



DISCLOSURE STATEMENT

For an Automatic Rollover “Safe Harbor” Roth Individual Retirement Account (“IRA”) Established Under Section 657 (c) of the Economic Growth and Tax Relief Reconciliation Act of 2001.

This Disclosure Statement describes the rules of your Automatic Rollover “Safe Harbor” Roth Individual Retirement Account (IRA) as well as legal and federal tax information you should know about. In case there is a discrepancy between this Disclosure Statement and your Trust Agreement (Form 5305-R), the Trust Agreement is the primary document governing your Safe Harbor Roth IRA.

Information on Federal Tax Law for Roth Individual Retirement Accounts

This Disclosure Statement summarizes the requirements for The Bancorp Bank (“Bancorp,” “Trustee,” “we,” “us,” or “our”) Automatic Rollover “Safe Harbor” Roth Individual Retirement Account (the “Account” or “Safe Harbor Roth IRA”), pursuant to Internal Revenue Service (“IRS”) regulations that require that this information be given to individuals for whom such a Roth IRA account is established.

The Safe Harbor Roth IRA established on your (“Grantor,” “you,” or “your”) behalf is a limited purpose, non-transactional account. It was established by contribution of all or a portion of your vested benefit from your former employer’s eligible retirement plan or your terminated retirement plan (the “Distributing Plan”), representing a distribution and direct rollover from the Distributing Plan. You are not permitted to make additional contributions to the Account and the Account is invested in an FDIC-insured money market account or other “stable value” investment designated by Bancorp.

Before you can transfer, close, terminate or otherwise assert ownership or exercise control over the Account, you must complete the Safe Harbor Roth IRA Application, Adoption Agreement, and Distribution Form (“Adoption Agreement”) and comply with all requirements of the USA PATRIOT Act and the rules of the Bancorp Customer Identification Program (CIP), which include providing Bancorp with your name, current address, and confirmation of your Social Security number. Return the Adoption Agreement and any additional documents to us online; using the postage-paid return envelope included in your Welcome Kit or otherwise mail to The Bancorp Bank, 409 Silverside Road, Suite 105, Wilmington, DE 19809, Attention: Safe Harbor Roth IRA; or by facsimile. By executing the Adoption Agreement, you acknowledge receipt of this Disclosure Statement.

ARTICLE 1 – YOUR RIGHT TO REVOKE THE ACCOUNT

This Safe Harbor Roth IRA may be revoked within seven (7) days of the date of its establishment (“Opening Date”) or ten (10) days from the date The Bancorp Bank mailed the original Welcome Kit to you, whichever is later. For purposes of your revocation right, your Account was established on the Opening Date set forth in the letter included in your Welcome Kit accompanying this Disclosure Statement or, alternatively, it can be determined by contacting Bancorp at 866.540.9364. The Welcome Kit and this Disclosure Statement were mailed to you on that Opening Date.

If you exercise your revocation right, the amount contributed to the Account will be returned to you by check without penalty, service charge or administrative expense. If you do not exercise this right in the applicable timeframe, it is assumed that you have accepted the terms and conditions of the Account.

To revoke the Account, you must, within the applicable timeframe described in this ARTICLE 1, comply with all requirements of the USA PATRIOT Act and Bancorp’s CIP rules, described above, and timely notify the Trustee in writing using the postage-paid return envelope included in your Welcome Kit or otherwise mail to The Bancorp Bank, 409 Silverside Road, Suite 105, Wilmington, DE 19809, Attention: Safe Harbor Roth IRA. Any written notices you send, including, but not limited to, your completed Adoption Agreement (including your designation of one or more beneficiaries), must be sent by first-class mail.

For important information about the how the Account is invested, see ARTICLE 9. The fees and expenses charged by Bancorp with respect to the Account are described in ARTICLE 10. For additional information about the Account, see ARTICLE 17 – Safe Harbor IRA Regulations.

