

 **State Farm**® **State Farm Mutual Funds**®
Roth Individual Retirement Account
Custodial Account Agreement

The Participant by signing the State Farm Mutual Funds Roth IRA Application (the "Application"), and State Farm Bank®, Bloomington, Illinois (hereinafter referred to as "Custodian") by processing the Application and opening the Account have created this Custodial Account Agreement (the "Agreement") to establish a Roth Individual Retirement Account ("Roth IRA") under Internal Revenue Code ("Code") Sections 408 and 408A. The Participant has made an initial contribution or a contribution has been made on behalf of the Participant to the Roth IRA as indicated on the Application. The Application is hereby made a part of this Agreement.

ARTICLE I – DEFINITIONS

- 1.1 *Beneficiary* means the person(s) designated as a beneficiary pursuant to Section 5.5.
- 1.2 *Compensation* means wages, salaries, professional fees or other amounts derived from or received for personal services actually rendered (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, and bonuses) and includes earned income, as defined in Code Section 401(c) (2), (reduced by the deduction a self-employed individual takes for contributions made to a self-employed retirement plan). For purposes of this definition, Code Section 401(c)(2) shall be applied as if the term "trade" or "business" for purposes of Code Section 1402 included service described in subsection (c)(6). Compensation does not include amounts derived from or received as earnings or profits from property (including, but not limited to, interest and dividends) or amounts not includable in gross income (determined without regard to Code Section 112). Compensation does not include any amount received as a pension or annuity or as deferred compensation. The term "compensation" shall include any amount includable in the individual's gross income under Code Section 71 with respect to a divorce or separation instrument described in subparagraph (A) of Code Section 71(b)(2). The term "compensation" includes any differential wage payments (as defined in Code Section 3401(h)(2)). In the case of a married Participant filing a joint tax return, the greater compensation of his or her spouse is treated as his or her own compensation, but only to the extent that such spouse's compensation is not being used for purposes of the spouse making a contribution to a Roth IRA or a deductible contribution to a nonRoth IRA.
- 1.3 *Custodian* means State Farm Bank, and any successor thereto ("Successor Custodian") as herein provided.
- 1.4 *Fund or Funds* means the Investment Company or Companies in which assets of the Roth IRA may be invested; provided that no Investment Company will be deemed available for investment hereunder (i) prior to the date the prospectus for such Investment Company discloses such availability, or (ii) with respect to any Participant who resides in any state with respect to which shares of the Investment Company are not available for sale.
- 1.5 *Participant* means the individual who has signed the Application and makes contributions (or on whose behalf contributions are made) in the manner prescribed herein.
- 1.6 *Shares* means shares of beneficial interest in the Funds.
- 1.7 *Written or Writing* includes electronic documents or records, facsimile, or via any other medium that the Custodian may choose.

ARTICLE II – ESTABLISHMENT OF PARTICIPANT'S CUSTODIAL ACCOUNT

- 2.1 The Custodian shall establish and maintain a Custodial Account for the exclusive benefit of the Participant or his/her Beneficiary (ies). If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C) maintained for the benefit of a Beneficiary of a deceased individual, references in this document to the "individual" are to the deceased individual. The Custodial Account shall be kept in a manner which will permit an accurate determination of the contributions and any other transactions made by the Participant. The Participant shall promptly notify the Custodian orally or in writing of any change in the Participant's address and in writing of any change in Participant's name.
- 2.2 The Participant may revoke the Custodial Account established hereunder by mailing or delivering a written notice of revocation to the Custodian within seven days after the establishment of the Participant's Custodial Account. Notice is treated as given to the Custodian on date of the postmark (or on the date of Post Office certification or registration in the case of notice sent by certified or registered mail), or the date the electronic document or record, or facsimile, is sent. Upon timely revocation, the Participant will receive a payment equal to the initial contribution, without adjustment for administrative expenses, commissions or sales charges, fluctuations in market value or other charges.

ARTICLE III – CONTRIBUTIONS

- 3.1 **ACCEPTANCE OF CONTRIBUTIONS AND AMOUNTS OF CONTRIBUTIONS.**
 - (a) *Maximum Permissible Amount* - Except in the case of a qualified rollover contribution (as defined in (g) below) or a recharacterization (as defined in (f) below), no contribution will be accepted unless it is in cash and the total of such contributions to all the Participant's Roth IRAs for a taxable year does not exceed the applicable amount (as defined in (b) below), or the Participant's compensation (as defined in Section 1.2 above), if less, for that taxable year. The contribution described in the previous sentence that may not exceed the lesser of the applicable amount or the Participant's compensation is referred to as a "regular contribution." However, notwithstanding the preceding limits on contributions, an individual may make additional contributions specifically authorized by statute - such as repayments of qualified reservist distributions, repayments of certain plan distributions made on account of a federally declared disaster and certain amounts received in connection with the Exxon Valdez litigation. Contributions may be limited under paragraphs (c) through (e) below and Sections 6.1 and 6.2.

Funds invested pursuant to this agreement are not insured by the Federal Deposit Insurance Corporation (FDIC) merely because the trustee or custodian is a Federal savings association the accounts of which are covered by such insurance. Only investments in the accounts of a Federal savings association are insured by the FDIC, subject to its rules and regulations.

- (b) **Applicable Amount** - The applicable amount is determined as provided below:
- (i) If the Participant is under age 50 by the end of the taxable year, the applicable amount is \$5,000 for any taxable year beginning in 2008 and years thereafter. After 2008, the \$5,000 amount will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 219(b)(5)(D). Such adjustments will be in multiples of \$500.
 - (ii) If the individual is 50 or older, the applicable amount under paragraph (i) above is increased by \$1,000 for any taxable year beginning in 2006 and years thereafter.
 - (iii) If a Participant was a participant in a Section 401(k) plan of a certain employer in bankruptcy described in Code section 219(b)(5)(C), then the applicable amount under paragraph (i) above is increased by \$3,000 for taxable years beginning after 2006 and before 2010 only. A Participant who makes contributions under this paragraph (iii) may not also make contributions under paragraph (ii).
- (c) **Regular Contribution Limit** - The maximum regular contribution that can be made to all the Participant's Roth IRAs for a taxable year is the smaller amount determined under (i) or (ii).
- (i) The maximum regular contribution is phased out ratably between certain levels of modified adjusted gross income in accordance with the following table:

Modified AGI			
Filing Status	Full Contribution	Phase-Out Range	No Contribution
Single or Head of Household	\$95,000 or less	Between \$95,000 and \$110,000	\$110,000 or more
Joint Return or Qualifying Widow(er)	\$150,000 or less	Between \$150,000 and \$160,000	\$160,000 or more
Married - Separate	\$0	Between \$0 and \$10,000	\$10,000 or more

An individual's modified adjusted gross income ("modified AGI") for a taxable year is defined in Code Section 408A(c)(3) and does not include any amount included in adjusted gross income as a result of a qualified rollover contribution. If the Participant's modified AGI for a taxable year is in the phase-out range, the maximum regular contribution determined under this table for that taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200. The dollar amounts above will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 408A(c)(3). Such adjustments will be in multiples of \$1,000.

