

The American Funds Roth IRA Trust Agreement

Pending IRS approval.

Section 1 — Definitions

As used in this trust agreement (“Agreement”) and the related Application, the following terms shall have the meaning set forth below unless a different meaning is plainly required by the context:

- (a) “Application” means the accompanying instrument executed by the Owner under which the Owner establishes the Roth IRA.
- (b) “Code” means the Internal Revenue Code of 1986, as amended.
- (c) “Compensation” means wages, salaries, professional fees, and other amounts derived from or received for personal service actually rendered (including, but not limited to, commissions paid salespersons, compensation for services based on a percentage of profits, commissions on insurance premiums, tips and bonuses) and includes earned income, as defined in Code §401(c)(2) and any amount includable in gross income under Code §71 with respect to a divorce or separation instrument described in subparagraph(A) of Code §71(b)(2). Compensation does not include amounts derived from or received as earnings or profits from property (including, but not limited to, interest and dividends), any amounts not includable in gross income, or any amount received as a pension, annuity or as deferred compensation. Under the Rev. Proc. 91-18 “safe harbor,” the Internal Revenue Service defines Compensation to be amounts properly shown as “Wages, tips and other compensation” less amounts properly shown as “Non-qualified plan” distributions on the Owner’s Form W-2 Wage and Tax Statements.
- (d) “Conversion Contribution” means a qualified rollover contribution (as defined in Code §408A) made to a Roth IRA which is all or any portion of a distribution from another individual retirement account established under Code §408(a) or an individual retirement annuity established under Code §408(b) during any taxable year if:
 - (i) the Owner’s adjusted gross income or combined adjusted gross income, if married filing a joint return, for such taxable year does not exceed \$100,000, or
 - (ii) the Owner is not a married individual filing a separate return; and
 - (iii) the rollover contribution meets the requirements of Code §408(d)(3).
- (e) “Disabled” means disabled as defined in Code §72(m)(7).

- (f) “Fund” means shares of one or more of the investment companies for which the Trustee or its affiliates serves as investment adviser.
- (g) “Owner” means the individual for whom the Roth IRA is established.
- (h) “Roth IRA” means the individual account established on or after January 1, 1998 in accordance with Code §408A, which is designated as a Roth IRA upon establishment and which shall at all times be nonforfeitable.
- (i) “Roth Rollover Contribution” means an amount contributed to the Roth IRA which is derived from all or any portion of a distribution from another Roth individual retirement account established under Code §408A. At no time within the one-year period ending on the date that a distribution is received from another Roth individual retirement account may the Owner roll over a distribution from the same individual Roth retirement account into this Roth IRA.
- (j) “Trustee” means Capital Guardian Trust Company, or any successor thereto.

Section 2 — Establishment of Account

By executing the Application, the Owner thereby establishes the Roth IRA, which shall hold all assets deposited with the Trustee, for the exclusive benefit of the Owner and the Owner’s beneficiaries.

Section 3 — Contributions and Transfers

The Trustee shall not accept contributions for any taxable year in excess of the lesser of \$2,000 or 100% of Compensation (or in the case of a Roth IRA together with a Roth IRA established by the Owner for a nonworking spouse, the lesser of \$4,000 or 100% of Compensation), except for contributions which the Owner has certified to the Trustee in writing to be Conversion Contributions or Roth Rollover Contributions. To be eligible to make contributions other than Conversion Contributions and Roth Rollover Contributions, the Owner must meet the adjusted gross income limits described in Code §408A(c)(3), as such limits may be adjusted from time to time.

Conversion Contributions and Roth Rollover Contributions must be received by the Trustee in the form of cash, Fund shares or any combination thereof. The Trustee may require that each Conversion Contribution or Roth Rollover Contribution be accompanied by a properly completed transmittal form provided by the Trustee.

