneficiary survives you, or if you not designate an eligible Beneficiary, the full value of the IRA will be paid to Your surviving spouse (if any) or Your estate if no surviving spouse. Except as otherwise provided in this Agreement or by applicable law or regulations, all rights, duties, obligations and responsibilities of the Investor under the Agreement will extend to spouse and non spouse Beneficiary(ies) following the death of the Investor. We reserve the right to take the steps we deem appropriate in validating Beneficiary(ies) after your death.

- d. Account Only Source of Benefits. The only source of benefit for the Investor, or Beneficiary(ies) of this Roth IRA shall be the Account.
- e. We do not provide tax, estate planning, or legal advice, and Robinhood encourages you to consult with an attorney and review the relevant state and federal laws concerning the impact of a beneficiary designation on your estate and the distribution of your property after death.
- f. Consequences of Distribution. You warrant that you have read and understand the consequences of distribution as outlined in the      Distribution Terms & Conditions.

6. *Transfers.* We shall transfer the Account balance in accordance with your instructions and in accordance with this Agreement. You authorize us to retain such sums we may deem necessary for payment of all fees and any expenses, including, but not limited to, account termination/ACAT out fees. The balance of any such reserve remaining after the payment of the above items shall be transferred upon satisfaction of any such charge. We shall have no duty to ascertain whether any payment, distribution, or transfer as directed by the Investor is proper

under the provisions of the Code, this Agreement, or otherwise. We reserve the right not to accept any transfer or direct rollover.

#### *7. Powers, Duties, and Obligations of the Custodian*

- a. **No Investment Discretion.** We shall have no discretion to direct any investments of the Account and we are merely authorized to acquire and hold the particular contributions and corresponding investments specified by you. We will not act as investment adviser or counselor to you and will not advise you or offer any opinion or judgment on any matter pertaining to the nature, value, potential value, or best-interest of any investment or potential investment by you, with the exception that, upon your request, the Introducing Broker may make a point-in-time recommendation to you of an asset allocation of specific securities, though you will be ultimately responsible for deciding whether to execute any such recommendation.
- b. **Proxies.** All proxy and solicitation materials, notices of shareholders' meetings, current prospectuses, and other annual or regular shareholder reports shall, to the extent furnished to us by the issuers of the securities in the Account, be sent by us or our delegate to you.
- c. **Records and Reports.** We shall keep accurate records of all contributions, receipts, investments, distributions, disbursements, and all other transactions of the Account. Within 120 days (or such other deadline imposed by applicable law) after the close of each calendar year (or after a distribution or transfer of your Account or upon the our resignation or removal), we shall file with you a written report (which may consist of copies of our regularly issued Account statements) reflecting all transactions affecting the Account for the period in question and including a statement of the assets in the Account and their fair market values.
- d. **Right to Request Judicial Assistance.** We shall have the right at any time to apply to a court of competent jurisdiction for judicial settlement of our accounts or for determination of any questions of construction, which may arise, or for instructions. The only necessary party defendant to any such action shall be you, but we may join any other person or persons as a party defendant. The cost, including attorney's fees, of any such proceeding shall be charged as an administrative expense.
- e. **Scope of Custodian's Duties.** We shall only have the duties, which are specifically set forth in this Agreement. We shall have no duty to ascertain whether contributions or distributions comply with the Agreement or the Code. We shall not question any such directions of the Investor, review any securities or other property held in the Account, or make suggestions to you with respect to the investment, retention, or disposition of any assets held in the Account.

- f. **Scope of Custodian's Liability.** We shall not be liable for any loss of any kind that may result from any action taken by us in accordance with your directions, or directions from your Beneficiary or Beneficiaries. We shall not be responsible for determining whether any contribution or rollover contribution satisfies the requirements of the Code. We shall not be liable for any taxes (or interest thereon) or penalties incurred by you, or your Beneficiary or Beneficiaries in connection with the Account or in connection with any contribution to or distribution from the Account. We are not liable for any losses directly or indirectly caused by force majeure, exchange, or market decisions, including the suspension of trading, market volatility, trade volume, or by government restriction. You shall duly indemnify and hold us harmless from any liability, which may arise hereunder, except liability arising from our gross negligence or willful misconduct.

#### *8. Resignation or Removal of Custodian*

- a. **Resignation.** We may resign as Custodian of this Account, or any asset held in the Account, by delivering notice to the Investor 30 days prior to the resignation. Upon our resignation, we may, but shall not be required to, appoint a corporation or other organization as the successor custodian or trustee under this Agreement. We are authorized to reserve such amounts as we deem advisable to provide for the payment of expenses and fees then due or to be incurred in connection with the settlement of our account, and any balance remaining after the settlement of our account shall be paid to the successor custodian or trustee. We shall not be liable for the acts or omissions of our successor.
- b. **Removal.** The Investor shall substitute another custodian or trustee in place of the Custodian upon notification by the IRS that such substitution is required because the Custodian has failed to comply with the requirement of Treasury Regulation section 1.408-2(e), or is not keeping such records, or making such returns, or rendering such statements as are required by that regulation.