- (ii) If the Participant makes regular contributions to both Roth and nonRoth IRAs for a taxable year, the maximum regular contribution that can be made to all the Participant's Roth IRAs for that taxable year is reduced by the regular contributions made to the Participant's nonRoth IRAs for the taxable year.
- (d) **SIMPLE IRA Limits.** No contributions will be accepted under a SIMPLE IRA plan established by any employer pursuant to Code Section 408(p). Also, no transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the 2-year period beginning on the date the individual first participated in that employer's SIMPLE IRA plan.
- (e) **Inherited IRA.** If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C), no contributions will be accepted.
- (f) **Recharacterization.** A regular contribution to a nonRoth IRA may be recharacterized pursuant to the rules in Section 1.408A-5 of the Income Tax Regulations as a regular contribution to this IRA, subject to the limits in paragraph (c) above.
- (g) **Qualified Rollover Contribution.** A "qualified rollover contribution" is a rollover contribution of a distribution from an eligible retirement plan described in Code Section 402(c)(8)(B). If the distribution is from an IRA, the rollover must meet the requirements of Code Section 408(d)(3), except the one-rollover-per-year rule of Code Section 408(d)(3)(B) does not apply if the distribution is from a nonRoth IRA. If the distribution is from an eligible retirement plan other than an IRA, the rollover must meet the requirements of Code Section 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16), as applicable. A qualified rollover contribution also includes (i) and (ii) below.
- (i) All or part of a military death gratuity or service members' group life insurance ("SGLI") payment may be contributed if the contribution is made within 1 year of receiving the gratuity or payment. Such contributions are disregarded for purposes of the one-rollover-per-year rule under Code Section 408(d)(3)(B).
 - (ii) All or part of an airline payment (as defined in Section 125 of the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA"), Pub. L. 110-458) received by certain airline employees may be contributed if the contribution is made within 180 days of receiving the payment.
- (h) Contributions for a given taxable year may be made during such year or not later than the time prescribed by law for filing the Participant's federal income tax return for such taxable year (not including extensions of time for filing).
- (i) All contributions are subject to the minimum investment requirements established by the Funds. Contributions shall be invested pursuant to instructions in a form, manner and medium acceptable to the Custodian specifying the Fund in which they are to be invested.
- 3.2 **ROLLOVER CONTRIBUTIONS AND TRANSFERS** - The Custodian may accept rollover contributions and transfers as a deposit to the Custodial Account, as described in Article VI. The Participant shall execute such forms as the Custodian may require describing the source of the rollover contribution or transfer. The Custodian will not accept certain rollover contributions or transfers as described in Section 6.2.
- 3.3 **PARTICIPANT RESPONSIBILITY** - The Participant shall have the responsibility for determining whether any contribution, rollover, transfer, or recharacterization meets applicable income tax requirements.

ARTICLE IV – NONFORFEITABLE AND NONTRANSFERABLE

The interest of the Participant in the balance in the Custodial Account shall at all times be nonforfeitable and nontransferable, but shall be subject to the fees, expenses and charges described in Article VIII.

ARTICLE V – PAYMENT OF BENEFITS

5.1 DISTRIBUTIONS DURING LIFETIME

No amount is required to be distributed from this Custodial Account prior to the Participant's death. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C), this Section does not apply. The Participant may, at any time, request a distribution of part or all of the balance in his/her Custodial Account. The request shall be made to the Custodian in a form, manner and medium acceptable to the Custodian. The Custodian will confirm to the Participant the redemption of Shares made pursuant to any distribution from the Custodial Account.

5.2 DISTRIBUTIONS UPON DEATH.

(a) Notwithstanding any provision of this Agreement to the contrary, the distribution of a Participant's interest in the Custodial Account shall be made in accordance with the requirements of Code Section 408(a)(6), as modified by Code Section 408A(c)(5), and the regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are made from an annuity contract purchased from an insurance company, distributions thereunder must satisfy the requirements of Section 1.401(a)(9)-6 of the Income Tax Regulations (taking into account Code Section 408A(c)(5)), rather than the distribution rules in paragraphs (b),(c) and (d) below.

(b) Upon the death of the Participant, his or her entire interest will be distributed in an amount at least equal to the following:

(i) If the Beneficiary is someone other than the Participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death, over the remaining life expectancy of the Beneficiary, with such life expectancy determined using the age of the Beneficiary as of his or her birthday in the year following the year of the Participant's death, or, if elected, in accordance with paragraph (b)(iii) below. If this is an inherited IRA within the meaning of Code Section 408(d)(3)(C) established for the benefit of a nonspouse Beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under Code Section 402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the nonspouse Beneficiary may elect to have distributions made under this paragraph (b)(i) if the transfer is made no later than the end of the year following the year of death.

(ii) If the Participant's sole Beneficiary is the Participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death (or by the end of the calendar year in which the individual would have attained age 70½, if later), over such spouse's life expectancy, or, if elected, in accordance with paragraph (b)(iii) below. If the surviving spouse dies before distributions are required to begin, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's Beneficiary's remaining life expectancy determined using such Beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with paragraph (b)(iii) below. If the surviving spouse dies after distributions are required to begin, any remaining interest will be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.

(iii) If there is no Beneficiary, or if applicable by operation of paragraph (b)(i) or (b)(ii) above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Participant's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph (b)(ii) above).

(iv) The amount to be distributed each year under paragraph (b)(i) or (ii) is the quotient obtained by dividing the value of the Roth IRA as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Q&A-1 of Section 1.401(a)(9)-9 of the Income Tax Regulations.

(v) If distributions are being made to a surviving spouse as the sole Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's age in the year specified in paragraph (b)(i) or (ii) and reduced by 1 for each subsequent year.

(c) The "value" of the IRA includes the amount of any outstanding rollover, transfer and recharacterization under Q&As-7 and -8 of Section 1.408-8 of the Income Tax Regulations.

(d) If the sole Beneficiary is the Participant's surviving spouse, the spouse may elect to 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 contribution to the Roth IRA or fails to take required distributions as a Beneficiary.

(e) The required minimum distributions payable to a Beneficiary from this IRA may be withdrawn from another IRA the Beneficiary holds from the same decedent in accordance with Q&A-9 of Section 1.408-8 of the Income Tax Regulations.

(f) After the Participant's death, the Beneficiary may, at any time, request a distribution of part or all of the balance in the Participant's Custodial Account. The request shall be made to the Custodian in writing and in a form acceptable to the Custodian. The Custodian will confirm to the Beneficiary the redemption of Shares made pursuant to any distribution from the Custodial Account.

5.3 **WITHDRAWAL OF EXCESS CONTRIBUTIONS** - The Participant may elect to withdraw any excess contributions (as described in Code Section 408(d)(4)) made to the Custodial Account and, if withdrawn pursuant to Code Section 408(d)(4), the net income attributable thereto. Participant must furnish Custodian a written notice (in a manner acceptable to Custodian) of the election to make such a withdrawal. The Custodian shall not have any responsibility for determining whether an excess contribution has been made or for notifying the Participant of such an excess contribution.

5.4 **BENEFICIARY RESPONSIBILITY** - The Beneficiary has the sole responsibility for electing distributions that comply with the distribution rules described in this Article, and the Custodian shall not be responsible for any tax penalties or other damages that result from a failure to elect such distributions. If the Beneficiary fails to elect such distributions, the Custodian may, in its sole discretion and without any requirement that it do so, make such distributions as it determines are required.

