

# T. ROWE PRICE SIMPLE IRA SUMMARY & AGREEMENT



# T. Rowe Price

**November 2024**

**Re: Important Notice Regarding RMDs**

Keeping you informed is an important goal of T. Rowe Price. Enclosed please find the *Notice Regarding Final RMD Regulations Issued by the IRS*, which includes some of the key changes in the law relating to IRAs (including SEP-IRAs and SIMPLE IRAs).

We will notify you once the applicable agreement associated with your account type, either the T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement or the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement (SIMPLE IRA Summary & Agreement), has been updated to reflect changes in the law. **Please keep this Notice with your records.**

For more information regarding RMD options for beneficiaries, please see the T. Rowe Price Insight article entitled *How laws governing Inherited IRAs may mean changes to your legacy plan* located at [www.troweprice.com/personal-investing/resources/insights/how-laws-governing-inherited-iras-may-mean-changes-to-your-financial-plan.html](http://www.troweprice.com/personal-investing/resources/insights/how-laws-governing-inherited-iras-may-mean-changes-to-your-financial-plan.html).

Please consult your tax and/or legal professional regarding any questions you have about the impacts these changes may have to your particular situation.

If you have any questions, please call us at 1-800-225-5132.

*over, please*

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## Who can do what with Inherited IRA assets

A look at beneficiary options if the original owner's death occurred in 2020 or later

### Eligible Designated Beneficiary

Has the option to stretch distributions over life expectancy

		Spouse	Other <sup>1</sup>	Minor Children (Under Age 21) of Original Owner	
Original Owner Decedent	Options	Transfer or roll over into their own IRA <sup>2</sup>	Transfer into Inherited IRA <sup>3</sup>	Transfer into Inherited IRA	
	Pre-RBD	RMDs at their own RBD	Delay RMDs until the original owner would have reached RMD age Calculated at surviving spouse's life expectancy <b>OR</b> 10-year rule <sup>4</sup>	Stretch RMDs over the beneficiary's life expectancy <b>OR</b> 10-year rule (no annual payout required in years 1–9)	Stretch RMDs year after original owner's death. Calculated at beneficiary's life expectancy and fully liquidate account by the end of the year they turn 31 <b>OR</b> 10-year rule (no annual payout required in years 1–9)
	On/Post-RBD	RMDs at their own RBD	RMDs calculated at surviving spouse's life expectancy <b>OR</b> original owner's life expectancy, whichever is longer	Stretch RMDs over the longer of beneficiary's life expectancy or original owner's life expectancy	Stretch RMDs year after original owner's death. Calculate at the longer of beneficiary's life expectancy or original owner's life expectancy and fully liquidate account by the end of the year they turn 31

<sup>1</sup> Persons older than or less than 10 years younger than decedent (e.g., siblings, friends, parents). Disabled or chronically ill persons as defined by IRS.

<sup>2</sup> Once the surviving spouse elects to roll the assets as their own, it cannot be undone.

<sup>3</sup> Surviving spouse can have access to funds prior to age 59½ without early withdrawal penalty and with the ability to roll over assets to their own IRA at a later time.

<sup>4</sup> If surviving spouse chooses the 10-year rule then subsequently rolls into their own IRA before the end of the 10-year period, and they reached their own RBD during that period, they may have to take "hypothetical RMD" amounts prior to the rollover as if they had occurred.

### Non-eligible Designated Beneficiary

Generally, people more than 10 years younger than original owner

### Non-designated Beneficiary

Generally, an entity rather than a person

		Non-eligible Designated Beneficiary	Non-designated Beneficiary
Original Owner Decedent	Options	Transfer into Inherited IRA: 10-year rule	Transfer into Inherited IRA
	Pre-RBD	No annual payout required in years 1–9 <i>Fully liquidate account by end of 10th year</i>	No annual payout required in years 1–4 <i>Fully liquidate account by end of 5th year</i>
	On/Post-RBD	<i>Stretch RMDs year after original owner's death Calculated at over the longer of the original owner's life expectancy or beneficiary's life expectancy years 1–9 AND fully liquidate account by end of 10th year</i>	Stretch RMDs year after original owner's death <i>Calculated at original owner's life expectancy</i>

#### Reminder:

- If the original owner died on or after their RBD, their final RMD will need to be satisfied upon moving assets to heirs.
- Inherited Roth IRAs are subject to pre-RBD rules for each beneficiary category.

The charts summarize the RMD rules for beneficiaries of IRAs under the IRS final RMD regulations issued in 2024. The charts are intended as high-level summaries only. These charts do not address every aspect of the RMD rules and are not a substitute for discussion with a tax and/or legal professional.

## **Notice Regarding Final RMD Regulations Issued by the IRS**

The Treasury Department and Internal Revenue Service (“IRS”) issued final<sup>1</sup> and proposed<sup>2</sup> regulations in July of 2024 to address certain changes in the Setting Every Community Up for Retirement Enhancement Act of 2019 (“SECURE Act”) and the SECURE 2.0 Act of 2022 (“SECURE 2.0”), regarding required minimum distributions (“RMDs”).

### **Interpretation of the 10-Year Rule**

The Final Regulations provide the following clarity to beneficiaries subject to the 10-year rule:

- If the account owner **died on or after** their Required Beginning Date (RBD), the beneficiary must distribute all assets by December 31st of the 10th year following the year of the account owner’s death. There are required minimum distributions each year.
- If the account owner died **before** their RBD, the beneficiary must distribute all assets by December 31st of the 10th year following the year of the IRA owner’s death. There are no required minimum distributions in years 1–9.

### **Age of Majority**

For purposes of the definition of an Eligible Designated Beneficiary, who is a minor child of the IRA owner, the Final Regulations define the age of majority as 21.

### **Decedent’s Final RMD Deadline**

The Final Regulations provide an automatic waiver as long as the last RMD of the original account owner is distributed by December 31st of the year following the year of the original account owner’s death or the beneficiary’s tax filing deadline (with extensions) for the year the original accountholder died, if later.

### **Uniform Lifetime Table for Surviving Spouses**

The Final Regulations permit surviving spouses to calculate their RMDs (as beneficiaries) using the Uniform Lifetime Table (ULT) rather than the Single Life Table (SLT).

### **Separate accounting rules and see-through trusts**

The Final Regulations provide that separate accounting is available for any “see-through trust” if the trust is divided into separate trusts by the deadline provided by the IRS. Once the main trust is divided, the RMD rules will apply separately to each see-through trust.

### **Hypothetical RMD rule retained for spousal rollovers**

The Final Regulations prohibit rollover eligibility for a “hypothetical RMD” amount in connection with certain rollovers by surviving spouses to their own plan or IRA. Basically, to the extent a surviving spouse initially uses the 10-Year Rule then subsequently rolls into their own IRA before the end of the 10-year period, they may have to take “hypothetical RMD” amounts prior to the rollover as if they had occurred.

### **IRA spousal continuation deadline eliminated, but replaced with similar concept**

The Final Regulations provide the spousal continuation election can now be made only in a calendar year after the cumulative amount treated as a hypothetical RMD in that calendar year, if any, has been distributed from the IRA.

### **IRA Aggregation**

The Final Regulations clarify the aggregation rule for partial annuities under SECURE 2.0 also applies to IRAs.

### **Effective Date**

The Final Regulations apply for distributions made, and for distribution calendar years, beginning on or after January 1, 2025. For earlier years, taxpayers must apply the final regulations published in 2002 and the final regulations published in 2004, but taking into account a “reasonable, good faith interpretation” of the relevant amendments under SECURE Act and SECURE 2.0.

<sup>1</sup> 89 Fed. Reg. 58886 (July 19, 2024) (“Final Regulations”)

<sup>2</sup> 89 Fed. Reg. 58644 (July 19, 2024) (“Proposed Regulations”)

## **Other IRS Relief and Guidance**

### **Clarification for RMD age 75 in 2033 in New Proposed Regulations**

To address a drafting error in SECURE 2.0, the IRS included a provision in new Proposed Regulations, confirming that only individuals born in 1960 or later are required to distribute RMDs for the year they attain age 75.

### **RMD Relief Issued by IRS for Certain Beneficiaries**

IRS Notice 2024-35 also provides a one-year extension of the IRS' prior relief available for certain beneficiaries of retirement accounts who did not take an RMD in 2024, due to the conflicting interpretations of the changes in the law referenced above.

Please keep this notice with your T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Account Agreement or the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement (SIMPLE IRA Summary & Agreement).



July 2023

The SECURE 2.0 Act of 2022 (SECURE 2.0), signed into law in December of 2022, includes a package of changes to the laws governing workplace retirement plans and Individual Retirement Accounts (IRAs). Enclosed please find an *Important Notice regarding SECURE 2.0*, which includes some of the key mandatory changes in the law relating to IRAs (including SEP and SIMPLEs).

Please note that we will notify you once the applicable agreement associated with your account type, either the T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Account Agreement or the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement (SIMPLE IRA Summary & Agreement), has been updated to reflect changes in the law. In the interim, please keep this notice with your records.

There are an extensive number of optional provisions contained in SECURE 2.0. Please note that T. Rowe Price is unable to provide any details at this time regarding which service offerings related to the optional provisions will be available. In addition, the new law includes provisions designed to encourage plan adoption by making it easier, through administrative simplifications and tax credits, for small businesses and sole proprietors to sponsor and maintain a retirement plan. The Treasury Department, IRS, and other regulators are continuing to consider and issue guidance relating to changes in the law. Accordingly, we encourage you to consult your tax and/or legal professional regarding any questions.

**Recent RMD Relief Issued by IRS for Individuals Who Turn 72 in 2023.** Please note that the IRS recently issued *IRS Notice 2023-54*, which provides relief if an individual receives a distribution from their retirement account between January 1, 2023 and July 31, 2023 to satisfy a 2023 Required Minimum Distribution (“RMD”) that is no longer required as a result of SECURE 2.0. This relief is for individuals that turn 72 in 2023 and inadvertently distribute what they thought was an RMD, not realizing SECURE 2.0 extended their RMD age to 73. Impacted individuals have until **September 30, 2023** to roll over the assets to an IRA or an eligible retirement account and are permitted to repay that distribution even if the 60-day rollover window has passed and/or they have already made a rollover in the preceding 12 months. However, any rollover of amounts made pursuant to the recent relief granted by the IRS will trigger the one-rollover-per-year limit for any subsequent IRA distributions that occur in the ensuing 12 months.

**Recent RMD Relief Issued by IRS for Certain Beneficiaries.** *IRS Notice 2023-54* also provides a one-year extension (through 2023) of the IRS’ prior relief available for *certain* beneficiaries of retirement accounts who did not take an RMD, in 2021 and 2022, due to different interpretations of the changes in the law under the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act). As communicated previously in the document entitled *Important Notice SECURE Act and Its Impact to IRAs*, the SECURE Act added limitations for certain beneficiaries to stretch distributions.

Please consult your tax and/or legal professional regarding any questions you have about the impacts these changes may have to your particular situation.

If you have any questions, please call us at 1-800-225-5132

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## Important Notice regarding SECURE 2.0

**Increase in Required Minimum Distributions (“RMD”s) age for certain individuals** SECURE 2.0 increases the age individuals are required to start taking RMDs to 73 for individuals who turn 72 **on or after** January 1, 2023. There are no changes impacting individuals who reached RMD age prior to 2023, so if you turned 72 in 2022 or earlier (70½ if you turned 70½ prior to 2020), you are required to continue taking your RMDs. The new law also provides that the RMD age will change again to 75 in 2033.

**Changes to the IRA Qualified Charitable Distribution (QCD) Rule** The QCD rule permits an IRA accountholder to make a tax-free payment from their IRA directly to a qualified charity, and it can be counted towards their RMD. SECURE 2.0 expanded the rule relating to QCDs and allows IRA accountholders to make a one-time distribution of up to \$50,000 to certain split-interest entities, including charitable remainder annuity trusts, charitable remainder unitrusts, and charitable gift annuity. The new law also indexes the current limit (up to \$100,000) and new, one-time \$50,000 limit for QCDs to adjust for inflation for taxable years beginning after December 31, 2022.

**Rollovers from 529 accounts to Roth IRAs** Effective for distributions starting in 2024, SECURE 2.0 allows for a rollover of unused amounts in a 529 college savings plan account to a Roth IRA maintained for the same account beneficiary. The 529 plan account must have been maintained for at least 15 years and only contributions (and accompanying earnings) made more than five years prior can be rolled over. The amount eligible for rollover each year cannot exceed the IRA contribution limit and there is an aggregate limit of \$35,000. T. Rowe Price and the financial services industry is awaiting regulatory guidance on this topic. T. Rowe Price will continue to monitor guidance and updated information will be available at a later date.

**SEP & SIMPLE Roth IRA** Another change that is immediately effective relates to the expansion of Roth contributions in SEP and SIMPLE IRAs. T. Rowe Price and the financial services industry is awaiting regulatory guidance on this topic. Please note, T. Rowe Price is not currently accepting Roth contributions in SEP or SIMPLE IRAs. T. Rowe Price will continue to monitor guidance and updated information will be available at a later date.

**Contribution and Catch up Limit Changes** SECURE 2.0 mandates that:

- Effective in 2024, IRA *catch-up* contribution limit will be indexed for inflation by the IRS. In prior years, the \$1,000 IRA *catch-up* contribution was not adjusted, unlike other *catch-up* contribution limits.
- Effective in 2024, SECURE 2.0 provides for the following higher SIMPLE Contribution limits for Small Employers:
  - For employers with up to 25 employees, the limit on employee contributions will be increased to 110% of the maximum indexed allowable contribution for 2024 and the catch-up contribution limit will be increased to 110% of the maximum indexed allowable catch-up contribution for 2024.
  - Employers with 26-100 employees are permitted to apply the same increases described above, but only if the employer also agrees to make matching contributions up to 4% (instead of 3%) or nonelective contributions up to 3% (instead of 2%).
  - The above limit increases would only apply to employers that have not maintained a 401(k) plan or 403(b) plan for three years to prevent employers from terminating their 401(k) or 403(b) plan in favor of a SIMPLE plan.
- Effective in 2024, SECURE 2.0 allows for additional nonelective contributions to SIMPLE IRAs. Currently employers with SIMPLE plans are generally required to make a non-elective contribution to employees of 2% of compensation or a 3% matching contribution of the employee's elective deferral contributions. The new law will permit employers to make additional contributions to each employee of the SIMPLE plan in a uniform manner, provided that the contribution may not exceed the lesser of 10% of compensation or \$5,000 (indexed for inflation).
- Effective in 2025, SIMPLE IRA *Catch-up* contributions for individuals ages 60-63 will increase to the greater of:
  - \$5,000; or
  - 150% of the regular age 50 *catch-up* annual contribution limit (indexed).

**Repayment of Qualified Birth or Adoption Distribution (QBAD)** SECURE 2.0 limits the period to recontribute a QBAD to 3 years from when the distribution occurred.

**Modification of RMD Rules for Special Needs Trusts** Clarifies that for a special needs trust that is established for beneficiaries with disabilities, the trust may provide for a charitable organization as the remainder beneficiary.

**Formalized Disaster Distributions** Effective for disasters occurring on or after January 26, 2021, SECURE 2.0 provides early withdrawal penalty relief and formal relief from other tax rules for qualified federally declared disaster distributions. It allows penalty-free disaster distributions of up to \$22,000 (indexed) for those meeting eligibility criteria, as well as loans of up to \$100,000. Disaster distributions can be repaid within three years.

**Terminally Ill Individuals** Effective immediately, SECURE 2.0 creates an exception to the 10% early withdrawal penalty for distributions to individuals who have been certified by a doctor to have an illness that is likely to be terminal within 7 years.

**Reduction in excise tax on certain accumulations** SECURE 2.0 reduces the penalty for failure to take RMDs from 50 to 25 percent. If the shortfall is corrected in a timely manner, the excise tax is further reduced from 25 to 10 percent.

**Excess IRA Contributions** SECURE 2.0 provides that the additional tax for early withdrawal does not apply to removal of excess IRA contributions and any associated earnings.

**Victims of Domestic Abuse** Effective in 2024, SECURE 2.0 creates an exception to the 10% early withdrawal penalty for distributions of up to the lesser of \$10,000 or 50% of the balance of the IRA if the account holder or a family member living with them is a victim of domestic abuse. In addition, repayment within 3 years is permitted provided certain criteria is met.

**Emergency Distributions** Effective in 2024, SECURE 2.0 creates an exception to the 10% early withdrawal penalty for distributions for certain emergency expenses of up to \$1,000 once every year and have the option to repay the distribution back to the IRA within 3 years provided certain criteria is met.

This material has been prepared for general and educational purposes only. The material does not provide fiduciary recommendations concerning investments, nor is it intended to serve as the primary basis for investment decision-making. T. Rowe Price, its affiliates, and its associates do not provide legal or tax advice. Any tax-related discussion contained in the material, including any attachments/links, is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding any tax penalties or (ii) promoting, marketing, or recommending to any other party any transaction or matter addressed herein. Please consult your independent legal counsel and/or tax professional regarding any legal or tax issues raised in this material.