#### *9. Amendment and Termination of the Account*

- a. **Amendment.** We may amend this Agreement at any time to comply with legal and regulatory changes and to modify the Agreement as we determine advisable. The amendment will be effective on the date specified in the notice of the amendment provided to you. At your discretion, you may direct that the Custodial Account be transferred to another trustee or custodian, less any applicable fees. We will not be liable for any losses for any actions or inactions of any successor trustee or custodian.
  - (i) **Notification of Amendment.** We may provide notice of any amendments to this Account by notifying you of such amendment, and posting the amended language and any restated documents, if applicable, on our website. You consent to the electronic delivery of the applicable notices and confirm that you

are capable of accessing websites. You may request a written copy of any amendments or any restated documents, if applicable, from the Custodian.

- b. Termination. The Account may be terminated for any reason by us. If the Account is terminated by us, the balance held in each Account for the benefit of an Investor, or Beneficiary or Beneficiaries shall be distributed by us, in accordance with the Agreement.

#### 10. *Promotions*

- (a) From time to time, we or our affiliates may offer promotions in connection with your Account. These promotions are governed by the Terms & Conditions for any given promotion, and you consent to these terms & conditions by entering or fulfilling any given promotion. One such promotion is the [Robinhood IRA Contribution Match](#), which is governed by these Terms & Conditions.

#### 11. *Miscellaneous*

- a. Taxes. Any taxes that may be levied or assessed upon the Account or that the Custodian may otherwise be charged with the responsibility of collecting or remitting shall be paid from the assets of the Account involved. If required, the Custodian is authorized to file the IRS Form 990- T for the Account, and any related tax forms including, but not limited to requests for extension, in the event that an investment(s) in the Account causes the Account to realize unrelated business taxable income within the meaning of the Code. The Custodian shall have the right to retain tax or other professionals to assist in the preparation and filing of any such tax forms, and may charge a fee to the Account for such services. If there is sufficient cash, the Custodian is authorized to pay the full amount of any tax liability, interest, fees or penalties. If there is insufficient cash, you are responsible for the liquidation of assets in the Account for purposes of paying the applicable tax, interest, fees or penalties. The Custodian is not financially responsible for the tax obligations of the Account.
- a. Indebtedness. You shall pay any debit balance or other obligation owing to us on demand. We reserve the right to liquidate positions to cover any debit balance or obligation at any time without notice.
- b. Prohibition Against Assignment of Benefits. Except to the extent otherwise required by law, none of the benefits, payments, or proceeds held in the Account on behalf of any Investor, or Beneficiary shall be subject to the claims of any creditor of such Investor, or Beneficiary, nor shall any Investor, or Beneficiary, have any right to anticipate, sell, pledge, option, encumber, or assign any of the benefits, payments, or proceeds to which he or she is or may be entitled under the Agreement.

- c. Liquidation of Assets. If we must liquidate assets in order to make distributions, transfer assets, or pay fees, expenses, or taxes assessed against the Account, and you fail to instruct us as to the liquidation of such assets, assets may be liquidated in the following order to the extent held in the Account: (1) securities, starting with largest position, (2) other assets. We shall not be liable for any losses arising out of or as a result of assets liquidated in accordance with the provisions of this Agreement.
- d. Purpose of Form. Form 5305-RA is a model Custodial Account Agreement that meets the requirements of section 408A of the Code and has been automatically approved by the IRS. A Roth individual retirement account (Roth IRA) is established after the Application is fully executed by the Investor and entered in the records of the Custodian. This Account must be created in the United States for the exclusive benefit of the Investor or his or her Beneficiary or Beneficiaries.

Unlike contributions to Traditional individual retirement arrangements, contributions to a Roth IRA are not deductible from the Investor's gross income; and distributions after 5 years that are made when the Investor is 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the Custodian must give the Investor, see Pub. 590-A, Contributions to Individual Retirement Arrangement (IRAs) and Pub. 590-B, Distributions from to Individual Retirement Arrangement (IRAs).

- e. Identifying Number. The Investor's Social Security number will serve as the identification number of their Custodial Account.
- f. Contributions for Nonworking Spouse. Contributions to a Custodial Account for a nonworking spouse must be made to a separate Custodial Account established by the nonworking spouse.
- g. Applicable Law. The validity, effect and interpretation of this Agreement and the administration thereof shall be governed by the laws of the State of California.

#### 11. *Specific Instructions*

- a. In regards to Article I of this Agreement, the Investor may be subject to a 6% tax on excess contributions if (1) contributions to other individual retirement arrangements of the Investor have been made for the same tax year, (2) the Investor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or (3) the Investor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year. The Investor should see the disclosure statement Pub. 590-A, Contributions to Individual Retirement Arrangement (IRAs) and Pub. 590-B, Distributions from to Individual Retirement Arrangement (IRAs) for more information.

- b. Article V of the Agreement describes how distributions will be made from the Roth IRA after the Investor's death. Elections made pursuant to this article should be reviewed periodically to ensure they correspond to the Investor's intent. Under paragraph 3 of Article V, the Investor's spouse is treated as the owner of the Roth IRA upon the death of the Investor, rather than as the Beneficiary, however, an overriding provision has been added to Article IX, so that a spouse may be treated as the Beneficiary, and not the owner.