ARTICLE 2 – YOUR ROTH IRA – IN GENERAL

A Roth IRA provides several tax benefits. While contributions to a Roth IRA are not deductible, investment growth on the assets held in your Roth IRA is not subject to federal income tax while held in your Roth IRA. Moreover, amounts distributed from your Roth IRA will be excluded from your income for federal income tax purposes if certain requirements (which are described below) are met. State income tax treatment of your Roth IRA may be different from tax treatment under federal law – you should consult your personal tax advisor for details.

ARTICLE 3 – LIMITATIONS AND RESTRICTIONS REGARDING CONTRIBUTIONS TO A ROTH IRA

IMPORTANT NOTE: We are required by law to provide the following disclosures regarding restrictions on the making of contributions to a Roth IRA. **Your Safe Harbor Roth IRA is a limited purpose, non-transactional account, consisting solely of the direct rollover contribution or contributions made by your former employer's Distributing Plan, as adjusted periodically for earnings, losses and administrative expenses. You cannot make additional contributions, by rollover or otherwise, to your Safe Harbor Roth IRA.**

(a.) You can make a contribution to a Roth IRA or establish a new Roth IRA for the taxable year by the due date for your federal income tax return for the year (not including extensions). This is usually April 15 of the following year.

(b.) For each year in which you are eligible, you can contribute up to the lesser of (i) the Roth IRA Contribution Limit (as adjusted for persons with higher income levels, as described in (c) below) or (ii) 100% of your compensation (or earned income if you are self-employed).

For 2017, the Roth IRA Contribution Limit is \$5,500. However, if you are age 50 or over by the end of a year, you can make an additional \$1,000 "catch-up" contribution to a Roth IRA for the year. These annual limits may be adjusted to reflect increases in the cost of living in the future.

Your Roth IRA Contribution Limit is reduced by any contributions you (or your spouse) made for the year to a Traditional IRA. If you and your spouse have sponsored Roth IRAs, each of you may contribute up to the IRA Contribution Limit for a year as long as the combined compensation of both spouses for the year is at least two times the Roth IRA Contribution Limit. If you and your spouse's combined compensation is less than two times the Roth IRA Contribution Limit, the spouse with the higher amount of compensation may contribute up to that spouse's compensation amount, or the IRA Contribution Limit, if less. The spouse with the lower compensation amount may contribute an amount up to that spouse's compensation plus any excess of the other spouse's compensation over the other spouse's Roth IRA contribution. However, the maximum contribution to either spouse's Roth IRA is the IRA Contribution Limit for the year.

(c.) The Roth IRA Contribution Limit is phased out, or even eliminated entirely, for taxpayers with higher income levels. The reduction in your Roth IRA Contribution Limit depends on the amount of your adjusted gross income (AGI) and filing status (single, married filing jointly). The following are the phase-out ranges in effect for 2017:

- If you are single, your phase-out range is AGI between \$118,000 and \$133,000. If your AGI is over \$133,000 your Roth IRA Contribution Limit is zero.
- If you are married filing jointly, your phase-out range is AGI of between \$186,000 and \$196,000. If your AGI is over \$196,000, your Roth IRA Contribution Limit is zero.
- If you are married filing separately, your phase-out range is adjusted gross income of between \$0 and \$10,000. However, if you or your spouse did not live together at any time during the taxable year, your filing status will be considered single for purposes of determining your Roth IRA Contribution Limit.

If your AGI falls in the reduced contribution range, you must calculate your reduced Roth IRA Contribution Limit. To do this, multiply your unreduced Roth IRA Contribution Limit (or your compensation if less) by a fraction. The numerator of the fraction is the amount by which your AGI exceeds the lower limit of the reduced compensation range (e.g., for 2017, \$118,000 if you are single or \$186,000 if you are married filing jointly). The denominator is \$15,000 (for single tax payers) or \$10,000 (from married taxpayers filing jointly). Multiply this fraction by the unreduced Roth IRA Contribution Limit for the year. Round this product down to the nearest \$10 and then subtract it from your normal Roth IRA Contribution Limit to arrive at your reduced Roth IRA Contribution Limit.

(d.) If you contribute too much to a Roth IRA (generally speaking, above the Roth IRA Contribution Limit adjusted for your income level), the amount you contribute above the maximum is considered an "excess contribution." An excess contribution is subject to a nondeductible excise (penalty) tax of 6% for each year it remains in the Roth IRA.

