ascend 2019

Introduction to IRAs

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Learning Objectives

At the completion of this course you will be able to

- summarize the IRA opening document requirements,
- distinguish the regular contribution deadline,
- state the rules for prior-year contributions,
- identify federal and state tax withholding requirements,
- recognize the exceptions to the early distribution penalty tax, and
- differentiate between a transfer and a rollover.

Icon Legend

Individual Exercise	Group Exercise	Group Discussion
Example	Job Aid	Additional Information

Definition of an IRA

An individual retirement arrangement (IRA) is a special domestic trust, custodial account, or annuity contract established to hold assets for an individual's retirement.

- There can only be one owner per IRA. An IRA cannot be owned by an entity (such as a trust), but an entity can be named as an IRA beneficiary.
- An IRA is a tax-advantaged savings tool designed to provide retirement income in addition to Social Security income, employer-sponsored retirement plan benefits, personal savings, and wages.
- An IRA is an account or annuity, not an investment.
  - Individuals can establish either, or both, to save for retirement. Other than terminology and some potential payout differences, the two types of arrangements generally are subject to the same rules.
  - One set of opening documents establishes one IRA, but an IRA may contain several investments (e.g., a certificate of deposit or money market account).

Account Versus Annuity	
Individual Retirement Accounts	**Individual Retirement Annuities**
Trustee or custodian – *the financial organization maintaining the account*	Issuer – *the insurance company offering the annuity*
Grantor or depositor – *the individual who establishes the account*	Annuitant – *the annuity contract owner*
Trust instrument (plan agreement) – *the governing instrument for the account*	Endorsement – *the governing instrument along with the annuity contract for the IR annuity*
Contribution – *the individual's deposit to the account*	Premium – *the annuitant's deposit to the annuity*
Account value – *the accumulated assets in the account*	Cash surrender value – *the accumulated assets in the annuity after certain adjustments*

Establishing an IRA

To establish an IRA, the financial organization must first provide the individual with information without giving tax advice.

- Identify the type of IRA the individual wishes to establish.
- Explain the rules, but do not apply the rules to the individual's situation.
- Describe your financial organization's IRA investment options.

The financial organization must provide the following documents.

- Plan agreement
- Disclosure statement
- Financial disclosure

The financial organization may

- require the individual to complete an IRA application, and
- hand out additional regulatory documents.

Once each party has signed and received the required documentation, an IRA has been established.

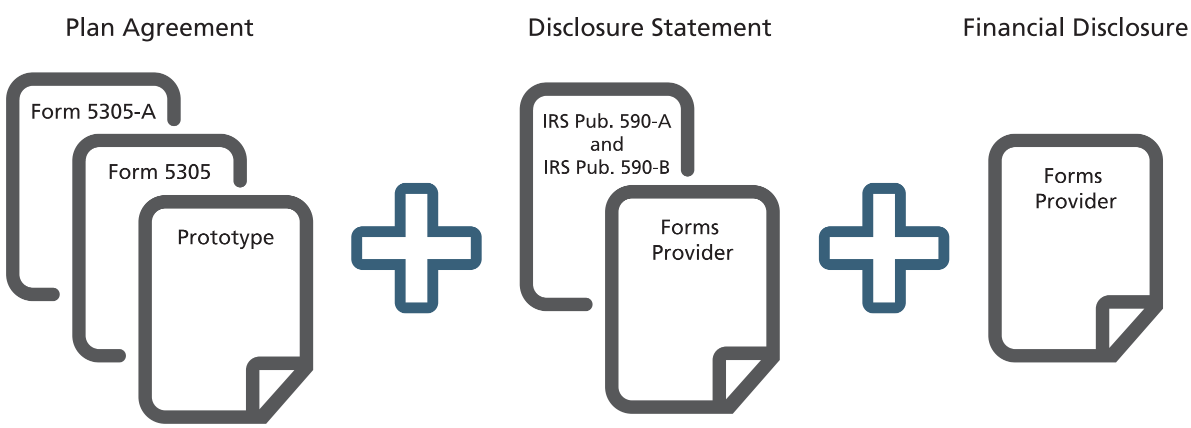
IRA Application

Most financial organizations require an individual to complete an application when establishing an IRA to gather information about the IRA owner. To accurately administer the IRA, the application often requests the following information.

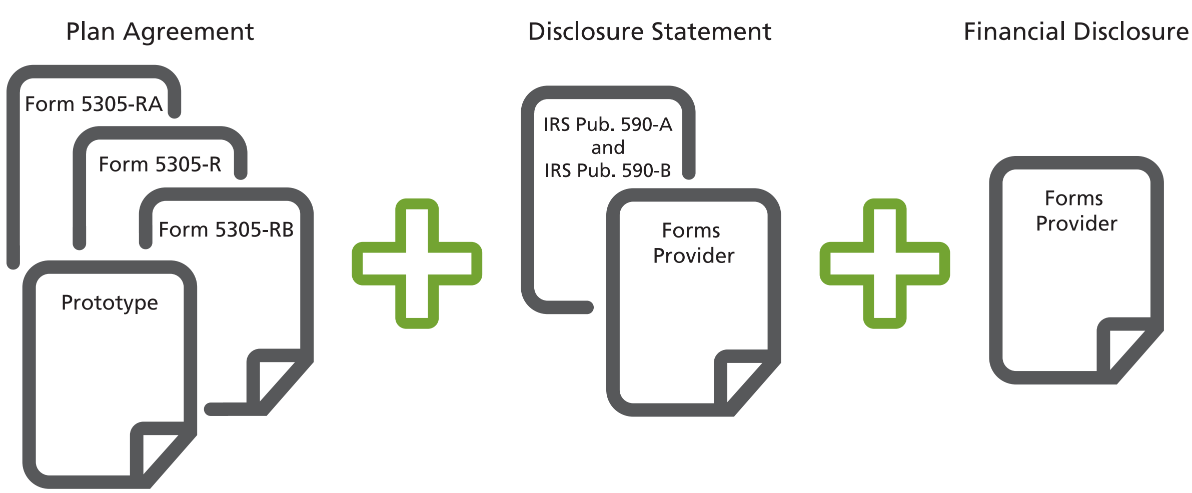
- IRA owner information (required)
- Financial organization information (required)
- Beneficiary designation (optional)
- Contribution information (if making a contribution at time of establishment)
- Spousal consent (optional)
- IRA owner and financial organization signature (required)

Satisfying the IRA Documentation Requirements

Traditional IRAs



Roth IRAs



Plan Agreement

The financial organization must provide an up-to-date plan agreement, which serves as the "contract" between the financial organization and the IRA owner.

Both parties must enter into an agreement by signing either the plan agreement or application. After the document is signed, the financial organization must

- provide a copy to the IRA owner,
- retain a copy or a signed statement of receipt in the IRA owner's file, and
- amend the document as required.

If the IRA owner does not designate beneficiaries, the IRA plan agreement may identify a default beneficiary.

What is the default beneficiary in your plan agreement?

INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-A under section 408(a) of the Internal Revenue Code. FORM (Rev. April 2017)

The depositor named on the application is establishing a Traditional individual retirement account under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The custodian named on the application has given the depositor the disclosure statement required by Regulations section 1.408-6.