## 12. *Arbitration*

- a. This Agreement contains a pre-dispute arbitration clause. By signing an arbitration agreement, the parties agree as follows: (1) All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed. (2) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited. (3) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings. (4) The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date. (5) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry. (6) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court. (7) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.
- b. Any controversy or claim arising out of or relating to this Agreement, any other agreement between you and Robinhood, any Account established hereunder, any transaction therein, shall be settled by arbitration before FINRA Dispute Resolution, Inc. ("FINRA DR") in accordance with the rules of FINRA DR.
- c. If you are a foreign national, non-resident alien, or if you do not reside in the United States, you agree to waive your right to file an action against Robinhood in any foreign venue.
- d. No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (1) the class certification is denied; or (2) the class is decertified; or (3) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

## **Roth IRA Disclosure Statement**

Robinhood Securities, LLC (“RHS”) is the custodian for your Individual Retirement Account. RHS and its affiliates may be referred to as “we,” “us,” “our,” or “Custodian” in this Disclosure Statement. The custodian of a Roth Individual Retirement Account (“Roth IRA”) must be a bank or an entity meeting standards established by the Secretary of the Treasury. RHS has been approved by the Internal Revenue Service (“IRS”) to act as the custodian of your Roth IRA. Please note that the rules regarding Roth IRAs are subject to frequent change based on a variety of regulatory and legislative processes. Before entering into any major transaction involving your Roth IRA, you should make sure that you have the most current information available. We don’t provide estate planning, legal, or tax advice, so please discuss estate, legal or tax questions with your financial advisor, attorney or tax advisor.

You may obtain further information on Roth IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590A and 590B (Publication 590) Individual Retirement Arrangements (IRAs) at [www.irs.gov](http://www.irs.gov).

### **1. Revocation**

You may revoke your RHS Roth IRA at any time within seven (7) days after it is established by mailing or delivering a request for revocation, in a form and manner acceptable to the RHS, to Robinhood Securities: Attn Retirement Services - 500 Colonial Center Parkway, Suite 100, Lake Mary, FL 32746.

You will be deemed to have received this Disclosure Statement unless a request to receive this information is made to RHS at this location within seven (7) calendar days following acceptance by or on behalf of the Custodian of your IRA as evidenced by notification to you. Upon revocation, you will receive a full refund of your initial contribution (or transfer of assets as applicable), including sales commissions (if any) and/or administrative fees.

### **2. Requirements of a Roth IRA**

- a. Cash Contributions. Your contribution to your IRA must be in cash, unless it is a rollover, transfer, or conversion contribution.
- b. Contribution Eligibility. Regardless of your age, you may contribute to a Roth IRA if you (or, if you file a joint tax return, your spouse) received compensation during the year and if your modified adjusted gross income (“MAGI”) does not exceed the allowable limit of \$214,000 (for 2022) or \$228,000 (for 2023) if you are a married individual filing a joint income tax return, or \$144,000 (for 2022) or \$153,000 (for 2023) if you are a single individual. The MAGI limits listed above will be increased annually to reflect a cost-of-living adjustment, if any. You are responsible for determining your eligibility to make Roth IRA contributions. If you are a married individual who files a separate return, your MAGI must not exceed

\$10,000. For more information on determining your eligibility to contribute to a Roth IRA, consult your tax advisor, instructions to Form 1040 and/or IRS Publication 590-A.

- c. **Contribution Limits.** The maximum amount that may be contributed to a Roth IRA annually is generally \$6,000 for tax year 2022 and \$6,500 for 2023. These amounts may increase for years thereafter for cost-of-living adjustments, when applicable. If you are age 50 or older before the end of the tax year and are eligible for a catch-up contribution, then an additional \$1,000 may generally be contributed. This maximum Roth IRA contribution amount, however, may be reduced if your modified adjusted gross income ("MAGI") exceeds the allowable limit of \$204,000 (for 2022) or \$218,000 (for 2023) if you are a married individual filing a joint income tax return, or \$129,000 (for 2022) or \$138,000 (for 2023) if you are a single individual. The MAGI limits listed above will be increased annually to reflect a cost-of-living adjustment, if any. You are responsible for determining the maximum amount that you may contribute to a Roth IRA. If you are a married person filing a separate return (who lived together with your spouse at any time during the year), the maximum Roth IRA contribution amount may be reduced if your MAGI threshold is more than zero (-\$0-). If you are not married, you may not contribute an amount in excess of your compensation, or if you are a married individual who files a joint tax return, you and your spouse may not contribute, in aggregate, an amount in excess of your combined compensation. If you have more than one Roth IRA, the amount that you may contribute to a Roth IRA as described above applies to the total amount you may contribute to all of your Roth IRAs for the year. If you also have a Traditional IRA, the maximum amount that you may contribute to all of your Roth IRAs and Traditional IRAs in aggregate is for a given tax year is \$6,000 (for tax year 2022) and \$6,500 (for 2023), not to exceed your compensation. If you are age 50 or older before the end of the tax year and are eligible for a catch-up contribution, then an additional \$1,000 may generally be contributed, not to exceed your compensation. These amounts may increase for years thereafter for cost-of-living adjustments, when applicable. In addition, employer retirement plans may establish separate accounts to receive voluntary employee contributions. If the account meets the requirements of an IRA and you make voluntary employee contributions to that separate account, the total contribution amounts listed above are reduced by those voluntary employee contributions. For more information on determining your MAGI and the maximum amount that you may contribute to a Roth IRA, consult your tax advisor, instructions to Form 1040 and/or IRS Publication 590-A, which includes the annual MAGI thresholds.
- d. **Roth IRA Custodial Account Agreement Contribution Deadline.** Your IRA contribution for any year may be made to your IRA during the tax year and up until the due date for filing your tax return, not including extensions. For most people, the tax return due date is April 15. However, your contribution deadline may be extended past April 15 for a variety of reasons as directed by the IRS. The extension may vary depending on the circumstances. For additional information, refer to the IRS website or consult your tax advisor. You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us.