5.5 DESIGNATION OF BENEFICIARY

- (a) A Participant shall have the right to designate, or to change, the Beneficiary to receive any amount to which Participant may be entitled in the event of death before the complete distribution of such benefits. Such designation shall be made on the Application, Designation or Change of Beneficiary Form, or other form permitted by the Custodian for purposes of naming a Beneficiary. An Application, Designation or Change of Beneficiary Form, or other form permitted by the Custodian for purposes of naming a Beneficiary, dated and signed by the Participant, shall be valid only if the form is filed with the Custodian prior to the death of the Participant, subject to the Custodian's right to refuse designations for any reason (e.g., illegibility, incompleteness, or inability to administer). A valid designation of Beneficiary replaces any prior designations of Beneficiary.
- (b) In order to qualify to receive payments of any amounts payable under the IRA:
 - (i) An individual Beneficiary (whether Primary or Secondary) must survive the Participant.
 - (ii) A trust (whether Primary or Secondary Beneficiary) must be valid and in effect, and a trustee must be qualified to act, at the time such payment becomes due.
- (c) All sums payable upon the Participant's death:
 - (i) Shall be divided equally between and paid in equal shares to all surviving Primary Beneficiaries named, unless otherwise designated by the Participant pursuant to Section 5.5(a) of this Agreement.
 - (ii) If there are no surviving Primary Beneficiaries, the payment shall be divided equally between and paid in equal shares to all surviving Secondary Beneficiaries named, unless otherwise designated by the Participant pursuant to Section 5.5(a) of this Agreement.
 - (iii) If there are no surviving Beneficiaries (Primary or Secondary), or no Beneficiaries are named, such payment shall be made to the Participant's surviving spouse as determined under the laws of the Participant's state of residence, or if there is no surviving spouse to the executor(s) or administrator(s) of the Participant's estate.
 - (iv) After the Participant's death, a Beneficiary may designate a Beneficiary(ies) to receive amounts upon the death of the original Beneficiary, on a form permitted by the Custodian. Such designation form shall only be effective when filed with the Custodian before the death of the original Beneficiary. If no such designation is in effect on the original Beneficiary's death, the Custodial Account shall be distributed to the original beneficiary's estate.
- (d) Subject to Section 5.5(c):
 - (i) If a trust is designated as a Primary Beneficiary but the trust fails, all sums payable to the trust by reason of the Participant's death shall be paid in equal shares to all surviving Primary Beneficiaries. If there are no surviving Primary Beneficiaries, the payment shall be divided equally between and paid to all surviving Secondary Beneficiaries.
 - (ii) If there are no surviving Primary Beneficiaries and a trust is designated as a Secondary Beneficiary and the trust fails, all sums payable to the trust by reason of the Participant's death shall be divided equally between and paid to all surviving Secondary Beneficiaries.
 - (iii) If there are no surviving Primary Beneficiaries and a trust is the only designated Secondary Beneficiary, or all other named Secondary Beneficiaries have predeceased the Participant, but the trust fails, all sums that were to be payable to the trust by reason of the Participant's death shall be made to the Participant's surviving spouse as determined under the laws of the Participant's state of residence, or if there is no surviving spouse to the executor(s) or administrator(s) of the Participant's estate.
- (e) If any person to whom all or a portion of the Participant's interest is payable is a minor and if the Participant has not so designated a person to receive the minor's interest on behalf of such minor, the Custodian may in its sole discretion distribute the interest to the legal guardian of such minor.
- (f) The Beneficiary may elect any method of distribution of benefits which complies with Section 5.2, and such election shall be made in accordance with procedures established by the Custodian. If the Beneficiary fails, or is unable, to elect an acceptable method of payment, the Beneficiary's interest may be distributed in cash in a single sum.
- (g) Unless otherwise instructed by the Participant, or provided by the express terms of a Court Order or an agreement related to the division of property between the affected individuals, the dissolution or annulment of a marriage revokes the designation of a former spouse as a Beneficiary. A designation of a former spouse as a Beneficiary that is revoked under this Section is given effect as if the former spouse disclaimed his or her interest. A beneficiary designation revoked solely by virtue of this section is revived by the remarriage of the Participant and the former spouse or by the nullification of the dissolution or annulment.
- (h) The Custodian shall determine the identity of the person or persons who qualify as the Beneficiary or Beneficiaries designated by a Participant pursuant to the terms of Section 5.5, or who qualify as the executor(s) or administrator(s) of such Participant's estate in the case of a distribution required hereunder to be made to such Participant's estate. In addition, the Custodian shall determine whether one qualifies as a spouse under the laws of the Participant's state of residence. The Custodian may rely, and shall be held harmless in so relying, upon the named Beneficiary(ies), executor or administrator of the Participant's estate, or other sources to determine the identity of Beneficiary(ies) or spouse of the Participant.
- (i) It is understood and agreed that the Custodian shall not be responsible for any failure of any trustee(s), executor(s) or administrator(s) to perform their duties, nor for the application of any money paid to the trustee(s), executor(s), or administrator(s) and for the amount paid.
- (j) It is understood and agreed that the Custodian shall be fully discharged from all liability to any and all persons claiming under trust in making payment either to the trustee(s) or the Beneficiary(ies) of such trust, to the Participant's surviving spouse, or to the executor(s) or administrator(s) of the estate of the Participant.
- (k) It is understood and agreed that the Custodian shall be fully discharged from all liability to any and all persons for making any payment or transferring any interest in the account to the Participant's former spouse whose interest as a named beneficiary may have been affected by Section 5.5(g) of this Agreement before the Custodian has actual knowledge of the dissolution or annulment of the marriage.

ARTICLE VI – ROLLOVER CONTRIBUTIONS AND TRANSFER OF ASSETS

- 6.1 The Custodian may accept for the Custodial Account all rollover or transfer contributions from another IRA or eligible retirement plan (from which proceeds may be rolled over or transferred under the Code) which consist of cash or Shares. The Participant shall designate in a form and manner acceptable to the Custodian each rollover or transfer contribution as such to the Custodian, and by such designation shall confirm to the Custodian that a proposed rollover or transfer contribution qualifies as a rollover or transfer contribution within the meaning of Code Sections 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16). The Custodian will not be responsible for any losses or tax ramifications the Participant may incur as a result of making or the timing of any rollover or transfer.
- 6.2 No transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the 2-year period beginning on the first date on which contributions made by the Participant's employer are deposited into the Participant's SIMPLE IRA.

ARTICLE VII – INVESTMENT OF ASSETS OF CUSTODIAL ACCOUNT

- 7.1 *INVESTMENT OF CONTRIBUTIONS* - The Custodian shall invest all contributions in Shares of the Funds as directed by Participant in a form, manner and medium acceptable to the Custodian. If such directions are not received by Custodian; or are received but are, in the opinion of the Custodian, unclear; or if the accompanying contribution exceeds the applicable maximum amount and is not identified as a qualified rollover contribution; the Custodian may hold or return all of the contribution uninvested without liability for loss of income or appreciation and without liability for interest pending receipt of proper instructions or clarification.
- 7.2 *CHANGE OF INVESTMENT* - A Participant (or a Beneficiary of a deceased Participant) may change the Fund in which his/her account is invested by filing with the Custodian directions in a form, manner and medium acceptable to the Custodian at such times as the Participant (or a Beneficiary of a deceased Participant) shall deem appropriate. No such change of investment shall be effective until received by the Custodian and, once effective, shall remain in effect until properly changed.
- 7.3 *DIVIDENDS AND DISTRIBUTIONS* - Unless the Participant has previously elected via agreement with the Custodian to receive dividends and distributions in cash, all income dividends and capital gain distributions received in respect of Shares held in the Custodial Account shall be reinvested in Shares of the Funds from which they were received and such Shares shall be credited to the Custodial Account. Such reinvestment shall be made on the date specified by the Funds for reinvestment of the distributions.
- 7.4 *REGISTRATION AND OWNERSHIP OF SHARES* - Shares acquired by the Custodian shall be registered in the name of the Custodian or its nominee. The Custodian shall deliver, or cause to be delivered, to Participant all prospectuses, confirmations, notices, reports or other material as may be required under applicable securities laws. The Custodian shall not vote any such Shares except in accordance with written or oral instructions received from Participant.
- 7.5 *MISCELLANEOUS*
- (a) The Custodian does not undertake to render any investment advice to the Participant. The responsibility of the Custodian to invest in Shares is not an endorsement of any Fund.
- (b) No part of the Custodial Account funds may be invested in life insurance contracts, nor may the assets of the Custodial Account be commingled with other property except in a common trust fund or common investment fund (within the meaning of Code Section 408(a)(5)). No part of the Custodial Account funds may be invested in collectibles (within the meaning of Section 408(m)) except as otherwise permitted by Section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

ARTICLE VIII – CUSTODIAN FEES AND EXPENSES OF THE ACCOUNT

- 8.1 *FEES* - The Custodian may impose fees for account administration. Such fees, and any changes thereto, shall be disclosed in the current registration statement (summary prospectus, prospectus and statement of additional information.)
- 8.2 *PAYMENT OF FEES AND EXPENSES* - Any income, gift, estate, inheritance taxes and other taxes of any kind whatsoever that may be levied upon or assessed against or in respect of the Custodial Account, or any fee for account administration and all administrative expenses incurred by the Custodian in the performance of its duties, including fees for legal services rendered to the Custodian, shall be paid from the assets of the Custodial Account. The Custodian may, at its option, collect any amounts so charged from the amount of any contribution or distribution from the Custodial Account or by sale or liquidation of the Shares credited to the Custodial Account and, if the assets of the Custodial Account are insufficient to satisfy such charges, the Participant shall pay any deficit to the Custodian.

