

Item VIII – Fees and Expenses

The basic fees charged for the Centier Safe-Harbor-IRA® are:

- IRA Establishment Fee of \$50.00
- An Annual Service/Administration Fee of \$50.00 will be charged at the opening of the account and at the beginning of each one-year anniversary date. The annual fee is not prorated if the account is closed for any reason prior to the next anniversary date.
- There is no closing, transfer, termination or distribution fee, including calculation of an RMD.
- Mailed account statements will be charged a fee of \$5.00 for each mailing.
- Certain plan sponsors qualify for a discount from these fees. Your former employer will have notified you in writing prior to the transfer of your plan account balance of fees to be charged to your Safe-Harbor-IRA®. That notice will have reflected any adjustments to the above fees.
- Once the Safe-Harbor-IRA® has been established, all fees can be changed from time to time without notice to you.
- A \$10.00 search fee will be charged to accounts for which a search is performed by a third-party.

Item IX - Approved Form

The Centier Bank Individual Retirement Account is treated as approved as to form by the Internal Revenue Service since it utilizes precise language of Form 5305 currently provided by the Internal Revenue Service, plus additional language permitted by such form. The Internal Revenue Service approval is a determination only as to the form of the account, and does not represent a determination of the merits of the account.

The provisions of this Individual Retirement Account and Trust Agreement shall be construed and interpreted under the laws of the State of Indiana.

Item X - Tax Advice

This Disclosure Statement together with the Plan and Trust Agreement should answer most questions concerning the IRA. However, the fact that IRA state tax laws vary should be noted by the Grantor. If the Grantor has additional questions regarding IRAs he should consult his tax advisor. Also, the Grantor may obtain additional information regarding IRAs from any District Office of the Internal Revenue Service. See in particular Internal Revenue Service Publication 590 (Individual Retirement Arrangement).

Item XI – Transfer of Account to Regular Rollover IRA

You can transfer this account to a Centier non-Safe-Harbor-IRA® (regular rollover IRA) at any time. After a transfer to a regular rollover IRA you may invest in any asset permitted by Centier then applicable policies.

Item XII – Account Statements

You will be provided with an account statement at a frequency you determine according to the instructions found in the Welcome Kit sent to you. The default frequency, if you do select an alternative, is an annual statement. This statement will be delivered to you electronically unless you elect to receive a mailed copy. Instructions for accessing account statements will be provided after you first contact the trustee to assert ownership or exercise control over the account.

Item XIII – Compliance with USA PATRIOT Act and CIP Rules

Before you can transfer, close, terminate or otherwise assert ownership or exercise control over this account, you must have complied with all requirements of the USA PATRIOT Act and Centier CIP (Customer Identification Procedures) rules, which include providing the Trustee with your name, current address, a copy of a photo identification issued by a governmental authority (such as a driver's license), and confirming your social security number.

Qualified Reservist Distributions – If you are a qualified reservist called to active duty, you may be eligible to take a penalty-free distribution from this account. Generally, you can redeposit these amounts within a two-year period from the date of your return from active duty. For detailed information, see IRS Publication 590, Individual Retirement Arrangements.

Item XIV – Safe-Harbor-IRA® Regulations

This Individual Retirement Account has been established for you by a former employer of yours pursuant to the provisions of Section 657(c) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and the final regulations issued thereunder by the Department of Labor on September 28, 2004. How those regulations affect this account have been disclosed to you in either a Summary Plan Description (SPD) or Summary of Material Modifications (SMM) provided you by a former employer. If you have questions beyond the disclosures in that document you can contact the trustee by telephone at (219) 924-1647 or by mail at 600 E. 84th Avenue, Merrillville, IN 46410, and request a further explanation.



DISCLOSURE STATEMENT for Automatic Rollover IRA Established under Section 657(c) of the Economic Growth and Tax Relief Reconciliation Act of 2001

Information on Federal Tax Law for Individual Retirement Accounts

This IRA Disclosure Statement is a summary of the requirements for the Centier Bank *Safe-Harbor-IRA*® Individual Retirement Account (“IRA”), pursuant to Internal Revenue Service Regulations that require that the information contained herein be given to individuals for whom an Individual Retirement Account is established. By executing the Adoption Agreement, you acknowledge receipt of this Disclosure Statement.

