

Your IRA - Start Planning for Tomorrow Today!

Retirement planning should be an important part of everyone's financial strategy. Despite changes in tax laws, an Individual Retirement Account is still one of the best ways to invest and save for retirement. Through an IRA, you can accumulate substantially greater savings than through a conventional taxable savings program.

How is this possible? First, your IRA grows without being reduced by taxes. Because you don't pay taxes until you start withdrawing your money, your IRA will grow more rapidly. Secondly, all or a portion of your contributions to an IRA may be deductible on your income tax return, providing you with immediate tax savings. So, an IRA is still a smart way to plan for your retirement.

The IRA Questions and Answers, which begin on the next page, provide brief answers to frequently asked questions about IRAs. If you have any other questions, please call us. Also in this booklet are the Disclosure Statement and the Custodial Agreement. Please read them and the prospectus carefully before investing.

We appreciate your interest in our Funds, and look forward to helping you plan for retirement with a Primary Trend Funds IRA.

HOW TO OPEN A PRIMARY TREND FUNDS IRA

- Read all of the information in this booklet, including the Questions and Answers. In addition, please be sure to read the prospectus carefully before investing.
- Complete the IRA Application if you are opening a new IRA.
- If you want to transfer assets from another IRA, employer-sponsored retirement plan, or 403(b) plan to The Primary Trend Funds, please complete a Transfer Form.
- Make your check payable to The Primary Trend Funds.
- Mail your completed forms and check to The Primary Trend Funds (in care of Firstar Trust Company, P.O. Box 701, Milwaukee, WI 53201-0701).

SCHEDULE OF FEES

Firstar Trust Company charges the following custodial fees for each IRA in the Funds:

Annual maintenance fee*	\$12.50
Refund of excess contribution	15.00

Transfer to successor custodian	15.00
Distribution	15.00
Returned (NSF) check	20.00
Outgoing wire transfer	10.00
Telephone exchange	5.00

**\$25.00 maximum annual fee for two or more IRAs with the same social security number*

These fees are subject to change by Firststar Trust Company upon notice to investors.

QUESTIONS & ANSWERS

Here are questions we frequently receive about IRAs.

What is an Individual Retirement Account(IRA)?

An IRA is an investment program specially designed to let you plan now for a secure retirement. Here's how it works: Each year you can invest up to a certain amount in your IRA. For Regular IRAs, the limit is \$2,000 each year (or 100% of your earned income, if less than \$2,000). How you can contribute to your IRA is up to you.. you can make one big investment or many small ones, as long as you don't go over the \$2,000 limit.

What makes an IRA such a great way to invest over time is that your funds grow without being reduced by taxes. You don't pay taxes until you begin withdrawing your money. And for some IRA owners there's another advantage: depending on your income, and whether you're covered by a retirement plan where you work, you may be able to deduct your IRA investment on your income tax return.

Are there various kinds of IRAs? Do they have different requirements?

IRAs fall into four general categories and the requirements are a little different for each. This is not because the IRAs work differently, but because each category corresponds to a different situation for the investor. In addition to the requirements listed, each type of IRA has a limit on the amount you can contribute each year. See page 3 for more information about contribution limits. Check below to see which type of IRA you may be eligible for:

Regular IRA

This is the IRA that most people have. You're eligible for a Regular IRA if you have income from employment and you won't be age 70-1/2 on or before December 31. You can have a Regular IRA even if you're already covered under another retirement program. If you are married and file a joint return, you may also make contributions to

your spouse's IRA, regardless if he or she works.

IRA Rollover

This IRA gets its name because the money that goes into it is rolled over", or moved, from another retirement program. Rollover IRAs are often established by people who have received a retirement plan payment from their former employer. In most cases, there's no limit on the amount that can be transferred and, because the money is going from one retirement plan to another, it's not taxed along the way. There are a number of rules regarding IRA Rollovers and they are discussed in our Disclosure Statement on page 6.

Simplified Employee Pension (SEP-IRA)

A SEP-IRA is a unique plan under which your employer (or you if self-employed) makes contributions to your IRA. SEP-IRAs are often established by small companies that have no other retirement plans.

Except for higher contribution limits, a SEP-IRA is generally subject to the same rules as a Regular IRA. Look at the Disclosure

Statement, page 6, for more details on SEP/IRAs.

Savings and Incentive Match Plan for Employees of Small Employers ("SIMPLE")

A SIMPLE IRA is a new type of retirement plan intended to replace the SEP-IRA, and is designed for employers with less than 100 employees. Under a SIMPLE Plan, your employer (or you if self-employed) may make salary reduction contributions to your SIMPLE IRA. Please see page 3 for more details about SIMPLE Plans.

What if I already have an IRA?

You can open a Primary Trend IRA even if you already have an IRA someplace else. You can have as many IRAs as you want, as long as you do not exceed the overall limit for your annual contribution.

Can I transfer my IRA to The Primary Trend Funds?