The depositor has assigned the custodial account the sum indicated on the application.

The depositor and the custodian make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k) or a recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions up to $5,500 per year for tax years 2013 through 2017. For individuals who have reached the age of 50 by the end of the year, the contribution limit is increased to $6,500 per year for tax years 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

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

ARTICLE III

1. 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 section 408(a)(5)).
2. 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 IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the depositor's required beginning date, April 1 following the calendar year in which the depositor reaches age 70½. By that date, the depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the depositor or the joint lives of the depositor and his or her designated beneficiary.
3. If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
   (a) If the depositor dies on or after the required beginning date and:
      (i) the designated beneficiary is the depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by one for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
      (ii) the designated beneficiary is not the depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the depositor and reduced by one for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
      (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the depositor as determined in the year of the depositor's death and reduced by one for each subsequent year.
   (b) If the depositor dies before the required beginning date, the remaining interest will be distributed in accordance with paragraph (i) below or, if elected or there is no designated beneficiary, in accordance with paragraph (ii) below.
      (i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the depositor's death. If, however, the designated beneficiary is the depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the depositor would have reached age 70½. But, in such case, if the depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with paragraph (ii) below if there is no such designated beneficiary.
      (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.
4. If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the depositor's surviving spouse, no additional contributions may be accepted in the account.
5. The minimum amount that must be distributed each year, beginning with the year containing the depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows.
   (a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the depositor reaches age 70½, is the depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the depositor's (or, if applicable, the depositor and spouse's) attained age (or ages) in the year.

Disclosure Statement

The financial organization must provide an up-to-date disclosure statement, which explains the IRA rules in nontechnical language.

Financial organizations must

- provide a copy to the IRA owner,
- retain a copy or a signed statement of receipt in the IRA owner's file, and
- amend the document as required.

Receipt of the disclosure statement begins the revocation period. The IRA owner has seven calendar days from receiving the disclosure statement to revoke the IRA without being assessed any fees or penalties from the financial organization.

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR IRA

You have the right to revoke your IRA within seven days of the receipt of the disclosure statement. If revoked, you are entitled to a full return of the contribution you made to your IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the custodian at the address listed on the application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your IRA, please call the custodian at the telephone number listed on the application.

REQUIREMENTS OF AN IRA

A. **Cash Contributions –** Your contribution must be in cash, unless it is a rollover contribution.

B. **Maximum Contribution –** The total amount you may contribute to an IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or $5,500 for 2017 and 2018, with possible cost-of-living adjustments each year thereafter. If you also maintain a Roth IRA (i.e., an IRA subject to the limits of Internal Revenue Code Section (IRC Sec.) 408A), the maximum contribution to your Traditional IRAs is reduced by any contributions you make to your Roth IRAs. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.

C. **Contribution Eligibility –** You are eligible to make a regular contribution to your IRA if you have compensation and have not attained age 70½ by the end of the taxable year for which the contribution is made.

D. **Catch-Up Contributions –** If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution is $1,000 per year.

E. **Nonforfeitability –** Your interest in your IRA is nonforfeitable.

F. **Eligible Custodians –** The custodian of your IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.

G. **Commingling Assets –** The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.

H. **Life Insurance –** No portion of your IRA may be invested in life insurance contracts.

I. **Collectibles –** You may not invest the assets of your IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in IRC Sec. 408(m)(3)) are also permitted as IRA investments.

J. **Required Minimum Distributions –** You are required to take minimum distributions from your IRA at certain times in accordance with Treasury Regulation 1.408-8. Below is a summary of the IRA distribution rules.

1. You are required to take a minimum distribution from your IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.

2. The applicable divisor generally is determined using the Uniform Lifetime Table provided by the IRS. If your spouse is your sole designated beneficiary for the entire calendar year, and is more than 10 years younger than you, the required minimum distribution is determined each year using the actual joint life expectancy of you and your spouse obtained from the Joint Life Expectancy Table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.

   We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70½.

   (a) Make no distribution until you give us a proper withdrawal request

   (b) Distribute your entire IRA to you in a single sum payment

   (c) Determine your required minimum distribution each year based on your life expectancy calculated using the Uniform Lifetime Table, and pay those distributions to you until you direct otherwise

   If you fail to remove a required minimum distribution, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

3. Your designated beneficiary is determined based on the beneficiaries designated as of the date of your death, who remain your beneficiaries as of September 30 of the year following the year of your death.

   If you die on or after your required beginning date, distributions must be made to your beneficiaries over the longer of the single life expectancy of your designated beneficiaries, or your remaining life expectancy. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

   If you die before your required beginning date, the entire amount remaining in your account will, at the election of your designated beneficiaries, either

   (a) be distributed by December 31 of the year containing the fifth anniversary of your death, or

   (b) be distributed over the remaining life expectancy of your designated beneficiaries.

   If your spouse is your sole designated beneficiary, he or she must elect either option (a) or (b) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year life expectancy payments would be required to begin. Your designated beneficiaries, other than a spouse who is the sole designated beneficiary, must elect either option (a) or (b) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of your death. Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a beneficiary other

Financial Disclosure

The financial organization must provide a financial disclosure with the disclosure statement. The financial disclosure projects the future growth of the investment.

- The financial disclosure is not required to be amended even if the investment or rate changes.
- The financial disclosure is not required to be in an IRA owner's file if other documents state that the IRA owner acknowledges receipt of a financial disclosure.

IRS Required Documents

Match the IRS required opening document to the correct purpose.

A. IRA plan agreement

B. IRA disclosure statement

C. Financial disclosure

_______ Projects the future growth of the investment

_______ Contract between financial organization and IRA owner

_______ Explains the IRA rules in nontechnical language

IRA Funding

IRA Regular Contribution Eligibility

Anyone who is eligible to open an account at the financial organization may establish an IRA. Eligibility requirements may limit how much an individual may contribute to an IRA.

The IRA owner must have *earned income* during the year for which the regular contribution is made.

Earned income includes amounts derived from or received for personal services rendered (e.g., IRS Form W-2, *Wage and Tax Statement,* Schedule C, *Profit or Loss From Business,* if self-employed, or Schedule F, *Profit or Loss From Farming*).

Sources of Income	
Earned Income	**Not Earned Income**
• Wages • Salaries • Tips • Bonuses • Commissions • Professional fees • Combat pay	• Taxable alimony* • Interest • Royalties** • Dividends • Rental income • Unemployment compensation • Disability pay • Child support • Separation & early retirement • AFDC & TANF*** • Social Security

* Alimony is no longer considered earned income for IRA contribution purposes. This applies to any divorce and separation instrument executed or modified after December 31, 2018.

** Whether royalties are considered earned income is dependent on several factors. IRA owners with questions should seek competent tax advice.

*** Aid to Families with Dependent Children and Temporary Aid for Needy Families

NOTE: *IRA owners are responsible for determining if they are eligible to make regular Traditional IRA or Roth IRA contributions.*

Traditional IRA Contribution Eligibility Requirements

Anyone who meets *both* of the following requirements is eligible to make regular contributions to a Traditional IRA.