Item I – The Right to Revoke the Account

You have the right to revoke this account within seven (7) days of the date this Individual Retirement Account is established by your former employer or ten (10) days from the date Centier mails your original Welcome Kit, whichever is later. If you exercise this right you are entitled to a return of the amount contributed to the IRA without penalty, service charge or administrative expense. If you do not exercise this right within seven days of the date above it is assumed that you will have accepted the terms and conditions of the Individual Retirement Account you have established. To revoke this account, simply notify the Trustee in writing to Attn: Safe Harbor, 600 E. 84th Avenue, Merrillville, IN 46410. Written notices must be sent, along with your completed Application and Adoption Agreement and your photocopy I.D., by first-class mail.

Item II – Provisions Regarding Limitations and Restrictions on Deductions of IRA Deposits

The following disclosures are required for a traditional individual retirement account. Because Department of Labor Regulations for a *Safe-Harbor-IRA*® required that the rollover be to a traditional IRA these disclosures are presented here. You should be aware, however, that none of the disclosures in this Item II will apply to an automatic rollover individual retirement account established pursuant to Section 657(c) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the final regulations issued pursuant thereto.

- (a) Except in the case of a rollover contribution described in Section 402(c), 403(a)(4), 408(d)(3), or 457(e)(16), the amount allowable as a contribution for an individual after January 1, 2016 may not exceed the lesser of \$5,500 or an amount equal to the compensation includable in the individual's gross income for such taxable year. Additional contributions may be made to reflect Cost of Living Adjustments (COLA), subject to certain adjustments. Contact your Centier representative for details. Compensation includes salaries, wages, tips, commissions, bonuses, taxable alimony, royal-ties, and 'earned income' in the case of self-employed individuals. Contributions to an existing Centier Bank IRA must be postmarked to Centier Bank no later than the due date of the individual's income tax filing deadline, excluding extensions (generally April 15th) for the year for which the contribution will be made. If an individual is making a contribution to a new Centier Bank IRA, an executed Adoption Agreement must be received by Centier Bank by that date.
- (b) In the case of an individual who would otherwise qualify for an individual retirement account, who files a joint return for the taxable year, and whose spouse has no compensation for such taxable year, or elects to be treated as having no compensation, the amount allowable as a contribution may not exceed the lesser of \$6,000, or the entire amount of taxable compensation he has earned, minus any contribution to an individual retirement

plan to which he may have contributed. Contributions to a spousal IRA need not be equally divided between spouses, but no contribution will be allowed for annual contributions on behalf of either spouse that exceed \$3,000. Separate IRAs must be established for each individual.

- (c) No contribution shall be allowed under the individual retirement account with respect to any qualified retirement contribution that is made for a taxable year of an individual if such individual has attained age 70½ before the close of such taxable year.
- (d) Under the law, if neither you, nor your spouse, is an active participant in a qualified retirement plan at your place of employment you may make a contribution of up to the lesser of \$5,500 (or \$11,000 in the case of a Spousal IRA) or 100% of compensation and take a deduction for the entire amount contributed. If, for 2015 you were covered by a retirement plan at work, your deduction for contributions to a traditional IRA is reduced (and eventually eliminated) if your modified adjusted gross income (MAGI) is:
- More than \$98,000 but less than \$118,000 for a married couple filing a joint return or qualifying widow(er);
 - More than \$61,000 but less than \$71,000 for a single individual or head of household; or
 - Less than \$10,000 for a married individual filing a separate return.
- (e) For taxable years beginning in 2010 and thereafter, an eligible participant who has turned age 50 before the close of the taxable year may contribute an additional \$1,000 to their IRA.

Active Participant

You are considered an active participant if you participate in your employer's qualified pension, profit-sharing, or stock bonus plan qualified under Section 401 (a) of the Internal Revenue Code (IRC), qualified annuity under Section 403 (a) of IRC, a simplified employee pension plan (SEP), a Savings Incentive Match Plan for Employees (SIMPLE), a retirement plan established by a government for its employees (not including Section 457 plans), tax-sheltered annuities or custodial accounts under Section 403 (b) of IRC, and pre-1959 pension trusts under Section 501 (c)(18) of IRC. If you are not sure whether you are covered by an employer-sponsored retirement plan, check with your employer or check your form W-2 for the year in question.

You are not considered an active participant if you are covered in a plan only because of your service as (1) an Armed Forces Reservist, for less than 90 days of active service, or (2) a volunteer firefighter covered for firefighting service by a government plan. Of course, if you are covered in any other plan, these exceptions do not apply. If you are married, file a separate tax return and live apart from your spouse at all times during the taxable year, your spouse's active participation does not affect your ability to make deductible contributions.