August 2020

## Re: Important Updates

Dear Investor:

Keeping you informed is an important goal of T. Rowe Price. That's why we want to ensure you're aware of some of the legislative and other changes that may affect your T. Rowe Price retirement account(s).

### **I. Coronavirus Aid, Relief, and Economic Security ("CARES") Act**

#### **a. Waiver of RMD Requirements in 2020**

This new law, which was enacted on March 27, 2020, provides relief to investors by waiving the required minimum distribution (RMD) obligation from retirement accounts in 2020. This waiver applies to 2020 calendar year RMDs and, for investors who attained age 70½ in 2019 and did not take their first RMD by December 31, 2019, the waiver applies to the 2019 RMD that would normally have been due by April 1, 2020. The legislation enables investors subject to RMDs in 2020 to avoid liquidating investments or transferring assets from retirement accounts that may have decreased in value due to market volatility. Retirement accounts affected by this waiver include Traditional and Rollover IRAs, SEP-IRAs, SIMPLE IRAs, and workplace retirement plans. The waiver also applies to RMDs required by beneficiaries of inherited IRAs (including Roth IRAs) and inherited workplace retirement plan accounts. For beneficiaries who inherited an IRA or workplace retirement account that is subject to the 5-year distribution rule, the year 2020 is disregarded. Those beneficiaries will now have a total of six years to complete their distributions.

**If you are enrolled in T. Rowe Price's Systematic RMD Program, T. Rowe Price will not automatically suspend 2020 systematic RMD payments.** T. Rowe Price's Systematic RMD Program is a service for retirement account holders who have reached RMD age to schedule systematic RMD payments on a periodic basis. If you requested a systematic RMD and would like to defer the systematic RMD payments for 2020, please contact us in writing or by phone at 1-800-225-5132. To defer RMD payments, your notification must be received in good order by T. Rowe Price no later than 5 business days prior to the scheduled systematic distribution date. If we do not hear from you, the distribution(s) will continue as scheduled.

If you already received a distribution from your retirement account in 2020 to satisfy an RMD that is no longer required as a result of the CARES Act or the SECURE Act, you now have the opportunity to repay that distribution. The Treasury Department and IRS have issued guidance that provides an extension to repay these assets to an eligible retirement account for individuals who took distributions from their IRA that would have been RMDs but were:

- Waived as a result of the CARES Act or
- Extended as a result of the change to their required beginning date due to the SECURE Act. (Investors that turn 70½ in 2020 and inadvertently distributed what they thought was an RMD, not realizing the SECURE Act extended their RMD age to 72).

The extension to repay these assets to the IRA is August 31, 2020. This guidance also provides that this relief is available for additional types of investors that took these types of distributions earlier in 2020, including:

- Those whose assets were distributed in January of 2020 (prior relief excluded January 2020 distributions and only helped investors that have a 60-day rollover deadline of April 1 - July 15th.)
- Non-spousal IRA beneficiaries, as long as the repayment is made to the distributing IRA no later than August 31, 2020.

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In addition, the latest guidance also provides that these repayments will not be counted as a rollover for the 1-year rollover restriction, as long as the repayment is made to the distributing IRA. (Please note, individuals can make only one rollover from an IRA to another IRA in any 12-month period (measured from the date you receive the distribution from the first IRA). This one-rollover-per-year limit is applied by aggregating all of your IRAs.). The Treasury Department and the IRS are continuing to consider potential additional coronavirus related relief and guidance. T. Rowe Price does not provide tax advice. Please speak with your tax professional regarding any additional questions specific to your situation.

#### **b. Penalty-free Withdrawals in 2020 - Coronavirus Related Distributions**

The CARES Act also establishes a penalty-free withdrawal from IRAs and allows workplace retirement plans to offer a penalty-free withdrawal option of up to \$100,000 for those impacted by the coronavirus. These types of distributions are called coronavirus related distributions and must occur on or before December 30, 2020. Examples of individuals that are identified as impacted individuals include: those who are diagnosed with COVID-19 or SARS-CoV-2, by a test approved by the CDC or have a spouse or a dependent that are diagnosed; those who experience adverse financial consequences related to COVID-19, such as being furloughed or laid off, having work hours reduced, due to the closing or reduction in hours of your individually-owned and operated business due to coronavirus, or being unable to work due to lack of childcare because of COVID-19; those who individually, or those who have a spouse, dependent or someone who shares their principal residence who have a reduction in pay (or self-employment income) due to COVID-19 or having a job offer rescinded or start date for a job delayed due to COVID-19; those whose spouse or someone who shares their principal residence being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19, being unable to work due to lack of childcare due to COVID-19.

The federal income tax treatment of the withdrawal does not change, but that income is spread ratably over three tax years (unless you elect otherwise) and is not subject to the 10% additional tax that otherwise applies to certain early withdrawals. You may have the option to repay the distribution from workplace retirement plan on your IRA within three years and be eligible to receive a refund on some or all of the taxes previously paid. Non-spousal beneficiaries are not eligible to repay CRDs. For additional information on CRDs, please visit the IRS website and speak with your tax or legal professional.

#### **II. SECURE Act**

The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act), which was signed into law in December 2019, included a package of changes to the laws governing retirement plans and Individual Retirement Accounts (IRAs).

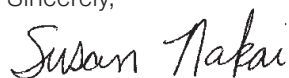
Enclosed please find a copy of our "Important Notice regarding the SECURE Act," which describes some of the changes in the law the SECURE Act made to IRAs. Please note that the "T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement" and the "SIMPLE IRA Summary & Agreement" are in the process of being updated to reflect these changes. Please keep this "Important Notice" with your "T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement" and/or the "SIMPLE IRA Summary & Agreement." T. Rowe Price will notify you once the Agreements have been updated.

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The Treasury Department, IRS and other regulators are continuing to consider additional guidance on various issues in light of the Coronavirus. Accordingly, we encourage you to consult your tax and/or legal professional regarding any questions you have about the impacts these changes may have to your particular situation.

Thank you for investing with T. Rowe Price. If you have any questions, please call us at **1-800-225-5132**.

Sincerely,



Susan Nakai  
Vice President

Enclosure

**Important Update: Due to the CARES Act, the requirement to take RMDs in 2020 is waived.**

**Important Notice**  
**SECURE Act and its Impact to IRAs**

The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act), signed into law in December of 2019, includes a package of changes to the laws governing retirement plans and Individual Retirement Accounts (IRAs). Please review some of the changes in the law, relating to IRAs, that are highlighted below.

Please note that the T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement and the SIMPLE IRA Summary & Agreement (collectively “Agreements”) are in the process of being revised to reflect changes associated with the SECURE Act. T. Rowe Price will notify you once the Agreements have been updated.

**Increase in age for Required Minimum Distributions (“RMD”)s for certain individuals**

One of the significant changes in the law increases the age individuals are required to start taking RMDs from IRAs from age 70½ to age 72. This change only applies to individuals who reach age 70½ after 2019. The RMD age for individuals who reached age 70½ before 2020 remains 70½.

**The ability for certain individuals to stretch distributions from Inherited IRAs over time has been limited**

New rules that apply to beneficiary distributions, significantly limit the ability of beneficiaries (other than “Eligible Designated Beneficiaries”) to “stretch” distributions throughout their lifetime(s). With respect to deaths after 2019, the rules generally require that benefits be distributed in full within 10 years. An Eligible Designated Beneficiary, which includes a surviving spouse, a child of the IRA owner under the age of majority, a disabled or chronically ill beneficiary, and a beneficiary who is not more than ten years younger than the IRA Owner, has the option of taking distributions (which must begin in the year after death) based on his or her life expectancy. For beneficiaries who are minor children of the IRA accountholder, the 10-year period to fully distribute the account starts when they reach the age of majority.

A number of questions have been raised regarding the application of these complex rules in addition to other specific scenarios, such as to trusts with multiple beneficiaries. T. Rowe Price does not provide tax or legal advice. Please speak with your tax and/or legal professional regarding questions you have regarding these rules and your particular situation.

**The maximum age for Traditional IRA contributions has been repealed**

For taxable years 2020 and later, individuals of any age with earned income can now contribute to Traditional IRAs. People whose spouses have earned income also can take advantage of spousal IRA contributions. Prior to the SECURE Act individuals over age 70½ could not contribute to Traditional IRAs.

**Penalty-free birth or adoption withdrawals**

“Qualified birth or adoption distributions” are permitted from IRAs for distributions made after December 31, 2019. Such distributions are exempt from the 10% early distribution penalty. Distributions must be taken within one year of birth or adoption and are limited to

\$5,000 per birth or adoption (per spouse). The adoption of anyone over 18 (other than an individual physically or mentally incapable of self-support) or the adoption of a spouse's child does not qualify. Distributions can later be rolled back into an IRA. It will be up to the IRA owner to substantiate to the tax authorities that the distributions are a qualified birth or adoption distribution. Please speak with your tax professional.

### **Qualified Charitable Distributions ("QCDs")**

The SECURE Act did not impact the age that individuals can begin taking QCDs. The age continues to be 70 ½ and the maximum annual exclusion from income per individual remains \$100,000. However, if you have both IRA contributions and QCDs in the same year, you should be aware that the \$100,000 is reduced if you are making deductible IRA contributions after age 70½.

This material has been prepared for general and educational purposes only. The material does not provide fiduciary recommendations concerning investments, nor is it intended to serve as the primary basis for investment decision-making. T. Rowe Price, its affiliates, and its associates do not provide legal or tax advice. Any tax-related discussion contained in the material, including any attachments/links is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding any tax penalties or (ii) promoting, marketing, or recommending to any other party any transaction or matter addressed herein. Please consult your independent legal counsel and/or tax professional regarding any legal or tax issues raised in this material.

## **Important Update to the T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement, the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement, and the Brokerage Account Disclosures**

This is an update to the T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement (formerly the IRA Summary & Agreement), the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement (SIMPLE IRA Summary & Agreement), and the Brokerage Account Disclosures. The changes listed below in this update are effective January 1, 2020. You should review the changes carefully and keep this update with your current copy of the agreement and disclosure that applies to your Traditional, Roth, SEP or SIMPLE IRA. If you have any questions, please call us at 1-800-537-6172.

### **(1) T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement**

The changes below are effective January 1, 2020 and apply to the T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement.

#### **T. Rowe Price Traditional and Roth IRA Custodial Agreement**

The T. Rowe Price Traditional and Roth IRA Custodial Agreement (“Custodial Agreement”) is amended as follows:

A new Article 6.5 titled “Escheatment of Abandoned Property” is added to the Custodial Agreement:

**“6.5 Escheatment of Abandoned Property.** The Custodian shall escheat or otherwise remit to appropriate jurisdictions in accordance with applicable abandoned or unclaimed property laws any assets or property in the IRA, and the Investor directs the Custodian to redeem some or all of the Price Fund shares and Other Investment Vehicle shares and/or securities in the IRA to the extent necessary to comply with any applicable related federal or state income tax withholding requirements. In order to comply with any applicable federal or state income tax withholding, the Investor directs the Custodian to liquidate Price Fund shares and Other Investment Vehicle shares and/or securities pro rata provided, however, that with respect to Price Fund shares and Other Investment Vehicle shares and/or securities held in a Brokerage IRA, the Custodian will sell Price Fund shares and Other Investment Vehicle shares and/or securities in an order generally designed to limit fees and/or commissions. The Custodian will not be acting in a fiduciary capacity when selling Price Fund shares and Other Investment Vehicle shares and/or securities to comply with any applicable federal or state income tax withholding requirements for assets that are escheated or otherwise remitted from the IRA to appropriate jurisdictions in accordance with applicable abandoned or unclaimed property laws. The Investor understands that if not enough federal or state income tax is withheld, he or she may be responsible for the payment of estimated taxes, and penalties and interest may also apply.

Due to market fluctuations, the Custodian and its agents may be unable to redeem the exact number of Price Fund shares and Other Investment Vehicle shares and/or securities to comply with any related applicable federal or state income tax withholding requirements. Accordingly, the Investor understands and agrees that it may be necessary for the Custodian to redeem shares and/or securities in excess of the anticipated tax withholding amount.

If the Investor has illiquid securities in his or her IRA, the Custodian and its agents may be unable to liquidate the Price Fund shares and Other Investment Vehicle shares and/or securities in the Investor's IRA to comply with any applicable federal or state income tax withholding requirements. The Investor understands that if only some or no money is withheld, the Investor may be responsible for the payment of taxes (penalties and interest may also apply). Depending on the Investor's personal situation, the Investor may be responsible for the payment of estimated taxes."

#### **T. Rowe Price Traditional and Roth IRA Disclosure Statement**

The T. Rowe Price Traditional and Roth IRA Disclosure Statement ("Disclosure Statement") is revised as follows:

A new paragraph is added to the Disclosure Statement under the Income Tax Withholding portion of Section XI titled "Distributions and Taxation":

"Beginning January 1, 2020 (or sooner if practicable), if your Traditional IRA is escheated to a state unclaimed property fund under state law, the escheatment will be treated as a taxable distribution to you and 10% federal income tax withholding will be applied. In addition, if your address of record is within a mandatory withholding state, state taxes will be withheld from the distribution in accordance with the respective state rules. This change may also apply to your Roth IRA in 2020. To avoid escheatment of your Traditional or Roth IRA to the state, please make sure that T. Rowe Price has your current address at all times so that you may be notified and claim your IRA before it is escheated to the state."

A new Section XV titled "Abandoned IRAs" is added to the Disclosure Statement. The Sections following the new Section XV are renumbered accordingly:

"Beginning January 1, 2020 (or sooner if practicable), if your Traditional IRA is escheated to a state unclaimed property fund under state law, the escheatment will be treated as a taxable distribution to you with related federal, and if applicable, state income tax withholding and reporting. This change may also apply to your Roth IRA in 2020. To avoid escheatment of your Traditional or Roth IRA to the state, please make sure that T. Rowe Price has your current address at all times so that you may be notified and claim your IRA before it is escheated to the state."

The following new language is added to the IRA Disclosure Statement at the end of the second paragraph in the renumbered Section XVI – Tax Forms:

"Beginning January 1, 2020 (or sooner if practicable), if your Traditional IRA is escheated to a state unclaimed property fund under state law, the escheatment will be treated as a taxable distribution to you. You will receive a Form 1099-R and be required to provide certain information on your federal, and if applicable, state income tax return about the escheatment

#### **(2) T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement**

The changes below are effective January 1, 2020 and apply to the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement (SIMPLE IRA Summary & Agreement).

## **T. Rowe Price Trust Company SIMPLE Individual Retirement Account Custodial Agreement**

The T. Rowe Price Trust Company SIMPLE Individual Retirement Account Custodial Agreement (“SIMPLE Custodial Agreement”) is amended as follows:

A new Article 6.5 titled “Escheatment of Abandoned Property” is added to the SIMPLE Custodial Agreement:

**“6.5 Escheatment of Abandoned Property.** The Custodian shall escheat or otherwise remit to appropriate jurisdictions in accordance with applicable abandoned or unclaimed property laws any assets or property in the SIMPLE IRA, and the Investor directs the Custodian to redeem some or all of the Price Fund shares and Other Investment Vehicle shares and/or securities in the SIMPLE IRA to the extent necessary to comply with any applicable related federal or state income tax withholding requirements. In order to comply with any applicable federal or state income tax withholding, the Investor directs the Custodian to liquidate Price Fund shares and Other Investment Vehicle shares and/or securities pro rata provided, however, that with respect to Price Fund shares and Other Investment Vehicle shares and/or securities held in a Brokerage SIMPLE IRA, the Custodian will sell Price Fund shares and Other Investment Vehicle shares and/or securities in an order generally designed to limit fees and/or commissions. The Custodian will not be acting in a fiduciary capacity when selling Price Fund shares and Other Investment Vehicle shares and/or securities to comply with any applicable federal or state income tax withholding requirements for assets that are escheated or otherwise remitted from the SIMPLE IRA to appropriate jurisdictions in accordance with applicable abandoned or unclaimed property laws. The Investor understands that if not enough federal or state income tax is withheld, he or she may be responsible for the payment of estimated taxes, and penalties and interest may also apply.

Due to market fluctuations, the Custodian and its agents may be unable to redeem the exact number of Price Fund shares and Other Investment Vehicle shares and/or securities to comply with any related applicable federal or state income tax withholding requirements. Accordingly, the Investor understands and agrees that it may be necessary for the Custodian to redeem shares and/or securities in excess of the anticipated tax withholding amount.

If the Investor has illiquid securities in his or her SIMPLE IRA, the Custodian and its agents may be unable to liquidate the Price Fund shares and Other Investment Vehicle shares and/or securities in the Investor’s SIMPLE IRA to comply with any applicable federal or state income tax withholding requirements. The Investor understands that if only some or no money is withheld, the Investor may be responsible for the payment of taxes (penalties and interest may also apply). Depending on the Investor’s personal situation, the Investor may be responsible for the payment of estimated taxes.”