The Owner may transfer assets in any amount from another Code §408A Roth individual retirement account. If the Owner adopts another Roth individual retirement account established under Code §408A, at the request of the Owner the Trustee shall deliver to such successor trustee or custodian the cash proceeds or designated Fund shares of the Roth IRA. The Trustee may require satisfactory evidence of the qualified status of any successor trustee or custodian.

Contributions may be made to a Roth IRA, regardless of the age of the Owner. No contribution will be accepted in this Roth IRA under a SIMPLE IRA plan established by any employer pursuant to Code §408(p). No transfer or rollover of funds from a SIMPLE IRA to a Roth IRA established hereunder will be accepted.

Section 4 — Investment of Roth IRA Assets

Pursuant to the Owner's written instructions, each cash contribution to the Roth IRA shall be applied to the purchase of shares of the Fund or Funds currently designated by the Owner at the applicable offering price in accordance with the terms of such Fund's prospectus and/or to the purchase of the designated annuity contract acceptable to the Trustee. If no Fund is designated, the contribution will be invested in The Cash Management Trust of America until such time as the Owner shall designate a Fund. The Owner, or if the Owner is deceased, the beneficiary, may from time to time change the designation of the Fund for investment of Roth IRA assets hereunder and may instruct the Trustee to exercise the exchange privilege set forth in the Fund's prospectus. All dividends and capital gain distributions shall be reinvested in Fund shares unless directed otherwise by the Owner if the Owner has reached age 59½ and at least five years have elapsed since the Owner first contributed to the Roth IRA (or since the date of the first conversion, in the case of a Conversion Contribution). No part of a Roth IRA shall be invested in life insurance contracts.

Fund shares acquired by the Trustee shall be owned by and registered in the name of the Trustee or of its registered nominee. The assets of the Roth IRA will not be commingled with other Trustee property and the purchase of Fund shares shall not be considered commingling.

Section 5 — Withdrawal of Roth IRA Assets

- (a) Tax Treatment of Withdrawals. Any distribution from the Roth IRA which is not a Qualified Distribution shall be treated as made from contributions to the Roth IRA to the extent that such distribution, when added to all previous distributions from the Roth IRA, does not exceed the aggregate amount of contributions to the Roth IRA.

A distribution of all or part of the Roth IRA may be made to the Owner upon the Owner's written request; however, tax penalties apply, to the extent the withdrawal exceeds the aggregate amount of contributions, to all such withdrawals other than:

- (i) payments made in substantially equal installments over the life of the Owner; over the lives of the Owner and his or her designated beneficiary; over a specified period that may not be longer than the Owner's life expectancy; or over a specified period that may not be longer than the joint life and last survivor expectancy of the Owner and his or her designated beneficiary.

For determining the applicable life expectancy divisor, the expected return multiples in §1.72-9 of the Federal Income Tax Regulations, as amended or superseded, shall be used.

- (ii) payments for certain catastrophic medical expenses;
- (iii) payments made after an extended period of unemployment to cover health insurance premiums;
- (iv) payments made to an Owner who has reached age 59½ or is Disabled;
- (v) payments made on account of the death of the Owner;
- (vi) payments (taken on or after January 1, 1998) for expenses associated with a first-time home purchase, in accordance with subparagraph (F) of Code §72(t)(2);
- (vii) payments (taken on or after January 1, 1998) for post-secondary education costs of the immediate family members and grandchildren of the Owner; or
- (viii) payments made in accordance with subsection (b) below.

If the Owner should become Disabled, the Roth IRA may be distributed to the Owner commencing as of the date of determination of such disability.

Withdrawals may be made upon written notice by the Owner to the Trustee, which notice shall state the amount of the withdrawal, the reason for the withdrawal, and the method of distribution. The Trustee has no responsibility to make any inquiry concerning the request for any withdrawal.