1. **Earned Income –** The IRA owner must have earned income during the year for which the regular contribution is made.
2. **Age –** The IRA owner must not attain age 70½ or older any time during the year for which the contribution is made.

Roth IRA Contribution Eligibility Requirements

Anyone who meets *both* of the following requirements is eligible to make regular contributions to a Roth IRA.

1. **Earned Income –** The IRA owner must have earned income during the year for which the regular contribution is made.
2. **Income limit –** The IRA owner's modified adjusted gross income (MAGI) must not exceed the IRS limits.
   - IRA owners with MAGI that falls within the phase-out range will calculate their maximum regular contribution by using the "Maximum Roth IRA Contribution Worksheet" in the instructions for IRS Form 8606, *Nondeductible IRAs*.
   - IRA owners should consult a tax advisor if they have questions about making regular contributions.

2019 MAGI Limits for Regular Roth IRA Contributions*			
Filing Status	**MAGI for Full Contribution**	**MAGI for Partial Contribution**	**Ineligible for Roth Contribution**
Single	Up to $122,000	$122,000 up to $137,000	Over $137,000
Married, filing jointly	Up to $193,000	$193,000 up to $203,000	Over $203,000
Married, filing separately**	N/A	$0 up to $10,000	Over $10,000

*The MAGI limits may be subject to annual cost-of-living adjustments (COLAs), which generally are released in the fourth quarter for the following year.

**IRA owners that do not live with a spouse at any time during the year are considered a single filer for determining Roth IRA eligibility.

Spousal Contributions

If an IRA owner does not have earned income, she may still be able to make an IRA contribution if the following requirements are met.

- The IRA owner is married and files a joint federal income tax return for the year.
- The IRA owner meets the other eligibility requirements for the type of IRA (Traditional or Roth) to which the regular contribution is being made.

NOTE: *Each spouse who makes a regular contribution must contribute to his own IRA. A surviving spouse can make regular contributions to his IRA under the spousal contribution rules if the surviving spouse files a joint tax return for the year of his spouse's death.*

Spousal Contributions

Leticia, age 50, has earned income of $140,000. Dominic, age 48, is currently unemployed with no source of earned income.

Leticia and Dominic are married, filing jointly. Their MAGI for tax year 2019 is $150,000.

Leticia is eligible to contribute to which IRA type(s)?

Traditional IRA **Roth IRA** **Neither**

Dominic is eligible to contribute to which IRA types(s)?

Traditional IRA **Roth IRA** **Neither**

Regular Contribution Limit

The maximum amount individuals may contribute to their IRAs is referred to as the "regular contribution limit."

- The regular contribution limit is determined by the IRS each year and may be adjusted for COLAs. IRA owners may contribute 100 percent of their annual compensation up to the IRS regular contribution limit.
- IRA owners who attain age 50 by December 31 are eligible to contribute an additional amount called a "catch-up contribution." The catch-up contribution can be made any time during the year in which the IRA owner attains age 50 and for each subsequent year.

Traditional and Roth IRA Aggregate Regular Contribution Limit		
Tax Year	**Regular Contribution Limit***	**Additional Catch-up Contribution for IRA owners Age 50 and Older****
2019	$6,000	$1,000 ($7,000 total)

* The regular contribution limit may be subject to COLAs, which generally are released in the fourth quarter for the following year.
** The catch-up contribution limit will remain at $1,000 each year unless there is a tax law change.

NOTE: *The amount of an IRA contribution exceeding the allowable limits is an excess contribution. The handling of excess contributions is beyond the scope of this seminar.*

Regular Contribution Limit

Leticia, age 50, has earned income of $140,000. Dominic, age 48, is currently unemployed with no source of earned income.

Leticia and Dominic are married, filing jointly. Their MAGI for tax year 2019 is $150,000.

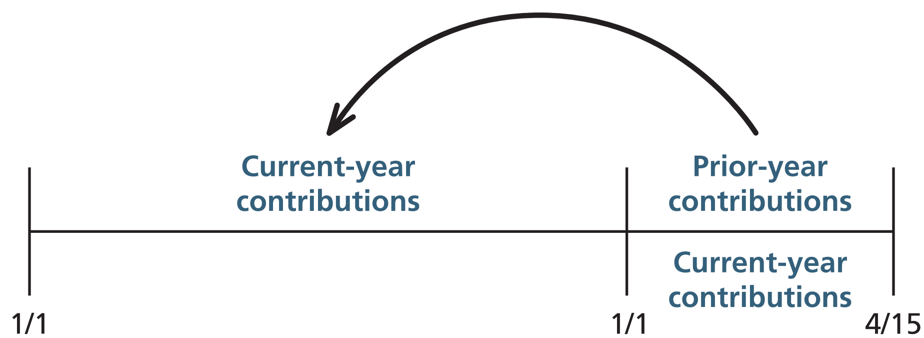
How much may Leticia contribute for 2019? ______________________________

How much may Dominic contribute for 2019? ______________________________

Regular Contribution Deadline

IRA owners can make current-year regular contributions beginning on January 1. The deadline to make regular contributions is the individual's federal income tax return due date (generally April 15).

- If April 15 falls on a Saturday, Sunday, or legal holiday, the deadline is extended to the next business day.
- The deadline is not extended if IRA owners receive an extension for filing their federal income tax returns.



Prior-Year Contributions

Federal regulations require a written election to attribute a contribution to the prior year. This election is irrevocable and cannot be changed to a current-year regular contribution. The IRA owner may use any written means to make a prior-year election.

To comply with the regulations, financial organizations should adhere to the following guidelines.

- If there is no written instruction, assume the contribution is for the current year.
- A prior-year contribution cannot be changed to a current-year contribution.
- A regular contribution made by mail is deemed timely if the envelope is postmarked by the IRA owner's tax return deadline and is accompanied by written direction.

Direct deposit contributions are made for the current year unless the financial organization receives written instruction before the contribution is made to treat it as a prior-year contribution.

TRADITIONAL
IRA CONTRIBUTION AND INVESTMENT SELECTION

PART 1. IRA OWNER

Name *(First/MI/Last)* ______________________
Social Security Number ______________________
Date of Birth ____________ Phone ____________
Email Address ______________________
Account Number______________________ Suffix______

PART 2. IRA TRUSTEE OR CUSTODIAN

To be completed by the IRA trustee or custodian

Name ______________________
Address Line 1 ______________________
Address Line 2 ______________________
City/State/ZIP ______________________
Phone ____________ Organization Number ____________

PART 3. CONTRIBUTION INFORMATION

Contribution Amount ______________ Contribution Date ____________

CONTRIBUTION TYPE *(Select one)*

☐ **1. Regular** *(Includes catch-up contributions)*
Contribution for Tax Year _________
☐ **2. Rollover** *(Distribution from a Traditional IRA, SIMPLE IRA, or eligible employer-sponsored retirement plan that is being deposited into this Traditional IRA)*
By selecting this transaction, I irrevocably designate this contribution as a rollover.
☐ **3. Transfer** *(Direct movement of assets from a Traditional IRA or SIMPLE IRA into this Traditional IRA)*
☐ **4. Recharacterization** *(A nontaxable movement of a Roth IRA contribution into this Traditional IRA)*
By selecting this transaction, I irrevocably designate this contribution as a recharacterization.
☐ **5. SEP Contribution** *(Contribution made under a simplified employee pension (SEP) plan; SEP contributions are reported for the year in which the contribution is made)*

IF YOU ARE 70½ OR OLDER THIS YEAR, COMPLETE THE FOLLOWING IF APPLICABLE
(Checking any of the following will require adjusting your required minimum distribution.)
☐ This is a rollover or transfer of assets removed last year. Date of Removal ____________
☐ This is a transfer from my deceased spouse's Traditional IRA and the assets were removed from the IRA in any year after death.
The value of my portion of my deceased spouse's IRA on December 31 of last year ______________.