ARTICLE IX – REPORTING AND DISCLOSURE

- 9.1 *INFORMATION* - The Participant agrees to provide information to the Custodian at such time and in such manner and containing such information as may be necessary for the Custodian to prepare any reports required by the Internal Revenue Service.
- 9.2 *REPORTS* - The Custodian shall furnish annual calendar-year reports concerning the status of the account.

ARTICLE X – ADDITIONAL PROVISIONS REGARDING THE CUSTODIAN

- 10.1 *CUSTODIAL ACCOUNT STATEMENTS AND REPORTS* - The Custodian shall keep accurate and detailed records of all transactions it is required to perform hereunder. In the event a transaction occurs in the Participant's account in error, the Participant must notify the Custodian via telephone or in writing of such error within 30 days of receipt of the quarterly account statement.
- 10.2 *MISCELLANEOUS*
- (a) The Custodian shall not be liable and assumes no responsibility for the collection of contributions, the purpose or propriety of any distribution made pursuant to Article V hereof, or any other action taken at a Participant's direction, nor shall the Custodian have any duty or responsibility to determine whether information furnished by a Participant is correct. To the extent permitted by Federal law, nothing shall be deemed to impose any powers, duties or responsibilities on the Custodian other than those set forth in this Agreement.

- (b) The Participant, his/her agents, heirs, executors, administrators and assigns (each an "Indemnifying Party") agree to jointly and severally indemnify and hold harmless the Custodian, State Farm VP Management Corp., State Farm® Mutual Fund Trust, State Farm Associates' Funds Trust, State Farm Variable Product Trust, all affiliated companies, all assigns, and their officers, directors, representatives, employees and agents from and against any claim, liability, expense, tax ramification or loss incurred by a third party which in any way arises out of an Indemnifying Party's misrepresentation, negligent or intentional act, or omission in any way connected with this Account.

The Participant, his/her agents, heirs, executors, administrators and assigns (each a "Releasor") agree to release and discharge the Custodian, State Farm VP Management Corp., State Farm Mutual Fund Trust, State Farm Associates' Funds Trust, State Farm Variable Product Trust, all affiliated companies, all assigns, and their officers, directors, representatives, employees and agents from and against any and all claims of any kind whatsoever a Releasor has which in any way arise out of a Releasor's misrepresentation, negligent or intentional act, or omission in any way connected with the Account.

- (c) The Custodian shall be under no duty to take any action other than as herein specified with respect to the Custodial Account unless the Participant shall furnish the Custodian with instructions in proper form and such instructions shall have been specifically agreed to by the Custodian. The Custodian shall be under no duties to defend or engage in any suit with respect to the Custodial Account unless the Custodian shall have first agreed in writing to do so and shall have been fully indemnified to the satisfaction of the Custodian. The Custodian shall be protected in acting upon any order or direction from a Participant or any other notice, request, consent, certificate or any other instrument believed by it to be genuine and to have been properly executed and, so long as it acts in good faith, in taking or omitting to take any other action.
- (d) Before making any distribution in the case of the death of the Participant, the Custodian shall be furnished with such certified death certificates, inheritance tax releases, indemnity agreements and other documents as may be required by the Custodian.
- (e) The Custodian shall be an agent for the Participant to receive and invest contributions as directed by the Participant, hold and distribute such investments, and keep adequate records and report thereon, all in accordance with this Agreement. The parties do not intend to confer any fiduciary duties on the Custodian, and none shall be implied. The Custodian may perform any of its duties through other persons designated by the Custodian from time to time. No such delegation or future change therein shall be considered as an amendment to this Agreement.

ARTICLE XI – RESIGNATION OF OR REMOVAL OF CUSTODIAN

- 11.1 The Custodian may resign at any time upon at least thirty (30) days' notice in writing to the Participant and to State Farm Associates' Funds Trust, and Custodian and Participant agree that State Farm Associates' Funds Trust may remove the Custodian at any time upon at least thirty (30) days' notice in writing to the Custodian and Participant. Upon such resignation or removal, State Farm Associates' Funds Trust shall appoint a Successor Custodian. Upon receipt by the Custodian of a written acceptance of such appointment by a Successor Custodian, the Custodian shall transfer to such Successor Custodian the assets of the Custodial Account and all records pertaining thereto. The Custodian is authorized, however, to reserve such a portion of such assets as it may deem advisable for payment of all its fees, compensation, costs and expenses or for payment of any other liabilities constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, with any balance of such reserve remaining after the payment of all such items to be paid over to the Successor Custodian. The Successor Custodian shall hold the assets paid over to it under the terms of this Agreement.
- 11.2 The Custodian shall not be liable for the acts or omissions of any Successor Custodian.
- 11.3 The Custodian and every Successor Custodian appointed to serve under this Agreement must be a bank as defined in Code Section 408(n) or such other person who demonstrates to the satisfaction of the Secretary of the Treasury or his delegate that the manner in which such other person will administer the Custodial Account will be consistent with the requirements of Code Section 408A. A Successor Custodian shall be substituted for the Custodian if the Custodian receives notice from the Commissioner of Internal Revenue that such substitution is required because it has failed to comply with the non-bank Custodian requirements of Section 1.408-2(e) of the Income Tax Regulations.
- 11.4 After the Custodian has transferred the Custodial Account assets (including any reserve balance as contemplated above) to the Successor Custodian, the Custodian shall be relieved of all further liability with respect to this Agreement, the Custodial Account and the assets thereof.

ARTICLE XII – TERMINATION OF CUSTODIAL ACCOUNT

12.1 TERMINATION BY CUSTODIAN

- (a) The Custodian may elect to terminate the Custodial Account if, within sixty (60) days after its resignation or removal pursuant to Article XI, the State Farm Associates' Funds Trust has not appointed a Successor Custodian which has accepted such appointment. Termination of the Custodial Account shall be effected by distributing to Participant all assets of the Custodial Account in a lump-sum payment in cash or Shares, at the sole discretion of Custodian, subject to Custodian's right to reserve funds as described in Article XI.
- (b) The Custodian has the unilateral right to terminate the Custodial Account when the assets of the Custodial Account fall below the prescribed requirement as determined by the Custodian. Termination of the Custodial Account shall be effected by distributing to Participant all assets of the Custodial Account in a lump-sum payment in cash or Shares, at the sole discretion of Custodian, subject to Custodian's right of set-off under Section 8.2.

12.2 **TERMINATION BY PARTICIPANT** - The Participant may elect to terminate the Custodial Account at any time. Participant shall give written or oral notice of his/her election to terminate the Custodial Account to the Custodian. After receipt of such notice, the Custodian shall terminate the Custodial Account and distribute all assets in the Custodial Account pursuant to directions furnished by Participant and agreed to by Custodian. If Participant fails or is unable to furnish such directions, the Custodian shall distribute to Participant all assets of the Custodial Account in a lump-sum payment in cash or in Shares, at the sole discretion of Custodian, subject to Custodian's right to reserve funds as described in Article XI.

12.3 **TERMINATION OF AGREEMENT** - Upon distribution of all assets of the Custodial Account in accordance with the provisions herein, this Agreement shall terminate and have no further force and effect. The Custodian shall be relieved from all further liability with respect to this Agreement, the Custodial Account and all assets thereof so distributed.