## **T. Rowe Price Trust Company SIMPLE IRA Disclosure Statement**

The T. Rowe Price Trust Company SIMPLE IRA Disclosure Statement (“SIMPLE IRA Disclosure Statement”) is revised as follows:

A new paragraph is added to the SIMPLE IRA Disclosure Statement at the end of the Payment Options portion of the Section entitled "Distributions/Taxation":

"Beginning January 1, 2020 (or sooner if practicable), if your SIMPLE IRA is escheated to a state unclaimed property fund under state law, the escheatment will be treated as a taxable distribution to you and 10% federal income tax withholding will be applied. In addition, if your address of record is within a mandatory withholding state, state taxes will be withheld from the distribution in accordance with the respective state rules. To avoid escheatment of your SIMPLE IRA to the state, please make sure that T. Rowe Price has your current address at all times so that you may be notified and claim your SIMPLE IRA before it is escheated to the state."

A new Section titled "Abandoned SIMPLE IRAs" is added to the SIMPLE IRA Disclosure Statement before the section entitled "Tax Forms":

"Beginning January 1, 2020 (or sooner if practicable), if your SIMPLE IRA is escheated to a state unclaimed property fund under state law, the escheatment will be treated as a taxable distribution to you with related federal, and if applicable, state income tax withholding and reporting. To avoid escheatment of your SIMPLE IRA to the state, please make sure that T. Rowe Price has your current address at all times so that you may be notified and claim your SIMPLE IRA before it is escheated to the state."

The following new language is added to the SIMPLE IRA Disclosure Statement at the end of the second paragraph in the Section entitled "Tax Forms":

"Beginning January 1, 2020 (or sooner if practicable), if your SIMPLE IRA is escheated to a state unclaimed property fund under state law, the escheatment will be treated as a taxable distribution to you. You will receive a Form 1099-R and be required to provide certain information on your federal, and if applicable, state income tax return about the escheatment."

### **(3) Brokerage Account Disclosures**

The changes below are effective January 1, 2020, and apply to the Brokerage Account Disclosures.

The Brokerage Account Disclosures is revised as follows:

The following new language is added to paragraphs 11 and 12:

"For all types of IRA accounts, please see the section entitled 'Escheatment of Abandoned Property' in the associated Disclosure Statement and Custody Agreement that govern your account."

Paragraph 12 is being retitled to "Escheatment of Abandoned Property."



## Important Change to the T. Rowe Price Traditional and Roth IRA Summary & Agreement and the T. Rowe Price SIMPLE IRA Summary & Agreement

Please review the change listed below, which is effective January 1, 2015. If you have any questions, please call us at 1-800-537-6172.

### **T. Rowe Price Traditional and Roth IRA Summary & Agreement**

*Supplement dated December 2014*

The following information updates the T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement (IRA Summary & Agreement) dated September 2004, as amended January 2007 and August 1, 2011. The section titled "Limits on Rollovers" is deleted and replaced with the following, effective January 1, 2015.

### **T. Rowe Price SIMPLE IRA Summary & Agreement**

*Supplement dated December 2014*

The following information updates the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement (SIMPLE IRA Summary & Agreement) dated December 2, 2002 or June 2006, as amended January 2007 and August 1, 2011. The section titled "Limits on Rollovers" is deleted and replaced with the following, effective January 1, 2015.

#### **Limits on Rollovers**

If you receive a distribution other than cash, that same property must be rolled over to the new IRA. There is no limit on the dollar amount you may roll over from one IRA to another IRA. However, you may make only one rollover between IRAs during any 12-month period (measured from the date you receive the distribution from the first IRA).

Effective January 1, 2015, the one-rollover-per-year limit will apply to all IRAs on an aggregate basis. An IRA distribution received on or after January 1, 2015 is not eligible for roll over into another IRA if the individual previously rolled over a distribution from any IRA (including Traditional, Roth, SEP and SIMPLE IRAs) in the preceding 1-year period. However, under a transition rule, a distribution from an IRA made in 2014 and properly rolled over to another IRA will not be counted for purposes of determining whether a 2015 distribution can be rolled over, provided that the 2015 IRA distribution is from an IRA that neither made nor received the 2014 distribution.

Note that the one-rollover-per-year limitation applies only to IRA rollovers, which are distributions from IRAs that are rolled over into another IRA within 60 days. The limit does not apply to Roth conversions, rollovers between qualified plans and IRAs, and trustee-to-trustee transfers --direct transfers of assets from one IRA trustee (or custodian) to another.

If you violate this rule, all later rollovers from the IRA in the 12-month period will be treated as if they were distributed to you, and you will be taxed on the taxable amount of each such distribution. You also may be subject to the early distribution penalty and the excess contribution tax on ineligible rollovers. Because the tax consequences of violating the one-rollover-per-year rule can be so severe, you may want to consider moving your IRA assets by transfer. (See Section titled "Transfers.")

# T. ROWE PRICE SIMPLE IRA SUMMARY & AGREEMENT

Supplement dated July 1, 2011

The following information updates the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement ("SIMPLE IRA Summary & Agreement") dated December 2002 or June 2006 and amended January 7, 2007. You should review this information carefully and keep it with your current copy of the SIMPLE IRA Summary & Agreement. These updates are effective August 1, 2011.

*The information under "Fees" in the Disclosure Statement is replaced with the following:*

**Fees.** An annual account service fee of \$20 will be charged for each T. Rowe Price mutual fund account with a balance below \$10,000. The annual account service fee will be automatically deducted from the account's assets. Waivers for this fee may apply, as described in the T. Rowe Price Funds prospectus.

If you close your T. Rowe Price SIMPLE IRA participant account during the year, T. Rowe Price reserves the right to assess a \$20 closeout fee and deduct it automatically from the proceeds of the total redemption from the Investor's plan account. However, the closeout fee is waived when an account service fee was previously assessed to the participant for that year or when the proceeds are being used for a rollover, transfer or conversion to a T. Rowe Price IRA or T. Rowe Price retirement plan account. This closeout fee applies regardless of the size of your mutual fund investments.

These thresholds and fee amounts are subject to change. Information on fees and commissions associated with a Brokerage IRA can be found in the materials provided with your T. Rowe Price Brokerage IRA kit.

*Section 6.4 "Custodian Fees and Expenses" in the Custodial Agreement is replaced with the following:*

**6.4 Custodian Fees and Expenses.** The Custodian shall be entitled to such fees for maintaining and administering the Account as it may establish from time to time and which may be changed by it at any time upon 30 days' written notice to the Investor. All such fees, and all other expenses incurred in maintaining the Account (including, but not limited to, taxes, brokerage commissions, and transfer taxes), shall be charged to the Account and Fund shares will be liquidated to pay such fees.

## T. ROWE PRICE PRIVACY POLICY

In the course of doing business with T. Rowe Price, you share personal and financial information with us. We treat this information as confidential.

You may provide information when communicating or transacting with us in writing, electronically, or by phone. For instance, information may come from applications, requests for forms or literature, and your transactions and account positions with us. On occasion, such information may come from consumer reporting agencies and those providing services to us.

We do not sell information about current or former customers to any third parties, and we do not disclose it to third parties unless necessary to process a transaction, service an account, or as otherwise permitted by law. We may share information within the T. Rowe Price family of companies in the course of providing or offering products and services to best meet your investing needs. We may also share that information with companies that perform administrative or marketing services for T. Rowe Price, with a research firm we have hired, or with a business partner, such as a bank or insurance company, with whom we are developing or offering investment products. When we enter into such a relationship, our contracts restrict the companies' use of our customer information, prohibiting them from sharing or using it for any purposes other than those for which they were hired.

We maintain physical, electronic, and procedural safeguards to protect your personal information. Within T. Rowe Price, access to such information is limited to those who need it to perform their jobs, such as servicing your accounts, resolving problems, or informing you of new products or services. Finally, our Code of Ethics, which applies to all employees, restricts the use of customer information and requires that it be held in strict confidence.

This Privacy Policy applies to the following T. Rowe Price family of companies: T. Rowe Price Associates, Inc.; T. Rowe Price Advisory Services, Inc.; T. Rowe Price Investment Services, Inc.; T. Rowe Price Savings Bank; T. Rowe Price Trust Company; and the T. Rowe Price Funds.

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# IMPORTANT UPDATE TO THE T. ROWE PRICE SIMPLE IRA SUMMARY & AGREEMENT

## JANUARY 2007

As a result of new tax laws, we have made changes to the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement (“Summary & Agreement”). This update is effective January 1, 2007. You should review this information carefully and keep it with your current copy of the Summary & Agreement.

### **EGTRRA Provisions Made Permanent**

Many changes to IRAs were made by the Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”). These specific provisions were scheduled to expire after 2010 unless extended or made permanent by Congress. The Pension Protection Act of 2006 made permanent all IRA provisions that were created or modified by EGTRRA.

### **ADDITIONAL IRA TYPES**

*(See sections on Types of Individual Retirement Accounts and Naming Beneficiaries)*

There are now eight types of IRAs that an individual can establish at T. Rowe Price. As indicated in the current Summary & Agreement, you can establish a Traditional IRA, Traditional Rollover IRA, Roth IRA, SEP-IRA, and SIMPLE IRA.

You may now also establish a Roth Rollover IRA, Inherited IRA, or Roth Inherited IRA. You can name beneficiaries for each of these new IRA types that are different from the beneficiaries you name for other IRA types at T. Rowe Price, if you wish. The new IRA types are as follows:

#### **Roth Rollover IRA**

A Roth IRA that is expected to receive one or more eligible rollovers from a Roth account in a 401(k) or 403(b) retirement plan. However, annual contributions or transfers may also be accepted.

#### **Inherited IRA**

An IRA designed for the beneficiary of an IRA (except a Roth IRA) or the beneficiary of an employer-sponsored retirement plan (except a Roth 401(k) or Roth 403(b) account). Transfers and rollovers may be accepted, but annual contributions are not permitted. A non-spouse beneficiary may not roll over an Inherited IRA into his or her own IRA.

#### **Roth Inherited IRA**

An IRA designed for the beneficiary of a Roth IRA or the beneficiary of a Roth 401(k) or Roth 403(b) account in an employer-sponsored retirement plan. Transfers and rollovers may be accepted but annual contributions are not permitted. A non-spouse beneficiary may not roll over a Roth Inherited IRA into his or her own Roth IRA.

## ANNUAL CONTRIBUTION LIMITS

(See section on Annual Contributions)

The chart entitled SIMPLE IRA Annual Deferral Limits provides annual elective deferral limits and catch-up contribution amounts for SIMPLE IRAs. The chart is outdated and has been replaced with the version below. In addition, the note below the chart, which indicates that the increases may only be valid through 2010, has been deleted.

SIMPLE IRA ANNUAL DEFERRAL LIMITS			
	Maximum Standard Elective Deferral	Maximum Catch-Up Contribution	Total for an Individual Age 50 or Older
2002	\$7,000	\$500	\$7,500
2003	\$8,000	\$1,000	\$9,000
2004	\$9,000	\$1,500	\$10,500
2005	\$10,000	\$2,000	\$12,000
2006	\$10,000	\$2,500	\$12,500
2007	\$10,500	\$2,500*	\$13,000

\*Indexed for inflation in \$500 increments.

## ELIGIBILITY FOR A ROTH CONVERSION

(See section on Conversions of SIMPLE IRAs to Roth IRAs)

The chart entitled Roth IRA Conversion Eligibility provides limitations on a taxpayer's Roth MAGI (modified adjusted gross income) relating to the ability to convert from a SIMPLE IRA to a Roth IRA. The income limitations on converting to a Roth IRA will be eliminated after 2009. Starting with the 2010 tax year, any taxpayer (including married taxpayers filing separately) will be eligible to convert to a Roth IRA regardless of filing status or income level. There is a special provision in the new tax law that will allow taxpayers to pay taxes on amounts converted in 2010 in equal installments in 2011 and 2012. However, income inclusion would be accelerated if any converted amounts are distributed before 2012. Taxpayers who convert their IRAs to a Roth IRA after 2010 must pay the resulting taxes for that tax year.

# T. ROWE PRICE TRUST COMPANY SIMPLE INDIVIDUAL RETIREMENT ACCOUNT DISCLOSURE STATEMENT

This Disclosure Statement is provided to each person who establishes a SIMPLE individual retirement account ("SIMPLE IRA") with T. Rowe Price Trust Company ("T. Rowe Price") under the T. Rowe Price SIMPLE Individual Retirement Account Custodial Agreement ("Custodial Agreement"). T. Rowe Price reserves the right to amend this Disclosure Statement at any time by written communication to a person who establishes a SIMPLE IRA with T. Rowe Price. The most recent version of this Disclosure Statement will effectively supersede any prior versions.

This Disclosure Statement incorporates changes made to SIMPLE IRAs by tax laws and regulations in effect through October 2003. The rules and policies described in this Disclosure Statement are effective January 1, 2004, unless specifically noted otherwise. Keep in mind that state income tax treatment and foreign tax treatment of SIMPLE IRAs vary. Therefore, this Disclosure Statement discusses only the federal tax treatment of SIMPLE IRAs. Please read the Disclosure Statement and Custodial Agreement carefully. In the event of any differences between any provision of this Disclosure Statement and the Custodial Agreement, the Custodial Agreement will be the controlling document. Also, please carefully review the disclosure documents or offering documents for any of the investments you select for your T. Rowe Price SIMPLE IRA, such as the prospectus for an individual security, a T. Rowe Price Fund or other mutual fund, or the T. Rowe Price Brokerage Welcome Handbook.

## GENERAL INFORMATION ABOUT YOUR SIMPLE IRA

### **Definition of SIMPLE Individual Retirement Account**

A SIMPLE IRA is a trust or custodial account created in the United States as part of an employer sponsored SIMPLE IRA Plan for the exclusive benefit of an individual (or his or her beneficiaries) that meets criteria regarding the amount(s) and form of contributions, the identity of the trustee or custodian, permissible investments, required distributions, and certain other matters. Generally, you may defer federal income taxes on any investment earnings in your SIMPLE IRA, and you may be able to defer federal income taxes on the amount you invest.

### **Account Nonforfeiture**

The SIMPLE IRA you establish with T. Rowe Price is created for the exclusive benefit of you and your Account's beneficiaries. Your interest in the SIMPLE IRA shall at all times be nonforfeitable but shall be subject to the applicable fees, expenses, and charges described herein. (See Section titled "Fees.")

### **Custodian**

By completing the T. Rowe Price application process and having T. Rowe Price accept your application, T. Rowe Price accepts the custodianship of your SIMPLE IRA.

## TYPES OF INDIVIDUAL RETIREMENT ACCOUNTS

### **Your T. Rowe Price IRAs**

At T. Rowe Price, an individual may establish up to five types of IRAs (for which he or she is otherwise eligible), as follows:

#### **Traditional IRA**

A Traditional IRA that is expected to receive annual contributions. However, eligible rollovers and transfers may also be accepted. A Traditional IRA is an individual retirement



account described in section 408(a) of the Internal Revenue Code (“Code”). Contributions you make to a Traditional IRA may be deductible or nondeductible. (See Section titled “Annual Contributions.”) Earnings in the Traditional IRA and deductible contributions are taxed when they are withdrawn from the Traditional IRA. (See Section titled “Distributions/Taxation.”)

### **Traditional Rollover IRA**

A Traditional IRA that is expected to receive one or more eligible rollovers from qualified employer sponsored retirement plans. However, annual contributions or transfers may also be accepted.

### **Roth IRA**

A Roth IRA that is expected to receive annual, conversion, or rollover contributions. A Roth IRA is an individual retirement account described in section 408A of the Code. If your income is below a certain level, you may make contributions to a Roth IRA. Contributions you make to a Roth IRA are not deductible. Distributions from a Roth IRA (including distributions of earnings) are not taxable if certain conditions are met. (See Section titled “Distributions/Taxation.”)

### **SEP-IRA**

A Traditional IRA that is expected to receive SEP or SAR-SEP contributions from an employer. However, eligible annual contributions, rollovers, or transfers may also be accepted.

### **SIMPLE IRA**

A Traditional IRA to which an eligible employer may make a contribution under a “SIMPLE IRA Plan.” A SIMPLE IRA is subject to additional restrictions on rollovers to other Traditional IRAs and conversions to Roth IRAs, and distributions from a SIMPLE IRA may be subject to a higher penalty tax for premature distributions. SIMPLE IRAs are established under and governed by the T. Rowe Price Trust Company SIMPLE Individual Retirement Account Custodial Agreement.

## **REVOCATION**

You must receive this Disclosure Statement and the Custodial Agreement seven days prior to opening your T. Rowe Price SIMPLE IRA. Your account cannot be accepted or opened until you have had these documents for seven days. You may not revoke your T. Rowe Price SIMPLE IRA after it has been accepted by T. Rowe Price.

## **ANNUAL CONTRIBUTIONS**

The Custodian will only accept contributions made under the terms of a SIMPLE Plan as described in the Code. You may elect to have an amount contributed to your SIMPLE IRA rather than have that amount paid to you directly in cash. Your contributions must be in cash or a cash equivalent (e.g., a check). You may not make contributions of property such as stock or real estate.