Yes! Simply complete the Transfer Form on page 19 of this booklet and return it to Firststar Trust Company, the custodian. There is no limit on the number of transfers you can make, and you do not pay any current taxes on the amounts you transfer. If you don't already have an IRA account with The Primary Trend Funds, you must also complete an IRA application.

What are my investment options?

The Primary Trend Funds offer you a family of 100% no-load mutual funds for your IRA investment:

The Primary Trend Fund (a growth and income stock fund)

The Primary Income Fund (an equity income fund emphasizing utility investments)

The Primary U.S. Government Fund (a fixed income fund)

You can choose the Fund or combination of Funds that meet your investment objectives. Please read the prospectus carefully before you invest.

Where is my money invested?

As required by law, the assets of your IRA are held in a custodial account by Firststar Trust Company, which invests your contributions in The Primary Trend Funds.

Any dividends you receive on Fund shares in your IRA are reinvested: that is, they are used to purchase additional Fund shares for you. If you are at least 59-1/2 years old or permanently and totally disabled, you can have dividends paid directly to you in cash. Please see our prospectus for complete details on dividends.

Does the custodian charge a fee for my IRA?

Yes. Firststar Trust Company charges an annual maintenance fee of \$12.50 for each IRA (\$25 maximum annual fee for two or more IRAs with the same social security number) in The Primary Trend Funds. Your annual custodial fee is for the fiscal year beginning October 1 and ending September 30, and is payable on or before September 30. Your annual fee can be paid by check or deducted automatically from your IRA(s).

Other fees charged by Firststar Trust Company for each IRA, if applicable, are:

Refund of excess contribution. \$15
Transfer to successor custodian. \$15
Distribution. \$15
Returned (NSF) check. \$20
Outgoing wire transfer. \$10
Telephone exchange. \$5

If you exchange, redeem or transfer shares from any one account, Firststar will deduct the applicable fee(s) at the time of the transaction, unless you already have paid the fee(s) for that account.

Investing Your IRA

How much can I put into my IRA each year?

Because an IRA is a special kind of investment with unique tax advantages, the IRS limits the amount you may contribute each year. These limits are discussed below. *In all cases, it is your responsibility to be certain that you do not exceed the amount you are allowed to contribute.*

Regular IRA

You may invest up to \$2,000 (\$4,000 if also contributing to your spouse's IRA) of earned income each year. Earned income includes earnings from a job and alimony or

separate maintenance payments. It does not include investment income, rental income or similar payments.

IRA Rollover

In most cases, there is no limit on the amount you may put into a rollover account, and the money transferred is not taxed. (The amount is also not deductible on your income tax return.) You can make a rollover contribution no matter how old you are.

SEP-IRA

In addition to the contributions your employer makes on your behalf, you may also elect (if permitted by your employer's SEP-IRA as in effect on December 31, 1996) to have up to \$9,500 of your annual compensation contributed to your SEP-IRA. (\$9,500 is the maximum for 1997.. .this amount is adjusted periodically.) The combination of your contributions and your employer's may not exceed 15% of your annual compensation or \$30,000, whichever is less.

SIMPLE IRA

Similar to a SEP-IRA, you may elect to have your employer make salary reduction contributions of up to \$6,000 per year to your SIMPLE IRA. This also is in addition to the contribution your employer makes on your behalf. (\$6,000 is the limit for 1997 and will be adjusted periodically for cost of living increases.)

When should I make my annual contribution(s)?

That's up to you. You can make your annual IRA contribution(s) anytime between January 1 of the current year and April 15 (or the next business day, if the 15th falls on a weekend) of the next year. Thus, you could make your 1997 IRA contribution anytime up to April 15, 1998. That's why our IRA application and investment forms have a place to indicate for which year your contribution applies.

Will I get a statement?

Yes. You will get a statement after each transaction in your IRA. Also, each year, Firststar Trust Company will send you a statement showing all regular and rollover contributions you made during the year, any distributions you received, and the value of your IRA at the end of the year. In addition, Firststar Trust Company will file the following forms with the IRS and provide a copy to you as well:

- a. Form 5498 shows your regular and rollover contributions and the value of your IRA at the end of the year.
- b. Form 1099-R shows all amounts paid to you from your IRA during the year.

What happens if I contribute more than the allowable limit?

If you contribute more than the amount that's allowed (for example, \$3,000 instead of the allowable \$2,000 for a Regular IRA), you could take care of the difference (\$1,000 in

this case) in one of two ways: either remove it or apply it toward your IRA contributions for a later year.

With either option, tax penalties may apply to the excess amount and, in some cases, money earned on the excess amount. Those penalties are discussed in our Disclosure Statement on pages 8 and 9.

How do I make a rollover contribution?

Rules relating to rollover contributions and their tax implications are complex. We suggest you consult with your tax adviser before taking any action.