Item III - IRA Distributions

Because nondeductible IRA contributions are made using income that has already been taxed (that is, they are not deductible contributions), the portion of the IRA distributions consisting of nondeductible contributions will not be taxed again when received by you. If you make any nondeductible IRA contributions, each distribution from your IRAs will consist of a non-taxable portion (return of nondeductible contributions) and a taxable portion (return of deductible contributions, if any, and account earnings). Thus you may not take a distribution that is entirely tax-free.

Payments Required After Age 70½

After you reach age 70½, minimum distributions are required from your IRA each year. The distribution for the year in which you reach age 70½ must be made no later than April 1 of the following year (required beginning date). Distributions for subsequent years must be taken by December 31 of each year. Unless you elect to withdraw the entire balance by April 1 of the year after you reach age 70½, you must elect to take the distributions in a manner which distributes the funds at least as rapidly as the minimum required distributions. Unless you elect otherwise, the minimum required distribution for each year is determined by dividing your ending balance for the previous year (adjusted by any outstanding rollovers) by your joint life expectancy with the appropriate beneficiary. If no beneficiary exists or a beneficiary other than a natural person is named (except certain trusts), your single life expectancy must be used for this calculation.

You will be responsible for determining the amount of the minimum distribution and notifying Centier Bank how much you want to withdraw each year by completing the “Minimum Distribution Analysis Form”, which can be obtained from Centier Bank.

Item IV - Rollover IRA Rules

- (a) *Rollover contribution from a traditional IRA to another traditional IRA*
A rollover from another IRA is any amount you receive from one IRA and roll some or all of it over into another IRA. You are not required to roll over the entire amount received from the first IRA. However, any amount you do not roll over will be taxed at ordinary income tax rates for federal income tax purposes. Rollovers between IRAs may not be made more frequently than once during a twelve-month period. Such rollover to an IRA must be made within sixty (60) days of receipt of the distribution. The same property you receive in a distribution must be the same property you roll over into the second IRA. You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution. You must satisfy the minimum distribution requirement for the year if you are over age 70½, prior to the rollover. Inherited IRAs do not qualify for rollover unless you are the spouse of the decedent. Rollovers from a SEP or an Employer IRA follow the IRA-to-IRA rollover rules since your contributions under these types of plans are funded directly into your own IRA.
- b) *Rollovers to ROTH IRA Conversions*
You are eligible to convert all or a portion of your traditional IRA assets to a ROTH IRA. Beginning in 2010, the modified adjusted gross income (MAGI) and filing status requirements for converting a traditional IRA to a ROTH IRA are eliminated. If you are age 70½ or older you must remove your required minimum distribution (RMD) prior to converting your traditional IRA.
- c) *Rollovers from Employer-Sponsored Plans*
If you receive a lump-sum distribution, qualifying partial distribution or termination distribution from a qualified retirement plan (e.g. pension, 401(k), profit sharing, HR-10 or Tax Sheltered Annuity program), you may roll over all or part of the amount received to an IRA. Contributions to such rollover accounts will not be applied against the annual contribution limits mentioned in Item II. Likewise, the proceeds from this account may be used as a rollover contribution to establish another Individual Retirement Account. However, rollovers between Individual Retirement Accounts may not be made more frequently than once during a twelve-month period. Such rollover to an IRA must be made within sixty (60) days of receipt of the distribution. The Grantor may transfer all or part of the funds from another IRA to this account at anytime. The minimum distribution for the year must be taken if you are over 70½, prior to the rollover. If your distribution consists of money that was nondeductible employee contributions, these amounts may not be rolled over to an IRA. Rollovers from employer-sponsored plans may be made by rolling the same property into the IRA, or liquidating the property and rolling over the proceeds. Due to the complex nature of the legal definitions of lump-sum distribution, qualifying partial distribution or termination distribution, any individual wishing to take advantage of the rollover rules should seek advice from his tax advisor as to how these rules work. Rollover elections are irrevocable.

d) *Conduit IRA (Rollover)*

A conduit IRA is an IRA that contains only qualified total distributions from qualified plans, annuities, and 403(b) plans. The IRA is then used as a ‘holding account’ until you subsequently roll that IRA back into another qualified plan, annuity or 403(b) plan. In order to take advantage of this conduit treatment, you must establish a separate IRA plan into which only the qualified total distribution will be rolled over. When you decide to roll the conduit IRA back into a qualified or 403(b) plan, the entire balance in the IRA plan must be rolled. Any amounts not rolled back into a qualified plan will be taxed at ordinary income tax rates. Surviving spouses are eligible to utilize the conduit IRA.