ARTICLE XIII – AMENDMENT

- 13.1 Subject to the provisions of the Sections immediately below, the Participant and Custodian agree that State Farm Investment Management Corp. may, at any time, unilaterally amend this Agreement in any respect (including retroactive amendments). Any such amendment, except for a retroactive amendment, shall be effective on a stated date which shall be at least sixty (60) days after giving written notice of the amendment to Participant and Custodian. The Participant and Custodian shall be deemed to have consented to such amendment unless, within thirty (30) days after the notice to Participant and Custodian is sent, either (i) Participant elects to terminate the Custodial Account as provided under Article XII, or (ii) Custodian elects to resign as provided in Article XI.
- 13.2 No amendment shall be made at any time under which any part of the Custodial Account may be diverted to purposes other than for the exclusive benefit of Participant and his/her Beneficiaries.
- 13.3 No amendment shall be made retroactively in a manner so as to deprive any Participant of any benefit to which he/she was entitled under this Agreement by reason of contributions made before the amendment, unless such amendment is necessary to conform the Agreement to, or satisfy the requirements of, the Code or other applicable law.
- 13.4 No amendment shall place any greater burden on the Custodian without its written consent.
- 13.5 This Article XIII shall not be construed to restrict the freedom of the Custodian to impose an annual maintenance fee in the manner provided herein and no such change shall be deemed an amendment of this Agreement.

ARTICLE XIV – MISCELLANEOUS

- 14.1 Any notice, report or material required to be delivered by the Custodian to the Participant shall be deemed delivered and effective on the date sent by the Custodian to the Participant at the Participant's last address of record. Any such notice, report, or material may be delivered electronically or by such other means reasonably designed to provide effective delivery to the Participant, to the extent permitted by applicable law.
- 14.2 This Agreement and all property rights under this Agreement shall be construed in accordance with the laws of the State of Illinois, other than its laws with respect to the choice of laws. The jurisdiction for any legal proceedings naming the Custodian, State Farm VP Management Corp., State Farm Mutual Fund Trust, State Farm Associates' Funds Trust, State Farm Variable Product Trust, any affiliated companies, any assigns, their officers, directors, representatives, employees, and/or agents as a party to a legal proceeding, as it relates in any way with this Agreement or Account, shall be in the State of Illinois.
- 14.3 On notice from the Participant or the IRS to the Custodian, in a form, manner and medium acceptable to the Custodian, that for any taxable year the Participant's account has lost its exemption, including loss of exemption as provided in Code Section 408(e)(2), the Custodian shall, on or before the close of the ninety (90) day period beginning with the date of the receipt of such notice, distribute to such Participant the Participant's entire interest in the Custodial Account in Shares or cash in the sole discretion of the Custodian. The Custodian is authorized, however, to reserve funds as described in Article XI.
- 14.4 If any provision(s) of this Agreement is (are) determined by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

Plan Name: Roth IRA Custodial Account 001
FFN: 501A1030000-001 Case: 201100261 EIN: 37-0902469
Letter Serial No: M101975c

STATE FARM INVESTMENT MANAGEMENT CORP
ONE STATE FARM PLAZA
BLOOMINGTON, IL 61710

Contact Person:
Ms. Roslynn B. Perry
Telephone Number:
(202) 283-9624
In Reference To: SE:T:EP:RA
Date: 07/27/2011

Dear Applicant:

In our opinion, the amendment to the form of the prototype trust, custodial account or annuity contract/endorsement identified above does not adversely affect its acceptability for use as a Roth IRA under section 408A of the Internal Revenue Code, as amended through the Small Business Jobs Act of 2010.

Each individual who adopts this approved prototype will be considered to have a Roth IRA that satisfies the requirements of Code section 408A, provided the individual follows the terms of the approved prototype document, does not engage in certain transactions specified in Code section 408(e), and, if the Roth IRA is a trust or custodial account, the trustee or custodian is a bank within the meaning of Code section 408(n) or has been approved by the Internal Revenue Service pursuant to Code section 408(a)(2).

Code section 408(i) and related regulations require that the trustee, custodian or issuer of a contract provide a disclosure statement to each adopting individual as specified in the regulations. Publication 590, Individual Retirement Arrangements (IRAs), gives information about the items to be disclosed. The trustee, custodian or issuer of a contract is also required to provide each adopting individual with annual reports of all transactions related to the IRA.

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

This prototype IRA may have to be amended to include or revise provisions in order to comply with future changes in the law or regulations.

If you have any questions concerning IRS processing of this case, call us at the above telephone number. Please refer to the File Folder Number (FFN) shown in the heading of this letter. Please provide those adopting this prototype with your telephone number, and advise them to contact your office if they have any questions about the operation of their IRA. Please provide a copy of this letter to each adopting individual.

You should keep this letter as a permanent record. Please notify us if you terminate sponsorship of this prototype IRA.

Sincerely Yours,

Andrew E. Zuckerman
Director, Employee Plans Rulings and Agreements

State Farm Mutual Funds®

Roth Individual Retirement Account

Custodial Account Agreement Amendment

Effective June 26, 2013

This Amendment to the Custodial Account Agreement identified above is made pursuant to Article XIII of the Agreement. As of the effective date of the Amendment, the provisions of this Amendment shall supersede any conflicting provisions in the Custodial Account Agreement. All capitalized terms herein have the same definitions as in the Custodial Account Agreement, unless otherwise defined in this Amendment.

1. Section 5.5(c)(iii) is replaced by the following:

5.5(c)(iii) - If there are no surviving Beneficiaries (Primary or Secondary), or no Beneficiaries are named, such payment shall be made to the Participant's surviving spouse, or if there is no surviving spouse to the executor(s) or administrator(s) of the Participant's estate.

2. Section 5.5(d)(iii) is replaced by the following:

5.5(d)(iii) - If there are no surviving Primary Beneficiaries and a trust is the only designated Secondary Beneficiary, or all other named Secondary Beneficiaries have predeceased the Participant, but the trust fails, all sums that were to be payable to the trust by reason of the Participant's death shall be made to the Participant's surviving spouse, or if there is no surviving spouse to the executor(s) or administrator(s) of the Participant's estate.

3. Section 5.5(h) is replaced by the following:

5.5(h) - The Custodian shall determine the identity of the person or persons who qualify as the Beneficiary or Beneficiaries designated by a Participant pursuant to the terms of Section 5.5, or who qualify as the executor(s) or administrator(s) of such Participant's estate in the case of a distribution required hereunder to be made to such Participant's estate. In addition, the Custodian shall determine whether one qualifies as a spouse. The Custodian may rely, and shall be held harmless in so relying, upon the named Beneficiary(ies), executor or administrator of the Participant's estate, or other sources to determine the identity of Beneficiary(ies) or spouse of the Participant.

**State Farm Mutual Funds®
Roth Individual Retirement Account
Custodial Account Agreement Amendment
Effective September 15, 2017**

This Amendment to the Custodial Account Agreement identified above is made pursuant to Article XIII of the Agreement. As of the effective date of the Amendment, the provisions of this Amendment shall supersede any conflicting provisions in the Custodial Account Agreement. All capitalized terms herein have the same definitions as in the Custodial Account Agreement, unless otherwise defined in this Amendment.

Section 7.4 is replaced by the following:

7.4 REGISTRATION AND OWNERSHIP OF SHARES - Shares acquired by the Custodian shall be registered in the name of the Custodian or its nominee. The Custodian shall deliver, or cause to be delivered, to Participant all prospectuses, confirmations, notices, reports or other material as may be required under applicable securities laws. The Custodian shall vote Shares held in the Custodial Account in accordance with the timely instructions of the Participant if received. If no timely voting instructions are received from the Participant, the Participant agrees that the Custodian will vote the Participant's Shares for which no voting instructions were timely received in the same proportion of total Shares of the Fund for which voting instructions were timely received.

 **State Farm Mutual Funds®**
Roth Individual Retirement Account
Disclosure Statement

The following information is provided to you in accordance with the requirements of the Internal Revenue Service (“IRS”) regulations. You should read this Disclosure Statement together with the Custodial Account Agreement and the Funds' prospectuses. This is not a comprehensive discussion of the applicable law; nor is it intended to serve as a substitute for the advice of your lawyer, accountant or other personal tax or financial adviser. If you received this Disclosure Statement electronically through the statefarm.com® website, you may request a paper copy, at no charge, by contacting State Farm Mutual Funds at 800-447-4930. Additional account information is available on statefarm.com.