- e. Nonforfeitable. Your interest in your IRA is nonforfeitable.
- f. Commingling of Assets. The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- g. Life Insurance. No portion of your IRA may be invested in life insurance contracts.
- h. Collectibles. You may not invest the assets of your IRA in collectibles, as described in section 408(m) of the Internal Revenue Code ("Code"). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property specified by the IRS. However, specially minted United States gold and silver bullion coins and certain state-issued coins are permissible IRA investments. Platinum coins and certain gold, silver, platinum, or palladium bullion, as described in section 408(m)(3) of the Code, are also permitted as IRA investments.
- i. No Required Minimum Distributions for Roth IRA Owners. You do not have to take required minimum distributions from your Roth IRA. However, when you die, your Beneficiary(ies) must receive minimum distributions.
- J. Beneficiary Distributions for non-inherited Roth IRA owners. Any amounts remaining in your IRA at your death will be paid to your Beneficiary(ies). The rules that determine the distribution of the IRA balance after your death largely depend on whether the Beneficiary is considered an "eligible designated beneficiary."

Eligible Designated Beneficiary: An eligible designated beneficiary includes a surviving spouse, a disabled individual, a chronically ill individual, a minor child, or an individual who is not more than 10 years younger than the account owner.

Other factors that impact the beneficiary(ies) distribution requirements include your relationship to the Beneficiary (i.e., spouse, non-spouse, or other), whether you died before or after RMDs were required to begin, and if the IRA has a "designated beneficiary" as defined under federal regulations.

Designated Beneficiary: A "designated beneficiary" is a person that is a Beneficiary as of the date of your death, and has a balance in the IRA as of September 30th of the year following the year of your death.

Any person who is a Beneficiary as of the date of your death and dies during the period between the date of your death and September 30th of the year following the year of your death is also a designated beneficiary. An IRA will be treated as not having a designated beneficiary if a Beneficiary that is not a person is a Beneficiary as of the date of your death and continues to have a balance in the IRA as of September 30th of the year following the year of your death.

Generally, eligible designated beneficiaries may take their distributions over the beneficiary's life expectancy, or fully distribute the account over a 10-year period. However, minor children must still take remaining distributions within 10 years of reaching the age of majority. Additionally, a surviving spouse who is the sole beneficiary may delay the commencement of distributions until the end of the year that you would have attained age 72. If required minimum distributions had begun prior to your death, a spouse beneficiary may use the longer of their life expectancy calculation or your life expectancy calculation (reduced by one each year). Eligible designated beneficiaries must generally elect between the 10-year rule option and the life expectancy payment option by December 31 of the year following the year of your death. If life expectancy payments are elected, the payments must generally begin by December 31 of the first calendar year following the year of your death (except where the surviving spouse is the sole beneficiary, as provided above). If an eligible designated beneficiary dies before their portion of the account is entirely distributed, the remainder of such portion must be distributed within 10 years after the death of such eligible designated beneficiary.

Generally, designated beneficiaries, who are not an eligible designated beneficiary, must withdraw the entire account by the 10th calendar year following the year of your death.

Generally, non-designated beneficiaries must withdraw the entire account by the end of the 5th year following the year of your death, if RMDs had not begun prior to your death. However, if RMDs had begun prior to your death, life expectancy payments utilizing your single life expectancy calculation (reduced by one each year) may be utilized.

If your surviving spouse is the sole designated beneficiary of your IRA, he or she may elect to treat your IRA as his or her own IRA by redesignating your IRA as his or her own IRA, failing to take a required distribution as a Beneficiary, or by making a contribution. Regardless of whether your spouse is the sole designated beneficiary, your spouse may be eligible to roll distributions from your IRA into his or her own IRA within 60 days of receipt, and subject to any applicable limitations.

If your Beneficiary(ies) does not withdraw the required amount within the prescribed time frame, they may be subject to the 50% excess accumulation penalty tax on the amount that should have been withdrawn but was not distributed. The 50% excess accumulation penalty tax must be reported by filing a completed Form 5329 with the IRS along with the penalty payment.

### **3. Income Tax Consequences of Establishing a Roth IRA.**

- a. Roth IRA Contributions are Not Deductible. No deduction is allowed for Roth IRA contributions, including transfers, rollovers, and conversion contributions.
- b. Tax Credit for Contributions. You may be eligible for a tax credit, known as the Saver's Credit, for your Roth IRA contribution if you are age 18 or older, not a dependent of

another taxpayer, and not a full-time student. The maximum annual tax credit is \$1,000 (or up to \$2,000 if married, filing jointly), unless modified by Congress. If you are eligible for the credit, it will reduce your federal income tax you owe dollar for dollar. For more information on the Saver's Credit, see IRS Form 8880, Credit for Qualified Retirement Savings Contributions.