PART 4. INVESTMENT AND DEPOSIT INFORMATION

INVESTMENT INFORMATION *(Complete this section as applicable.)*

Investment Description	Quantity or Amount	Status *(new or existing)*	Investment Number	Term or Maturity Date	Interest Rate

DEPOSIT METHOD

☐ **Cash or Check** *(If the contribution type is transfer, the check must be from a financial organization made payable to the trustee for this IRA.)*
☐ **Internal Account**
Account Number ______________________ Type *(e.g., checking, savings, IRA)* ______________
☐ **External Account** *(e.g., EFT, ACH, wire)* *(Additional documentation may be required and fees may apply.)*
Name of Organization Sending the Assets ______________________ Routing Number *(Optional)* ____________
Account Number______________________ Type *(e.g., checking, savings, IRA)* ______________

Deposit Taken by ______________________

PART 5. SIGNATURE

I certify that all of the information provided by me is accurate and may be relied upon by the trustee or custodian. I certify that the contribution described above is eligible to be contributed to the IRA and I authorize the deposit to be invested in the manner described above.

X ____ ______________________
Signature of IRA Owner Date *(mm/dd/yyyy)*

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Regular Contribution Deadline

Today is February 6, 2018, and Luke, age 51, would like to make a contribution to his IRA. With the group at your table, answer the following questions.

1. For what year(s) can he make the contribution? Why?

2. Does Luke need to give the financial organization written instruction for the contribution? Why or why not?

3. If Luke mails in a contribution postmarked April 14, 2018, and you receive it on April 18, 2018, can you still apply it to tax year 2017?

4. If Luke receives an extension to file his 2017 federal income tax return, does this extend his contribution deadline for tax year 2017?

IRA Distributions

IRA Distribution Taxation Overview

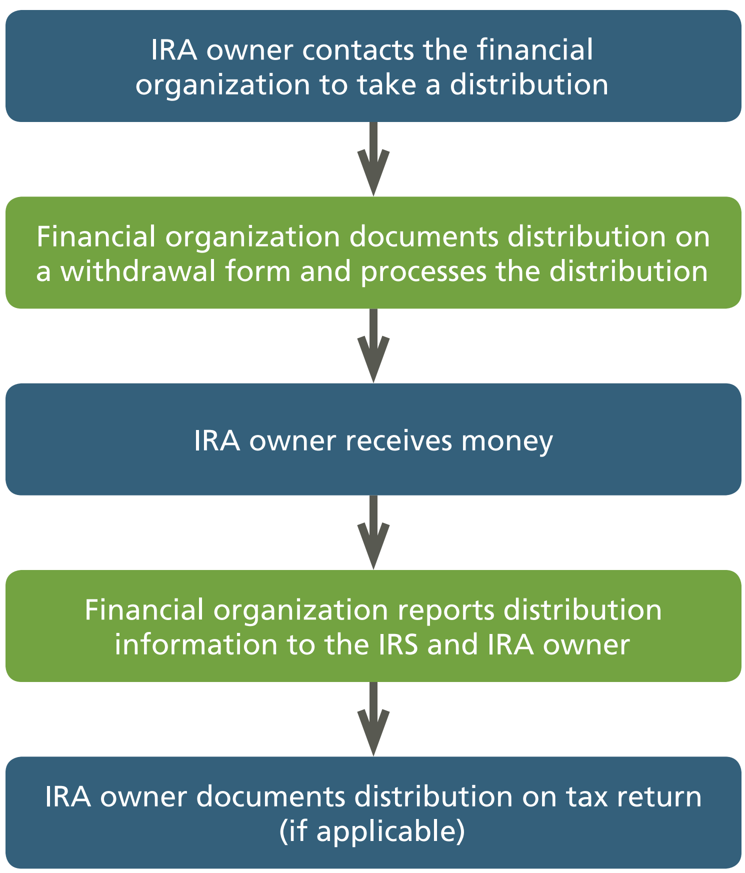
An IRA owner may take a distribution (also called a withdrawal) at any time. The IRA owner may be subject to one or both of the following tax consequences on an IRA distribution.

- Income tax (federal and state)
- Early distribution penalty tax

The financial organization is responsible for reporting the distribution on Form 1099-R, *Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, to the IRA owner and to the IRS.

The IRA owner is responsible for determining the taxable portion of each distribution and paying any taxes due—including the early distribution penalty tax.

Steps to Complete an IRA Distribution



Federal Income Tax Withholding

The financial organization must notify IRA owners and beneficiaries of their right to withhold or waive withholding on an IRA distribution. This provides the IRA owner or beneficiary the opportunity to prepay some of the federal income taxes that may be due on the distribution.

Financial organizations must provide IRS Form W-4P, *Withholding Certificate for Pension or Annuity Payments*, or a substitute Form W-4P (e.g., a withdrawal form that includes appropriate language) to notify IRA owners of their right to waive withholding.

The financial organization must withhold 10 percent for federal income taxes on all IRA distributions that may be subject to income tax, unless the IRA owner or beneficiary elects to waive withholding or elects to withhold more than 10 percent.

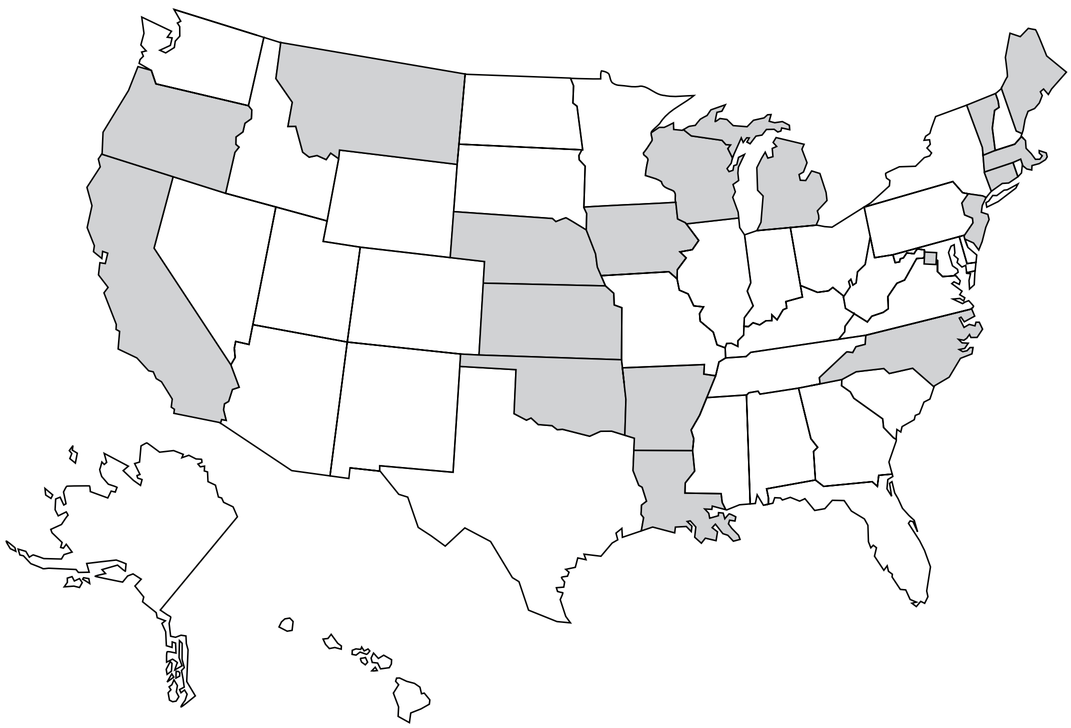
- The IRA owner may withhold up to 100 percent of the distribution.
- The IRS does not allow withholding at rates less than 10 percent.