Basically, there are four ways to roll over money to an IRA:

1. You may transfer all or part of one IRA to another IRA.
2. You may transfer all or part of a distribution from another type of retirement plan, such as a pension, profit sharing, Keogh or tax-sheltered [403(b)] plan to an IRA.
3. If you die and your spouse is your beneficiary, he or she can transfer all or part of the death benefit from your IRA or from the retirement plans listed in #2 to their own IRA.
4. Certain payments made to a former spouse can also be rolled over.

Our Disclosure Statement gives complete details on rollover contributions on page 6.

If I retire, quit or lose my job, what can I do with the benefits I receive from my former employer's retirement plan?

In most cases, you may roll over (within 60 days of receipt) part or all of your benefits into an IRA tax-free. However, if your benefits are paid directly to you, the IRS requires that your employer withhold 20% from the amount of

the distribution. Even if no tax will be due and you plan to roll the money over within 60 days, 20% will be withheld and sent to the IRS. And, as if to rub salt in the wound, the 20% withheld will be considered a taxable distribution subject to income tax and, quite possibly, penalties... unless the 20% withheld is rolled over from other sources. Any amounts withheld should be reported on your federal income tax return.

To avoid the 20% withholding from your distribution, you must request that your money be *transferred directly* to an IRA Rollover or your new employer's retirement plan.

Can I deduct my IRA contributions?

Whether you can deduct your IRA contributions on your income tax return depends on your income and whether you and your spouse are active participants in retirement plans sponsored by your employers.

If you or your spouse are covered by an employer-sponsored plan, you may still be eligible for a deduction, depending on your income, as the chart below indicates:

Adjusted Gross Income

- Under \$40,000 and married or Under \$25,000 and single ...
 - Fully Deductible
- \$40,000-\$50,000 and married or \$25,000-\$35,000 and single ...
 - Partially Deductible
- Over \$50,000 and married or Over \$35,000 and single ...
 - Not Deductible

These limits do not apply if you (and your spouse, if married) are not covered by a retirement plan through work. In this case you can deduct as much as \$2,000 (\$4,000 if married, filing jointly).. .provided you have as least as much earned income.

Our Disclosure Statement discusses the tax deductibility of IRA contributions in greater detail on pages 7 and 8.

Why should I make an IRA contribution if it isn't deductible?

While deductible contributions provide an immediate tax benefit, your IRA has another important tax advantage: The earnings on your investment, whether you were able to deduct your contribution or not, can grow and compound each year without being reduced by taxes. All assets in your IRA, and income from it, are not taxable until they are taken out.

What if my investment objectives change? Can I move my money from one fund to another?

You may exchange between any of the funds in The Primary Trend Family. However, the number of exchanges during any 12-month period are limited. You may send us your exchange request in writing or, if previously authorized, you may exchange at least \$1,000 by telephone. (Firstar Trust Company will charge you \$5 for each telephone exchange.) Please refer to our prospectus to find out more information about exchanges between The Primary Trend Funds.

Receiving Money From Your IRA

When can I take my money out of my IRA? Just as there are rules regarding how you can contribute to your IRA, there are rules regarding how and when you can take your money out. You can take your money out at any time, but because an IRA is meant for retirement, if you begin removing your funds before age 59-1/2 (and you aren't disabled), you have taken a "premature distribution," and a penalty tax may apply. If you are between the ages of 59-1/2 and 70-1/2, you may remove all or any portion of your IRA funds without penalty. After age 70-1/2, you must begin taking payments from your IRA.

The [Disclosure Statement](#) provides additional information about the timing of IRA distribution options.

What distribution options are available?

You can take your IRA money in a lump sum, or receive installment payments over a period measured by life expectancy. You may request your distribution in the form of a check or, with previous authorization, by wire or electronic funds transfer. The [Disclosure Statement](#) discusses these options.

How can I name my beneficiaries?

You can designate one or more beneficiaries to whom the balance of your IRA is to be paid if you die. To do so, simply fill out the designation of beneficiary portion of the IRA Application. You may change your beneficiary at any time by sending a written and signed request to Firststar Trust Company.

DISCLOSURE STATEMENT

Please read the following information together with the Individual Retirement Account Custodial Agreement and the Prospectus for the Fund(s) you select for your IRA investment.

RIGHT TO CANCEL

You may cancel, or revoke, your IRA within seven calendar days after it is established by mailing or delivering a written request for revocation to:

The Primary Trend Funds
C/O Firststar Trust Company
615 East Michigan Street, 3rd Floor
Milwaukee, Wisconsin 53202
Attention: Mutual Fund Department

If your revocation is mailed, the date of the postmark (or the date of certification if sent by certified or registered mail) will be considered your revocation date. Upon proper revocation, you will receive a full refund of your initial contribution, without any adjustments for administrative fees or fluctuations in market value.