- c. **Tax-Deferred Earnings.** The investment earnings of your Roth IRA are not subject to federal income tax while they accumulate in your Roth IRA. When Roth IRA earnings are withdrawn as part of a qualified distribution, the Roth IRA earnings will be free of federal tax. If, however, a nonqualified distribution is withdrawn from the Roth IRA, the portion that represents Roth IRA earnings may be subject to taxes and penalties, if applicable.
- d. **Excess Contributions.** Any contributions to your IRA over and above the permissible limits are considered "excess contributions" subject to an annual excise tax of 6% of the amount of the excess contributions for each year in which the excess contribution remains in your IRA. You must file IRS Form 5329 with your income taxes to report and pay any penalty taxes to the IRS.
- e. **Excess Contribution Correction By Due Date of Tax Return.** Excess contributions may be corrected (so that the 6% excise tax will not apply) by withdrawing the excess contributions and related earnings, as determined by you, from the IRA on or before the due date (including extensions) for filing your federal income tax return for the year for which the contribution relates. If, however, you timely filed your federal tax return, you can still have the excess contribution and related earnings returned to you within six months of the due date of your tax return for which the contribution relates, excluding extensions. When the excess contribution is removed with the related earnings, the amount of the excess contribution will not be considered a premature distribution nor be taxed as ordinary income. However, any earnings withdrawn will be taxed as ordinary income. In addition, the 10% penalty tax generally imposed on premature distributions will apply to the withdrawal of the earnings unless you have attained the age of 59½ or meet another penalty exception. For assistance in calculating the earnings related to the excess contribution using the IRS-approved method, refer to Treasury Regulation 1.408-11, IRS Publication 590- A and your tax advisor.
- f. **Excess Contribution Correction After Due Date of Tax Return.** To correct an excess contribution after your tax filing due date (including extensions), or after your six-month extension (if you timely filed your federal tax return), you may withdraw the excess amount (no earnings need to be withdrawn.) An excess contribution withdrawn from your IRA after your tax filing due date (plus extensions), may be taxable to you unless certain conditions are met. Alternatively, if you are eligible to contribute in a subsequent year, you may correct an excess contribution amount by redesignating the amount to a subsequent tax year. To redesignate an excess contribution for a subsequent year, you must under contribute in a subsequent tax year and carry forward the original contribution on your income tax records for that subsequent tax year. Regardless of

which method (i.e., removal or redesignation) you use to correct an excess contribution amount after your tax return due date including extensions or after your six-month extension (if you timely filed your federal tax return), the 6% penalty is required for each year it remained in the IRA.

g. **Taxation of Distributions.** The taxation of a Roth IRA distribution depends on whether the distribution is a qualified distribution or a nonqualified distribution.

- i. **Qualified Distributions.** Qualified distributions from your Roth IRA (both the contributions and earnings) are not included in your gross income. A qualified distribution is a distribution that is made after a five-year period, and is made on account of one of the following events:

- Attainment of age 59½
- conversion
- Your Disability
- The purchase of a first home up to the \$10,000 lifetime limit
- Your Death

The five year period for purposes of determining a qualified distribution begins January 1 of the first year for which you made any contribution to any Roth IRA (including a regular Roth IRA contribution, a conversion, a rollover from an employer plan, or any other contribution type as allowed under the Code).

- ii. **Nonqualified Distributions.** If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income and, if you are under age 59½ (or meet certain other exceptions), may be subject to an early distribution penalty. Nonqualified distribution of conversion contributions and rollover contributions from employer-sponsored retirement plans distributed within a five-year period beginning with the year in which the conversion or employer-sponsored plan rollover occurred may be subject to an early distribution penalty. When you take a distribution from your Roth, the amounts are treated as coming from the following categories, in the following order (disregarding, for these purposes, rollover contributions from other Roth IRAs):

1. Regular Roth IRA contributions.
2. Conversion contributions and rollover contributions from employer-sponsored plans on a first-in, first-out basis, taking into account the taxable portion first, followed by the nontaxable portion.
3. Earnings on contributions.

As a result of the Roth IRA distribution “ordering rules”, nonqualified distributions will not be taxable to you until your withdrawals exceed the total amount of your Roth IRA contributions, conversions, and rollovers.

- h. **Early Distribution Penalty.** If you are under the age of 59½ and receive a non-qualified Roth IRA distribution (and another exception does not apply), an additional tax of 10% will generally apply to the amount includible in income. Also, if you are under the age of

59½ and receive a distribution of conversion amounts or employer-sponsored retirement plan rollover amounts (other than amounts attributed to designated Roth accounts) within the five-year period beginning with the year in which the conversion or employer-sponsored plan rollover occurred, an additional tax of 10% will generally apply to the amount that was includible in income in the year of the conversion/rollover. The early distribution penalty generally will not apply if the distribution is made on account of death, disability (as defined by the Code), a qualifying rollover, a direct transfer, the timely withdrawal of an excess contribution, or if the distribution is part of a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your Beneficiary. Certain other payments and distributions (as outlined in the Code) are also generally exempt from the 10% tax. More information on these early distribution penalty exceptions can be found in IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs). You may have to report the 10% IRS early distribution penalty tax and/or exemption from this penalty by filing a completed Form 5329 with the IRS along with your payment.

- i. Rollover Contributions. Generally, a rollover is a movement of cash or assets from one retirement plan to another. Both the distribution and the rollover contribution are reportable when you file your income taxes. You must irrevocably elect to treat such contributions as rollovers.