NOTE: *Do not confuse the 10 percent withholding amount with the 10 percent early distribution penalty tax, which is discussed later in this seminar. Withholding is the financial organization's responsibility, whereas the early distribution penalty tax is the IRA owner's responsibility.*

State Income Tax Withholding

State withholding regulations apply if *both* of the following are true

1. Your financial organization has a branch or an office in the state.
2. The IRA owner or beneficiary is required to file an income tax return in that state or is a state resident, depending on the state.



State withholding requirements apply in the shaded states.

NOTE: *Financial organizations that conduct business in a state in which they do not have a branch or office should review the withholding regulations in those states to determine if they are also required to comply with those states' withholding requirements.*

Early Distribution Penalty Tax

IRA owners may need to pay a 10 percent early distribution penalty tax if they take a distribution before they attain age 59½. A person turns 59½ exactly six months after his 59th birthday.

The early distribution penalty tax applies only to the *taxable portion* of the IRA distribution. The IRA owner is responsible for determining the early distribution penalty tax amount. IRA owners with questions should seek competent tax advice.

The financial organization cannot collect the early distribution penalty tax. The taxpayer is responsible for paying the 10 percent early distribution penalty tax when he files his federal income tax return. The taxpayer may have to file Form 5329, *Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts*, if he owes the 10 percent early distribution penalty tax, but code 1, *Early distribution, no known exception,* is not shown in Box 7 of Form 1099-R. The IRA owner can always elect to withhold more than 10 percent to cover the tax and penalty on the IRA distribution.

Age 59½

Brian was born on October 16, 1960.

When will he reach age 59? ____

When will he reach age 59½? ____

IRA owners under age 59½ can avoid paying the 10 percent early distribution penalty tax if the distribution is taken for one of the following reasons.

Traditional and Roth IRAs: 10% Early Distribution Penalty Tax Exceptions		
	Penalty Tax Exception	**Definition** A more complete definition can be found in IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*
	Age 59½*	*The IRA owner is 59½ six months after the date of her 59th birthday.*
	Death*	*Financial organizations should request a certified copy of the death certificate.*
	Disability*	*When using the disability code, financial organizations should ask for proof of disability (e.g., Schedule R,* Credit for the Elderly or Disabled, *or a physician's statement).*
	IRS levy*	*Distributions made because of IRS levies are not subject to this penalty tax.*
	Substantially equal periodic payments*	*The series of substantially equal periodic payments must be made at least annually over the IRA owner's life expectancy (or joint life expectancy with a beneficiary).*
	Medical expenses	*Unreimbursed medical expenses must exceed 10 percent of adjusted gross income (AGI).*
	Health insurance premiums following unemployment	*The IRA owner must have received unemployment compensation for at least 12 consecutive weeks.*
	First-time homebuyer expenses	*The homebuyer cannot have had ownership in a principal residence for two years, ending on the acquisition date.*
	Higher education expenses	*Higher education expenses consist of tuition, books, fees, supplies, equipment, and possibly room and board.*
	Qualified reservist distributions	*Certain qualified reservists may take penalty-free IRA distributions.*

* Financial organizations should obtain proof of penalty tax exception.

TRADITIONAL & SIMPLE

IRA

WITHDRAWAL AUTHORIZATION

The term IRA will be used below to mean Traditional IRA and SIMPLE IRA, unless otherwise specified.
Refer to pages 2 and 3 of this form for reporting and withholding notice information.

PART 1. IRA OWNER

Name *(First/MI/Last)* ____

Social Security Number ____

Date of Birth ___________________ Phone ____________________

Email Address ____

Account Number________________________________ Suffix _____

ACCOUNT TYPE *(Select one)*

☐ Traditional IRA ☐ SIMPLE IRA

PART 2. IRA TRUSTEE OR CUSTODIAN

To be completed by the IRA trustee or custodian

Name ____

Address Line 1 ____

Address Line 2 ____

City/State/ZIP ____

Phone______________________ Organization Number___________

PART 3. BENEFICIARY OR FORMER SPOUSE INFORMATION

This section should only be completed by a beneficiary taking a death withdrawal or transferring inherited IRA assets to another IRA, or by a former spouse taking a withdrawal as a result of a court-approved property settlement due to divorce or legal separation.

Name *(First/MI/Last)* ____

Tax ID *(SSN/TIN)* ____

Date of Birth ___________________ Phone ____________________

Address Line 1 ____

Address Line 2 ____

City/State/ZIP ____

PART 4. WITHDRAWAL INFORMATION

Total Withdrawal Amount ____

Withdrawal Date ____

☐ This Withdrawal Will Close This IRA

WITHDRAWAL REASON *(Select one)*

☐ 1. Transfer to Another IRA
☐ 2. Normal Withdrawal *(Age 59½ or older)*
☐ 3. Early Withdrawal *(Under age 59½) (Select a, b, or c if applicable)*
 ☐ a. Disability
 ☐ b. Direct Conversion to a Roth IRA, Substantially Equal Periodic Payments, or IRS Levy
 ☐ c. SIMPLE IRA Withdrawal in the First Two Years *(No IRS penalty exception)*
☐ 4. Death Withdrawal by a Beneficiary
☐ 5. Direct Rollover to an Eligible Employer-Sponsored Retirement Plan
☐ 6. Prohibited Transaction
☐ 7. Excess Contribution Removed Before the Excess Removal Deadline *(Enter the net income attributable to the excess and select a or b)*
 Net Income Attributable________________________________
 ☐ a. Excess Contributed and Removed in the Same Year
 ☐ b. Excess Contributed in One Year and Removed in the Next Year
☐ 8. Excess Contribution Removed After the Excess Removal Deadline
☐ 9. SEP or SIMPLE IRA Excess Contribution Removed Under the EPCRS
☐ 10. Recharacterization *(Enter the net income attributable to the recharacterized amount and select a or b)*
 Net Income Attributable________________________________
 ☐ a. Same-Year Recharacterization
 ☐ b. Prior-Year Recharacterization
☐ 11. Revocation of a Regular Contribution
 Earnings____
☐ 12. Revocation of a Rollover, Transfer, or SEP or SIMPLE IRA Contribution

PART 5. WITHHOLDING ELECTION *(Form W-4P/OMB No. 1545-0074)*

Do not complete this section for a transfer, recharacterization, or direct rollover to an eligible employer-sponsored retirement plan, or if you are a nonresident alien.