TYPES OF IRAs

Regular IRA. If you are under age 70-1/2 and have earned income, you may make regular IRA contributions of \$2,000 or 100% of your compensation, whichever is less. In addition, if you are married and file a joint return, you may make contributions to your spouse's IRA. However, the maximum amount contributed to both your own and to your spouse's IRA may not exceed 100% of your compensation or \$4,000, whichever is less. Moreover, the annual contribution to either your account or your spouse's account may not exceed \$2,000. Note that a different rule for spousal IRAs applied for tax years beginning before January 1, 1997.

Rollover IRA. You are allowed to "roll over" a distribution or transfer your assets from

one individual retirement account to another without any tax liability. Rollovers between IRAs may be made once per year and must be accomplished within 60 days after the distribution. Also, under certain conditions, you may roll over (tax free) all or a portion of a distribution received from a qualified plan or tax-sheltered annuity in which you participate or in which your deceased spouse participated. However, strict limitations apply to such rollovers, and you should seek competent advice in order to comply with all of the rules governing rollovers.

Most distributions from qualified retirement plans will be subject to a 20% withholding requirement. The 20% withholding can be avoided by directly transferring the amount of the distribution to an IRA or to certain other types of retirement plans. You should receive more information regarding these new withholding rules and whether your distribution can be transferred to an IRA from the plan administrator prior to receiving your distribution.

Roth IRA.

Simplified Employee Pension Plan. An IRA may also be used in connection with a Simplified Employee Pension Plan established by your employer (or by you if you are self-employed). Your employer (or you if self-employed) may contribute to the IRA of each eligible participant up to a maximum of 15 percent of compensation or \$30,000, whichever is less. In addition, if your SEP Plan as in effect on December 31, 1996 permitted salary reduction contributions, you may also elect to make salary reduction contributions of up to \$9,500 per year. The \$9,500 limit applies for 1997 and is adjusted periodically for cost of living increases. Certain lower limits may apply for highly compensated participants. In any event, the combination of your employer's contributions and your salary reduction contributions (if your SEP Plan is eligible) may not exceed the lesser of 15 percent of compensation or \$30,000. A number of special rules apply to SEP Plans, including a requirement that contributions be made on behalf of all employees of the employer who satisfy certain minimum participation requirements. It is your responsibility and that of your employer to see that contributions in excess of normal IRA limits are made under and in accordance with a valid SEP Plan.

Savings and Incentive Match Plan for Employees of Small Employers ("SIMPLE"). An IRA may also be used in connection with a SIMPLE Plan established by your employer (or by you if you are self-employed). Under a SIMPLE Plan, you may elect to have your employer make salary reduction contributions of up to \$6,000 per year to your SIMPLE IRA. The \$6,000 limit applies for 1997 and is adjusted periodically for cost of living increases. In addition, your employer will contribute certain amounts to your SIMPLE IRA, either as a matching contribution to those participants who make salary reduction contributions or as a non-elective contribution to all eligible participants whether or not making salary reduction contributions. A number of special rules apply to SIMPLE Plans, including (1) a SIMPLE Plan generally is available only to employers with fewer than 100 employees, (2) contributions must be made on behalf of all employees of the employer (other than bargaining unit employees) who satisfy certain minimum participation requirements, (3) contributions are made to a special SIMPLE IRA that is separate and apart from your other IRAs, (4) if you withdraw from your SIMPLE IRA during the two year period during which you first began participation in the

SIMPLE Plan, the early distribution excise tax (if otherwise applicable) is increased to 25 percent; and (5) during this two year period, any amount withdrawn may be rolled over tax-free only into another SIMPLE IRA (and not to a "regular" IRA). It is your responsibility and that of your employer to see that contributions in excess of normal IRA limits are made under and in accordance with a valid SIMPLE Plan.

GENERAL INFORMATION

1. **General.** Your IRA is a custodial account created for your exclusive benefit, and Firststar Trust Company serves as custodian. Your interest in the account is non-forfeitable.

2. **Investments.** Contributions made to your IRA will be invested in one or more of the regulated investment companies (mutual funds) for which Arnold Investment Counsel, Inc. serves as investment adviser or any other regulated investment company designated by Arnold Investment Counsel, Inc. No part of your account may be invested in life insurance contracts; further, the assets of your account may not be commingled with other property.

3. **Eligibility.** Employees and self-employed individuals are eligible to contribute to an IRA. Employers may also contribute to employer-sponsored IRAs established for the benefit of their employees. You may also establish an IRA to receive rollover contributions and transfers from another IRA custodian or trustee or from certain other retirement plans.

4. **Time of Contribution.** You may make regular contributions to your IRA any time up to and including the due date for filing your tax return for the year, not including extensions. You may continue to make regular contributions to your IRA up to (but not including) the calendar year in which you reach age 70-1/2. Employer contributions to a SEP-IRA plan may be continued after you attain age 70-1/2. Rollover contributions and transfers may be made at any time, including after you reach age 70-1/2.

5. **Amount of Contribution.** You may make annual cash contributions to an IRA in any amount up to 100% of your compensation for the year or \$2,000 (\$4,000 if you are also contributing to your spouse's IRA), whichever is less. Qualifying rollover contributions and transfers are not subject to this limitation.