Roth IRA-to-Roth IRA Indirect Rollover: You may withdraw, tax free, all or a portion of your Roth IRA if you contribute the amount withdrawn within 60 days from the date you receive the distribution into the same or another Roth IRA as an indirect rollover. *Only one IRA distribution within any 12-month period may be rolled over in an IRA-to-IRA 60 day indirect rollover transaction.* The 12-month waiting period begins on the date you receive an IRA distribution that you subsequently roll over, not on the date you complete the indirect rollover transaction. Amounts withdrawn (including any amount withheld for federal, state, or other income taxes that you did not receive) that are not rolled over will be treated as a distribution from the Roth IRA and may be subject to tax and/or early distribution penalty.

Employer Retirement Plan-to-Roth IRA Rollover (by Roth IRA Owner): Eligible rollover distributions consisting of Roth 401(k), Roth 403(b), or Roth 457(b) assets may be rolled over, directly or indirectly, to your Roth IRA. You are solely responsible for tracking the taxable and nontaxable amounts of the assets rolled over. If you roll over a nonqualified distribution from a Roth 401(k), Roth 403(b) or Roth 457(b) to a Roth IRA, the portion of the distribution that constitutes the contribution basis is treated as basis in your Roth IRA. If you roll over a qualified distribution from a Roth 401(k), Roth 403(b) or Roth 457(b), the entire amount of the rollover contribution is considered basis in the Roth IRA.

Eligible rollover distributions consisting of pre-tax and after-tax assets from qualifying employer retirement plans may be rolled over, directly or indirectly, to your Roth IRA, if you meet applicable eligibility requirements defined in the Code or regulations.

Qualifying employer retirement plans include qualified plans (e.g., 401(k) plans or profit sharing plans), governmental 457(b) plans, 403(b) arrangements, and 403(a) arrangements. Amounts rolled over from an employer plan to a Roth IRA (other than amounts distributed from a designated Roth account) are generally treated as taxable distributions from your employer retirement plan (except for amounts representing after-tax employee contributions). However, the premature distribution penalty (that typically applies to taxable withdrawals taken prior to age 59½) does not apply to amounts rolled over from your employer's retirement plan to your Roth IRA. Required minimum distributions may not be rolled over.

To complete a direct rollover, from an employer plan to your Roth IRA, you must generally instruct the plan administrator to send the distribution directly to your Roth IRA Custodian. To complete an indirect rollover to your Roth IRA, you must generally request that the plan administrator make a distribution directly to you. You typically have 60 days from the date you receive an eligible rollover distribution to complete an indirect rollover. However, if you inadvertently fail to complete the rollover of a distribution within 60 days, you may be able to obtain a waiver of the 60-day time limit through a self certification procedure if you meet certain requirements. Additionally, for certain qualified plan loan offsets (which is generally the amount an employer retirement plan account balance is reduced, or offset, to repay a loan from such plan, when the employer plan terminates, or because the participant severed from employment), you may have until the due date (including extensions) for your tax return for the tax year in which the offset occurs to complete the rollover to your Roth IRA. If your plan loan offset is not "qualified," then you have 60 days from the date the offset occurs to complete your rollover. If you choose the indirect rollover method, the plan administrator is typically required to withhold 20% of the eligible rollover distribution amount for purposes of federal income tax withholding. You may, however, make up the withheld amount out of pocket and roll over the full amount. If you do not make up the withheld amount out of pocket, the 20% withheld (and not rolled over) will be treated as a distribution, subject to applicable taxes and penalties.

Employer Retirement Plan-to-Roth IRA Rollover (by Inherited Roth IRA Owner). Please refer to the section of this document entitled "Inherited Roth IRA".

Roth IRA-to-Employer Plan Rollovers Not Permitted. Distributions from your Roth IRA are not eligible for rollover to a designated Roth account in a Roth 401(k) plan, Roth 403(b) plan, or Roth 457(b) plan.

- j. Conversion of Traditional IRA to Roth IRA. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion generally is a taxable event. If you convert to a Roth IRA, the amount of the conversion from your Traditional IRA to your Roth IRA will be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a Traditional IRA to a Roth IRA, regardless

of whether you qualify for any exceptions to the 10% penalty tax. If you are age 72 or older you must remove your required minimum distribution before converting your Traditional IRA. Conversion requests must be made in a form and manner acceptable to the Custodian. Custodian shall undertake best efforts on the timing for such a conversion, but does not guarantee a specific timeline.