Your withholding election will remain in effect for any subsequent withdrawal unless you change or revoke the election.

FEDERAL WITHHOLDING *(Select one)*

☐ Withhold ________ % *(Must be 10% or greater)*
 Withhold Additional Federal Income Tax of $ __________________ *(If applicable)*
☐ Do Not Withhold Federal Income Tax

STATE WITHHOLDING *(If applicable, select one)*

Name of Withholding State ___________________________________

☐ Withhold ________ %
☐ Withhold $__________________
☐ Do Not Withhold State Income Tax

PART 6. WITHDRAWAL SUMMARY

This section may be completed for informational purposes only.

Trustee or Custodian Penalties and Fees ________________________

Gross Withdrawal Amount* ________________________

Federal Withholding Amount ________________________

State Withholding Amount ________________________

Net Amount Paid to Recipient ________________________

** The gross withdrawal amount is the total withdrawal amount in Part 4 after any penalties and fees assessed by the trustee or custodian.*

SAMPLE

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Page 1 of 3

Federal Income Tax Withholding and Early Distribution Penalty Tax

Monica, age 65, is withdrawing $10,000 from her IRA today to cover expenses for her trip to Bermuda. With the group at your table, answer the following questions.

1. If Monica elects federal withholding, can she withhold 8%? Why or why not?

2. What is the maximum rate that she may withhold for federal income taxes?

3. Can Monica waive federal income tax withholding?

   Yes **No**

Rico is in your financial organization today and would like to withdraw $15,000 from his Traditional IRA to buy a car. He will be 59½ next week. With the group at your table, answer the following questions.

4. Is Rico subject to the 10% early distribution penalty tax? Why or why not?

5. What portion of the distribution is subject to the early distribution penalty tax?

   Taxable **Nontaxable** **Both**

6. Should your financial organization collect the early distribution penalty tax?

   Yes **No**

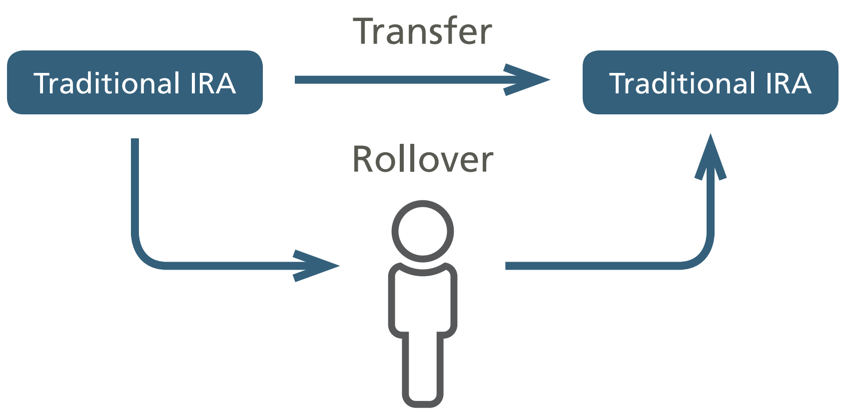
7. Which of the following could be an exception to the 10% early distribution penalty tax for Rico?

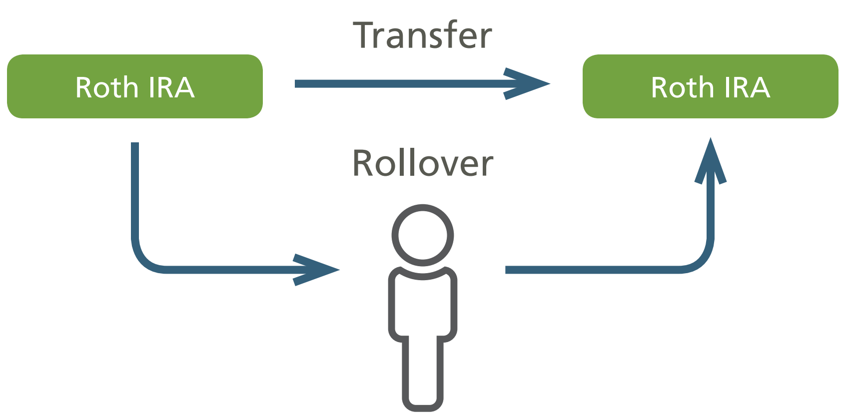
   - ☐ **Higher education expenses**
   - ☐ **Landscaping**
   - ☐ **Addition to his house**
   - ☐ **Vacation**
   - ☐ **Disability**
   - ☐ **First-time homebuyer expenses**

IRA Portability

Moving Assets to an IRA From Another IRA

IRA owners may transfer or roll over assets between IRAs of the same type.





NOTE: *There are no age, earned income, or dollar limits for transfers or rollovers. These transactions do not apply toward the regular contribution limit. Transfers and rollovers generally may only occur between IRAs in the same name.*

Basic Transfer Characteristics

Occurs between like IRAs*	Transfers occur between two Traditional IRAs, between two Roth IRAs, or between two SIMPLE IRAs.
No constructive receipt of assets	Checks issued as transfers are made payable to the receiving financial organization for the benefit of the individual's IRA. *(e.g., Redline Financial Organization, Trustee, for the benefit of Brian O'Conner's Traditional IRA.)* Because the check is made payable to the financial organization, an actual distribution is not made to the IRA owner.
Unlimited number of transfers	An IRA owner may make an unlimited number of transfers in a year. The transfers may be for all or any portion of an IRA balance.
Withholding rules do not apply	A withholding notice and election are not required because there is no distribution.

* IRA transfers also may occur from a SIMPLE IRA to a Traditional IRA after the SIMPLE IRA two-year waiting period is satisfied.

Basic Rollover Characteristics

Occurs between like IRAs*	IRA rollovers occur between two Traditional IRAs, between two Roth IRAs, or between two SIMPLE IRAs.
Constructive receipt of assets	The IRA owner receives a distribution of the assets. The check is made payable to the IRA owner. The distribution may be included as income or rolled over to an IRA.
60-day rule	Recipients of eligible distributions generally have 60 days following the day they physically receive the assets to deposit the assets in an IRA.
One-per-12-month rule	An IRA owner may complete only one IRA rollover in any 12-month period, regardless of how many IRAs she owns. One year must pass from the date of receipt of the distribution before an IRA owner is eligible to roll over another distribution from any IRA.
Withholding rules apply	A distribution that is rolled over to an IRA is treated like any other type of distribution at the time of distribution. Consequently, withholding rules (federal and state) apply.
Irrevocable rollover designation	Traditional, Roth and SIMPLE IRA owners must irrevocably designate in writing at the time of the rollover deposit that the financial organization must treat the contribution as a rollover.