### **How Your Contributions Can Be Invested**

You may invest your SIMPLE IRA contribution in any investment option made available by T. Rowe Price for SIMPLE IRA holders, including, but not limited to, any of the following:

- Mutual funds managed by T. Rowe Price Associates, Inc., or an affiliate;
- Individual securities (e.g., stocks or bonds) through T. Rowe Price Investment Services, Inc.; and/or
- Mutual funds sponsored by other fund families but made available through T. Rowe Price Investment Services, Inc.

If you open a T. Rowe Price SIMPLE IRA through T. Rowe Price Investment Services, Inc. (“Brokerage IRA”), in addition to being bound by the terms and conditions of the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement, you will also be bound by the terms and conditions of the Brokerage Welcome Handbook.

If you open a SIMPLE IRA in a mutual fund that has been recommended to you by T. Rowe Price Investment Services, Inc., you are deemed to have agreed to the following important information:

You understand that only a limited number of mutual funds that are managed by T. Rowe Price Associates, Inc., or an affiliate (the “Funds”) are being considered for recommendation to you and that each Fund pays fees to affiliates of T. Rowe Price. You understand that purchases and redemptions of Fund shares are subject to the terms of the current Fund prospectus, including redemption fees designed to discourage short-term trading. You acknowledge that T. Rowe Price Investment Services, Inc., has provided a prospectus for the Fund recommended to you and that it is your responsibility to carefully read it, as it describes the Fund’s investment objectives, risks, fees, expenses, and other information you should consider carefully before investing. Although T. Rowe Price Investment Services, Inc., will recommend a Fund it deems to be suitable, such Funds are subject to market risk, as described in each Fund’s prospectus. You understand that, as with any investment in stocks, bonds, or mutual funds, share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. T. Rowe Price Investment Services, Inc., cannot guarantee any rate of return for each recommended Fund. You understand that the Fund recommendation is made at the point in time when T. Rowe Price Investment Services, Inc., collected your information and that the recommendation may not be appropriate if your situation changes. You understand that T. Rowe Price Investment Services, Inc., will not monitor your investments and is not obligated to update the recommendation. Unless you request an updated or subsequent recommendation, the information that T. Rowe Price Investment Services, Inc., collected about you will not be considered by its associates when servicing or performing transactions in your account or discussing your investments with you in the future.

**How Much You Can Contribute**

Except for rollovers, the maximum amount that you may contribute to your SIMPLE IRA for a calendar year is an annual limit set by law (but you may contribute less if you choose). Starting with 2002 contributions, individuals age 50 or older during the year may make additional catch-up contributions for that year. SIMPLE IRA contribution limits and catch-up limits will gradually increase, and these limits for future years are also shown in the chart below. If your compensation for a year is less than the prescribed maximum, your contribution for that year is limited to the total amount of your compensation.

<b>SIMPLE IRA ANNUAL DEFERRAL LIMITS</b>			
	Maximum Standard Elective Deferral	Maximum Catch-Up Contribution	Total for an Individual Age 50 or Older
2002	\$7,000	\$500	\$7,500
2003	\$8,000	\$1,000	\$9,000
2004	\$9,000	\$1,500	\$10,500
2005	\$10,000	\$2,000	\$12,000
2006	*	\$2,500	*
2007	*	*	*

\*Indexed for inflation in \$500 increments.

These limit increases were established by the Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA 2001”) and are only valid through 2010, unless Congress takes further action. Unless the provisions are extended, the limits will revert to the maximums for 2001.

### **SIMPLE IRAs For Minors**

A T. Rowe Price SIMPLE IRA may be established for an individual who has not attained age of majority under Maryland law (a “Minor”), provided certain conditions are met. However, a Minor may not establish a Brokerage IRA.

In order for T. Rowe Price to open a SIMPLE IRA for a Minor, the Minor’s parent or legal guardian must sign the SIMPLE IRA application on behalf of the Minor and make certain representations. T. Rowe Price cannot accept a SIMPLE IRA application that has been signed by a Minor. T. Rowe Price will only accept instructions from the parent or legal guardian who signed the SIMPLE IRA application until that parent or legal guardian informs us that the SIMPLE IRA owner has reached age of majority under Maryland law (currently 18 years of age), or the SIMPLE IRA owner provides proof that he or she has reached age of majority under Maryland law. Once the SIMPLE IRA owner reaches age of majority, he or she must complete T. Rowe Price’s SIMPLE IRA application to take control of the SIMPLE IRA account.

The parent or legal guardian establishing a T. Rowe Price SIMPLE IRA for a Minor certifies the following to be accurate and true:

- That the parent or legal guardian is aware of the Minor’s establishment of the SIMPLE IRA;
- That the Minor is an employee with compensation and eligible to make SIMPLE IRA contributions;
- That the parent or legal guardian is familiar with the IRS regulations governing SIMPLE IRAs;
- That the parent or legal guardian authorizes T. Rowe Price to act on instructions believed to be genuine for any services offered, including telephone redemption and exchange, and agrees that T. Rowe Price will not be liable for any resulting loss or expense; and
- That the parent or legal guardian understands that any written instructions will require the parent or legal guardian’s signature and authorization until T. Rowe Price is instructed in writing that the Minor has attained age of majority under Maryland law.

### **Form of Contributions**

Your annual contributions must be made by check, money order, or bank account debit. You may also choose to redeem assets from certain nonretirement accounts in order to fund a SIMPLE IRA contribution. Please be aware that gains on such redemptions may be includible in your gross income and subject to income taxes. You may not make contributions of property such as stock or real estate.

## **CONVERSIONS OF SIMPLE IRAs TO ROTH IRAs**

You may be eligible to convert all or any part of your SIMPLE IRAs to a Roth IRA. However, SIMPLE IRAs may not be converted during the two-year period beginning on the date you first participated in any SIMPLE IRA plan maintained by your employer. A separate two-year period applies to each of your employers maintaining a SIMPLE IRA plan. Therefore, if you participate(d) in more than one employer’s SIMPLE IRA plan, you may wish to maintain each employer’s SIMPLE IRA in a separate SIMPLE IRA account so you have the most flexibility in converting your SIMPLE IRAs to a Roth IRA.

### **Eligibility for a Roth Conversion**

Whether you can convert a SIMPLE IRA into a Roth IRA for a particular tax year depends on your filing status and your Roth Modified Adjusted Gross Income (Roth MAGI) for the year, as shown in the following chart:

## ROTH IRA CONVERSION ELIGIBILITY

Filing Status	Roth MAGI*	Eligibility
Single	\$100,000 or less	Eligible
	More than \$100,000	Not eligible
Married filing jointly	\$100,000 or less	Eligible
	More than \$100,000	Not eligible
Married filing separately**	Any amount	Not eligible
<p>* Beginning in 2005, solely for purposes of determining eligibility to convert to a Roth IRA, any income that represents payment of a required minimum distributions for that year is also deducted to determine and calculate your Roth MAGI.</p> <p>** Married individuals who live apart for the entire year and who file separate tax returns are treated as if they are “single” for purposes of determining whether they are eligible to convert Traditional IRAs to Roth IRAs.</p>		

### **Roth Modified Adjusted Gross Income (“Roth MAGI”)**

Roth MAGI is used to determine whether you are eligible to convert a SIMPLE IRA to a Roth IRA. Roth MAGI is equal to MAGI minus income derived from conversions from SIMPLE IRAs to Roth IRAs. Instructions on how to calculate your modified adjusted gross income (“MAGI”) can be found in IRS Publication 590, Individual Retirement Arrangements (IRAs). On IRS Form 1040, MAGI is generally AGI without taking into consideration IRA deductions, student loan interest deductions, foreign earned income exclusions, foreign housing exclusions or deductions, exclusions of qualified bond interest shown on IRS Form 8815, and exclusions of employerpaid adoption expenses shown on IRS Form 8839. On IRS Form 1040A, MAGI is generally AGI without taking into consideration IRA deductions, student loan interest deductions, exclusions of qualified bond interest shown on IRS Form 8815, and exclusions of employer-paid adoption expenses shown on IRS Form 8839.

### **Timing for a Conversion**

Conversions from a SIMPLE IRA to a Roth IRA for a tax year generally must be made by December 31 of that year. You do not have until the due date of your tax return for a year to convert a SIMPLE IRA into a Roth IRA for that year. For example, if you wish to convert a SIMPLE IRA into a Roth IRA for the 2003 tax year, the conversion generally must be completed by December 31, 2003, even though your tax return for 2003 generally is not due until April 15, 2004. However, if you receive a distribution from your SIMPLE IRA in one year and roll over the distribution to a Roth IRA in the next year, no later than 60 days after you received the distribution, your conversion to the Roth IRA is treated as being made in the first year.

### **Conversion of RMD Not Permitted**

Generally, all or part of the assets in a SIMPLE IRA may be converted to a Roth IRA. However, required minimum distributions (“RMDs”) from a SIMPLE IRA for the year of conversion cannot be converted to a Roth IRA. If you want to effect a conversion for a year in which you must take an RMD from your SIMPLE IRA, you must first take your RMD and then make the conversion to a Roth IRA. If you mistakenly convert your RMD for a year to a Roth IRA, the IRS will view the RMD as a distribution from the SIMPLE IRA and an annual contribution to the Roth IRA. If that amount exceeds your permitted annual contribution to a Roth IRA, you will need to remove the contribution as an excess. (See Section titled “Penalty Taxes.”)

### **Effects of a Conversion**

It is not necessary to keep amounts converted to a Roth IRA invested separately from annual contributions to a Roth IRA. All Roth IRAs may be combined into one account without any adverse tax consequences.

If you convert all or part of a SIMPLE IRA into a Roth IRA, the amount distributed from the SIMPLE IRA will be treated as if it has been distributed to you. Federal income taxes must be withheld on the amount taken out of the SIMPLE IRA unless you instruct the IRA custodian otherwise. If you convert to a Roth IRA and you have federal income taxes withheld, T. Rowe Price will withhold state taxes if your address on our records at the time of the distribution is located in a state that requires tax withholding. State taxes will be withheld in accordance with the rules of the state of your address in our records. Also, because a conversion involves moving assets between IRAs of different types, you and the IRS will receive: (a) a Form 1099-R (Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.) for the distribution from the SIMPLE IRA; and (b) a Form 5498 (IRA Contribution Information) for the deposit of assets to the Roth IRA. You must also report the conversion to the IRS on Form 8606.

Part of the amount taken out of the SIMPLE IRA will be taxable and part will be nontaxable. (You must use IRS Form 8606 to determine how much of the distribution from your SIMPLE IRA is taxable and how much is nontaxable.) You cannot choose to convert only nondeductible contributions in order to avoid taxes on the conversion. (See Section titled “Distributions/ Taxation.”) Even though the taxable portion of your conversion must be included in taxable income, amounts properly converted from a SIMPLE IRA to a Roth IRA are not subject to the 10% federal penalty tax on early distributions. If, however, you make a conversion to a Roth IRA but keep part of the money you withdraw from the SIMPLE IRA for any reason, such as to pay the taxes due on the conversion: (a) the total taxable portion of the amount you keep must be included in income in the year it was withdrawn from the SIMPLE IRA; and (b) the taxable portion of the amount you keep may be subject to a federal early distribution penalty. In certain circumstances, the penalty may apply later. (See Section titled “Distributions/Taxation.”)

The taxable portion of the amount converted generally must be included in your income in the year of the conversion. Additionally, if your Roth conversion straddles any tax year—for example, a distribution from a SIMPLE IRA in 2002 is converted to a Roth IRA in 2003—the distribution and conversion may receive different tax year treatment depending on the circumstances. For example, while such a transaction would be treated as a 2002 conversion for purposes of determining your eligibility to convert and for starting the five-year holding period for determining “qualified distributions” from your Roth IRA, it would be treated as a 2003 conversion/contribution for determining the five-year period for the early distribution penalty (if applicable). You should check with your tax adviser to determine the full effect such transactions may have on your individual tax situation.

## RECHARACTERIZATIONS

If you converted from a SIMPLE IRA to a Roth IRA in a year and either learn you were ineligible to make the conversion or you decide the conversion was not in your best interest, you may recharacterize the conversion you made to the Roth IRA (“Roth IRA”) as being made to a SIMPLE IRA (“SIMPLE IRA”). That is, you may move all or part of the conversion from the Roth IRA where you do not want it to be (the Roth IRA) to the SIMPLE IRA where you would like it to be (the second IRA) if the following requirements are met:

- (a) The movement of money must be directly from the Roth IRA to the SIMPLE IRA; you cannot take possession of the money.
- (b) Earnings (i.e., the net income attributable) on the amount of the conversion being moved from the Roth IRA to the SIMPLE IRA also must be moved from the Roth IRA to the SIMPLE IRA. If there was a loss in the Roth IRA, the net income that must be transferred may be a negative number.
- (c) The movement must take place on or before the due date of your tax return (including extensions) for the year for which you made the contribution or conversion. However, if you timely file your tax return without making the election, you can still make the choice by filing an amended tax return within six months of the due date of the return (excluding extensions). You must report the recharacterization on

the amended tax return and write “Filed pursuant to section 301.9100-2” on the tax return. Your amended tax return must be filed at the same address that you filed your original return.

To effect a recharacterization, you must notify the custodian or trustee of both the Roth IRA and the SIMPLE IRA before your recharacterization deadline for the year of the conversion and supply both custodians/ trustees with complete information to enable them to effect the transfer. When T. Rowe Price calculates the earnings or losses applicable to a recharacterization, the calculation is performed in accordance with the final IRS regulations that are based upon the “new method” described in IRS Notice 2000-39. This means that all investments within the same type of T. Rowe Price IRA will be considered, regardless of whether the recharacterized amount had actually been contributed to a particular investment in that type of IRA. You must report the recharacterization on your tax return, and once the transfer has taken place, you cannot revoke the recharacterization. You may, however, again recharacterize the same contribution or, under certain circumstances and subject to certain restrictions, again convert amounts that previously had been converted.

If you recharacterize a conversion, you will receive IRS Form 1099-R reporting the recharacterized amount moving from the Roth IRA and IRS Form 5498 reporting the recharacterized amount moving into the SIMPLE IRA. You must also report the recharacterization to the IRS on Form 8606.

If your Roth MAGI is more than \$100,000 or you are a married individual filing a separate return for the year that you converted amounts to a Roth IRA, you have made a failed conversion. If the converted amount is not recharacterized, the portion that exceeds your permitted annual Roth IRA contribution will be viewed as an excess contribution to the Roth IRA and may be subject to applicable taxes and penalties. (See Section titled “Excess Contributions.”)

#### **Restriction on Conversions of Previously Converted Amounts**

If you convert an amount from a SIMPLE IRA to a Roth IRA during a given tax year, and then recharacterize that amount (including the earnings or losses) back to a SIMPLE IRA, you are not permitted to convert that same previously converted amount (including the recharacterized earnings or losses) back to a Roth IRA before the later of:

- (a) January 1 of the tax year which follows the tax year in which you converted the amount; or
- (b) The end of the 30-day period beginning on the day you recharacterized the amount from the Roth IRA.

This rule also applies to failed conversions.

## **ROLLOVERS**

With a rollover, you receive money (or assets) from your SIMPLE IRA and then deposit that money (or those assets) into another SIMPLE IRA (or another type of Traditional IRA or employer sponsored retirement plan). You must complete the rollover within 60 days after you receive the distribution. If you do not complete the rollover within 60 days or you make an ineligible rollover, the distribution will be taxable to you, and the amount rolled over will be treated as a contribution to the receiving IRA or employer sponsored retirement plan. For 2002 through 2010, the IRS (not T. Rowe Price) may waive the 60-day requirement for reasons beyond your reasonable control, such as casualties or disasters.

When the SIMPLE IRA assets are distributed to you, that distribution will be reported to you and the IRS on Form 1099-R. When you roll over the distribution to another IRA, the institution sponsoring the receiving IRA will report receipt of the rollover to you and the IRS on Form 5498.

Rollovers to a SIMPLE IRA may be made only from another SIMPLE IRA. Rollovers from a SIMPLE IRA may be made to a SIMPLE IRA at any time. Rollovers from a SIMPLE IRA to a Traditional IRA or an employer sponsored retirement plan may be made only after the two-year period beginning on the date you first contributed to any SIMPLE plan of your employer. Any

taxable amounts distributed to you from a SIMPLE IRA during this two-year period that are not timely rolled over to another SIMPLE IRA are subject to an additional 25% penalty tax in addition to income tax.

A rollover is not the same as a transfer. In a transfer, you never receive money; instead, the money goes directly from one IRA account to another IRA account. (See Section titled “Transfers.”)

### **SIMPLE IRA to SIMPLE IRA**

You may roll over a distribution from a SIMPLE IRA to another SIMPLE IRA. The distributed amount may be all or part of the original SIMPLE IRA.

### **SIMPLE IRA to Roth IRA**

You may be eligible to roll over a SIMPLE IRA to a Roth IRA. This is considered a conversion. (See Section titled “Conversions of SIMPLE IRAs to Roth IRAs.”)