- k. Conversion of SIMPLE IRA to Roth IRA. You are eligible to convert all or any portion of your existing SIMPLE IRA into your Roth IRA, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. The amount of the conversion from your SIMPLE IRA to your Roth IRA will be treated as a distribution for income tax purposes and is included in your gross income. Although the conversion amount generally is included in income, the 10% early distribution penalty tax will not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10% early distribution penalty tax. If you are required to take a required minimum distribution for the year, you must remove your required minimum distribution before converting your SIMPLE IRA.
- l. Recharacterization of a Contribution. If supported by the Custodian, you may “recharacterize” a contribution made to one type of IRA (either Traditional or Roth IRA) and treat it as if it was made to a different type of IRA (Traditional or Roth IRA). Neither a conversion of a Traditional IRA to a Roth IRA, nor a rollover from any other eligible retirement plan to a Roth IRA, can be recharacterized as having been made to a Traditional IRA. Both the contribution amount along with the net income attributable to the contribution must be transferred. If there was a loss, the amount of any loss will reduce the amount you transfer to the receiving IRA. The deadline for completing a recharacterization is your tax return due date (including any extensions) for the year for which the contribution was made to the first IRA. Recharacterization requests must be made in a form and manner acceptable to the Custodian. Report recharacterizations to the IRS by attaching a statement to your Form 1040. You may also need to file Form 8606 with your income taxes. For assistance with a recharacterization, refer to IRS Publication 590-A and/or your tax advisor.
- m. Transfers. You may move your Roth IRA from one trustee or custodian to another trustee or custodian by requesting a direct transfer. Federal law does not limit the number of transfers you may make during any year (e.g., it does not count toward your annual rollover limit).
- n. Transfers Incident to Divorce. In a form and manner acceptable to the Custodian, under a valid divorce decree, separate maintenance decree, or other valid court order, all or part of your IRA may be transferred to your ex-spouse or you may receive all or part of your ex-spouse’s IRA.
- o. Repayment of Qualified Reservist Distributions. If you are a qualified reservist called to active duty, you may be able to contribute (repay) to an IRA an amount equal to any

qualified reservist distributions (as defined by the Code) that you have received. These amounts must be repaid to the IRA within a two-year period after your active duty ends. The repayment of qualified reservist distributions is not included as part of the amount you can contribute to your Roth IRA for a given year. For further detailed information, you may wish to obtain IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs) and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs) from the IRS.

- p. **Qualified HSA Funding Distribution.** If you are a health savings account eligible individual, you may be eligible to do a tax-free transfer of IRA assets to your HSA. This transfer, which is referred to as a qualified HSA funding distribution, is subject to HSA contribution limits. You must irrevocably elect to treat such distribution as a qualified HSA funding distribution. Generally, you are limited to one qualified HSA funding distribution from any of your Traditional and Roth IRAs during your lifetime. For assistance in determining to what extent you may be eligible to make a qualified HSA funding distribution, consult with your tax advisor.
- q. **Disaster Relief.** If you qualify (e.g., sustain an economic loss or are otherwise affected by certain disasters designated by the IRS), you may be eligible for favorable tax treatment on certain IRA transactions as prescribed by the Internal Revenue Code, regulations or the IRS. Favorable tax treatment may include (but is not necessarily limited to) relief from the early distribution penalty tax, the option to include a distribution in your gross income ratably over a prescribed number of years, repayment of distributions, and the ability to roll over distributions without regard to rollover restrictions (e.g. 60-day rollover rule). Additional information regarding tax relief for IRA-related transactions due to qualifying disasters including information on how to identify qualifying disasters, may be found in Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), as well on the IRS's website at [www.irs.gov](http://www.irs.gov).

#### **4. Inherited IRAs**

- a. **Inherited Roth IRA.** An Inherited Roth IRA is an IRA established by or maintained for the benefit of a non spouse Beneficiary of a deceased IRA owner or a non spouse beneficiary of a deceased participant in a qualifying retirement plan.

**Contributions to Inherited Roth IRAs.** Except for direct rollovers of designated Roth assets from a deceased participant's 401(k) plan(s), 403(b) arrangement(s), governmental 457(b) plan(s), qualified rollover contributions from inherited eligible retirement plan(s) other than a Roth IRA, direct transfers from another Inherited Roth IRA and certain recharacterized contributions from Inherited Traditional IRAs, no other contribution types are allowed to be contributed to the Inherited Roth IRA, unless otherwise permitted under the Code or regulations.



Eligible rollover distributions of designated Roth assets from a deceased participant's Roth 401(k) plan(s), Roth 403(b) arrangement(s), or Roth 457(b) plan(s) may be rolled over by a non spouse beneficiary to an Inherited Roth IRA. Rollovers to an Inherited Roth IRA must be sent directly from the plan administrator to the Inherited Roth IRA custodian. The non spouse beneficiary may not have constructive receipt of the assets. The non spouse beneficiary is solely responsible for tracking the basis and earnings of the assets rolled over. If a nonqualified distribution is rolled over from Roth 401(k), Roth 403(b), or Roth 457(b) to a Roth IRA, the basis and earnings must still be tracked. If a qualified distribution from a Roth 401(k), Roth 403(b), or Roth 457(b) is rolled over, the entire amount of the rollover contribution is considered basis in the Roth IRA.

If current eligibility requirements as defined by the Code and regulations are met, a non spouse beneficiary may make a qualified rollover contribution to a Roth IRA from an eligible retirement plan other than a Roth IRA. A qualified rollover contribution must be sent in a direct trustee-to-trustee transaction from the distributing plan to the Inherited Roth IRA. The non spouse beneficiary may not have constructive receipt of the assets. For assistance in determining qualified rollover contribution eligibility and the tax consequences of such a transaction, consult a tax advisor. A non spouse beneficiary ineligible to make a qualified rollover contribution to a Roth IRA may be eligible to recharacterize such contribution pursuant to the Code and regulations.