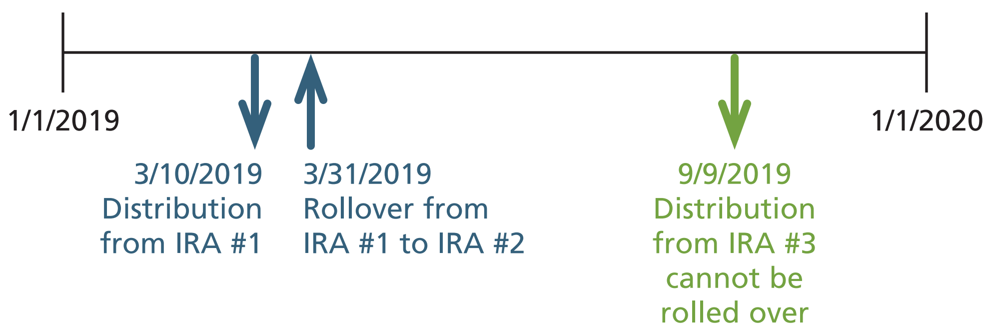
* IRA rollovers also may occur between Traditional and SIMPLE IRAs after the SIMPLE IRA two-year waiting period is satisfied.

One-Per-12-Month Rule

An IRA owner is allowed one IRA-to-IRA rollover per 12-month period (Internal Revenue Code section (IRC. Sec.) 408(d)(3)(B)). The IRA rollover limitation applies on an aggregate basis (per IRA owner instead of per IRA).

Roth IRAs, Traditional IRAs (including those that hold simplified employee pension (SEP) plan assets), and SIMPLE IRAs are aggregated for purposes of this one-rollover-per-taxpayer limitation. A distribution and subsequent rollover from any type of IRA restricts the taxpayer from subsequent rollovers for 12 months from the distribution date of the IRA amount previously rolled over.

The one-per-12-month rule does not apply to Roth IRA conversions or IRA transfers. It also does not apply to rollovers between employer-sponsored retirement plans and IRAs, nor to certain rollovers related to failed attempts to purchase a first-time home (IRC Sec. 72(t)(8)(E)).

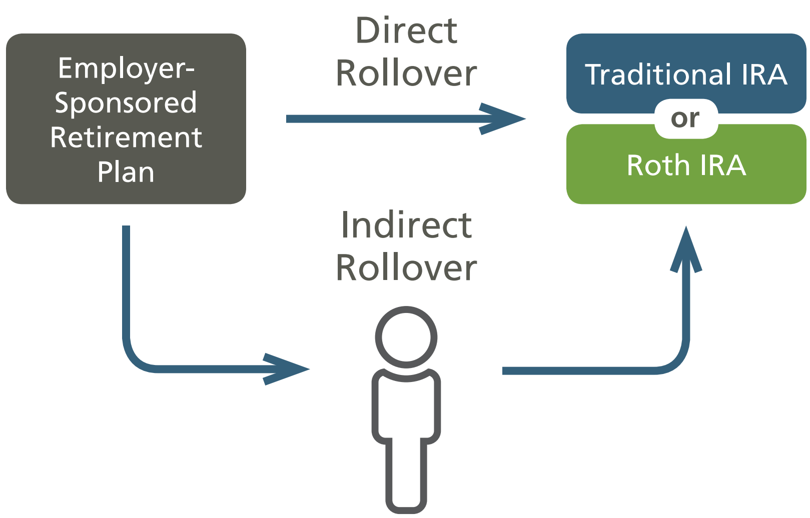


Rolling Over Employer-Sponsored Retirement Plan Assets to an IRA

Individuals may directly or indirectly roll over assets from an employer-sponsored retirement plan to a Traditional IRA. Eligible employer-sponsored retirement plans include the following.

- Qualified retirement plans (QRPs) under IRC Sec. 401(a) (e.g., 401(k) plans) and 403(a)
- 403(b) plans
- Governmental 457(b) plans

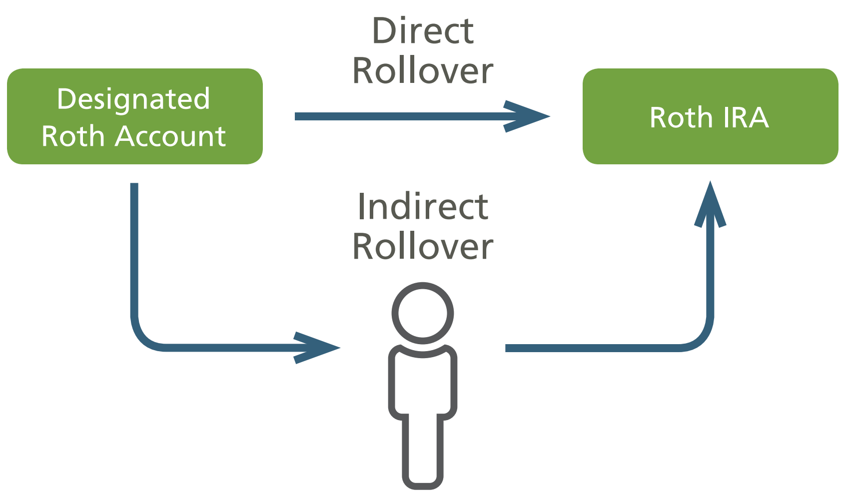
Individuals may directly or indirectly roll over assets from an employer-sponsored retirement plan to a Roth IRA. The individual will be subject to income taxes on the taxable portion of the transaction, but will avoid the 10 percent early distribution penalty tax.



Rolling Over Designated Roth Account Assets to a Roth IRA

Individuals may directly or indirectly roll over designated Roth account assets to a Roth IRA. Designated Roth accounts include the following.

- Roth 401(k) plans
- Roth 403(b) plans
- Roth governmental 457(b) plans



NOTE: *There are no age, earned income, or dollar limits for direct or indirect rollovers. These transactions do not apply to the regular contribution limit. Assets generally may only be moved to an IRA in the plan participant's name.*

Basic Direct and Indirect Rollover to an IRA Characteristics

Direct Rollover to an IRA	• Occurs between a retirement plan and an IRA • Plan administrator responsible for determining rollover eligibility • No constructive receipt of assets • No one-per-12-month rule • No 60-day rule
Indirect Rollover to an IRA	• Occurs between a retirement plan and an IRA • IRA owner responsible for determining rollover eligibility • Constructive receipt of assets • No one-per-12-month rule • 60-day rule applies

TRADITIONAL

IRA CONTRIBUTION AND INVESTMENT SELECTION

PART 1. IRA OWNER

Name *(First/MI/Last)* ____

Social Security Number ____

Date of Birth ___________________ Phone ______________________

Email Address ____

Account Number_________________________________ Suffix______

PART 2. IRA TRUSTEE OR CUSTODIAN

To be completed by the IRA trustee or custodian

Name ____

Address Line 1 ____

Address Line 2 ____

City/State/ZIP ____

Phone ______________________ Organization Number ___________

PART 3. CONTRIBUTION INFORMATION

Contribution Amount ___________________________ Contribution Date ________________

CONTRIBUTION TYPE *(Select one)*

☐ **1. Regular** *(Includes catch-up contributions)*
Contribution for Tax Year _________

☐ **2. Rollover** *(Distribution from a Traditional IRA, SIMPLE IRA, or eligible employer-sponsored retirement plan that is being deposited into this Traditional IRA)*
By selecting this transaction, I irrevocably designate this contribution as a rollover.