6. Tax Deductibility of Annual Contributions.

Although you may make an IRA contribution within the limitations described above, all or a portion of your contribution may be nondeductible. No deduction is allowed for a rollover contribution or transfer. If you are not married and are not an "active participant" in an employer-sponsored retirement plan, you may make a fully deductible IRA contribution in any amount up to \$2,000 or 100% of your compensation for the year, whichever is less. The same limits apply if you are married and file a joint return with your spouse and neither you nor your spouse is an "active participant" in an employer-sponsored retirement plan, such as: a qualified pension, profit-sharing, or stock bonus plan established in accordance with IRC 401(a) or 401(k); a Simplified Employee Pension Plan (SEP) (IRC 408(k)); a deferred compensation plan maintained by a

governmental unit or agency; tax-sheltered annuities and custodial accounts (IRC 403(b) and 404(b)(7)); a qualified annuity plan under IRC Section 403(a); and a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE Plan).

Generally, you are considered an "active participant" in a defined contribution plan if an employer contribution or forfeiture was credited to your account during the year. You are considered an "active participant" in a defined benefit plan if you are eligible to participate in a plan, even though you elect not to participate. You are also treated as an "active participant" if you make a voluntary or mandatory contribution to any type of plan, even if your employer makes no contribution to the plan.

If you (or your spouse, if filing a joint tax return) are covered by an employer-sponsored retirement plan, your IRA contribution is fully deductible if your adjusted gross income (or combined income if you file a joint tax return) does not exceed certain limits. For this purpose, your adjusted gross income (1) is determined without regard to the exclusions from income arising under Sections 135 (exclusion of certain savings bond interest), 137 (exclusion of certain employer provided adoption expenses), and 911 (certain exclusions applicable to U.S. citizens or residents living abroad) of the Code, (2) is not reduced for any deduction that you may be entitled to for IRA contributions, and (3) takes into account the passive loss limitations under Section 469 of the Code and any taxable benefits under the Social Security Act and Railroad Retirement Act as determined in accordance with Section 86 of the Code.

If you (or your spouse, if filing a joint tax return) are covered by an employer-sponsored retirement plan, the deduction for your IRA contribution is reduced proportionately for adjusted gross income which exceeds the applicable dollar amount. The applicable dollar amount for an individual is \$25,000; and \$40,000 for married couples filing a joint tax return. The applica

ble dollar limit for married individuals filing separate returns is \$0. If your adjusted gross income exceeds the applicable dollar amount by \$10,000 or less, you may make a deductible IRA contribution. The deductible amount, however, will be less than \$2,000.

To determine the amount of your deductible contribution, use the following calculations:

(a) Subtract the applicable dollar amount from your adjusted gross income. If the result is \$10,000 or more, you can only make a nondeductible contribution to your IRA.

(b) Multiply the above figure by 20% (0.20).

(c) Subtract the dollar amount (result from (b) above) from \$2,000 to determine the amount which is deductible.

For example, let's assume you are married, file a joint tax return, one spouse is covered by a qualified retirement plan, and your adjusted gross income is \$46,500. You and your spouse can each make a \$2,000 IRA contribution: \$700 is deductible and \$1,300 is nondeductible, determined as follows:

(a) $\$46,500 - \$40,000 = \$6,500$

(b) \$6,500 x 20% = \$1,300 *Nondeductible*

(c) \$2,000 — \$1,300 = \$700 *Deductible*

If the deduction limit is not a multiple of \$10 then it should be rounded up to the next \$10. There is a \$200 minimum floor on the deduction limit if your adjusted gross income does not exceed \$35,000 (for a single taxpayer), \$50,000 (for married taxpayers filing jointly) or \$10,000 (for a married taxpayer filing separately).

Even if your income exceeds the limits described above, you may make a contribution to your IRA up to \$2,000 or 100% of your compensation, whichever is less. To the extent that your contribution exceeds the deductible limits, it will be nondeductible. However, earnings on all IRA contributions are tax deferred until distribution.

8. **Excess Contributions.** Contributions which exceed the allowable maximum for federal income tax purposes are treated as excess contributions. A nondeductible penalty tax of 6% of the excess amount contributed will be added to your income tax for each year in which the excess contribution remains in your account.

9. **Correction of Excess Contributions.** If you make a contribution in excess of your allowable maximum, you may correct the excess contribution and avoid the 6% penalty tax for that year by withdrawing the excess contribution and its earnings on or before the date, including extensions, for filing your tax return for the tax year for which the contribution was made. Any earnings on the withdrawn excess contribution will be taxable in the year the excess contribution was made and may be subject to a 10% early distribution penalty tax if you are under age 59-1/2. In addition, in certain cases an excess contribution may be withdrawn after the time for filing your tax return. Finally, excess contributions for one year may be carried forward and applied against the contribution limitation in succeeding years.