(e.) You can correct an excess contribution without paying a 6% penalty. To do so, you must withdraw the excess contribution plus any earnings before the due date (including extensions) for filing your federal income tax return for the year you make the excess contribution. If you file your taxes by April 15th, the IRS automatically grants a six-month extension (until October 15) to remove the excess contribution (and earnings) and avoid the penalty. Withdrawn earnings related to an excess contribution are taxable income, and may be subject to a 10% premature withdrawal penalty tax if you have not attained age 59½ (and no exception to the 10% tax applies). For more information about this 10% penalty tax, see ARTICLE 8(d).

Any excess contribution not withdrawn by the tax return due date (including extensions) for the year in which the contribution was made will be subject to the 6% penalty tax. There is an additional 6% penalty tax for each subsequent year that the excess contribution remains in your Roth IRA.

The excise tax for subsequent years can be avoided by withdrawing an amount equal to the excess. The withdrawal must take place before the end of the year or the penalty tax will be owed. It is not required that you withdraw the earnings. You can also avoid the penalty tax for subsequent years by reducing your contributions for the subsequent year by the amount of the excess contribution. For example, if your Roth IRA Contribution Limit is \$5,500 but you contributed \$7,000, the \$1,500 excess can be corrected by limiting your next year's contribution to no more than \$4,000. However, when an excess contribution is carried forward this way, the 6% penalty tax is owed until the excess is absorbed or corrected.

ARTICLE 4 – ROTH IRA DISTRIBUTIONS

You may take distribution from your Roth IRA at any time. However, the primary tax benefit of a Roth IRA will be lost unless you take a “qualified distribution.”

Distributions from your Roth IRA that are “qualified distributions” are tax-free (for federal income tax purposes). This means that you pay no federal income tax even though your distribution includes earnings or gains on the amounts contributed to your Roth IRA. Qualified distributions are generally not subject to the additional 10% penalty tax on premature distributions. Unlike a Traditional IRA, there are no rules on when you must start taking distributions from your Roth IRA. Unlike a Traditional IRA, you are not required to start making withdrawals from a Roth IRA by April 1 of the year following the year in which you attained age 70½.

(a.) A “qualified distribution” from your Roth IRA is a distribution that is both (i) made after a five-year holding period (see paragraph (b) below) and (ii) consists of any of the following:

- A distribution made on or after the date you attain age 59½;
- A distribution made to your designated beneficiary after your death;
- A distribution made because of your disability; or
- A distribution which is a “qualified first-time homebuyer” distribution (subject to a \$10,000 lifetime limit). A qualified first-time home buyer distribution is used to cover the cost of purchasing, building, or rebuilding (including reasonable settlement, financing or other closing costs) a principal residence for a first-time homebuyer, who may be you, your spouse or a child, grandchild, parent or grandparent of you or your spouse. The distribution must be used for eligible expenses within 120 days after it is received. An individual is considered a first-time homebuyer if the individual has not owned a principal residence during the two-year period immediately preceding the acquisition in question.

Any amount you receive from your Safe Harbor Roth IRA is called a distribution. You can request the distribution of your Account at any time by contacting Bancorp and completing a distribution form. **You may only request the distribution, transfer or rollover of your entire Account. Partial distributions, partial outgoing rollovers or partial outgoing transfers from the Account are prohibited.**

(b.) In order for a distribution from your Roth IRA to be a “qualified distribution,” you must have held your Roth IRA for at least five years prior to the distribution. This five-year period generally starts with the year for which you make the initial annual contribution with respect to any of your Roth IRAs. All of your Roth IRAs (but not designated Roth accounts under employer retirement plans) are aggregated together to determine whether the five-year holding period is met for any or all of them. If the rollover from your Distributing Plan that created your Safe Harbor Roth IRA was from a designated Roth account under the Distributing Plan, the years in such designated Roth account do not count toward the five-year holding period applicable to your Safe Harbor Roth IRA. Rather, the five-year holding period applicable to your Roth IRAs applies. If you had never funded a Roth IRA before so the Safe Harbor Roth IRA is your first Roth IRA, the establishment of the Safe Harbor Roth IRA starts a new five-year clock, even if the designated Roth account from the Distributing Plan had satisfied its own five-year holding period. **Any years in the designated Roth account under your Distributing Plan do not carry over and get tacked on to your Safe Harbor Roth IRA.**