- (b) **Special Rules for Withdrawals of Roth IRA Assets.** A distribution of all or part of the Roth IRA may be made to the Owner upon the Owner's written request and will not be includable in the Owner's gross income for any year if such distribution is a "Qualified Distribution." A "Qualified Distribution" means any payment made:
 - (i) on or after the date on which the Owner attains age 59½;
 - (ii) on account of the death of the Owner;
 - (iii) to an Owner who is Disabled; or
 - (iv) as a Qualified Special Purchase Distribution. A "Qualified Special Purchase" means any distribution for expenses associated with a first-time home purchase in accordance with subparagraph (F) of Code §72(t)(2).

A payment or distribution will not be treated as a Qualified Distribution if:

- (i) it is made within the 5-taxable year period beginning with the first taxable year for which the Owner made a contribution to a Roth IRA, or
 - (ii) in the case of a payment or distribution properly allocable (as determined in a manner prescribed by the Secretary of the Treasury) to a Conversion Contribution from an individual retirement plan other than a Roth IRA (or income allocable thereto), it is made within the 5-taxable year period beginning with the taxable year in which the Conversion Contribution was made.
- (c) **Excess Contributions to Roth IRA.** If the Owner contributes to the Roth IRA, in any calendar year, an amount in excess of the amount allowable under Code §§408A(c)(2) and (3) and adjusted for any distributions from the Roth Account for such taxable year, the Owner may withdraw such excess together with any earnings thereon.

Such excess contributions may be withdrawn at any time prior to the day prescribed by law (including extensions) for filing the Owner's federal tax return for such year and shall not be subject to tax penalties. Any earnings on the excess contribution must also be withdrawn and are includable in income in the tax year in which the excess contribution was made. In addition, the withdrawn earnings may be subject to a 10% penalty tax as a premature distribution. Such amount shall, at the Owner's request, be distributed to the Owner or redesignated as the Owner's contribution for the succeeding taxable year. The Owner shall certify to the Trustee in writing the full amount of the required withdrawal, including earnings thereon, or the number of shares equivalent thereto to be withdrawn and the method of distribution. Failure to withdraw such amounts will result in an annual tax penalty to the Owner.

Section 6 — Required Distributions

The Roth IRA established hereunder shall be exempt, prior to the death of the Owner, from the required distributions of Code §401(a)(9) pertaining to such required distributions. The beneficiary or beneficiaries may elect to receive the entire interest as follows:

- (a) by December 31 of the year containing the fifth anniversary of the Owner's death; or
- (b) 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 Owner's death. If, however, the beneficiary is the Owner's surviving spouse, then the surviving spouse may elect to have distributions begin by December 31 of the year in which the Owner would have reached age 70½.

Section 7 — Beneficiary Designation

The Owner shall have the right to designate or change a beneficiary to receive any benefit from the Roth IRA to which such Owner may be entitled in the event of the Owner's death prior to complete distribution of the Roth IRA. If no such designation is in effect at the time of the Owner's death, the Owner's beneficiary shall be the Owner's estate. The Owner may designate or change a beneficiary only by written notice to the Trustee in a form acceptable to the Trustee, or other manner acceptable to the Trustee, but the Trustee shall have no responsibility to determine the validity of a beneficiary designation.

The designation or change will, upon recording by the Trustee, take effect as of the time the written notice was signed, whether or not the Owner is living at the time of recording but without liability as to any payment or other settlement made by the Trustee before recording the designation or change. Payment by the Trustee made in good faith to any person who claims to be entitled to such payment pursuant to a designation by the Owner, the terms of the Roth IRA or applicable law shall relieve the Trustee of any further liability for such payment.

Upon the Owner's death, if the designated beneficiary is the Owner's surviving spouse, the spouse may treat the Roth IRA as his or her own Roth IRA. This election will be deemed to have been made if such surviving spouse makes a regular IRA contribution to the Roth IRA, makes a rollover to or from such Roth IRA, or fails to elect any of the above provisions.