Distributions to Inherited Roth IRA Owners. A non spouse Beneficiary (including a Beneficiary of a Roth IRA that was established with a rollover of inherited employer plan assets) must withdraw required distributions as prescribed by the Internal Revenue Code and regulations. Generally, if PRIOR to January 1, 2020 you inherited assets from someone other than your spouse, or you are the spouse beneficiary of these assets and you choose not to treat this account as your own, you are generally required to take a minimum distribution from the inherited account by December 31 of each year. The required minimum distribution (RMD) amount is generally based on the IRS Single Life Expectancy (SLE) table. Alternatively, you can choose to distribute the balance of your inherited retirement account within five years of the owner's death. However, if you inherited retirement assets ON OR AFTER January 1, 2020, you may be subject to the 10-year distribution rule (i.e., that you must take all distributions within 10 years of the death of the Roth IRA owner). Exceptions, including inheritance by spouses, do apply and you would continue to be subject to RMDs over your lifetime. If you do not take enough to satisfy the requirement, the IRS may impose a 50% excise tax on the shortfall. Due to the complexity of RMD requirements for inherited accounts, you should speak with your tax professional regarding the options available to you.

- b. Gift Tax. Transfer of your IRA assets to a named Beneficiary or Beneficiaries made during your life and at your request may be subject to federal gift tax under section 2501 of the Code. However, the naming of a Beneficiary or Beneficiaries generally will not subject you to gift tax liability.

- c. Estate Tax. Generally, for federal estate tax purposes, amounts held in your IRA are included in your gross estate when you die. However, if your spouse is your Beneficiary, the IRA may qualify for the marital deduction. Consult your tax and/or legal advisors for specific guidance.

## 5. Other

- a. IRS Form. The form of Agreement used to establish this Roth IRA is the model government form provided by the IRS and is known as Form 5305-RA. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
  - i. Additional Information. You may obtain further information on IRAs from your District Office of the Internal Revenue Service (IRS) or by visiting the IRS web site at [www.irs.gov](http://www.irs.gov). In particular, you may wish to obtain IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).
  - ii. Customer Identification Program. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.
- b. Tax Filing. You are responsible for filing the applicable IRS forms to report certain activities, taxable income and/or penalties associated with your IRA. See Section 11(a) of the Custodial Agreement for information specific to Form 990-T.
- c. No Special Tax Treatment. Roth IRA distributions are not eligible for capital gains treatment or lump-sum income averaging.
- d. Federal Income Tax Withholding. Any nonqualified distribution of earnings from your Roth IRA, except a direct transfer or a recharacterization, may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your Roth IRA withdrawal.
- e. Foreign Dividend Treatment. Generally, if a foreign security that you own in your IRA, either directly or indirectly via a foreign stock fund or exchange-traded fund, pays you a dividend, your taxes due on that payout will be withheld by the foreign government, reducing your payout accordingly. We do not support providing any paperwork or certifications on your behalf to realize a reduced withholding rate or reclaim of foreign taxes withheld from these events. The tax implications of owning foreign dividend

securities can be complex and you should consult a tax professional before investing in them.

- f. **Prohibited Transactions.** If you (or, following your death, Beneficiaries) engage in a “prohibited transaction” with your IRA, the IRA will be disqualified and the entire balance in your IRA will be treated as a distribution. If you are under age 59½, the 10% early distribution penalty tax may apply. Prohibited transactions are defined in Internal Revenue Code section 4975. Examples include borrowing money from the IRA, selling property to the IRA, receiving unreasonable compensation for managing the IRA, or buying property with IRA funds for your personal use.
- g. **Pledging IRA.** If you pledge any portion of your IRA as collateral for a personal loan, the amount so pledged will be treated as a distribution. If you are under age 59½, the amount pledged may also be subject to the 10% early distribution penalty tax.
- h. **Itemized Deductions.** You can no longer claim any miscellaneous itemized deductions on your individual income tax return. Miscellaneous itemized deductions are those deductions that would have been subject to the 2% of adjusted gross income limitation. This impacts the ability to deduct IRA losses on a total distribution and the source(s) of your payment for certain expenses, such as management fees, related to your IRA.
- i. **CARES Act.** The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 may have affected certain otherwise applicable terms set forth in this Agreement, including the waiver of RMDs in 2020, the ability of certain COVID-related distributions to be exempted from the 10% early withdrawal penalty and to be recontributed to your IRA over a three-year period, and that certain previously inherited IRAs which were otherwise required to be distributed over five years do not need to count 2020 in such five year period. Consult your tax and/or legal advisors for specific guidance on which CARES Act provisions may have applied, or continue to apply, to your IRA.

## **6. Additional Financial Information**

- a. **Account Fees.** A schedule of fees will be provided by Robinhood. Fees shall be charged by Robinhood for services hereunder in accordance with the current fee schedule that is in effect. Fees when due shall be automatically charged against the IRA. You may not reimburse your IRA for account fees once they have been charged to your IRA. Any reimbursement of fees charged to your IRA must be considered a contribution to your IRA and reported to the IRS accordingly.
- b. **Other Expenses.** Taxes of any kind, which may be imposed with respect to your IRA and any expenses incurred by the Custodian in the management of your IRA, together with any fees referred to above, shall be paid by you (as permissible), charged against your Account, or as directed in writing by you, charged against another account over which you have authority.

- c. Earnings. The earnings of each separate account shall be allocated only to that account. The Custodian will attribute earnings only to the assets held in the account in the custody of the Custodian according to the Custodian's ordinary business practices and in accordance with the Custodian's established customs and procedures.
- d. Growth in Value. Growth in value of your Account will depend entirely on the investment decisions made by you and is neither guaranteed nor projected.