### **SIMPLE IRA to Traditional IRAs and Employer Sponsored Retirement Plans**

Distributions from SIMPLE IRAs may be rolled over to Traditional IRAs or to employer sponsored retirement plans, such as 403(b) plans, governmental 457 plans, 401(k) plans, profit sharing plans, and money purchase pension plans after the two-year period beginning on the date you first contributed to any SIMPLE IRA maintained by your employer. A rollover from a SIMPLE IRA to a Traditional IRA or an employer sponsored retirement plan before the end of the two-year period is treated as a taxable distribution, not a taxfree rollover, and as a contribution to the Traditional IRA or employer sponsored retirement plan.

Note that not all employer sponsored retirement plans accept rollovers, and some plans accept only certain types of rollovers. Therefore, you should check with your employer or plan administrator to make sure that the plan will accept your rollover before you instruct T. Rowe Price to roll over any SIMPLE IRA assets to an employer sponsored retirement plan.

### **Limits on Rollovers**

If you receive a distribution other than cash, that same property must be rolled over to the new SIMPLE IRA.

You may make only one rollover from a SIMPLE IRA to another SIMPLE IRA in any 12-month period (measured from the date you receive the distribution from the first IRA). There is no limit on the number of rollovers you may make to a SIMPLE IRA in any period. There is also no limit on the dollar amount you may roll over from one SIMPLE IRA to another SIMPLE IRA.

If you violate this rule, all later rollovers from the SIMPLE IRA in the 12-month period will be treated as if they were distributed to you, and you will be taxed on the taxable amount of each such distribution. You also may be subject to the early distribution penalty and the excess contribution tax on ineligible rollovers.

For purposes of determining how many rollovers are taken from a SIMPLE IRA during a 12-month period, the amount that is rolled over must be “traced” for the entire 12-month period.

A conversion from a SIMPLE IRA to a Roth IRA does not count toward the limit of one rollover from a SIMPLE IRA in any 12-month period. Similarly, recharacterizations you make to a SIMPLE IRA or to a Roth IRA do not count for the one-rollover-per-year limit.

Because it may be difficult to properly trace rollovers, and because the tax consequences of violating the one-rollover-per-year rule can be so severe, you may want to consider moving your SIMPLE IRA assets by transfer. (See Section titled “Transfers.”)

If you wish to roll over assets to or from your T. Rowe Price SIMPLE IRA, call to request the proper forms and/or obtain information about the procedures necessary to complete such a transaction.

## **TRANSFERS**

You may instruct a SIMPLE IRA custodian or trustee to transfer cash (or securities) directly from one SIMPLE IRA to another SIMPLE IRA. Such transfers are not treated as distributions. You may make transfers between SIMPLE IRAs as often as you wish and in any amounts. Transfers are not reported to the IRS..

You also may transfer SIMPLE IRA assets tax-free to your former spouse in accordance with the terms of a valid divorce decree or written instrument incident to a decree of divorce or separate maintenance. All transferred assets will be treated as a separate SIMPLE IRA of your spouse or former spouse.

In limited circumstances, you may be able to transfer in-kind property held in a SIMPLE IRA to a T. Rowe Price SIMPLE IRA. Call us for specific details regarding a Brokerage IRA.

If you are transferring SIMPLE IRA assets to T. Rowe Price, call to request the proper forms and/or obtain information about the procedures necessary to complete such a transaction.

## **IRA PROHIBITIONS**

The following restrictions apply to SIMPLE IRAs:

- (a) No part of your SIMPLE IRA assets may be invested in life insurance or commingled with other property except in a common trust or investment fund. In addition, no part of your SIMPLE IRA assets may be invested in collectibles within the meaning of section 408(m) of the Code, except for certain U.S. minted gold, silver, and platinum coins; state coins; and certain gold, silver, platinum, or palladium bullion. If collectibles within the meaning of section 408(m) of the Code are contributed to your SIMPLE IRA, those assets will be treated as a distribution in an amount equal to the cost of such collectibles.
- (b) Certain transactions between you (or your beneficiary) and the assets held in your SIMPLE IRA are not allowed. The Code specifically prohibits selling, exchanging, or leasing of any property between a SIMPLE IRA and the SIMPLE IRA owner. If you engage in a prohibited transaction with your SIMPLE IRA, all of your SIMPLE IRA will lose its tax-deferred status and will be treated as having been distributed to you.
- (c) You may not pledge or use any portion of your SIMPLE IRA as security for a loan. If you pledge all or any part of your SIMPLE IRA as security for a loan, the amount you have pledged will be treated as having been distributed to you.
- (d) Trading restrictions may be applied to your SIMPLE IRA if you fail to comply with T. Rowe Price policies and procedures or if, after making reasonable efforts, T. Rowe Price is unable to verify your identity under the T. Rowe Price Customer Identification Program. Such trading restrictions may also be applied to your SIMPLE IRA if you are a nonresident alien.

## **DISTRIBUTIONS/TAXATION**

The taxable portions of distributions from SIMPLE IRAs are included in ordinary income. Unlike certain distributions from qualified employer retirement plans, lumpsum distributions from SIMPLE IRAs are not eligible for forward-averaging, capital gains, or net unrealized appreciation treatment.

### **Payment Options**

Your T. Rowe Price SIMPLE IRA may be distributed to you in one or both of the following methods:

- (a) A single payment of all or a part of your SIMPLE IRA; or
- (b) Systematic installment payments taken from your SIMPLE IRA at least annually.

When you take a distribution from your SIMPLE IRA, federal withholding equal to 10% of the distributed amount (as described in section 3405 of the Code) must be taken on the withdrawn



amount unless you instruct your SIMPLE IRA custodian not to withhold, or to withhold a greater amount. If, at the time of the distribution, your address on our records is within a state that requires withholding, state taxes will also be withheld in accordance with the rules of that state.

### **Timing**

You may request a distribution from a SIMPLE IRA at any time. All or part of the distribution may be taxable. In addition, if you take a distribution before you reach age 59½, you may also be subject to an additional 10% federal early distribution penalty on the taxable amount of the distribution. (See Section titled “Early Distribution Penalty.”)

### **Taxation of Distributions from SIMPLE IRAs**

For purposes of determining the taxation of distributions from SIMPLE IRAs, you must treat all of your Traditional IRAs (including Traditional IRAs holding nondeductible contributions, Traditional IRAs holding deductible contributions, Traditional Rollover IRAs, SEP-IRAs, SAR-SEP IRAs, and SIMPLE IRAs) as if they were one IRA. If you have made nondeductible contributions to any Traditional IRA, distributions from any of your Traditional IRAs will be treated as part taxable and part nontaxable. You must use IRS Form 8606 to determine how much of any Traditional IRA distribution (including distributions from your Traditional IRAs, Traditional Rollover IRAs, SEP-IRAs, SAR-SEP IRAs, and SIMPLE IRAs) is nontaxable.

### **Early Distribution Penalty**

All taxable amounts withdrawn from a SIMPLE IRA (including amounts deemed distributed because of a prohibited transaction) may be subject to an additional 10% federal early distribution penalty. If you are subject to the 10% early distribution penalty, you may need to complete IRS Form 5329 and attach it to your federal tax return. Your SIMPLE IRA custodian or trustee may report your SIMPLE IRA distribution on IRS Form 1099-R as an early distribution (with no known exception to the additional tax). If this is the case, but an exception to the 10% early distribution penalty applies to your distribution, then you must also complete IRS Form 5329 to claim your exception and attach it to your federal tax return. Generally, as outlined under section 72(t) of the Code, the 10% early distribution penalty does not apply to SIMPLE IRA distributions that are made:

- (a) after you reach age 59½;
- (b) upon your death;
- (c) upon your total and permanent disability;
- (d) as part of a series of substantially equal periodic payments taken at least annually over your life expectancy or the joint and last survivor life expectancy of you and your beneficiary;
- (e) for deductible medical expenses that exceed 7.5% of your adjusted gross income (this exception applies even if you do not itemize your deductions);
- (f) for health insurance premiums paid for yourself, your spouse, or your dependents while you are unemployed for at least 12 consecutive weeks;
- (g) for a “qualified first-time home purchase” (up to \$10,000 during your lifetime) for you, your spouse, or the children, grandchildren, or parents of you or your spouse;
- (h) for “qualified higher education expenses” incurred by you, your spouse, or your (or your spouse’s) children or grandchildren;
- (i) in order to convert from a SIMPLE IRA to a Roth IRA, or
- (j) pursuant to an IRS levy under section 6331 of the Code.

The 10% penalty may be increased to 25% if the distribution is made during the two-year period beginning when you first participated in the SIMPLE IRA Plan.

### **Application of Early Distribution Penalty to Roth IRA Converted Amounts**

If you withdraw amounts taxed on conversion from a SIMPLE IRA to a Roth IRA within the five-year period beginning with the year those amounts were converted to a Roth IRA, the amount distributed that is attributable to the taxable amounts converted will be subject to the 10% early distribution penalty unless an exception applies. Thus, this penalty may apply even though the distribution from the Roth IRA is not included in taxable income.

For purposes of determining if the early distribution penalty applies to distributions of amounts that were taxed on conversion, the five-year period starts in the year the conversion was made. (For this purpose, the five-year period does not start in the first year a contribution or conversion is made to a Roth IRA, as is the case for determining the income taxation of distributions from Roth IRAs.) Therefore, you still must track the age and taxable amount of each year's amounts converted to a Roth IRA.

## **REQUIRED MINIMUM DISTRIBUTIONS**

Required minimum distribution ("RMD") rules require that you take annual minimum distributions from your SIMPLE IRAs (and also Traditional IRAs, Traditional Rollover IRAs, SEP-IRAs, and SAR-SEP IRAs) once you reach age 70½ and that your beneficiaries take minimum distributions from your SIMPLE IRAs (and all other types of IRAs) after your death.

How the rules apply during your lifetime is different from how they apply after your death. In any event, RMDs are not eligible for rollover.

### **While You Are Alive**

You must take RMDs each year from your SIMPLE IRA(s) beginning for the year you reach age 70½. For any year, you can always withdraw more than the minimum amount that is required by the RMD rules.

You are not required to take distributions from a Roth IRA while you are alive (even after you reach age 70½).

### **When Must RMDs Be Paid?**

The RMD for the year you reach age 70½ must be distributed by your Required Beginning Date. Your Required Beginning Date is April 1 of the year following the year in which you reach age 70½. Each following year's RMD must be taken by December 31 of that year. So, if you elect to defer your first year's RMD to April 1 of the following year, you also must take your second year's RMD by December 31 of that same year.

### **How is Your RMD for a Year Calculated?**

The amount of a particular year's RMD is calculated using the following formula:

$$\text{RMD for a year} = \frac{\text{IRA account balance on December 31 of the preceding year}}{\text{Applicable distribution period for the year}}$$

### **Calculation of IRA Account Balance on December 31**

Usually your IRA account balance on any December 31 is the fair market value of your IRA on that December 31. However, you must adjust your December 31 account balance in a year in either of the following two circumstances:

- **Outstanding Rollovers or Transfers** – If a rollover from a qualified plan or an IRA to another IRA is not in any account on December 31, the amount being rolled over must be added to the recipient IRAs account balance for that December 31. Similarly, if a transfer from one IRA to another IRA is not in any account on December 31, the amount being transferred must be added to the recipient IRAs account balance for that December 31.
- **Recharacterizations** – If all or part of an amount that was converted to a Roth IRA for one year is being transferred back to an IRA as a recharacterization in a later year, the amount being recharacterized must be added to the recipient IRAs account balance for December 31 of the year in which the amount was converted.

### **Determination of Applicable Distribution Period**

The applicable distribution period for an RMD while you are alive is determined each year from one of two tables that are reproduced in an Appendix to IRS Publication 590 (Individual Retirement Arrangements (IRAs)). For each year you must take an RMD, you must determine which table to use.

1. Uniform Lifetime Table – Most likely you will use this table for most years to determine your applicable distribution period for a year. This table is used for a year if you are not married or, if you are married, you have not named your spouse as your sole primary beneficiary for the entire year or your spouse was not born more than 10 calendar years after you. For any year you use this table, use the distribution period shown on the table for your age on your birthday in that year.
2. Joint and Last Survivor Expectancy Table – You may use this table for a year only if the sole beneficiary of your IRA for that entire year is your spouse and your spouse was born more than 10 calendar years after you. (Generally, the beneficiaries of your T. Rowe Price IRA will be the individuals and/or entities you have named on your beneficiary form that you have filed with us. If you have not filed a beneficiary form with us, your sole beneficiary will be your surviving spouse; if you have no surviving spouse, your sole beneficiary will be your estate.)

For purposes of determining if you can use the Joint and Last Survivor Expectancy Table in any year, your marital status is determined on January 1 of that year. But special rules apply if you get divorced or your spouse dies during a year:

- a. Death - If you are married on January 1, if your spouse is your sole primary beneficiary of the IRA on that January 1, and if your spouse dies before you during that year, your spouse is treated as your sole primary beneficiary for the entire year in which your spouse died only if you do not name a new beneficiary until after your spouse's death.
- b. Divorce - If you are married on January 1, if your spouse is your sole primary beneficiary of the IRA on that January 1, and if you and your spouse divorce during that year, your spouse is treated as your sole primary beneficiary for that entire year only if you do not name a new beneficiary during that year.

To determine your applicable distribution period for a year using the Joint and Last Survivor Expectancy Table, use the number at the intersection of the row or column containing your age on your birthday in that year and the row or column containing your spouse's age on your spouse's birthday in that year.

### **Multiple IRAs**

If you have more than one IRA (other than Roth IRAs), you must determine the RMD separately for each IRA (other than Roth IRAs) based on the account balance and beneficiary of each IRA. After you have calculated each IRA's RMD, you can add the RMD amounts and withdraw the total amount from any one or more of your IRAs (other than Roth IRAs). Check with your tax adviser to verify that you are withdrawing at least the minimum required amount from all of your IRAs.

### **Required Notices**

If your birth date in our files shows you are required to take an RMD from a T. Rowe Price IRA for a year, in January of that year we will send you a notice that you must take an RMD for that year. Beginning in 2004, we also must notify the IRS each year you must take an RMD from a T. Rowe Price IRA.

## **After Your Death**

After you die (regardless of your age when you die), the RMD rules apply to the beneficiaries of your IRA. How the RMD rules apply after your death depends on whether you die before your Required Beginning Date, the identity of your beneficiaries, and the type of IRA. Note that these rules are used only in determining the RMD amount that must be paid from your IRA in any year; these rules are not used to determine who receives the payments from your IRA after your death.

## **General Rules**

The following general rules apply in determining RMDs after your death.

1. “Designated Beneficiary” – After your death, the actual beneficiaries of your IRA are entitled to the assets in your IRA. To make sure the RMD is paid from your IRA each year after the year of your death, one must determine if you have one or more Designated Beneficiaries of your IRA and the identity of any Designated Beneficiary.

Generally, a “Designated Beneficiary” must be an individual and not an entity (e.g., an estate, a trust, or a charity). Your Designated Beneficiaries, if any, are determined on September 30 of the year following the year of your death. To be a “designated beneficiary,” an individual must be an actual beneficiary of your IRA on the date of your death and must (a) still be entitled to receive benefits from your IRA on September 30 of the year after the year of your death or (b) have died before September 30 of the year after the year of your death without disclaiming benefits before his or her death.

2. Generally, if you have multiple actual beneficiaries and, on September 30 of the year after the year of your death, one of those beneficiaries is not an individual, you are treated as if you do not have any Designated Beneficiary. However, if one of your actual beneficiaries is a trust, it may be possible for one or more of the individual beneficiaries of the trust to be a Designated Beneficiary. The trust beneficiary rules are complicated. See IRS Publication 590 or your tax adviser for details.
3. If you have more than one Designated Beneficiary, for purposes of performing the RMD calculation, your oldest Designated Beneficiary will be treated as your only Designated Beneficiary. However, if a separate account is established for each of your Designated Beneficiaries by the end of the year following the year of your death, the RMD rules apply separately to each account. The separate account rules are complicated. See IRS Publication 590 or your tax adviser for details.
4. If the sole beneficiary of your IRA is your surviving spouse, your spouse may elect to treat your IRA as if it were his or her own IRA, name his or her own beneficiaries, and take RMDs as if your spouse owns the IRA. If your surviving spouse wishes to make this election for a T. Rowe Price IRA, your spouse must notify T. Rowe Price in writing. Your surviving spouse also may roll over to his or her own IRA or to certain qualified employer plans any distribution from your IRA that is not an RMD.

Any beneficiary who is not your surviving spouse may not elect to treat your IRA as his or her own or to roll over distributions from your IRA. Your beneficiary may name his or her own beneficiaries of the IRA your beneficiary inherits from you.

5. If a beneficiary is required to take RMDs as a beneficiary of more than one of a particular decedent’s IRAs, the beneficiary does not have to take the RMD from each IRA. Instead, the beneficiary can separately calculate his or her RMD for each IRA, add the RMD amounts for all of a particular decedent’s IRAs of the same type (e.g., as beneficiary of a decedent’s Roth IRAs or as beneficiary of a decedent’s Traditional IRAs), and take the total RMD amount for that type of IRA from any of the decedent’s IRAs of that same type.