Section 8 — Concerning the Trustee

The Trustee, or its designated agent ("Agent"), is authorized to establish share accumulation Roth IRAs and systematic withdrawal plans (as described in the prospectus of the Fund, and as customarily entered into with other shareholders of the Fund) for the purpose of receiving and investing the contributions made hereunder and reinvesting income dividends and capital gain distributions. Upon each contribution or redemption the Trustee shall furnish to the Owner a statement of the Roth IRA, showing amounts invested or redeemed and the number and price of such shares. The Trustee is authorized to deposit certificates for shares with itself or the Agent for the purpose of safekeeping or otherwise, or to permit shares to be credited to the Trustee. shall not be obligated to secure certificates for such shares, and in its discretion may permit such shares to remain unissued. The Trustee is not liable for any act or failure to act of such Agent.

The Trustee is authorized to sell or redeem shares and to surrender annuity contracts at the direction of the Owner, the Owner's legal representatives or the designated beneficiary.

The Trustee shall furnish an annual calendar-year statement to the Owner setting forth receipts, investments, disbursements, and other transactions. Upon expiration of 45 days after forwarding such statement, the Trustee shall be forever released and discharged from all liability and accountability to anyone with respect to its acts, transactions, duties, obligations, or responsibilities as shown in or reflected by such statement, except with respect to any such acts or transactions as to which the Owner,

or the beneficiary of a deceased Owner, shall have filed written objections with the Trustee within such 45-day period.

The Trustee shall furnish to the Owner, either directly or indirectly, notices, prospectuses, financial statements, proxies, and proxy-soliciting materials relating to all assets credited to the Roth IRA. Any notification to the Owner provided for under this Agreement shall be effective if sent by first-class mail to the Owner's last address of record. The Trustee shall not vote any of the Fund shares held in the Roth IRA except in accordance with prior written instructions of the Owner.

The Trustee shall file such reports relating to the Roth IRA with the appropriate government agency as the Trustee is required to file by law. The Owner shall furnish such information to the Trustee which is necessary to complete such reports and shall be responsible for all other records and reports which the Trustee has not agreed, in writing, to prepare.

The Trustee shall not be liable to the Owner or beneficiaries for any depreciation or similar loss of assets or for the failure of the Roth IRA to produce any or larger net earnings. The Trustee shall not be liable for any act or failure to act of itself, its agents, employees, or attorneys, so long as it exercises good faith, is not guilty of negligence or willful misconduct, and has selected such agents, employees, and attorneys with reasonable diligence. The Trustee shall have no responsibility for the determination or verification of the premium rates for any annuity contract or the offering or redemption prices or net asset values of Fund shares, and shall be entitled to rely for such rates, prices and net asset values upon statements issued by or on behalf of the respective insurance company or Fund. The Trustee shall have no duty to inquire into the investment practices of the Fund; the Fund shall have the exclusive right to control the investment of its assets in accordance with its stated policies; and the investments shall not be restricted to securities of the character now or hereafter authorized for trustees by law or rules of court.

The Trustee shall not be liable or responsible for any omissions, mistakes, acts or failures to act of the Fund, the insurance company issuing any annuity contract provided for herein, or their successors, assigns or agents.

The Trustee shall not be responsible in any way for the purpose or propriety of any distribution made pursuant to instructions satisfactory to the Trustee, the collection of contributions provided for hereunder, or any action or nonaction taken pursuant to the request of the Owner, beneficiary or legal representative of the Owner. The Trustee shall have no duty to determine whether contributions made to the Roth IRA satisfy the applicable limits set forth in §3 of this Agreement. The Trustee shall have no obligation to give advice to anyone on the deductibility of any contributions or the tax due, if any, on payments made hereunder or to determine the amount of any excess contribution and the net income attributable thereto. If the Owner has authorized telephone exchanges under the Application or other form provided by the Trustee, the Trustee may make investment exchanges for this Roth IRA or any other Roth IRA with the same registration in accordance with the instructions received from any person by telephone, telecopier or other electronic means and shall have no obligation to question any instructions so received or liability for the transactions it performs pursuant to such instructions.