You should consult with your personal tax advisor regarding how the five-year holding period applies to any distribution you take from your Roth IRA. **Note that you can take distribution from your Safe Harbor Roth IRA at any time and roll the account over to a Roth IRA with another financial institution. This will keep the five-year holding period running and permit you to choose how you want to invest your Roth IRA.**

(c.) If a distribution from your Roth IRA is not a “qualified distribution” as described above, the distribution will be treated for federal tax purposes as first a tax-free return of your Roth IRA contributions. To the extent that a non-qualified distribution, when added to all your previous Roth IRA distributions (whether qualified or non-qualified), is attributable to earnings, the distribution will be fully taxable.

In making this determination, certain ordering rules are applied. A distribution from your Roth IRA is considered to come first from regular Roth contributions, second from amounts you have converted to Roth status from before-tax amounts you’ve contributed to a Traditional IRA or eligible retirement plan (on a first-in, first-out basis), and last from earnings. See also the discussion at ARTICLE 8(b).

ARTICLE 5 – METHODS OF DISTRIBUTION

The only form of distribution permitted from your Safe Harbor Roth IRA is a full-balance distribution (or a full-balance transfer or rollover). Partial distributions (and partial-balance transfers or rollovers) are prohibited.

You can take distribution at any time (unlike a Traditional IRA, you are not required to take distributions no later than (generally speaking, April 1 of the year following the year in which you attain age 70½).

Because your Safe Harbor Roth IRA is invested in a FDIC-insured money market account or other “stable value” investment as designated by Bancorp, you are not permitted to direct the investment of your Account. If you want to invest in a different way, you must contact Bancorp to request the distribution or transfer of your entire account to a Roth IRA established with another financial institution. If you take distribution of your Roth IRA (other than a direct transfer to another Roth IRA), you have a limited time to roll the distribution over to a Roth IRA established with another financial institution. If you roll over or transfer your Safe Harbor Roth IRA to a Roth IRA with another financial institution, the five-year holding period applicable to your Safe Harbor Roth IRA will carry over.

ARTICLE 6 – ROLLOVER IRA RULES

IMPORTANT NOTE: The following information regarding rollovers is legally required for a Roth IRA. **Please note that the only contributions or rollovers permitted to your Safe Harbor Roth IRA are the contribution or contributions made to the Account by the Distributing Plan. You cannot contribute (including by means of rollover or transfer) additional amounts to your Safe Harbor Roth IRA.**

(a.) *Transfer or rollover of a distribution from an employer's retirement plan into a Roth IRA.*

Except in the case of a designated Roth account, distributions from qualified employer-sponsored retirement plans or 403(b) arrangements (for employees of tax-exempt employers) or eligible 457 plans (for employees of certain governmental employers) are not eligible for rollover or direct transfer to a Roth IRA. However, in certain circumstances it may be possible to make a direct rollover of an eligible distribution to a Traditional IRA and then convert the Traditional IRA to a Roth IRA. Consult your tax or financial advisor for more information.

An eligible rollover distribution from a designated Roth account may be rolled over to a Roth IRA, even if you are not currently eligible to make regular Roth contributions because of the Roth IRA Contribution Limit for the year.

(b.) *Rollover from your Roth IRA into another Roth IRA.*

You may make a rollover from one Roth IRA to another Roth IRA. This may be a Roth IRA you already have or one you establish to receive the rollover. Generally speaking, a rollover must be completed within 60 days after the distribution or withdrawal from your first Roth IRA. In limited circumstances, when an IRA rollover cannot be completed within 60 days due to circumstances beyond your control or not your fault, you can apply to the IRS for approval of a rollover after 60 days.