6. RMDs after your death are calculated using the same formula as described above under “How Is Your RMD for a Year Calculated?” except that the determination of the applicable distribution period is different.
7. Your beneficiaries may always take larger amounts from your IRAs than is required by the RMD rules.

#### **Death On or After Your Required Beginning Date**

The following rules apply to all IRAs (other than Roth IRAs) if you die on or after your Required Beginning Date.

1. Your RMD for the year in which you die, calculated as described above under “While You Are Alive,” must be paid by the end of the year in which you die, even if the payment is not made until after your death.
2. For each year after the year of your death, an RMD must be paid from your IRA, calculated as described above under “While You Are Alive,” except the determination of the applicable distribution period is different and depends on whether the beneficiary of your IRA is a Designated Beneficiary.
  - a. No Designated Beneficiary—The applicable distribution period is equal to your life expectancy from the Single Life Table in the Appendix to IRS Publication 590 listed next to the age you would have been on your birthday in the year of your death, reduced by one for each year after the year of your death. This means RMDs are paid over a fixed period of time.
  - b. A Designated Beneficiary – The applicable distribution period is the longer of:
    - i. Your remaining life expectancy as determined in “No Designated Beneficiary” above.
    - ii. The remaining life expectancy of your Designated Beneficiary. Determination of the life expectancy of your Designated Beneficiary depends on the identity of the Designated Beneficiary of your IRA as follows:
      - A. If the sole Designated Beneficiary of your IRA is your surviving spouse, life expectancy of your Designated Beneficiary is determined each year from the Single Life Table based on your spouse’s age on his or her birthday in the year for which the calculation is being made. This means your spouse’s life expectancy is recalculated each year.
      - B. If the Designated Beneficiary of your IRA is not your surviving spouse or your surviving spouse is not the sole Designated Beneficiary of your IRA, determine the Designated Beneficiary’s life expectancy from the Single Life Table based on the Designated Beneficiary’s age on his or her birthday in the year after the year of your death, reduced by one for each year thereafter. This means RMDs are paid over a fixed period of time.

#### **Death Before Your Required Beginning Date**

The following rules apply to a SIMPLE IRA, a Traditional IRA, a Traditional Rollover IRA, a SEP-IRA, and a SAR-SEP IRA if you die before your required beginning date. These rules also apply to a Roth IRA regardless of when you die. Again, determination of the applicable distribution period depends on whether the beneficiary of your IRA is a Designated Beneficiary.

1. No Designated Beneficiary—If you do not have a Designated Beneficiary of your IRA, the entire IRA must be distributed by the end of the fifth calendar year after the year of your death. Under this rule, no distribution is required until that fifth year.

2. A Designated Beneficiary—If you have a Designated Beneficiary of your IRA, generally an RMD must be paid from the IRA for each year after the year of your death. The RMD is calculated as described above under “While You Are Alive” except the determination of the applicable distribution period is different and depends on the identity of your Designated Beneficiary:
  - a. Spouse is Sole Beneficiary—If your surviving spouse is the sole beneficiary of your IRA, your spouse may elect to delay taking RMDs from that IRA until the later of (i) the end of the year following the year in which you died, or (ii) the end of the year in which you would have reached age 70½ if you had not died. Once RMDs must begin, the applicable distribution period is equal to your surviving spouse’s life expectancy determined each year from the Single Life Table in the Appendix to IRS Publication 590 based on your surviving spouse’s age on his or her birthday in the year for which the calculation is being made. This means your surviving spouse’s life expectancy is recalculated each year. (If your spouse dies before RMDs must begin, for purposes of calculating RMDs from the IRA, your surviving spouse will be treated as if your spouse were the owner of the IRA. However, this rule does not apply to the surviving spouse of your surviving spouse.)
  - b. Spouse is not Sole Beneficiary—If your surviving spouse is not the sole beneficiary of your IRA, RMDs must be paid for each year after the year of your death. The applicable distribution period is determined from the Single Life Table based on the Designated Beneficiary’s age on his or her birthday in the year after the year of your death, reduced by one for each year thereafter.
3. Special Rule—Any Designated Beneficiary may elect to take your entire IRA by the end of the fifth year following the year of your death. Under this special rule, no distribution is required until that fifth year.

### **Roth IRAs**

Regardless of whether you die before, on, or after your required beginning date, RMDs from a Roth IRA after your death are calculated in accordance with the rules described under “Death Before Your Required Beginning Date.”

### **Effect of Failure to Take RMD**

If you do not take your RMD from your IRAs (except Roth IRAs) for a year that you are alive, you may be subject to a 50% federal penalty tax on the difference between the amount that you should have withdrawn and the amount you actually withdrew. The same rule applies to the beneficiaries of all types of your IRAs after your death. The IRS may waive the penalty tax if you (or your beneficiary) can prove the failure to take the RMD was due to reasonable error and the error is being corrected.

## **NAMING BENEFICIARIES**

You may establish up to five different types of IRAs at T. Rowe Price. Your options include the following:

- a Traditional IRA;
- a Traditional Rollover IRA;
- a Roth IRA;
- a SEP-IRA (which includes a SAR-SEP IRA); and
- a SIMPLE IRA.

At any given time, you may have only one IRA of each type listed above at T. Rowe Price, but you may have more than one type of IRA and name different beneficiaries for each type. The most recent designation you make for a particular type of T. Rowe Price IRA will apply to all investments within that type of IRA. For instance, assume you have an existing T. Rowe Price SIMPLE IRA and you open a new investment. Any beneficiary designation you make for the new investment in your T. Rowe Price SIMPLE IRA will replace any prior beneficiary designation you had made for your existing T. Rowe Price SIMPLE IRA. The beneficiaries for all investments held in your T. Rowe Price SIMPLE IRA will be updated to reflect your most recent designation. However, any designations you made for another type of T. Rowe Price IRA would not be affected.

### **If You Die With No Named Beneficiary**

If no beneficiary designation is in effect at your death, your surviving spouse will be considered your sole beneficiary. If no beneficiary designation is in effect at your death, and you do not have a surviving spouse, your estate will be considered your sole beneficiary.

### **How Your T. Rowe Price SIMPLE IRAs are Distributed to Your Beneficiary(ies)**

If you name multiple primary beneficiaries or multiple secondary beneficiaries, failure to identify the percent allocable to each beneficiary will result in equal allocation among the appropriate beneficiaries. Secondary beneficiaries receive distributions only if no primary beneficiaries survive you. Unless you indicate otherwise, T. Rowe Price will distribute your SIMPLE IRA to your beneficiaries on a per capita basis. That is, if a primary beneficiary dies before you and you do not make further changes to your primary beneficiaries, the percentages will be recalculated proportionately among the remaining primary beneficiaries based upon your last effective designation. We use the same method and rules for secondary beneficiaries. If you die and one of your beneficiaries is a Minor, the parent or legal guardian of that beneficiary must execute all necessary forms to withdraw from your SIMPLE IRA or open an inherited IRA for that beneficiary.

### **Special Beneficiary Rules for a Brokerage IRA**

If you name multiple primary beneficiaries or multiple secondary beneficiaries for a Brokerage IRA in which you owned individual securities upon your death, your beneficiaries may not choose specific securities to which they are entitled. The total number of shares of each security held in your SIMPLE IRA will be divided proportionately based upon the percentages allocated to each beneficiary. If you die owning individual securities in your Brokerage IRA, no additional securities can be purchased for an inherited IRA owned by a Minor. However, the Minor's inherited IRA can continue to hold such securities and they can be sold upon instruction from the Minor's parent or legal guardian.

### **Beneficiaries Naming Beneficiaries**

Upon your death, your surviving spouse or other beneficiary of your T. Rowe Price SIMPLE IRAs may name his or her own beneficiary(ies) for an inherited IRA. Some states may restrict and/or prohibit the designation of beneficiaries on inherited IRAs, so an attorney or appropriate state authority should be consulted regarding the laws in the applicable state. Please call T. Rowe Price to request the proper form to name a beneficiary for an inherited IRA. If a beneficiary inherits your SIMPLE IRA and then dies without naming his or her own beneficiary, that beneficiary's surviving spouse will be considered the sole beneficiary of that beneficiary's inherited IRA. If a beneficiary

inherits your IRA, dies without naming his or her own beneficiary, and dies with no surviving spouse, that beneficiary's estate will be considered the sole beneficiary of that beneficiary's inherited IRA.

### **Trusts as Beneficiaries**

You may name a trust as beneficiary of your SIMPLE IRA. A trust is not considered a designated beneficiary for the purposes of determining required minimum distributions based upon the life expectancy of a beneficiary. (See Section titled "Required Minimum Distributions.") However, if the trust meets all of the "lookthrough" or "pass-through" rules as described in IRS Publication 590 and Treasury Regulations, its individual beneficiaries may be considered the designated beneficiaries of a SIMPLE IRA. T. Rowe Price may require an assertion from all trustees of the trust, or an attorney who is familiar with the trust, that the trust meets all of the requirements prescribed by section 1.401(a)(9)-4 of the Treasury Regulations, and applicable rulings, if: (a) T. Rowe Price is instructed to calculate required minimum distributions based upon a trust's beneficiary's life expectancy; or (b) T. Rowe Price is instructed to roll over a decedent's IRA to an IRA for his or her surviving spouse when a trust was named as beneficiary of the decedent's SIMPLE IRA.

### **General Rules for Naming Beneficiaries**

In order for any beneficiary designation to be effective, it must be received and accepted by T. Rowe Price before your death. If you are the surviving spouse beneficiary of a deceased individual's T. Rowe Price IRA(s), you must inform T. Rowe Price in writing if you wish to treat any of your spouse's T. Rowe Price IRA(s) as your own IRA.

Please call T. Rowe Price for procedures to name or change your beneficiaries, or if you want to make special arrangements for naming your beneficiaries. Additional rules governing the naming of beneficiaries for your T. Rowe Price SIMPLE IRA are specified in Article 5.9 of the Custodial Agreement.

## **PENALTY TAXES**

### **Excess Contributions**

If you contribute more to your SIMPLE IRAs than is allowed as annual contributions, rollovers, or conversions (all discussed earlier), a 6% excise tax will apply for each year the excess contribution remains in your SIMPLE IRA(s) on December 31.

You can avoid the excise tax by withdrawing the excess contribution and any earnings on it before the due date for filing your federal tax return, including extensions, for the year for which the excess contribution was made. Any withdrawn earnings must be included in income for the tax year in which the excess contribution was made. However, if you timely file your tax return for that tax year without making the election, you can still make the choice by filing an amended return within six months of the due date of the return (excluding extensions). You must report the returned excess on the amended tax return and write "Filed pursuant to section 301.9100-2" on the return. Your amended tax return must be filed at the same address that you filed your original return. The earnings attributable to the returned excess may be a negative number. If you are requesting the return of an excess contribution and you are asking T. Rowe Price to calculate the earnings or losses, the earnings will be calculated in accordance with the final IRS regulations that are based upon the "new method" described in IRS Notice 2000-39. This means that all investments within the same type of IRA will be considered regardless of whether the excess contribution was actually invested in a particular investment in that type of IRA.

If you withdraw an excess contribution for a year prior to your tax return due date (including extensions) for that year, the withdrawal is treated as a return of an excess contribution if your total IRA contributions for the year of withdrawal are not more than that year's maximum. T. Rowe Price will report the distribution to you and the IRS on Form 1099-R, reporting any earnings and showing a distribution code for a returned excess contribution.

You can avoid application of the 6% excise tax for subsequent years by withdrawing the excess contribution or applying the excess contribution as an annual contribution for a subsequent year. Otherwise, you will need to include such corrective distributions in your gross income, and



they may be subject to the 10% penalty tax on premature distributions. If T. Rowe Price is informed that the excess is not being returned prior to your tax return due date, including extensions, T. Rowe Price will report the returned excess contribution to you and the IRS on Form 1099-R as either an early or normal distribution, depending upon your age. You are not required to withdraw earnings on the excess contribution in this instance.

### **Early Distributions**

If you receive distributions from your SIMPLE IRA before you reach age 59½, you may be subject to a 10% early distribution penalty in addition to the ordinary income taxes you must pay on the distribution. (See Section titled “Early Distribution Penalty.”) To calculate and pay an early distribution penalty, or to except yourself from the penalty, you may need to complete IRS Form 5329.

### **Failure to Withdraw RMD (Excess Accumulation Penalty)**

If you do not take your required minimum distribution from a SIMPLE IRA for a year, or your beneficiaries do not take their appropriate RMDs from a SIMPLE IRA, the 50% penalty tax on excess accumulations may apply. (See Section titled “Required Minimum Distributions.”)

## **FEES**

An annual fee of \$25 will be charged for each T. Rowe Price mutual fund in your T. Rowe Price SIMPLE IRA. However, this fee will be waived for a mutual fund investment in a SIMPLE IRA if that mutual fund balance is \$5,000 or greater at the time of fee billing, if the aggregate balance of all of your T. Rowe Price regular and retirement mutual fund accounts is \$50,000 or greater at the time of fee billing, or for households with \$100,000 or more in total assets with T. Rowe Price at the time of fee billing. These thresholds and fee amounts are subject to change. If you close your T. Rowe Price SIMPLE IRA during the year, the \$25 fee will be deducted automatically from the proceeds of the redemption from each mutual fund unless, at the time of redemption, you previously have paid that fee for the year. This fee applies regardless of the size of your mutual fund investments. Some of these fees may be deductible on your federal income tax return if you itemize your deductions and if you pay the fee directly, prior to the fee being charged to your account, during the same calendar year for which you are claiming the deduction.

Information on fees and commissions associated with a Brokerage IRA can be found in the materials provided with your T. Rowe Price Brokerage IRA kit.

## **TAX FORMS**

T. Rowe Price will send you a Form 5498 for each year that you contribute or make a rollover, conversion, or recharacterization into a T. Rowe Price SIMPLE IRA. T. Rowe Price will mail Form 5498 in May following the year for which you made your contribution. This form shows the total contributions to your T. Rowe Price SIMPLE IRA(s) for the prior calendar year, the total rollover contributions to your T. Rowe Price SIMPLE IRA(s) in the prior calendar year, the total amounts converted and/or recharacterized between your T. Rowe Price SIMPLE IRA(s) in the prior calendar year, and the fair market value of your IRA(s) as of the preceding December 31.

T. Rowe Price will send you a Form 1099-R for each year that you take a distribution from a T. Rowe Price SIMPLE IRA. T. Rowe Price will mail Form 1099-R in January following the year for which you made your distribution. This form reports any distributions, including conversions, recharacterizations, and withdrawals to beneficiaries after your death, from a T. Rowe Price SIMPLE IRA in the prior calendar year. The form does not report a direct transfer from one SIMPLE IRA custodian or trustee to another custodian or trustee for the same types of IRA. The distribution code found on each Form 1099-R explains to the IRS the type of distribution made for each type of IRA.

If you took a distribution from your SIMPLE IRA and you have previously made nondeductible contributions to any type of IRA, you must calculate the taxable amount of your distribution by completing Form 8606. Additionally, if you made a conversion to a Roth IRA, or a recharacterization between a SIMPLE IRA and a Roth IRA, you must report these transactions to the IRS on Form 8606. The IRS may design a form similar to Form 8606 that you must use to report contributions

to a Roth IRA.

If you incur a penalty tax in a year due to early distributions, excess contributions, or failure to take required minimum distributions, you may need to file Form 5329 for that year. If your distribution was reported on Form 1099-R as an early distribution (with no known exception), but an exception to the 10% early distribution penalty tax should apply, then you must file Form 5329 for that year.

## **MISCELLANEOUS**

### **Investment Performance**

The growth of your T. Rowe Price SIMPLE IRA depends on the investments you select. Therefore, the growth of your T. Rowe Price SIMPLE IRA can be neither projected nor guaranteed.

### **IRS Approval**

The IRS approved the T. Rowe Price Trust Company SIMPLE IRA Custodial Agreement on October 30, 2003. Approval by the IRS is a determination as to the form, not the merits, of this IRA.

### **Additional Information**

Please refer to IRS Publication 590, Individual Retirement Arrangements (IRAs), for additional information concerning these complicated rules. You may obtain this publication from your local IRS office or by calling 1-800-TAX-FORM. IRS publications also are available at the IRS Web site at [www.irs.gov](http://www.irs.gov). In addition, you may want to consult your personal tax adviser with any questions you have about IRAs

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# T. ROWE PRICE TRUST COMPANY SIMPLE INDIVIDUAL RETIREMENT ACCOUNT CUSTODIAL AGREEMENT

This T. Rowe Price SIMPLE Individual Retirement Account Custodial Agreement (“Agreement” or “Custodial Agreement”) is an amended and restated prototype document for establishing SIMPLE Individual Retirement Accounts, which is sponsored by T. Rowe Price Trust Company (“T. Rowe Price”) for use by T. Rowe Price and any affiliate of T. Rowe Price that is permitted to serve as Custodian under this Custodial Agreement. This Agreement incorporates changes made by the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, the Internal Revenue Service Restructuring and Reform Act of 1998, the Economic Growth and Tax Relief Reconciliation Act of 2001, and the required minimum distribution final regulations issued in 2002. The Internal Revenue Service (“IRS”) has approved a prior version of this T. Rowe Price SIMPLE Individual Retirement Account Custodial Agreement and approved this particular version on October 30, 2003. Approval by the IRS is a determination as to the form, not the merits, of this SIMPLE IRA.