Section 9 — Trustee Fee and Expenses of the Roth IRA

Any income taxes or other taxes of any kind whatsoever that may be levied or assessed upon or in respect of the Roth IRA shall be paid from the assets of the Roth IRA. The compensation of the Trustee, any transfer taxes incurred in connection with the investment and reinvestment of the assets of the Roth IRA, and all administrative expenses incurred by the Trustee in the performance of its duties, including fees for legal services rendered to the Trustee, shall either be deducted from contributions and charges to the Roth IRA, or shall be paid by redeeming or surrendering the necessary assets credited to the Roth IRA, unless otherwise paid by the Owner, but until paid shall constitute a lien upon the assets of the Roth IRA.

The compensation of the Trustee shall be such fees as the Trustee shall advise the Owner in writing. There may be additional charges for further services requested of the Trustee.

Section 10 — Amendment and Termination

The Owner, by establishing this Roth IRA, delegates to the Trustee the power to amend, retroactively or prospectively, the Trust Agreement as necessary to conform the Trust Agreement to the Code or other laws, including the power to appoint a successor trustee, and by doing so shall be deemed to have consented to each such amendment or modification. No amendment shall be made which would have the effect of allowing any part of the Roth IRA to be used for any purpose other than for the exclusive benefit of the Owner or Owner's beneficiary.

This Agreement shall terminate upon the transfer or complete distribution of the Roth IRA or at the discretion of the Trustee, at any time upon 30-days' prior written notice to the Owner.

Section 11 — Resignation or Removal of the Trustee

The Trustee may resign at any time upon 30 days' prior written notice to the Owner, and may be removed by the Owner at any time upon 30 days' prior written notice to the Trustee. Upon such resignation or removal, the Owner shall appoint a qualified successor to the Trustee, and at the request of the Owner, the Trustee shall transfer and pay over to such successor the assets of the Roth IRA or the proceeds from the sale of such assets. The Trustee may, in its discretion, make an independent determination as to such successor's qualified status. The Trustee is authorized, however, to reserve such sum of money as it may deem advisable for payment of any liability constituting a charge against the assets of the Roth IRA or against the Trustee, with any balance remaining after the payment of all such items to be paid over to such successor.

If, within 30 days after the Trustee's resignation or removal a qualified successor has not been appointed, the Trustee shall distribute the assets in a lump sum to the Owner.

Section 12 — Miscellaneous

- (a) Binding on Successors. This Agreement shall bind and inure to the benefit of the representatives, successors, and assigns of the Owner and the Trustee.
- (b) Spendthrift Clause. Neither the assets nor the benefits provided for hereunder shall be subject to alienation, anticipation, assignments, garnishment, attachment, execution or levy of any kind, and any attempt to cause such benefits to be so subjected shall not be recognized. The Owner shall have no right to assign, transfer or pledge any interest in the Roth IRA, and the Owner's interest in the Roth IRA shall not be subject to any claims of creditors.
- (c) Transfer Incident to Divorce or Legal Separation. Notwithstanding anything to the contrary in this Agreement, including section 12(b) above, the Owner may direct the Trustee to transfer all or a portion of the Owner's Roth IRA into a Roth IRA of the Owner's spouse or former spouse incident to divorce or legal separation as provided in Code §408(d)(6) and incorporated by reference by Code §408A(a).
- (d) Alternative Distribution to Minors. In the event a distribution is payable to a minor, the Trustee may transfer the proceeds to a custodian selected by the Trustee under the applicable state's Uniform Gifts to Minors Act or Uniform Transfers to Minors Act.
- (e) Governing Law. The Roth IRA shall be construed in accordance with the laws of the state wherein the Trustee is domiciled. In the case of any conflict between the provisions of the Trust Agreement and the Application, the Trust Agreement shall control.