After making a rollover from one Roth IRA to another, you must wait a full year (365 days) before you can make another such rollover from the same Roth IRA. In addition, after Roth IRA assets are rolled over from one IRA to another, a second rollover of the same assets cannot be made for a full year. However, you can instruct a Roth IRA trustee or custodian to transfer amounts directly to another Roth IRA trustee or custodian; such a direct transfer does not count as a rollover.

ARTICLE 7 – PROVISIONS REGARDING FINANCIAL DISCLOSURE AND INCOME TAX TREATMENT

As long as your Safe Harbor Roth IRA continues to qualify, interest earned on your Distributing Plan's contribution will accumulate on a tax-deferred basis until payment is made to you or your beneficiary. As described above, payment of such earnings may be tax-free (for federal income tax purposes) if made as a "qualifying distribution." Some of the actions or events, which could result in full or partial loss of this tax deferral, appear in ARTICLE 8.

Each year the Trustee will provide you with a statement of account that will give the amount of the contribution to the Account, distributions from the Account, fees charged against the Account and the total value of the Account at year-end. Information relating to contributions and distributions must be reported annually to the Internal Revenue Service by you, or, in the case of a joint IRA arrangement, by your working spouse. You (or your working spouse) must also file Form 5329 (Return for Individual Retirement Savings Arrangement) with the Internal Revenue Service for each taxable year during which you are assessed any penalty as discussed in ARTICLE 8.

ARTICLE 8 – PROVISIONS AFFECTING TAX STATUS OF ALL OR PART OF THE ROTH INDIVIDUAL RETIREMENT ACCOUNT AND CERTAIN DISTRIBUTIONS FROM IT

(a.) *Penalty for Excess Contributions*

IMPORTANT NOTE: The following information is legally required to be disclosed to you. However, the only contribution permitted to be made to your Safe Harbor Roth IRA is the contribution or contributions establishing the Account made by the Distributing Plan.

Contributions to a Roth IRA in excess of the limits stated in ARTICLE 3 will be assessed a 6% non-deductible penalty tax (IRC Section 4973). This tax is payable by the Grantor (or working spouse) for each each year the excess is permitted to remain in the Roth IRA. However, if the excess plus attributable earnings are returned before the due date for filing your 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 you, 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 you may be subject to the 10% premature withdrawal penalty. The 6% penalty tax on excess contributions can be avoided by withdrawing the excess from the Roth IRA 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.

(b.) *Income Tax Status of Distributions*

If the requirements for a "qualified distribution" are not met, the tax treatment of a distribution depends on the character of the amounts withdrawn. To determine this, all your Roth IRAs (if you have more than one) are treated as one, including any Roth IRA you may have established with another financial institution. Amounts distributed are considered to come out in the following order:

- First, regular (annual) contributions
- Second, all conversion amounts (on a first-in, first-out basis)
- Third, earnings (including dividends and gains)

A distribution treated as your own prior regular contribution amounts to your Roth IRA will not be considered taxable income in the year you receive it, nor will the 10% penalty apply. A distribution consisting of previously taxed conversion amounts also is not considered taxable income in the year of the distribution, but may be subject to the 10% premature withdrawal penalty. To the extent that the non-qualified distribution consists of dividends or gains while your contributions were held in your Roth IRA, the distribution is includible in your gross income in the taxable year you receive it, and may be subject to the 10% premature withdrawal penalty.

As mentioned, for purposes of determining what portion of any distribution is includible in income, all of your Roth IRA accounts are aggregated and considered as one single account. Therefore, distributions from Roth IRA accounts are not considered to be from earnings or interest until an amount equal to all prior annual contributions and, if applicable, all conversion amounts, made to all of an individual's Roth IRA accounts has been distributed.

Taxable distributions of dividends and gains from a Roth IRA are treated as ordinary income. Distributions of taxable amounts from a Roth IRA are not eligible for averaging treatment currently available to certain lump-sum distributions from qualified employer-sponsored retirement plans, nor are such withdrawals eligible for capital gains tax treatment.