SIMPLE IRAs are established by Investors for the purpose of accepting contributions pursuant to a SIMPLE IRA Plan established by the Investor’s employer.

By properly completing the Application process and electing to open a SIMPLE individual retirement account under section 408(p) of the Internal Revenue Code of 1986, as amended (“Code”), the individual hereinafter referred to as Investor (“Investor”) establishes a SIMPLE individual retirement custodial account (“SIMPLE Individual Retirement Account” or “SIMPLE IRA”), also referred to as “Account” or “T. Rowe Price SIMPLE IRA,” and T. Rowe Price Trust Company (“Custodian”), by accepting the Investor’s Application, accepts custodianship of the Account. For an Investor establishing a SIMPLE IRA, the Account is deemed established for the exclusive benefit of the Investor or the Account’s beneficiaries. Separate records will be maintained for the interest of each Investor. The Investor and the Custodian agree that the Account is subject to the terms and conditions of this Agreement, and the Application shall be effective as of the date the Application is accepted by the Custodian.

## ARTICLE I – DEFINITIONS

Whenever used herein, the following terms will have these meanings, unless otherwise provided herein:

- 1.1 “Application” means the application process of T. Rowe Price for the establishment of a SIMPLE Individual Retirement Account by an Investor (or, if this is a SIMPLE Individual Retirement Account transferred by the beneficiary of a deceased Investor, the beneficiary) who is a participant in a SIMPLE IRA Plan established by an employer and the Custodian establishing this SIMPLE Individual Retirement Account, as the Agreement exists when entered into by the Investor (or the beneficiary) and the Custodian, or as amended from time to time.
- 1.2 “Code” means the Internal Revenue Code of 1986 or any recodification of the revenue laws of the United States of America in effect at the time of the transaction at issue. Reference to a section of the Code includes that section and any comparable section of any future legislation that amends, supplements, or supersedes that section.
- 1.3 “Custodial Agreement” means all the provisions of this document.
- 1.4 “Custodian” means T. Rowe Price and its successors in interest resulting from its merger, consolidation, or other reorganization; or any other bank or other financial institution affiliated with or designated by the Sponsor which is qualified to be a custodian of individual retirement accounts pursuant to section 408 of the Code and which accepts an Investor’s Application and thereby custodianship of the Investor’s Account.

- 1.5 “Designated Beneficiary” means the beneficiary, former beneficiary, or beneficiary of a trust who is considered the designated beneficiary, as of September 30 of the year following the Investor’s death, of a SIMPLE IRA established under this Custodial Agreement, as determined under section 1.401(a)(9)-4 of the Treasury Regulations.
- 1.6 “Investor” means the individual who completes the Application process and adopts this Custodial Agreement as the Investor’s SIMPLE Individual Retirement Account. Such Investor may be an individual who elects to make annual contributions to a SIMPLE IRA as provided in Article II, an individual who elects to make a rollover contribution or custodian-to-custodian transfer as provided in Article III, a surviving spouse of a deceased Investor who elects, as provided in Article V, to have the SIMPLE IRA treated as the surviving spouse’s own account, or a spouse or former spouse of the Investor to whom the Investor’s interest in the SIMPLE IRA is transferred under a valid divorce decree or under a written instrument incident to such a divorce decree.
- 1.7 “Roth Individual Retirement Account” or “Roth IRA” means a Roth individual retirement account described in Section 408A of the Code.
- 1.8 “SIMPLE IRA” means an IRA to which an eligible employer may make contributions in accordance with the SIMPLE Retirement Account provisions of section 408(p) of the Code as provided herein.
- 1.9 “Sponsor” means T. Rowe Price and its successors in interest.
- 1.10 “Taxable Year” means the Investor’s taxable year for federal income tax purposes.
- 1.11 “Traditional Individual Retirement Account” or “Traditional IRA” means an individual retirement account described in section 408(a) of the Code, which is not a Roth Individual Retirement Account.

## ARTICLE II – CONTRIBUTIONS

- 2.1 **Annual Contributions.** This SIMPLE IRA will accept only cash contributions made on behalf of the Investor pursuant to the terms of a SIMPLE IRA Plan described in section 408(p) of the Code. A rollover contribution or a transfer of assets from another SIMPLE IRA of the Investor will also be accepted. No other contributions will be accepted. The maximum contribution amounts are as set by the employer (within the allowable limits permitted pursuant to the Code) in the SIMPLE IRA Plan.
- 2.2 **Return of Excess Contributions.** At the written request of the Investor, the Custodian shall return to the Investor any excess contribution as defined in section 408(d)(4) or 408(d)(5) of the Code (and any income on such excess contribution, if the Investor’s request asks for such income and states that the return of excess is intended to comply with section 408(d)(4) of the Code). Excess contributions shall be returned in cash. In the absence of direction from the Investor, the Custodian shall have complete discretion to liquidate assets of the Account necessary to return any excess contribution in cash. The Custodian shall have no responsibility for determining whether any contribution is in excess of the above limit, whether any contribution is allowable as a deduction, whether any excess contribution is returned in time to avoid any adverse tax consequences, or for notifying the Investor of any excess contributions. The Custodian’s responsibility is limited to the administration, in accordance with the terms of this Custodial Agreement, of contributions actually received by it.
- 2.3 **Form of Contributions.** Rollover contributions or transfers may be made in cash or other property acceptable to the Custodian and which are permissible investments under section 408 of the Code. All other contributions must be made in cash.

## **ARTICLE III – ROLLOVER CONTRIBUTIONS AND TRANSFERS**

- 3.1 **Rollover Contributions To SIMPLE IRAs.** An Investor may make a rollover contribution to a SIMPLE IRA only as described in section 408(d)(3)(G) of the Code.
- 3.2 **Transfer of Assets To SIMPLE IRAs—Receipt by Custodian.** The Investor may transfer assets to a T. Rowe Price SIMPLE IRA held on behalf of the Investor from a trustee or custodian of another SIMPLE IRA held on behalf of the Investor.
- 3.3 **Delivery by Custodian.** At the written request of the Investor, the Custodian may, in the form or manner acceptable to it, transfer assets in a T. Rowe Price SIMPLE IRA directly to the trustee or custodian of another SIMPLE IRA established on behalf of the Investor or, as provided in section 408(d)(6) of the Code, to a SIMPLE IRA established on behalf of the Investor's spouse or former spouse incident to divorce.
- 3.4 **Composition of Rollover Contributions.** The Investor may make, or cause to be made, rollover contributions to the Custodian in cash or kind; provided, however, if the rollover contribution is made in kind, it must consist of the identical assets which were paid or distributed to the Investor in the distribution. Contributions in kind will be credited to the Investor's Account at their fair market value at the time of the rollover contribution.
- 3.5 **Acceptance of Rollover Contributions and Transfers.** The Custodian reserves the right to impose conditions on or to reject any contribution or transfer in kind that the Custodian, in its sole discretion, determines would impose potential liabilities or undue burden on the Custodian. The Custodian may impose a fee for the evaluation and review of any proposed contribution or transfer in kind. Rollovers and transfers will not be allowed of loans to the Investor, life insurance, or collectibles not allowed as investments under Section 4.5.
- 3.6 **Custodian-to-Custodian Transfers by Beneficiary.** Subject to the conditions in Section 3.5, the beneficiary of a SIMPLE IRA which was established by an Investor who is now deceased may cause to be made, and the Custodian may accept, a custodian-to-custodian transfer from such SIMPLE IRA to a T. Rowe Price SIMPLE IRA. In such case, the T. Rowe Price SIMPLE IRA shall be established in the name of the deceased Investor. However, the beneficiary currently entitled to receive any distributions from the SIMPLE IRA shall be the person who successfully completes the Application process. The beneficiary currently entitled to receive any distributions from the SIMPLE IRA may, generally, designate a successor beneficiary.
- 3.7 **Excess Rollover Contributions or Transfers.** In the event that the requirements set forth in this Article III for a rollover contribution or transfer are not met, the amount of any excess rollover contribution or transfer adjusted for earnings or losses attributable to such excess shall be distributed to the Investor (or the Investor's beneficiary for a transfer under Section 3.6) promptly upon request made to the Custodian by the Investor (or beneficiary) in writing designating the amount to be distributed. The Custodian shall have no responsibility for determining whether any rollover contribution or transfer has failed to meet the above requirements, whether the attempted rollover or transfer must be included in the distributee's gross income, whether any excess is distributed in time to avoid any adverse tax consequences, or for notifying the Investor (or the Investor's beneficiary) of the existence of any excess, the Custodian's responsibility being limited to the administration, in accordance with the terms of the Custodial Agreement, of contributions and transfers actually received by it.

## **ARTICLE IV - INVESTMENTS**

- 4.1 **Investment Instructions.** The Custodian shall invest and reinvest all contributions, rollovers, and transfers to the Account in accordance with the Investor's directions in the Application and in accordance with any subsequent directions given in the form and manner acceptable to the Custodian by the Investor (or, following the Investor's death, by the Investor's beneficiary). If any investment instructions are unclear in the opinion of the Custodian, or if any contribution exceeds the maximum prescribed for that Taxable Year and is not identified as a rollover contribution, the Custodian may hold or return all or a portion

of the contribution, rollover, or transfer uninvested without liability for loss of income or depreciation and without liability for interest, pending receipt of proper instructions or clarification.

- 4.2 Permissible Investments.** Assets in the Account may be invested or reinvested in shares of one or more of the regulated investment companies for which T. Rowe Price Associates, Inc., or any of its affiliates, serves as investment adviser (“Price Fund”) and any other investment permitted under section 408(a) of the Code which the Custodian permits as an investment under this Agreement (“Other Investment Vehicle”). The Investor must provide specific instructions to the Custodian of specific purchases, sales, exchanges, and other transactions in the Account. All such transactions must comply with this Agreement and the current prospectus, or other offering materials, of the investment( s) involved. By giving instructions to the Custodian to invest in a Price Fund, the Investor will be deemed to have acknowledged receipt of the current prospectus for such Price Fund. The Custodian shall execute such instructions promptly; provided, however, that neither the Custodian nor any affiliated company shall be obligated to invest any portion of the Investor’s initial contribution to his or her Account until seven calendar days shall have elapsed from the date of acceptance of the Investor’s Application by the Custodian.
- 4.3 Reinvestment of Earnings.** All dividends and other distributions received by the Custodian on shares of any Price Fund held in the Account shall be reinvested in additional shares of such Price Fund unless the Investor directs the Custodian, in the form and manner acceptable to the Custodian, to invest such dividends and other distributions in accordance with the Investor’s instructions. Dividends, interest, or any other distributions received with respect to Other Investment Vehicles held in the Account shall be reinvested in accordance with the Investor’s instructions in the Application or in subsequent instructions furnished to the Custodian in the form and manner acceptable to the Custodian.
- 4.4 Registration of Assets.** All assets held in an Account shall be registered in the name of the Custodian for the benefit of the Investor in the SIMPLE IRA. The Custodian shall deliver, or cause to be delivered, to the Investor all notices, prospectuses, financial statements, proxies, and proxy solicitation materials relating to the Price Fund shares or Other Investment Vehicles held in the Investor’s Account. The Custodian shall not vote any such shares or Other Investment Vehicles except in accordance with instructions received from the Investor in the form and manner acceptable to the Custodian; provided, however, that the Custodian shall, without written direction from the Investor, vote Price Fund shares held in an Investor’s Account for which no voting instructions are timely received in the same proportion as Price Fund shares for which voting instructions from such Fund’s other shareholders are timely received.
- 4.5 Impermissible Investments.** The Account cannot invest in life insurance contracts or collectibles within the meaning of section 408(m) of the Code. The Account cannot be commingled with other property except in a common trust fund or in a common investment fund. If the SIMPLE IRA acquires collectibles within the meaning of section 408(m) of the Code, the SIMPLE IRA assets will be treated as a distribution in an amount equal to the cost of such collectibles.
- 4.6 Responsibility of Custodian.** The Custodian shall be entitled to rely completely on investment instructions furnished to it by the Investor and shall have no duty or obligation to question such investment instructions. The Investor acknowledges that the Custodian is not responsible for any loss which results from the Investor’s (or, following the Investor’s death, the Investor’s beneficiary’s) exercise of (or failure to exercise) investment control.

## **ARTICLE V - DISTRIBUTION RULES**

- 5.1 General Requirements.** Subject to the following requirements of this Article, the Investor may elect, in a form and manner acceptable to the Custodian, to have all or any part of the

Account distributed to any person or entity designated by the Investor in one or both of the following ways: a single-sum payment of all or a part of the SIMPLE IRA, or systematic installment payments taken at least annually.

- 5.2 Rollovers and Transfers.** If this SIMPLE IRA is maintained by a designated financial institution (within the meaning of section 408(p)(7) of the Code) under the terms of a SIMPLE IRA Plan of the Investor's employer, the Investor must be permitted to transfer the Investor's balance without cost or penalty (within the meaning of section 408(p)(7) of the Code) to another IRA of the Investor that is qualified under sections 408(a), (b), or (p) of the Code, or to another eligible retirement plan described in section 402(c)(8)(B) of the Code.

Prior to the expiration of the two-year period beginning on the date the Investor first participated in any SIMPLE IRA Plan maintained by the Investor's employer, any rollover or transfer by the Investor of assets from this SIMPLE IRA must be made to another SIMPLE IRA of the Investor. Any distribution of assets from this SIMPLE IRA to the Investor during this initial two-year period may be subject to a 25% additional federal tax if the Investor does not roll over the amount distributed into another SIMPLE IRA. After the expiration of the initial two-year period, the Investor may roll over or transfer assets to any IRA of the Investor that is qualified under sections 408(a), (b), or (p) of the Code, or to another eligible retirement plan described in section 402(c)(8)(B) of the Code.

- 5.3 Lifetime Required Minimum Distributions From SIMPLE IRAs.**

The Investor's entire interest in a SIMPLE IRA must be, or begin to be, distributed no later than the first day of April following the calendar year in which the Investor attains age 70 $\frac{1}{2}$  (the "required beginning date") over the life of the Investor or the lives of the Investor and his or her beneficiary. The required minimum distribution for the year the individual attains age 70 $\frac{1}{2}$  can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year. Notwithstanding any provision of this Agreement to the contrary, the distribution of the Investor's interest in the Account shall be made in accordance with the requirements of section 408(a)(6) of the Code and the regulations thereunder, the provisions of which are incorporated by reference.

The amount to be distributed from a SIMPLE IRA each year, beginning with the calendar year in which the Investor attains age 70 $\frac{1}{2}$  and continuing through the year of the Investor's death, shall not be less than the quotient obtained by dividing the value of the SIMPLE IRA as of the end of the preceding year by the distribution period in the Uniform Lifetime Table in Q&A-2 of section 1.401(a)(9)-9 of the Treasury Regulations, using the Investor's age as of his or her birthday in such year. However, if the Investor's sole designated beneficiary is the Investor's surviving spouse and such spouse is more than 10 years younger than the Investor, then the distribution period for such year is determined under the Joint and Last Survivor Table in Q&A-3 of section 1.401(a)(9)-9 of the Treasury Regulations, using the ages as of the Investor's and surviving spouse's birthdays in such year.

If distributions are made from an annuity contract purchased from an insurance company, distributions thereunder must satisfy the requirements of Q&A-4 of section 1.401(a)(9)-6T of the Temporary Income Tax Regulations, rather than sections 5.4, 5.5 and 5.6.

- 5.4 Required Minimum Distributions From SIMPLE IRAs Upon Investor's Death Occurring On or After the Investor's Required Beginning Date.** If the Investor dies on or after his or her required beginning date, the remaining interest in the Investor's SIMPLE IRA will be distributed at least as rapidly as follows:

- (a) If there is a Designated Beneficiary, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the Investor's death, over the longer of the remaining life expectancy of the Investor or the remaining life expectancy of the Designated Beneficiary. The Investor's remaining life expectancy shall be determined using the Investor's age as of his or her birthday in the year of



the Investor's death. The Designated Beneficiary's remaining life expectancy shall be determined using the Designated Beneficiary's age as of his or her birthday in the year following the year of the Investor's death.

- (b) If the Investor's sole Designated Beneficiary is his or her surviving spouse and the surviving spouse dies after distributions are required to begin to the surviving spouse, any remaining interest will be distributed over the surviving spouse's remaining life expectancy determined using the surviving spouse's age as of his or her birthday in the year of the surviving spouse's death.
- (c) If there is no Designated Beneficiary, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the Investor's death, over the remaining life expectancy of the Investor. The Investor's remaining life expectancy shall be determined using the Investor's age as of his or her birthday in the year of the Investor's death.
- (d) The amount to be distributed each year under subsection (a) or (b) is the quotient obtained by dividing the value of the SIMPLE IRA as of the end of the preceding year by the remaining life expectancy specified in such subsection. Life expectancy is determined using the Single Life Table in Q&A-1 of section.