10. **Distributions.** Distributions may be made in any one of three methods:

(a) a lump-sum distribution,

(b) installments over a period not extending beyond your life expectancy (as determined by actuarial tables), or

(c) installments over a period not extending beyond the joint life expectancy of you and your designated beneficiary (as determined by actuarial tables).

You may also use your account balance to purchase an annuity contract, in which case your custodial account will terminate.

11. **Latest Time to Withdraw.** You must begin receiving distributions from your IRA no later than April 1st following the year you reach age 70-1/2 (your "required beginning date"). In general, the minimum amount that must be distributed each year is equal to the amount obtained by dividing the balance in your IRA on the last day of the prior year (or the last day of the year prior to the year in which you attain age 70-1/2) by your life expectancy, the joint life expectancy of you and your beneficiary, or the specified

payment term, whichever is applicable. If the minimum distribution required for a year is not made, the difference between the required distribution and the actual distribution will be subject to a 50% penalty tax. This penalty tax is nondeductible and is added to your income tax liability for the year of the deficiency.

Unless you or your spouse elects otherwise, your life expectancy and/or the life expectancy of your spouse will be recalculated annually. An election not to recalculate life expectancy(ies) is irrevocable and will apply to all subsequent years. The life expectancy of a non-spouse beneficiary may not be recalculated.

If you have two or more IRAs, you may satisfy the minimum distribution requirements by receiving a distribution from one of your IRAs in an amount sufficient to satisfy the minimum distribution requirements for all your IRAs. You must still calculate the required minimum distribution separately for each IRA, but then such amounts may be totaled and the total distribution taken from one or more of your individual IRAs.

Distributions from your IRA must satisfy the special "incidental death benefit" rules of the Internal Revenue Code. These provisions set forth certain limitations on the joint life expectancy of you and your beneficiary. If your beneficiary is not your spouse, your beneficiary will be generally considered to be no more than 10 years younger than you for the purpose of calculating the minimum amount that must be distributed.

12. Distributions Upon Death. If you die before receiving the balance of your account, distribution of your remaining account balance is subject to several special rules. If you die on or after your required beginning date, distributions must continue in a method at least as rapid as under the method of distribution in effect at your death. If you die before your required beginning date, your remaining interest will, at the election of your beneficiary or beneficiaries, (i) be distributed by December 31 of the year in which occurs the fifth anniversary of your death, or (ii) begin to be distributed by December 31 of the year following your death over a period not exceeding the life or life expectancy of your designated beneficiary or beneficiaries.

Two additional distribution options are available if your spouse is the beneficiary: (i) payments to your spouse may begin as late as December 31 of the year you would have attained age 70-1/2 and be distributed over a period not exceeding the life or life expectancy of your spouse, or (ii) your spouse can simply elect to treat your IRA as his or her own, in which case distributions will be required to begin by April 1 following the calendar year in which your spouse attains age 70-1/2.

13. Tax Treatment of Distributions. Amounts distributed to you are generally includable in your gross income in the tax year you receive them and are taxable as ordinary income. To the extent, however, that any part of a distribution constitutes a return of your nondeductible contributions, it will not be included in your income. The amount of any distribution excludable from income is the portion that bears the same ratio as your total nondeductible contributions bear to the balance of your IRA at the end of the year (calculated after adding back distributions during the year). For this purpose, all of your IRAs are treated as a single IRA. Furthermore, all distributions from an IRA during a tax year are to be treated as one distribution. The total amount of distributions

excludable from income for all years cannot exceed the total nondeductible contributions for all years.

No distribution to you or anyone else from your account can qualify for capital gains treatment under the federal income tax laws. Similarly, you are not entitled to the special five or ten-year averaging rule for lump-sum distributions available to persons receiving distributions from certain other types of retirement plans. All distributions are taxed to the recipient as ordinary income except the portion of a distribution which represents a return of nondeductible contributions. The tax on excess distributions (but not the additional estate tax payable with respect to excess accumulations) under Section 4980A of the Code does not apply with respect to distributions made in 1997, 1998 and 1999.

Any distribution which is properly rolled over will not be includable in your gross income.

14. *Early Distributions.* Distributions from your IRA made before age 59-1/2 will be subject to a 10% nondeductible penalty tax unless the distribution is a return of nondeductible contributions or is made because of your death, disability, as part of a series of substantially equal periodic payments over your life expectancy or the joint life expectancy of you and your beneficiary, or the distribution is made for medical expenses in excess of 7.5% of adjusted gross income, is made for reimbursement of medical premiums while you are unemployed, or is an exempt withdrawal of an excess contribution. The penalty tax may also be avoided if the distribution is rolled over to another IRA. See the earlier discussion on page 7 for special rules applicable to distributions from a SIMPLE IRA.

15. *Qualification of Plan.* Your Individual Retirement Account has been approved as to form by the Internal Revenue Service. The Internal Revenue Service approval is a determination only as to the form of the IRA and does not represent a determination of the merits of the IRA as adopted by you. You may obtain further information with respect to your IRA from any district office of the Internal Revenue Service.