(c.) Tax on Unrelated Business Income

IMPORTANT NOTE: The following information is legally required to be disclosed to you. However, investment of your Safe Harbor Roth IRA is limited to qualified investments that preserve principal and does not include investments that could generate unrelated business taxable income.

Generally, a Roth IRA is exempt from federal income tax. Thus, investment income earned by the Roth IRA will not be taxed until distributed by the individual (and may never be taxed if a qualified distribution is made). However, any unrelated business income of the IRA is subject to taxes imposed on the unrelated business income of charitable and other tax-exempt organizations by IRC Section 511. Unrelated business taxable income includes gross income received from the unrelated trade or business by the IRA, less those deductions allowed under the IRC, 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

Your receipt of any taxable distribution from your Roth IRA before you attain age 59½ generally will be considered as an early withdrawal and subject to a 10% penalty tax.

The 10% penalty tax for early withdrawal will not apply if any of the following exceptions applies:

- The distribution was a result of your death or disability.
- The distribution is one of a scheduled series of substantially equal periodic payments for your life or life expectancy (or the joint lives or life expectancies of you and your beneficiary).
- The distribution is used to pay qualified higher education expenses. Qualified higher education expenses include tuition, fees, books, supplies and equipment required to attend an eligible post-secondary educational institution. Room and board expenses are also eligible for a student attending at least part-time. The student may be you, your spouse, or your child or grandchild. However, expenses that are paid for with a scholarship or other educational assistance payment are not eligible expenses.
- The distribution is used to cover eligible first-time homebuyer expenses (up to a lifetime limit of \$10,000). For more information, see the discussion of qualified first-time homebuyer expenses in ARTICLE 4(a).
- The distribution does not exceed the amount of your deductible medical expenses for the year (e.g., medical expenses in excess of 7.5% of your adjusted gross income for the year).
- The distribution does not exceed the amount you paid for health insurance coverage for yourself, your spouse and dependents. This exception applies only if you have been unemployed and received federal or state unemployment compensation payments for at least 12 weeks during the current or prior taxable year. This exception does not apply to any distributions received after you have been re-employed for at least 60 days.
- A distribution is made pursuant to an IRS levy to pay overdue taxes.

There is one additional time when the 10% penalty tax may apply. If you convert an amount from a non-Roth IRA to a Roth IRA, and then make a withdrawal that is treated as coming from that converted amount within five years after the conversion, the 10% penalty applies (unless there is an exception). This rule is the one exception to the usual Roth IRA rule that, once the five-year requirement is satisfied for one of your Roth IRAs, it is satisfied for all your Roth IRAs.

(e.) Penalty for Pledging the Accounts as Security

IMPORTANT NOTE: The following information is legally required to be disclosed to you. You may not borrow from your Safe Harbor Roth IRA or pledge your Account as security for a loan.

If you borrow any money from an IRA or pledge an IRA as security for a loan, the IRA will lose its exemption from tax. The entire IRA will be deemed distributed to you in the taxable year in which you borrow from or pledge your IRA, and such amount will be included in your taxable gross income (to the extent not previously taxed) for that year and subject to a 10% penalty tax for early withdrawals (unless you are exempt). See ARTICLE 8(d) for more information. In addition to any regular income tax that may be payable on the distribution, the premature distribution penalty as discussed in ARTICLE 8(d) is also applicable (IRC Section 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 you (or the designated beneficiary) engage in a prohibited transaction, as described in IRC Section 4975 with respect to the IRA, the IRA loses its exemption from tax, and you must include the fair market value of the IRA (to the extent not previously taxed) in 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 ARTICLE 8(d) is also applicable.

(g.) Penalty for Excess Distributions or Accumulations

You may also be subject to a 15% penalty tax on any amounts includible 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. 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.

ARTICLE 9 – INVESTMENT OF THE IRA AND FINANCIAL DISCLOSURE

The assets in your Account will only be invested in a qualified investment as provided by 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 Bancorp money market account and the following constitutes a Regulation DD disclosure covering these investments:

Terms of Account – Your funds are invested in a limited purpose, non-transactional money market account (“Bank Money Market Account”). The name of the Bank Money Market Account is Premium Money Market Account.