1.401(a)(9)-9 of the Treasury Regulations. If distributions are being made to the 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 age specified in subsection (a) or (b) and reduced by one for each subsequent year.

**5.5 Required Minimum Distributions From SIMPLE IRAs Upon Death Occurring Before the Required Beginning Date.** Notwithstanding any provision of this Agreement to the contrary, the distribution of the Investor's interest in the Account shall be made in accordance with the requirements of section 408(a)(6) of the Code and any regulations thereunder. If an Investor dies owning interest in a SIMPLE IRA (before required beginning date), the Investor's remaining interest in the SIMPLE IRA will be distributed at least as rapidly as follows:

- (a) If the Designated Beneficiary is someone other than the Investor's surviving spouse, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the Investor's death, over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the age of the Designated Beneficiary as of his or her birthday in the year following the year of the Investor's death or, if elected, in accordance with subsection (c) below.
- (b) If the Investor's sole Designated Beneficiary is the Investor's surviving spouse, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the Investor's death (or by the end of the calendar year in which the Investor would have attained age 70½, if later) over such spouse's life, or if elected, in accordance with subsection (c) 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 surviving spouse's death, over the surviving spouse's remaining life expectancy determined using the surviving spouse's age as of his or her birthday in the year following the year of the death of the spouse or, if elected, will be distributed in accordance with subsection (c) below. If the surviving spouse dies after distributions are required to begin, any

remaining interest will be distributed over the surviving spouse's remaining life expectancy determined using the surviving spouse's age as of his or her birthday in the year of the spouse's death.

- (c) If there is no Designated Beneficiary or if applicable by operation of subsections (a) or (b) above, the remaining interest must be distributed by the end of the calendar year containing the fifth anniversary of the Investor's death (or of the surviving spouse's death in the case of the surviving spouse's death before distributions are required to begin under subsection (b))
- (d) The amount to be distributed each year under subsection (a) or (b) is the quotient obtained by dividing the value of the SIMPLE IRA as of the end of the preceding year by the remaining life expectancy specified in such subsection. Life expectancy is determined using the Single Life Table in Q&A-1 of section 1.401(a)(9)-9 of the Treasury 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 specified in subsection (a) or (b) and reduced by one for each subsequent year.

#### 5.6 General Rules Applicable to Required Minimum Distributions under Sections 5.3, 5.4, and 5.5.

- (a) The value of the SIMPLE IRA includes the amount of any outstanding rollover, transfer, and recharacterization under Q&As-7 and -8 of section 1.408-8 of the Treasury Regulations.
- (b) If the sole Designated Beneficiary is the Investor's surviving spouse, the surviving spouse may elect to treat the SIMPLE IRA as his or her own SIMPLE IRA. This election will be deemed to have been made if such surviving spouse makes any contributions, rollovers, or transfers to the SIMPLE IRA or fails to take required minimum distributions as a beneficiary (permitted under the contribution rules for SIMPLE IRAs as if the surviving spouse were the owner).
- (c) Distributions shall be required to be made under Section 5.3, 5.4, or 5.5, as applicable, only to the extent that sections 401(a)(9)(A), 401(a)(9)(B), 408(a)(6), 408(b)(3), and 408A(c)(5) of the Code, and any other applicable guidance issued by the IRS, the provisions of which are herein incorporated by reference, require such distributions to be made.

**5.7 Aggregation of Certain IRAs for Purposes of Required Minimum Distributions.** An Investor may choose to satisfy the minimum distribution requirements described above and under sections 408(a)(6), 408(b)(3), and 408A(c)(5) of the Code by receiving a distribution from one or more IRAs that is equal to the amount required to satisfy the minimum distribution requirements for two or more IRAs of the same type. An Investor (or an Investor's beneficiary, if applicable) may not receive a distribution from one type of IRA to satisfy the minimum distribution requirements for one or more IRAs of a different type. For this purpose, the different types of IRAs are Roth IRAs and Traditional IRAs (including a SEP-IRA, a SAR-SEP IRA, and a SIMPLE IRA). Also, an IRA owned by an Investor is not the same type of IRA that an individual inherits as a beneficiary of a particular IRA owner. Accordingly, if an Investor or an Investor's beneficiary fails to elect one of the described methods of distribution before the required beginning date, the Custodian will assume the Investor (or, following the Investor's death, the Account's beneficiary) has received the required minimum distribution from another IRA of the same type.

**5.8 Responsibility of Custodian.** The Custodian will not assume any responsibility to make any distribution from the Account except at the direction of the Investor (or, following

the Investor's death, the Account's beneficiary). Furthermore, the Custodian shall have no responsibility for the tax consequences of any distribution, or the failure to elect any distribution, from the Account; such responsibility is solely that of the Investor (or the Account's beneficiary, if applicable).

- 5.9 **Beneficiary Designation.** The Investor may name and change his beneficiary or beneficiaries for a SIMPLE IRA by clearly indicating such to the Custodian prior to the Investor's death in the form or manner acceptable to the Custodian. If no such designation is in effect at the time of the Investor's death, the beneficiary shall be the Investor's surviving spouse or, if there is no surviving spouse, the estate of the Investor. If the beneficiary of a deceased Investor's SIMPLE IRA has not filed a written beneficiary designation for the beneficiary's share of the deceased Investor's SIMPLE IRA with the Custodian prior to the time of the beneficiary's death, then the beneficiary of the Investor's beneficiary shall be the Investor's beneficiary's spouse or, if there is no surviving spouse, the Investor's beneficiary's estate. You may name a different beneficiary for each type of IRA you have at T. Rowe Price. The most recent designation you make for a particular type of IRA will apply to all investments in that type of IRA at T. Rowe Price.
- 5.10 **Rollover Distributions To Roth IRAs.** The Investor may make a qualified rollover (a conversion) from a SIMPLE IRA to a Roth IRA only as described in subsections (e) and (f) of section 408A of the Code and, for years after 2006, as described in section 402A(c)(3) of the Code. An Investor may not make a qualified rollover contribution to a Roth IRA from an individual retirement plan (as defined in section 7701(a)(37) of the Code) other than a Roth IRA for a Taxable Year if the Investor's MAGI for such year exceeds \$100,000 or if for such year the Investor is a married individual filing a separate return and is not treated as not married under section 219(g)(4) of the Code.

## ARTICLE VI - ADMINISTRATION

- 6.1 **Duties of the Investor.** In addition to any other duties imposed upon the Investor under this Agreement, the Investor (or, after the Investor's death, the Investor's beneficiary) shall have sole responsibility for determining whether any contribution, rollover, transfer, distribution, return of excess contributions, or recharacterization made to or from the Account shall be permitted, including, but not limited to, the responsibility to determine the allowability, maximum amount allowed, deductibility, and tax effect of any contribution, rollover, transfer, distribution, return of excess contributions, or recharacterization made to or from the Account, and the responsibility to instruct the Custodian to make distributions pursuant to Sections 2.2 and 3.7 and Article V. In the event of an administrative error by the Custodian, the Investor must notify the Custodian of such error within the later of six months or the end of the calendar year in which the administrative error occurred. The Investor agrees to provide, in a form and manner acceptable to the Custodian, any information that may be necessary or helpful for the Custodian to fulfill its duties hereunder, including, but not limited to, the preparation of reports required by the IRS.
- 6.2 **Custodian Reports.** The Custodian agrees to submit reports to the IRS and to the Investor which contain information, including information concerning required minimum distributions, prescribed by the IRS. Within 60 days after the close of each calendar year, or after the Custodian's resignation or removal pursuant to Section 9.1, the Custodian shall send to the Investor a written report reflecting the transactions made during such period and the market value of the Account at the close of the period. If, within the time period allotted in Section 6.1 of this Agreement, after receiving such report, the Investor does not object in writing to any specific item in such report, the accounting in such report shall be deemed final, and the Custodian shall, to the extent permitted by applicable law, be forever released and discharged from all liability and accountability with respect to items set forth in such report.

- 6.3 **Summary Description.** If contributions made on behalf of the Investor pursuant to a SIMPLE IRA Plan maintained by the Investor's employer are received directly by the Custodian from the employer, the Custodian will provide the employer with the summary description required by section 408(l)(2) of the Code.
- 6.4 **Custodian Fees and Expenses.** The Custodian shall be entitled to such fees for maintaining and administering the Account as it may establish from time to time and which may be changed by it at any time upon 30 days' written notice to the Investor. All such fees, and all other expenses incurred in maintaining the Account (including, but not limited to, taxes, brokerage commissions, and transfer taxes), shall be charged to the Account unless, with the consent of the Custodian, all or part of such fees and expenses are paid by the Investor.

## **ARTICLE VII - ADDITIONAL PROVISIONS REGARDING THE CUSTODIAN**

- 7.1 **Duties of Custodian.** The parties do not intend to confer any fiduciary duties on the Custodian, and none shall be implied. The Custodian shall have no obligation to verify the allowability, maximum amount allowed deductibility, or tax effect of any contribution, roll-over, transfer, distribution, return of excess contributions, or recharacterization made to or from the Account on behalf of the Investor. The Custodian may rely conclusively upon and shall be protected in acting upon any written order from the Investor or the Investor's beneficiary or any other notice, request, consent, or certificate believed by it to be genuine. The Custodian may perform any of its administrative duties through other persons designated by the Custodian from time to time, except that assets must be registered as stated in Section 4.4. No such delegation or future change therein shall be considered as an amendment of this Agreement.
- 7.2 **Indemnification.** To the extent permitted by applicable law, the Investor shall fully indemnify the Custodian and hold it harmless from any and all liability whatsoever which may arise in connection with this Agreement, except those which arise due to the Custodian's gross negligence or willful misconduct. The Custodian shall not be obligated or expected to commence or defend any legal action or proceeding in connection with this Agreement unless agreed upon by the Custodian and the Investor and unless the Custodian is fully indemnified for so doing to the Custodian's satisfaction.

## **ARTICLE VIII - AMENDMENT**

- 8.1 **General.** The Custodian reserves the right to amend the Agreement at any time in any manner that will not cause the Agreement to fail to satisfy the requirements of section 408 of the Code. Any amendment by the Custodian shall be effective 30 days after communicated, in writing, to the Investor, and the Investor shall be deemed to have consented thereto unless, within 30 days after such communication is mailed to the Investor, the Investor gives the Custodian a proper order for a lumpsum distribution or a transfer of the entire Account to another trustee or custodian. Thirty days after communication by the Custodian, the most recent version of this Agreement will effectively supersede any prior versions.
- 8.2 **Exceptions.** This Article shall not be construed to restrict the Custodian's freedom to agree with the Price Funds upon the terms by which Price Funds or Other Investment Vehicles may be offered or chosen for investment in the Account. Also, this Article VIII shall not be construed to restrict any change in fees made as provided in Section 6.4. No such agreement or change shall be deemed to be an amendment of this Agreement.

## **ARTICLE IX - RESIGNATION OR REMOVAL OF CUSTODIAN**

- 9.1 **General.** The Custodian may resign and appoint a successor custodian at any time upon at least 30 days' prior written notice to the Investor. The Investor may remove the Custodian

and designate a successor custodian at any time upon at least 30 days' prior written notice to the Custodian. Upon such resignation or removal, and upon receipt by the Custodian of written acceptance of its appointment by the successor custodian, which must be a bank or other person qualified to serve as a custodian under section 408 of the Code, the Custodian shall transfer to such successor custodian the assets of the Account and all pertinent records (or copies thereof), provided that (if so requested by the Custodian) such successor custodian agrees not to dispose of any such records without the Custodian's consent. The Custodian is authorized, however, to reserve a portion of such assets as it may deem advisable for payment for all of its fees, compensation, costs, expenses, and any other liabilities constituting a charge on or against the assets of the Account or on or against the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the successor custodian. If, by the effective date of the Custodian's resignation or removal, or such later date as the Custodian may agree to, the Investor or Custodian has not appointed a successor custodian which has accepted such appointment, the Custodian shall terminate the Account pursuant to Article X.

- 9.2 **Responsibility of Custodian.** After the Custodian has transferred the Account assets (including any reserve balance as contemplated above) to the successor custodian (or terminated such Account), the Custodian shall be relieved of all further liability with respect to this Agreement, the Account, and the Account assets.
- 9.3 **Responsibility of Successor Custodian.** No successor custodian appointed pursuant to Section 9.1 shall be liable or responsible for any act or default of any predecessor custodian, nor shall any successor custodian be required to inquire into or take any notice of the prior administration of the Account.

## **ARTICLE X - TERMINATION OF ACCOUNT**

- 10.1 **General.** The Investor may terminate the Account at any time upon prior written notice to the Custodian. The Custodian shall terminate the Account if, by the effective date of the Custodian's resignation or removal, neither the Investor nor the Custodian has appointed a successor custodian which accepted such appointment. Termination of the Account shall be effected by distributing all assets thereof to the Investor (or, after the Investor's death, to the Account's beneficiary) in a form and manner acceptable to the Custodian, subject to the Custodian's right to reserve assets as provided in Section 9.1.
- 10.2 **Responsibility of Custodian.** Upon termination of the Account, this Agreement shall terminate and have no further force and effect, and the Custodian shall be relieved from all further liability with respect to this Agreement, the Account, and all assets thereof so distributed.

## **ARTICLE XI - MISCELLANEOUS**

- 11.1 **Governing Law.** Generally, this Agreement shall be construed and enforced according to the laws of the State of Maryland. However, for issues and/or disputes concerning beneficiaries' entitlement to assets contained in an Investor's SIMPLE IRA (e.g., qualified disclaimers under section 2518 of the Code, determinations in the event of simultaneous deaths, or community property rights), this Agreement may, in the sole discretion of the Custodian, be construed and enforced according to the laws of the state of permanent residence of the Investor.
- 11.2 **Construction.** It is the intention of the Custodian and the Investor that this Custodial Agreement be qualified under the provisions of section 408 of the Code, as applicable, and all provisions hereof should be construed for that result.
- 11.3 **Gender; Plural.** Whenever used in this Agreement, personal pronouns are deemed to mean masculine and feminine. The singular form, whenever used herein, shall mean or include the plural form where applicable, and vice versa.

- 11.4 **Notices.** Any notice, accounting, or other communication which the Custodian may give the Investor shall be deemed given when mailed to the Investor at the Investor's address on record with the Custodian. All notices the Investor is required to give to the Custodian shall be deemed given when received by the Custodian..
- 11.5 **Enforceability.** If any provision of this Agreement shall be for any reason invalid or unenforceable, the remaining provisions shall, nevertheless, continue in effect and shall not be invalidated thereby unless they are rendered unconscionable, inadequate, or incapable of being interpreted as a result of the deletion of the invalid or unenforceable portions of the Agreement.
- 11.6 **Exclusive Benefit; Nonforfeitability.** The Account has been created for the exclusive benefit of the Investor and the Account's beneficiaries. The interest of the Investor in the Account shall at all times be nonforfeitable, but shall be subject to the fees, expenses, and charges described in Sections 6.4, 9.1, and 10.1.
- 11.7 **Prohibition Against Assignment.** Other than as provided in Sections 6.4, 9.1, and 10.1, no interest, right, or claim in or to any portion of the Account or any payment therefrom shall be assignable, transferable, or subject to sale, mortgage, pledge, hypothecation, commutation, anticipation, garnishment, attachment, execution, or levy of any kind. The Custodian shall not recognize any attempt to do any of the above, except to the extent required by law (e.g. divorce or separation orders under section of the Code and certain valid child support orders).
- 11.8 **Titles and Headings Not to Control.** The titles to Articles and the headings of Sections in this Agreement are placed herein for convenience of reference only, and in the event of a conflict, the text of the Agreement, rather than such title or headings, shall control.



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

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

Plan Name: SIMPLE IRA Custodial Account 001  
FFN: 50134500009-001 Case: 100101633 EIN: 52-1309931  
Letter Serial No: K190015b

T BONE PRICE TRUST CO  
100 EAST PRATT STREET  
BALTIMORE, MD 21202

Contact Person:  
Ms. Arrington 50-00197  
Telephone Number:  
(202) 283-8811  
In Reference To:  
T.SP.RA:72  
Date: 10/30/2003

Dear Applicant:

In our opinion, the amendment to the form of the prototype trust, custodial account or annuity contract identified above is acceptable under section 408 of the Internal Revenue Code, as amended through the Job Creation and Workers assistance Act of 2002, for use as a SIMPLE IRA under Code section 408(p). This opinion letter may not be relied on with respect to whether a SIMPLE IRA Plan, under which contributions are made by an employer to the SIMPLE IRA, satisfies the requirements of Code section 408(p).

Each individual who adopts this approved prototype will be considered to have a SIMPLE IRA that satisfies the requirements of Code section 408, provided he or she follows the terms of the approved prototype document, does not engage in certain transactions specified in Code section 408(e), and, if the SIMPLE 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 SIMPLE IRA.

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

The prototype SIMPLE 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 SIMPLE 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 SIMPLE IRA.

Sincerely yours,

Director,  
Employee Plans Rulings & Agreements

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