16. *Prohibited Transactions.* If you engage in a "prohibited transaction", as defined in Section 4975 of the Internal Revenue Code, your account will be disqualified, and the entire balance in your account will be treated as if distributed to you and will be taxable to you as ordinary income. Examples of prohibited transactions are:

- (a) the sale, exchange, or leasing of any property between you and your account;
- (b) the lending of money or other extensions of credit between you and your account; or
- (c) the furnishing of goods, services, or facilities between you and your account.

If you are under age 59-1/2, you may also be subject to the 10% penalty tax on early distributions.

17. *Penalty for Pledging Account.* If you use (pledge) all or part of your IRA as security for a loan, then the portion so pledged will be treated as if distributed to you and will be taxable to you as ordinary income during the year in which you make such

pledge. The 10% penalty tax on early distributions may also apply.

18. Tax Reporting. Deductible contributions to your IRA may be claimed as a deduction on your IRS Form 1040 for the tax year contributed. If any nondeductible contributions are made by you during a tax year, such amount must be reported on Form 8606 and attached to your federal income tax return for the year contributed. If you report a nondeductible contribution to your IRA and did not make the contribution, you will be subject to a \$100 penalty for each overstatement unless a reasonable cause is shown for not contributing. Other reporting is required if any special taxes or penalties described herein are due. You must also file Form 5329 with the IRS for each tax year in which the contribution limits are exceeded, a premature distribution takes place, or less than the required minimum amount is distributed from your IRA.

19. Allocation of Earnings. The method of computing and allocating annual earnings is set forth in Article VIII, Section 1 of the Individual Retirement Account Custodial Agreement. The growth in value of your IRA is neither guaranteed nor projected.

20. Income Tax Withholding. You must indicate on distribution requests whether or not to withhold federal income taxes. Unless otherwise indicated, distributions will be subject to federal income tax withholding.

21. Other Information. Information about the shares of each mutual fund available for investment by your IRA must be furnished to you in the form of a prospectus governed by rules of the Securities and Exchange Commission. Please refer to the prospectus for detailed information concerning your mutual fund. You may obtain further information concerning IRAs from any district office of the Internal Revenue Service.

Fees and other expenses of maintaining your account may be charged to you or your account. The Custodian's current fee schedule is included as part of these materials.

CUSTODIAL AGREEMENT

The following constitutes an agreement establishing an Individual Retirement Account (under Section 408(a) of the Internal Revenue Code) between the Depositor and the Custodian.

ARTICLE I

The Custodian may accept additional cash contributions on behalf of the Depositor for a tax year of the Depositor. The total cash contributions are limited to \$2,000 for the tax year unless the contribution is a rollover contribution described in Section 402(c) (but only after December 31, 1992), 403(a)(4), 403(b)(8), 408(d)(3), or an employer contribution to a simplified employee pension plan as described in Section 408(k). Rollover contributions before January 1, 1993, include rollovers described in Section 402(a)(5), 402(a)(6), 402(a)(7), 403(a)(4), 403(b)(8), 408(d)(3), or an employer contribution to a simplified employee pension plan as described in Section 408(k).

ARTICLE II

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

ARTICLE III

1. No part of the custodial funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common

investment fund (within the meaning of Section 408(a)(5)).

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

ARTICLE IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the Depositor's interest in the custodial account shall be made in accordance with the following requirement and shall otherwise comply with Section 408(a)(6) and Proposed Regulations Section 1.408-8, including the incidental death benefit provisions of Proposed Regulations Section 1.401 (a)(9)-2, the provisions of which are incorporated by reference.

2. Unless otherwise elected by the time distributions are required to begin to the Depositor under Paragraph 3, or to the surviving spouse under Paragraph 4, other than in the case of a life annuity, life expectancies shall be recalculated annually. Such election shall be irrevocable as to the Depositor and the surviving spouse and shall apply to all subsequent years. The life expectancy of a nonspouse beneficiary may not be recalculated.

3. The Depositor's entire interest in the custodial account must be, or begin to be, distributed by the Depositor's required beginning date (April 1 following the calendar year end in which the Depositor reaches age 70-1/2). By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in:

(a) a single sum payment;

(b) an annuity contract that provides equal or substantially equal monthly, quarterly, or annual payments over the life of the Depositor;

(c) an annuity contract that provides equal or substantially equal monthly, quarterly, or annual payments over the joint and last survivor lives of the Depositor and his or her designated beneficiary;

(d) equal or substantially equal annual payments over a specified period that may not be longer than the Depositor's life expectancy; or

(e) equal or substantially equal annual payments over a specified period that may not be longer than the joint life and last survivor expectancy of the Depositor and his or her designated beneficiary.

4. If the Depositor dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows:

(a) If the Depositor dies on or after distribution of his or her interest has begun, distribution must continue to be made in accordance with Paragraph 3.