1. Right of Revocation

You may revoke your Roth Individual Retirement Account (“Roth IRA”) by mailing or delivering a written notice of revocation within seven days after the establishment of your Roth IRA. Mailed notice is treated as given to the Custodian on date of the postmark (or on the date of Post Office certification or registration in the case of notice sent by Certified or registered mail). Upon timely revocation, you will receive a payment equal to the initial contribution, without adjustment for administrative expenses, commissions or sales charges, fluctuations in market value or other charges.

2. IRS Approval

This Roth IRA has been approved as to form by the IRS. IRS approval is a determination only as to the form of the Account and does not represent a determination of the merits of the Account.

3. General Information

A Roth IRA must be a United States trust or custodial account created for the exclusive benefit of an individual and his/her beneficiary. The trustee or custodian must be either a bank or such other person who has been approved by the Secretary of the Treasury. No part of the contributions may be invested in either life insurance contracts or collectibles (such as art works, antiques, stamps, coins, etc.) as defined in section 408(m) of the Internal Revenue Code of 1986, as amended (“Code”). The assets of the Roth IRA cannot be commingled with other property except in a common trust fund or common investment fund. In addition, an individual's right to the entire balance in his/her account must at all times be nonforfeitable and nontransferable.

As with most laws which provide special tax treatment, there are certain restrictions and limitations. The pertinent federal tax laws include requirements relating to contributions, use of account assets, and when and how distributions can be made to you and your beneficiary. State Farm Investment Management Corp. reserves the right to make any amendments to the Custodial Account Agreement and will inform you in the event any such amendment is made.

4. Contributions

Contributions must be made in cash, by check, or by electronic funds transfer. If you are a non-spouse beneficiary and your IRA is an inherited IRA, you are not permitted to make additional contributions to the IRA. You may make contributions to your Roth IRA for a taxable year if you (or your spouse if you file a joint tax return) receive compensation during such year. Compensation includes your wages and salary as an employee and net earnings from self-employment, such as professional fees and other amounts for your personal services. However, only a limited amount of contributions can be made each year to your Roth IRA. You may also make rollover, transfer, and recharacterization contributions to your Roth IRA. Employer-provided differential pay (all or a portion of pre-service civilian pay paid by an employer to employees who go on active military duty) will be treated as compensation for IRA contribution purposes.

Limitations – Regular Contributions - Your contributions to your Roth IRA are limited to the lesser of 100% of your compensation or the applicable maximum annual contribution if you (or you and your spouse if a joint return is filed) have adjusted gross income (“AGI”) that does not exceed an applicable dollar amount. The applicable dollar amount is (1) \$110,000 for 2012 or \$112,000 for 2013 in the case of an individual, (2) \$173,000 for 2012 or \$178,000 for 2013 in the case of a married couple filing a joint return, and (3) \$0 in the case of a married couple filing separately. If your AGI exceeds the applicable dollar amount, you may still be able to make Roth IRA contributions; however, the Roth IRA contribution limit (including the spousal Roth IRA contribution limit) is reduced by an amount that bears the same ratio to the applicable contribution limit as your AGI in excess of the applicable dollar amount bears to \$15,000 (\$10,000 in the case of a joint return or a married individual filing a separate return). Accordingly, you may not make Roth IRA contributions if your AGI is more than (1) \$125,000 for 2012 or \$127,000 for 2013 in the case of an individual, (2) \$183,000 for 2012 or \$188,000 for 2013 in the case of a married couple filing a joint return, and (3) \$10,000 in the case of a married couple filing separately.

To qualify as a Roth IRA contribution, your contribution must be made no later than the due date for filing your Federal income tax return (not including any extensions). If both you and your spouse had compensation during the taxable year, then you may each establish a separate Roth IRA and each of you may make contributions to your separate Roth IRA up to the lesser of 100% of your respective compensation or the applicable maximum annual contribution.

The maximum annual contribution that you may make to your Roth IRA is \$5,000 for 2012 or \$5,500 for 2013. Also, Roth IRA owners who are age 50 or older by the end of the taxable year are permitted to make an additional \$1,000 “catch-up” contribution, for a total of \$6,000 for 2012 or \$6,500 for 2013. The contribution limits, including the catch-up contribution limit, are as follows:

Tax Year	Under Age 50	Age 50 or Older
2012	\$5,000	\$5,000 plus \$1,000
2013 and after	\$5,500 indexed	\$5,500 indexed plus \$1,000

As discussed above, the maximum amount of Traditional and Roth IRA contributions is generally limited to the lesser of a specific dollar amount or the individual's taxable compensation for the year. Compensation earned for service in a combat zone by members of the armed forces (which is normally not subject to income tax) is treated as taxable compensation for Traditional and Roth IRA contribution purposes.

Limitations – Spousal Contributions - If you had compensation during the taxable year greater than your spouse (regardless of whether your spouse had any compensation) and you file a joint tax return, you may make contributions to your Roth IRA and to a separate Roth IRA owned by your spouse. Under such an arrangement, you may make a contribution to the spousal Roth IRA up to the lesser of (1) the combined compensation of you and your spouse for the taxable year reduced by your and your spouse's contributions to Traditional IRAs and by your contributions to Roth IRAs or (2) the applicable maximum annual contribution. If you have compensation, you are eligible to contribute to a Roth IRA even if you or your spouse is covered by a qualified retirement plan or is more than 70½ years old.

Deductibility of Contributions - Contributions to your Roth IRA (or your spouse's Roth IRA) are not deductible from your gross income on your federal income tax return.

Excess Contributions - Any contributions to your Roth IRA (including spousal contributions to your spouse's Roth IRA) which exceed the maximum allowable contribution are excess contributions. Any excess contributions which are not withdrawn or eliminated (by treating such amounts as contributions for the succeeding year) prior to the due date for filing your federal income tax return (including any extensions) will be subject to a 6% penalty tax under section 4973 of the Code.

Total Contributions to Traditional and Roth IRAs - You may not make more than the applicable maximum annual contribution (not including transfers, qualified rollovers, and recharacterizations) to all of your IRAs combined, including deductible and nondeductible contributions to your Traditional IRAs and nondeductible contributions to your Roth IRAs. This applicable maximum annual contribution limitation does not apply to Coverdell Education Savings Accounts, SIMPLE IRAs, or SEP IRAs.

Tax Credit - Taxpayers earning less than a specified amount will be eligible to receive a tax credit in the amount of 10%, 20%, or 50% (depending on tax return filing status and income) of up to \$2,000 in IRA contributions and other elective deferrals. For 2012, the income thresholds are \$28,750 (single), \$43,125 (head of household), or \$57,500 (married filing jointly). For 2013, the income thresholds are \$29,500 (single), \$44,250 (head of household), or \$59,000 (married filing jointly). The income thresholds will be increased in future years to reflect cost of living increases. The credit is subject to reduction if the individual or the individual's spouse receives distributions from a qualified retirement plan, governmental 457 plan, or Roth IRA during the taxable year in which the credit is claimed or during the two taxable years before the credit is claimed. A taxpayer is only eligible for the credit if the taxpayer is age 18 or over, is not claimed as a dependent on another person's tax return, and is not a full-time student. If you think you may be eligible for the tax credit, you should consult your tax advisor or refer to the IRS publications and tax form instructions on the credit for more information.

Military death gratuity or Servicemembers' Group Life Insurance (SGLI) payment - An individual who receives such payments may contribute the amount received to a Roth IRA on a tax-free basis. Amounts contributed to a Roth IRA from the military death gratuity or SGLI payments are treated as a qualified rollover contribution. Individuals receiving such payments have one year after receipt of the payment to make the Roth rollover contribution(s).

5. Rollovers, Conversions, and Transfers

You may move assets into a Roth IRA from another retirement plan in several ways, including a rollover, transfer, or conversion. A rollover or a transfer from another Roth IRA or Roth account in a qualified retirement plan is generally tax-free, while a conversion from a Traditional IRA or qualified retirement plan is generally subject to income tax.