Rollover treatment must be elected by Grantor in writing, and shall be irrevocable once deposited. Trustee shall not be responsible for determining whether Grantor made a proper rollover contribution. Additional information about rollover accounts should be obtained from a tax advisor.

Item V – Provisions Regarding Financial Disclosure and Income Tax Treatment

As long as the Individual Retirement Account continues to qualify, interest earned on contributions made within the limits set forth in Item II will accumulate on a tax-deferred basis until payment is made to the Grantor at retirement. Some of the actions or events, which could result in full or partial loss of this tax deferral, are listed under Item IV.

Each year the Trustee will furnish the Grantor a statement of account that will give the amount of the contribution to the account, distributions from the account and the total value of the account at year-end. Information relating to contributions and withdrawals must be reported annually to the Internal Revenue Service by the Grantor or, in case of a joint IRA arrangement, by the working spouse. Such Grantor (or working spouse) must also file Form 5329 (Return for Individual Retirement Savings Arrangement) with the Internal Revenue Service for each taxable year during which the Grantor is assessed any penalty as discussed under Item IV.

Item VI – Provisions Affecting Tax Status of All or Part of the Individual Retirement Account and Certain Distributions From It

Individual Retirement Accounts that are established as indicated under Item II, provide for the deduction of contributions made to them if such contributions are made within the limitations discussed. There are a number of additional provisions relating to these accounts that affect their tax status, including the following:

- a) *Penalty for Excess Contributions*
Contributions to the account in excess of the limits stated in Item II will be assessed a 6% nondeductible excise tax (IRC Sec. 4973). This tax is payable by the Grantor (or working spouse) for each year the excess is permitted to remain in the account. However, if the excess plus attributable earnings is returned before the due date for filing the income tax return for the year in which the excess contribution was made, the 6% penalty tax will not be assessed. If the interest earned on such excess contribution is paid to Grantor, it is taxable as income and will be deemed to have been earned and receivable in the taxable year during which the excess contribution was made. Such interest paid to the Grantor will be subject to the 10% premature withdrawal penalty. The 6% excess penalty tax can be avoided by withdrawing the excess from the account before the due date for filing the tax return for the year or by under contributing for that year by an amount equal to the excess contribution. The excess contribution being returned will not be subject to income tax (Item IV-b) nor will the 10% premature withdrawal penalty as discussed in Item IV-d be assessed provided the contribution for the year during which the excess contribution was made did not exceed \$2,000 and no deduction was allowed for the excess contribution. The \$2,000 limit can be exceeded only to the extent such amount is attributable to a rollover or a SEP contribution.
- b) *Income Tax Status of Distributions*
All distributions from this account, except as discussed under Item IV-a relating to the return of excess contributions, are taxable as income to the Grantor or the beneficiary as they are received. A lump sum distribution of the entire account does not qualify for five or ten year forward averaging available to lump-sum distributions from certain pension or profit sharing plans. IRC Sec. 402(e).

Furthermore, the balance of an IRA is includable in the gross estate of the decedent at the time of death and subject to estate tax as applicable.

c) *Tax on Unrelated Business Income*

Generally, an individual retirement account is exempt from federal income tax. Thus, investment income earned by the account will not be taxed until distributed by the individual. However, any unrelated business income of the account is subject to the taxes imposed on the unrelated business income of charitable and other tax-exempt organizations by Section 511. Unrelated business taxable income includes the gross income received from the unrelated trade or business by the account, less those deductions allowed under the Internal Revenue Code, such as the trade or business expense of Section 162 or depreciation under Section 167 which is directly connected with the carrying on of such trade or business, together with the exceptions, additions and limitations allowed by Section 512(b). It is the Grantor's responsibility to file the appropriate tax form and to instruct the Trustee to pay the tax due.

d) *Penalty for Premature Distribution*

In addition to any regular tax that may be payable, distributions from the account that occur before the Grantor reaches age 59½ (except in event of disability, death, rollover, as a qualifying distribution of an excess contribution or other limited circumstances), will be assessed a 10% nondeductible excise tax on the amount. Loans from the account (see Item IV(e)) or prohibited transactions (see Item IV(f)) will also be considered premature distributions if they occur before the Grantor reaches age 59½. You must file IRS Form 5329 with your tax return for each tax year during which a premature distribution takes place or less than the required minimum amount is distributed.