(b) If the Depositor dies before distribution of his or her interest has begun, the entire remaining interest will, at the election of the Depositor or, if the Depositor has not so elected, at the election of the beneficiary or beneficiaries, either:

(i) Be distributed by the December 31 of the year containing the fifth anniversary of the Depositor's death; or

(ii) Be distributed in equal or substantially equal payments over the life or life expectancy of the designated beneficiary or beneficiaries starting by December 31 of the year following the year of the Depositor's death. If, however, the beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before December 31 of the year in which the Depositor would have turned age 70-1/2.

(c) Except where distribution in the form of an annuity meeting the requirements of Section 408(b)(3) and

its related regulations has irrevocably commenced, distributions are treated as having begun on the Depositor's required beginning date, even though payments may actually have been made before that date.

(d) If the Depositor dies before his or her entire interest has been distributed and if the beneficiary is other than the surviving spouse, no additional cash contributions or rollover contributions may be accepted in the account.

5. In the case of a distribution over life expectancy in equal or substantially equal annual payments, to determine the minimum annual payment for each year, divide the Depositor's entire interest in the custodial account as of the close of business on

December 31 of the preceding year by the life expectancy of the Depositor (or the joint life and last survivor expectancy of the Depositor and the Depositor's designated beneficiary, or the life expectancy of the designated beneficiary, whichever applies). In the case of distributions under Paragraph 3, determine the initial life expectancy (or joint life and last survivor expectancy) using the attained ages of the Depositor and designated beneficiary(ies) as of their birthdays in the year the Depositor reaches age 70-1/2. In the case of a distribution in accordance with Paragraph 4(b)(ii), determine life expectancy using the attained age of the designated beneficiary as of the beneficiary's birthday in the year distributions are required to commence.

6. The owner of two or more individual retirement accounts may use the "alternative method" described in Notice 88-38, 1988-1 C.B. 524, to satisfy the minimum distribution requirement by taking from one individual retirement account the amount required to satisfy the requirement for another.

ARTICLE V

1. The Depositor agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required under Section 408(i) and Regulations Section 1.408-5 and 1.408-6.

2. The Custodian agrees to submit reports to the Internal Revenue Service and the Depositor prescribed by the Internal Revenue Service.

ARTICLE VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles that are not consistent with Section 408(a) and related regulations will be invalid.

ARTICLE VII

This agreement will be amended from time to time to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of the persons whose signatures appear below.

The Custodian's fees are set forth in a schedule provided to the Depositor. Extraordinary charges resulting from unusual administrative responsibilities not contemplated by the schedule will be subject to such additional charges as will reasonably compensate the Custodian. Fees for refund of excess contributions, transferring to a successor trustee or custodian, or redemption/reinvestment of Investment Company Shares will be deducted from the refund or redemption proceeds and the remaining balance will be remitted to the Depositor, or reinvested or transferred in accordance with the Depositor's instructions.

4. Reports and Notices.

(a) The Custodian shall keep adequate records of transactions it is required to perform hereunder. After the close of each calendar year, the Custodian shall provide to the Depositor or his or her legal representative a written report or reports reflecting the transactions effected by it during such year and the assets and liabilities of the Custodial Account at the close of the year.

(b) All communications or notices shall be deemed to be given upon receipt by the Custodian at Post Office Box 701, Milwaukee, Wisconsin 53201-0701 or the Depositor at his most recent address shown in the Custodian's records. The Depositor agrees to advise the Custodian promptly, in writing, of any change of address.

5. Designation of Beneficiary. The Depositor may designate a beneficiary or beneficiaries to receive benefits from the custodial account in the event of the Depositor's death. In the event the Depositor has not designated a beneficiary, or if all beneficiaries shall predecease the Depositor, the following persons shall benefit in the order named:

(a) The spouse of the Depositor;

(b) If the spouse shall predecease the Depositor or if the Depositor does not have a spouse, then to the personal representative of the Depositor's estate.

6. Multiple Individual Retirement Accounts. In the event the Depositor maintains more than one individual retirement account (as defined in Section 408(a)) and elects to satisfy his or her minimum distribution requirements described in Article IV above by making a distribution for another individual retirement account in accordance with Paragraph 6 thereof, the Depositor shall be deemed to have elected to calculate the amount of his or her minimum distribution under this custodial account in the same manner as under the individual retirement account from which the distribution is made.

7. Inalienability of Benefits. The benefits provided under this custodial account shall not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind and any attempt to cause such benefits to be so subjected shall not be recognized except to the extent as may be required by law.

8. Rollover Contributions and Transfers. The Custodian shall have the right to receive rollover contributions and to receive direct transfers from other custodians or trustees. All contributions must be made in cash or check.

9. Conflict in Provisions. To the extent that any provisions of this Article VIII shall conflict with the provisions of Articles IV, V and/or VII, the provisions of this Article VIII shall govern.

10. Applicable State Law. This custodial account shall be construed, administered and enforced according to the laws of the State of Wisconsin.