Rollovers and Transfers - A rollover contribution is a contribution to your Roth IRA or cash or other property you receive as a distribution from another Roth IRA or the designated Roth account of a qualified retirement plan. A rollover contribution is not subject to tax, nor is it deductible for federal income tax purposes. A rollover contribution is not subject to the dollar limitations described below, but it may not exceed the amount of the distribution and must be rolled over within 60 days after receipt of the distribution. The same property distributed must be contributed to the Roth IRA. Rollover transactions from any single Roth IRA may occur no more than once in any 365-day period (beginning on the date you receive the distribution eligible to be rolled over, not the date the rollover contribution is made).

You are permitted to roll over a distribution from a designated Roth account of a qualified employer- sponsored retirement plan, such as a 401(k) plan. If you roll over a Roth account into a Roth IRA, you, and not the Custodian, will be responsible for maintaining records of the amount of basis rolled over and whether the five year rule has been satisfied for purposes of taking a qualified distribution from the Roth IRA.

A surviving spouse who is the beneficiary of a Roth IRA or Roth account in a qualified retirement plan is permitted to roll over a distribution from the Roth IRA or Roth account into a Roth IRA. The spouse may elect to treat the Roth IRA as his or her own IRA. A beneficiary who is not a Participant's spouse is permitted to make a tax-free direct trustee-to-trustee transfer of a deceased Participant's interest in a Roth IRA or the Roth account of a qualified retirement plan to a Roth IRA for the benefit of the beneficiary. The Roth IRA is treated as an "inherited IRA" which means that it is issued in the name of the deceased participant for the benefit of the beneficiary. Unlike a surviving spouse, the non-spouse beneficiary may not treat the Roth IRA as his or her own Roth IRA and may not make additional contributions to the Roth IRA.

In addition to making a rollover, participants and beneficiaries can move assets in a direct trustee-to-trustee transfer from a Roth IRA or a Roth account in a qualified retirement plan to a Roth IRA, subject to the rules described above, except that there is no limit on the number of transfers that can be made in any year.

Conversions - You may convert an employer-sponsored qualified retirement plan, such as a 401(k) plan, or a Traditional, SIMPLE, or SEP IRA to a Roth IRA by a direct rollover or transfer from the plan or IRA to the Roth IRA, or by receiving a distribution from the plan or IRA and rolling over the distribution proceeds into your Roth IRA within 60 days. A conversion of a SIMPLE IRA may not be made prior to the expiration of the 2-year period beginning on the first date on which contributions made by the Participant's employer are deposited into the Participant's SIMPLE IRA.

The entire amount distributed from the Traditional, SIMPLE, or SEP IRA, or, qualified retirement plan will be subject to ordinary income tax for federal income tax purposes to the extent it represents a return of deductible or pre-tax contributions and earnings, but it will not be subject to the 10% penalty tax on premature distributions if it is rolled over to a Roth IRA.

If you made a conversion in 2010, a special rule applied that generally spread the resulting income tax over two tax years, 2011 and 2012. Conversions in later years are taxed in the year of the conversion.

6. Recharacterizations and Reconversions

If you make a contribution to a Roth IRA in a tax year and at any time before the due date for filing your tax returns for that year (including extensions) you transfer the contributed amounts (plus any earnings and less any losses) to a Traditional IRA, your contribution will be "recharacterized" and treated as having originally been made to the Traditional IRA. The deadline for making a recharacterization for the previous year is the date that is six months after the due date (not including extensions) for filing your federal income tax return for that year, which is generally October 15 for most taxpayers. You may have to file an amended return if you make a recharacterization after filing your tax return. You should consult your tax advisor when considering a recharacterization.

Significant restrictions may apply to your ability to "reconvert" amounts that have previously been converted to a Roth IRA and then recharacterized as a Traditional IRA. You may not make a reconversion of an amount in the same year that it was previously converted and then recharacterized, but you can make a reconversion in the following year. However, the subsequent reconversion may not occur until at least 30 days from the time of the recharacterization. You should consult your tax advisor when considering a reconversion.

7. Distributions

Income Tax Treatment - Distributions from a Roth IRA are not subject to federal income tax if the distribution is a "qualified distribution." A qualified distribution is a distribution that is made after the five (5) tax-year period beginning with the first tax year for which you made a regular or conversion contribution to any Roth IRA and which is made:

- on or after you become 59½,
- after your death,
- on account of your becoming disabled, or
- for first-time home buyer expenses under Code Section 72(t)(2)(F) (\$10,000 lifetime maximum).

Roth IRAs are not subject to the minimum distribution rules before death.

If a distribution from your Roth IRA is taxable, the portion of the distribution attributable to contributions will be tax-free, but any earnings will be subject to ordinary income tax. Distributions from a Roth IRA are treated as coming first from regular contributions, then from rollovers attributable to Traditional IRA or qualified retirement plan conversions, on a first-in, first-out basis, and last from earnings.

Amounts converted from a Traditional IRA or qualified retirement plan (other than a Roth account) to a Roth IRA are subject to special rules upon distribution. If such amounts are not held for 5 years from the time they are contributed to a Roth IRA, then the entire amount that was transferred or rolled over may be subject to a 10% penalty tax (described below). You may wish to establish separate Roth IRAs for each conversion because of the need to separately track the number of years that amounts in these Roth IRAs are held.

You should consult your tax advisor about the timing and potential tax consequences of your distributions from your Roth IRA.

Minimum Distributions After Death - Your entire interest in the Custodial Account generally must be distributed no later than December 31 of the calendar year in which the fifth anniversary of your death occurs. However, proceeds which are payable to a named Beneficiary who is a natural person may be distributed in substantially equal installments over the life expectancy of the Beneficiary provided such distribution begins not later than December 31 of the calendar year in which the first anniversary of your death occurs. If the Beneficiary is your surviving spouse, your surviving spouse may elect to receive equal or substantially equal payments over the lifetime of the surviving spouse or over a period certain not greater than the life expectancy of the surviving spouse commencing at any date prior to the later of December 31 of the calendar year following the date of your death or December 31 of the calendar year in which you would have attained age 70½. Minimum payments will be calculated in accordance with Code Sections 408(b)(3) and 408A(c)(5) and the regulations thereunder and will be made no less frequently than annually.

If the sole designated Beneficiary is your surviving spouse, the spouse may treat the Custodial Account as the spouse's own Roth IRA or rollover to another Roth IRA. This election will be deemed to have been made if the surviving spouse makes a regular Roth contribution to the Custodial Account, makes a rollover to or from the Custodial Account, or fails to elect any of the above distribution options.

A fifty percent (50%) penalty tax applies to any minimum distribution that your beneficiary is required to, but does not, make.

Premature Distributions - A Roth IRA is intended as a savings plan to accumulate funds for retirement. Accordingly, section 72(t) of the Code imposes a penalty on certain premature distributions. Generally, if you receive a distribution from your account before you reach age 59½, to the extent that such distribution will be taxable as ordinary income, it will also be subject to an additional 10% penalty tax. The additional 10% penalty tax does not apply when distributions are made: 1) because of your total and permanent disability, 2) because of your death, 3) to the extent such distributions do not exceed the amount you pay for medical insurance during the taxable year if you have separated from employment, have received unemployment compensation for twelve (12) consecutive weeks under any Federal or State unemployment compensation law (or would have received such compensation but for the fact you were self-employed) and your Roth IRA distribution is made during the year such unemployment compensation is paid or the succeeding year, 4) to the extent such distributions do not exceed the amount of the unreimbursed medical expenses you pay during the year that are in excess of the amount that is or would have been deductible for tax purposes had you itemized your deductions (generally 10% of your adjusted gross income for the year), 5) which are part of a series of substantially equal periodic (not less frequently than annually) payments made for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and your designated beneficiary, 6) as part of a qualifying rollover distribution, 7) as part of a transfer incident to a divorce, 8) which are timely withdrawn excess contributions (earnings are subject to the penalty), 9) to the extent such distributions do not exceed the amount of the qualified higher education expenses (as defined in section 72(t)(7) of the Code) you pay for eligible individuals during the year, 10) which are qualified first-time home buyer distributions as defined in section 72(t)(8) of the Code (\$10,000 lifetime maximum), or 11) made on account of an IRS tax levy.