Account Limitations – Additional contributions to your Account, with the exception of those from rollovers of residual funds from the same Distributing Plan that established the Account, are prohibited. Partial distributions, partial outgoing rollovers or partial outgoing transfers from the Account are prohibited as well. Only full balance distributions, full balance rollovers or full balance transfers are allowed from this Account. Distributions may be subject to taxes, withholding and penalties.

Rate Information – Your interest rate and Annual Percentage Yield (APY) may change. The interest rate and APY on this Account at the time of its opening can be found on the Welcome Letter that was mailed to you on the Opening Date. The current interest rate and APY in effect can be obtained on our website at <https://thebancorp.mybankingservices.com/personal/safe-harbor-ira/> or by calling 866.540.9364.

Frequency of Rate Change – 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 to the Account monthly.

Effect of Closing Account – If you close the Account before interest is credited, you will receive the accrued interest. If you wish to close this Account, you agree to notify us in writing using the closure and distribution forms we make available for this purpose. All related closing fees, as described below in ARTICLE 10 of this Disclosure Statement, will be deducted from the final balance.

Minimum Balance to Open the Account – There is no minimum balance requirement.

Minimum Balance to Avoid Imposition of Fees – There are no fees beyond those disclosed below in ARTICLE 10 of this Disclosure Statement.

Minimum Balance to Obtain the Annual Percentage Yield Disclosed – There is no minimum balance requirement to earn interest.

Daily Balance Computation Method – Bancorp uses the daily balance method to calculate interest on the 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).

ARTICLE 10 – FEES AND EXPENSES

As of November 16, 2017, the fees charged for the Account are:

- A Maintenance Fee of \$35.00 applies if your notice of revocation of the Account is not timely received within the revocation period described in ARTICLE 1 above. This is a one-time fee.
- An Annual Fee of \$35.00 is charged on each one-year anniversary date. The Annual Fee is not prorated if the Account or the IRA is closed for any reason prior to the next anniversary date.
- An Account Closing Fee of \$25.00 is charged if the Account is closed any time after the expiration of the revocation period described in ARTICLE 1 above. As described below, an additional fee may apply depending on which method of distribution or rollover of funds you choose and/or delivery option you select.
- The following fees apply for specific methods of distribution or rollover of funds and expedited delivery: fee for electronic funds transfer (ACH): \$5.00; fee for treasurer’s check made payable to another financial institution: \$12.00 (*costs of transfer paperwork, if required by receiving institution are included*); and fee for expedited overnight U.S. delivery: \$50.00. There is no fee when the distribution is provided by check made payable to you and sent by first-class mail.
- A Legal Processing Fee of \$100.00 applies if Bancorp receives and processes any legal service of process with respect to the Account, such as a subpoena, garnishment, levy or citation to discover assets.

Once the Account has been established, all fees can be changed from time to time without notice to you. Current fees applicable to the Account are available at <https://thebancorp.mybankingservices.com/personal/safe-harbor-ira/>.

ARTICLE 11 – GOVERNING LAW

The provisions of the IRA and the Trust Agreement (Form 5305-R) shall be construed and interpreted under the laws of the State of Delaware.

ARTICLE 12 – TAX ADVICE

This Disclosure Statement together with the Trust Agreement (Form 5305-R) should answer most questions concerning your Safe Harbor Roth IRA. However, you should note that IRA state laws vary. If you have additional questions regarding your Safe Harbor Roth IRA, or IRAs in general, you should consult a tax advisor. Also, you may obtain additional information regarding IRAs from any District Office of the IRS. See in particular IRS Publication 590-A (“Contributions to Individual Retirement Arrangements (IRAs)”) or IRS Publication 590-B (“Distributions from Individual Retirement Arrangements (IRAs)”).

ARTICLE 13 – ACCOUNT LIMITATIONS; OPTIONS FOR TRANSFER OF ACCOUNT

The Account is a limited purpose, non-transactional Safe Harbor Roth IRA established on your behalf by means of the contribution made by the Distributing Plan. You are not permitted to make additional contributions to the Account and the investment options available to you are limited. Please contact Bancorp at 866.540.9364 to learn more about your options, which include rolling over the Account balance to a Roth IRA at another financial institution or Roth IRA custodial firm or taking a distribution.