The premature distribution penalty tax will be waived for participants under age 59½ for certain medical or educational expenses, and first time home purchases. Please consult with your tax advisor regarding these specific exemptions from penalty.

e) *Penalty for Pledging the Accounts as Security*

If the Grantor makes a loan from or pledges an Individual Retirement Account as security for a loan, the portion so borrowed or pledged is treated as being distributed to the Grantor in that year. In addition to any regular income tax that may be payable on the distribution, the premature distribution penalty as discussed in Item IV(d) is also applicable. (IRC Sec. 408 (e)(4)). Accordingly, if you invest in securities, you may not sell short or execute purchases in an amount greater than available cash (Margin Accounts are prohibited).

f) *Penalty for Prohibited Transactions*

If the Grantor or his beneficiary engages in a prohibited transaction, as described in IRC Section 4975 with respect to Individual Retirement Accounts, the account will lose its exemption from tax and the Grantor must include the fair market value of the account in his gross income for the year during which the prohibited transaction occurred. In addition to any regular income tax that may be payable, the premature distribution penalty as discussed in Item IV(d) is also applicable.

g) *Penalty for Insufficient or Late Distribution*

In addition to the regular income tax that may be payable on distributions from Individual Retirement Accounts, the Grantor will be assessed penalties on certain accumulations if funds in the Trust Account are not distributed in accordance with Treasury Department Regulations as summarized heretofore under Article IV. If the amount distributed from the account during the taxable year is less than the minimum required during such year, an excise tax will be imposed on the Grantor. The tax imposed is equal to 50% of the amount by which the minimum required distribution exceeds the amount actually distributed during the year. (IRC Sec. 4974).

h) *Penalty for Excess Distributions or Accumulations*

You may also be subject to a 15% penalty tax on any amounts includable in income that you receive from IRAs, qualified plans, and tax sheltered annuities during a calendar year in excess of the current excess distribution limitation of IRC Section 4981A. Certain exceptions may apply. You are urged to consult your tax advisor regarding this penalty and the exceptions to the penalty.

Your estate may also be subject to an additional 15% federal estate tax if, at the time of your death, the value of all of your interest in all IRAs, qualified plans, and tax sheltered annuities exceeds the present value of an annuity with annual payments that exceed the current excess distribution limitation of IRC Section 4981A, payable over your life expectancy immediately before your death.

Item VII - Investment of The IRA and Financial Disclosure

The assets in the IRA will only be invested in a qualified investment as provided by the Department of Labor final regulations governing a safe harbor IRA established pursuant to Department of Labor Regulations 2550.404a-2(c)(3)(i)(ii) and (iii). Your IRA is invested in an FDIC insured Centier Bank deposit account and the following constitutes a Regulation DD disclosure covering these investments:

Terms of Account – Your *Safe-Harbor IRA*® investment is a Centier Bank deposit account defined by Regulation DD. The name of the deposit account investment is the First Company Safe Harbor Money Fund.

Rate Information – Your interest rate and annual percentage yield may change. The current interest rate and APY in effect can be obtained on our website at www.centier.com.

Frequency of rate changes – At our discretion and at any time, we may change the interest rate and annual percentage yield on your account.

Determination of rate – At our discretion and at any time, we may change the interest rate and annual percentage yield on your account.

Compounding and crediting frequency – Interest will be compounded and credited monthly.

Effect of account closure – If your account is closed before accrued interest is credited to your account, you will forfeit the accrued interest.

Minimum balance to open the account – There is no minimum balance required to open a *Safe-Harbor IRA*® account.

Minimum balance to avoid imposition of fees – There are no fees in this account beyond those disclosed in your IRA Disclosure.

Daily balance computation method – Centier uses the daily balance method to calculate interest on your account. The method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on non-cash deposits – Interest begins to accrue on the first business day after the banking day non-cash items are deposited to the account (for example, checks).

Transaction limitations – Refer to your IRA disclosure for information regarding deposits and distributions to and from your account. Distributions may be subject to taxes, withholding and penalties.

Centier Bank offers the same options for investment of idle cash as the permanent investment. Therefore, it is not necessary for the account holder to indicate on the Adoption Agreement or other form a choice of cash account.

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