Qualified Charitable Distributions - For IRA distributions made through 2013, up to \$100,000 per year is excludible from income for IRA distributions (from Traditional and Roth IRAs, but not from SEP or SIMPLE IRAs) paid directly to a charitable organization after the participant attains age 70½. Certain charitable organizations are not eligible, including donor-advised funds and certain private foundations.

Military Distributions - Distributions from IRAs and distributions attributable to elective deferrals under 401(k) and 403(b) plans that are made to individuals called to active duty after September 11, 2001 for more than 179 days (or for an indefinite period) and which are made during the period of active duty are not subject to the 10% tax penalty under section 72(t) of the Code. These distributions (referred to as "qualified reservist distributions") can be repaid to an IRA on a non-deductible basis within two years after the active-duty period ends.

HSA Transfers - You may make a once-in-a-lifetime tax-free transfer from an IRA (not including ongoing SEP and SIMPLE IRAs) to a Health Savings Account (HSA). For this purpose, a SEP IRA or SIMPLE IRA is ongoing if an employer contribution is made for the plan year ending with or within your tax year in which the distribution would be made. The amount of the transfer is subject to the HSA contribution limits and a requirement that you remain eligible for the HSA for one year after the transfer.

Participant and Beneficiary Responsibility - The Custodian assumes no responsibility for the tax treatment of any distribution from the Custodial Account; such responsibility is solely that of the Participant ordering the distribution. Your Beneficiary has the sole responsibility for electing distributions that comply with the death distribution rules, and the Custodian shall not be responsible for any tax penalties or other damages that result from a failure to elect such distributions.

8. Prohibited Transactions

If you or your beneficiary were to engage in any prohibited transactions (described in section 4975(c) of the Code) with respect to a Roth IRA (such as any sale, exchange or leasing of any property between you and the account; or any other interference with the independent status of the account) then the account would lose its tax-exempt status by reason of section 408(e)(2)(A) of the Code and the entire account balance would be treated as having been distributed to you in the year during which the prohibited transactions occurred. The earnings in your Roth IRA may be included in your gross income and taxed as ordinary income. In addition, if you are under age 59½, you may also be subject to the additional 10% penalty tax imposed on premature distributions.

9. Prohibited Transactions - Loans

You are not permitted to pledge or otherwise use any portion of a Roth IRA as collateral for a loan. If you do use a portion of your account as collateral, the portion used will be deemed to have been distributed to you by reason of section 408(e)(4) of the Code. The earnings may be included in your gross income and taxed as ordinary income. In addition, if you are under age 59½, you may also be subject to the additional 10% penalty tax imposed on premature distributions.

10. Other Tax Information

Transfers of Roth IRA amounts are generally subject to estate and gift taxes in the absence of any applicable exclusion (such as the unlimited marital deduction or the unified estate and gift tax credit).

The state income tax results of a contribution to, earnings and dividends on, or a distribution from a Roth IRA may differ from the federal income tax results. You should contact your state revenue department or consult your tax advisor for more information.

11. Reports to the IRS

You must file Form 5329 with the IRS for each taxable year that you owe penalty taxes on excess contributions, premature distributions, and prohibited transactions. You must file Form 8606 with the IRS for each taxable year that you make a conversion to, a recharacterization of, or a distribution from a Roth IRA.

12. Investment of Contributions

Contributions to your Roth IRA, and the earnings thereon, will be invested in shares of the Funds selected by you. The assets in your Roth IRA will be held in a Custodial Account exclusively for your benefit and the benefit of your Beneficiary. The balance in your Roth IRA represents a separate account which is clearly identified as your property. Your right to the entire balance in your account is nonforfeitable.

13. Financial Information

Growth in value of the mutual fund shares held in your account cannot be guaranteed or projected. The earnings on your account will be derived from the dividends and capital gain distributions (if any) received on the shares of the Funds in your account and will be used to purchase additional shares. The income and operating expenses of the mutual fund you select, as well as any increase or decrease in the market value of the underlying assets of the mutual fund, affects the value of its shares, and therefore the value of the shares in your account. Additional information regarding each of the Funds available for investment in your Roth IRA may be obtained from each Fund's prospectus.

Fees and other expenses of maintaining your account may be charged to your account or directly to you by the Custodian.

14. Additional Information

Further information concerning Roth IRAs can be obtained by consulting IRS Publication No. 590-A, Contributions to Individual Retirement Arrangements (IRAs) and IRS Publication No. 590-B, Distributions from Individual Retirement Arrangements (IRAs). You can also contact the IRS at www.irs.gov or by calling 1-800-829-1040.

State Farm Mutual Funds®

Roth Individual Retirement Account

Disclosure Statement Amendment

Effective January 1, 2015

In 2014, a U.S. Tax Court decision and subsequent IRS guidance changed the rules regarding tax-free rollovers between IRAs. Under the decision and IRS guidance, an individual may now make only one tax-free rollover between IRAs in a rolling twelve-month period, regardless of the number of IRAs owned by the individual. Previous guidance had indicated that the twelve-month restriction applied separately to each IRA an individual owned. The new guidance applies to rollovers involving an IRA distribution made on or after January 1, 2015.

Section 5:

“Rollover transactions from any single Roth IRA may occur no more than once in any 365-day period (beginning on the date you receive the distribution eligible to be rolled over, not the date the rollover contribution is made).”

will be stricken from the disclosure and replaced with:

“With respect to any distribution made before January 1, 2015, rollover transactions from any single IRA may occur no more than once in any rolling twelve-month period (beginning on the date you receive the distribution eligible to be rolled over, not the date the rollover contribution is made). For distributions made on or after January 1, 2015, you may generally make no more than one IRA to IRA rollover in any rolling twelve-month period (beginning on the date you receive the distribution eligible to be rolled over, not the date the rollover contribution is made), regardless of the number of IRAs you own. This limitation applies in the aggregate to Traditional, Roth, SIMPLE, and SEP IRAs; the limit does not apply separately to each type of IRA. There is no limitation on the number of IRA to IRA transfers that you can make; the limitations apply only to rollovers.”

State Farm Mutual Funds®
Roth Individual Retirement Account
Disclosure Statement Amendment
Effective January 1, 2015

In 2015, the Consolidated Appropriations Act of 2016 (H.R. 2029) was signed into law. The Act reinstates and makes permanent the option for certain IRA owners to make tax-free qualified charitable distributions (QCDs) from their IRAs.

In Section 7:

“Qualified Charitable Distributions – For IRA distributions made through 2013, up to \$100,000 per year is excludible from income for IRA distributions (from Traditional and Roth IRAs, but not from SEP or SIMPLE IRAs) paid directly to a charitable organization after the participant attains age 70½.”

will be stricken from the disclosure and replaced with the following:

“Qualified Charitable Distributions – Up to \$100,000 per year is excludible from income for IRA distributions (from Traditional and Roth IRAs, but not from SEP or SIMPLE IRAs) paid directly to a qualified charitable organization after the participant attains age 70½.”

State Farm Mutual Funds®
Roth Individual Retirement Account
Disclosure Statement Amendment
Effective January 1, 2018

On December 22, 2017, the Tax Cuts and Jobs Act (H.R. 1) was signed into law. Section 13611 of the Act eliminates the ability under Internal Revenue Code section 408A(d)(6) to recharacterize or unwind a conversion to a Roth IRA.

The second paragraph of current Section 6 of the Disclosure Statement:

“Significant restrictions may apply to your ability to “reconvert” amounts that have previously been converted to a Roth IRA and then recharacterized as a Traditional IRA. You may not make a reconversion of an amount in the same year that it was previously converted and then recharacterized, but you can make a reconversion in the following year. However, the subsequent reconversion may not occur until at least 30 days from the time of the recharacterization. You should consult your tax advisor when considering a reconversion.”

will be stricken from the disclosure and replaced with the following:

“Effective January 1, 2018, you are not permitted to recharacterize or unwind a conversion to a Roth IRA.”