ARTICLE 14 – ACCOUNT STATEMENTS

You will be provided with an annual account statement to be mailed to the address on file with Bancorp as provided by the plan sponsor or administrator of the Distributing Plan at the time of establishment of your Account. Bancorp reserves the right to discontinue sending your Account statements if multiple consecutive statements or other mailings sent to your last known address are returned as undeliverable. It is your responsibility to ensure Bancorp has a current mailing address for your Account.

ARTICLE 15 – COMPLIANCE WITH USA PATRIOT ACT AND CIP RULES

Before you can transfer, close, terminate or otherwise assert ownership or exercise control over the Account, you must comply with all requirements of the USA PATRIOT Act and the rules of the Bancorp Customer Identification Program (CIP), which include providing the Trustee with your name, current address, and confirmation of your Social Security number.

ARTICLE 16 – MISCELLANEOUS

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-B (“Distributions from Individual Retirement Arrangements (IRAs)”).

ARTICLE 17 – SAFE HARBOR IRA REGULATIONS

The Account was established on your behalf with a contribution of all or a portion of your vested benefit from your former employer's eligible retirement plan or small balance of a terminated plan by the Distributing Plan 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 the Account were disclosed to you in either a Summary Plan Description (“SPD”) or Summary of Material Modifications (“SMM”) provided you by your former employer or the Distributing Plan's custodian.

The Bancorp Bank's Automatic Rollover Safe Harbor Roth Individual Retirement Trust Account has been approved as to form by the Internal Revenue Service. Approval by the IRS is a determination as to the form, not the merits, of your Safe Harbor IRA.

You must identify yourself to the Trustee to claim, i.e., assert, ownership and control over the Account.

The money contributed by the Distributing Plan to the Account has been invested in a FDIC-insured, interest-bearing money market account pending your assertion of ownership and control and investment direction. If you do not give directions to the Trustee regarding the distribution or transfer of your Account, you will be deemed to have directed the Trustee to continue to hold and invest your Safe Harbor Roth IRA in the FDIC-insured, interest-bearing money market account or other qualified investment designated by Trustee with respect to the Account. **This investment may or may not be consistent with your investment goals. You are advised to consult your tax and investment advisors, and if you conclude that the Account is not invested consistent with your goals, you may direct the Trustee to distribute your Account, or transfer your Account to another eligible retirement plan or Roth IRA maintained by another Roth IRA provider.**

In addition, the final Department of Labor regulations require that any prior beneficiary designation(s) you previously established for the Distributing Plan were cancelled when the Account was established with Bancorp by means of the contribution from your Distributing Plan.

You must complete the Adoption Agreement and provide the required documentation described in the Adoption Agreement to assert ownership and control over the Account. The Adoption Agreement was included with your original Welcome Kit or is otherwise available by request by calling 866.540.9364. Once you have asserted ownership and control over the Account, you may designate one or more beneficiaries in the event of your death. If the Trustee does not have a proper designation on file at the time of your death, the Account will be paid as described in Article XIII of the Automatic Rollover Roth Individual Retirement Trust Account Agreement (Form 5305-R). Such payment may or may not be consistent with your overall estate plan. You are advised to consult your tax and legal advisors, assert ownership and control over the Account, and then make beneficiary decisions and designate beneficiaries to ensure your Roth IRA proceeds are paid to the beneficiary of your choice at your death.

Any action by you to assert ownership and control over the Account shall represent your acknowledgement of receipt of this Disclosure Statement. Until such time as you take such action, you will be deemed to be bound by its terms upon the Bancorp's mailing of this Disclosure Statement to you at the last known address provided to Bancorp by the plan sponsor who established the Account on your behalf.

Terms defined in the Trust Agreement (Form 5305-R) have the same meaning in this Disclosure Statement.

If you have questions about the disclosures in the Trust Agreement (Form 5305-R) or this Disclosure Statement, you may contact Bancorp by telephone at 866.540.9364 and request further explanation.