☐ **3. Transfer** *(Direct movement of assets from a Traditional IRA or SIMPLE IRA into this Traditional IRA)*

☐ **4. Recharacterization** *(A nontaxable movement of a Roth IRA contribution into this Traditional IRA)*
By selecting this transaction, I irrevocably designate this contribution as a recharacterization.

☐ **5. SEP Contribution** *(Contribution made under a simplified employee pension (SEP) plan; SEP contributions are reported for the year in which the contribution is made)*

IF YOU ARE 70½ OR OLDER THIS YEAR, COMPLETE THE FOLLOWING IF APPLICABLE
(Checking any of the following will require adjusting your required minimum distribution.)

☐ This is a rollover or transfer of assets removed last year. Date of Removal ________________

☐ This is a transfer from my deceased spouse's Traditional IRA and the assets were removed from the IRA in any year after death.
The value of my portion of my deceased spouse's IRA on December 31 of last year ___________________________.

PART 4. INVESTMENT AND DEPOSIT INFORMATION

INVESTMENT INFORMATION *(Complete this section as applicable.)*

Investment Description	Quantity or Amount	Status *(new or existing)*	Investment Number	Term or Maturity Date	Interest Rate

DEPOSIT METHOD

☐ **Cash or Check** *(If the contribution type is transfer, the check must be from a financial organization made payable to the trustee for this IRA.)*

☐ **Internal Account**
Account Number ____ Type *(e.g., checking, savings, IRA)* ________________________________

☐ **External Account** *(e.g., EFT, ACH, wire)* *(Additional documentation may be required and fees may apply.)*
Name of Organization Sending the Assets ____ Routing Number *(Optional)* __________________
Account Number____ Type *(e.g., checking, savings, IRA)* ________________________________

Deposit Taken by ____________________________________

PART 5. SIGNATURE

I certify that all of the information provided by me is accurate and may be relied upon by the trustee or custodian. I certify that the contribution described above is eligible to be contributed to the IRA and I authorize the deposit to be invested in the manner described above.

X ____ ________________________________
Signature of IRA Owner Date *(mm/dd/yyyy)*

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Transfers and Rollovers

Brian, age 38, would like to move his Traditional IRA assets from Redline Financial Organization to his Traditional IRA at your financial organization. With the group at your table, answer the following questions.

1. What are Brian's options for moving his IRA to your financial organization?

Transfer **Rollover** **Direct Rollover** **Indirect Rollover**

Mia, age 68, is moving $200,000 from her 401(k) plan with her former employer to her Traditional IRA at your financial organization. With the group at your table, answer the following questions.

2. What are Mia's options for moving her 401(k) plan assets to your financial organization?

Transfer **Rollover** **Direct Rollover** **Indirect Rollover**

Job Aids

Account Versus Annuity – Page 1

Account Versus Annuity	
Individual Retirement Accounts	**Individual Retirement Annuities**
Trustee or custodian – *the financial organization maintaining the account*	Issuer – *the insurance company offering the annuity*
Grantor or depositor – *the individual who establishes the account*	Annuitant – *the annuity contract owner*
Trust instrument (plan agreement) – *the governing instrument for the account*	Endorsement – *the governing instrument along with the annuity contract for the IR annuity*
Contribution – *the individual's deposit to the account*	Premium – *the annuitant's deposit to the annuity*
Account value – *the accumulated assets in the account*	Cash surrender value – *the accumulated assets in the annuity after certain adjustments*

Ascensus' *Traditional IRA Simplifier®*

TRADITIONAL
IRA Simplifier®

INDIVIDUAL RETIREMENT ACCOUNT APPLICATION

PART 1. IRA OWNER

Name *(First/MI/Last)* ____
Address Line 1____
Address Line 2____
City/State/ZIP ____
Social Security Number ______________________________________
Date of Birth ___________________ Phone ____________________
Email Address ____
Account Number____

PART 2. IRA TRUSTEE

To be completed by the IRA trustee

Name____
Address Line 1____
Address Line 2____
City/State/ZIP ____
Phone ______________________ Organization Number __________

☐ *This is an amendment to an existing IRA.*
☐ *This IRA contains managed investments as described in the Trustee Management of Investment section of the agreement.*
☐ *This IRA contains only simplified employee pension (SEP) plan assets.*

PART 3. CONTRIBUTION INFORMATION

Contribution Amount ___________________________ Contribution Date _______________

CONTRIBUTION TYPE *(Select one)*

☐ **1. Regular** *(Includes catch-up contributions)*
Contribution for Tax Year _________
☐ **2. Rollover** *(Distribution from an IRA or eligible employer-sponsored retirement plan that is being deposited into this Traditional IRA)*
By selecting this transaction, I irrevocably designate this contribution as a rollover.
☐ **3. Transfer** *(Direct movement of assets from a Traditional IRA or a SIMPLE IRA into this Traditional IRA)*
☐ **4. Recharacterization** *(A nontaxable movement of a Roth IRA contribution into this Traditional IRA)*
By selecting this transaction, I irrevocably designate this contribution as a recharacterization.
☐ **5. SEP Contribution** *(Contribution made under a SEP plan; SEP contributions are reported for the year in which the contribution is made)*

IF YOU ARE 70½ OR OLDER THIS YEAR, COMPLETE THE FOLLOWING, IF APPLICABLE
(Checking any of the following will require adjusting your required minimum distribution.)

☐ This is a rollover or transfer of assets removed last year. Date of Removal _______________
☐ This is a transfer from my deceased spouse's Traditional IRA and the assets were removed from the IRA in any year after death.
The value of my portion of my deceased spouse's IRA on December 31 of last year ___________________________.

PART 4. INVESTMENT AND DEPOSIT INFORMATION

INVESTMENT INFORMATION *(Complete this section as applicable.)*

Investment Description	Quantity or Amount	Investment Number	Term or Maturity Date	Interest Rate

DEPOSIT METHOD

☐ **Cash or Check** *(If the contribution type is transfer, the check must be from a financial organization made payable to the trustee for this IRA.)*
☐ **Internal Account**
Account Number ____ Type *(e.g., checking, savings, IRA)* ______________________________
☐ **External Account** *(e.g., EFT, ACH, wire) (Additional documentation may be required and fees may apply.)*
Name of Organization Sending the Assets ____ Routing Number *(Optional)* __________________
Account Number ____ Type *(e.g., checking, savings, IRA)* ______________________________

Deposit Taken by___________________________________

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Name of IRA Owner ____, Account Number _____________________________

PART 5. BENEFICIARY DESIGNATION

I designate that upon my death, the assets in this account be paid to the beneficiaries named below. The interest of any beneficiary that predeceases me terminates completely, and the percentage share of any remaining beneficiaries will be increased on a pro rata basis. If no beneficiaries are named, my estate will be my beneficiary.

☐ I elect not to designate beneficiaries at this time and understand that I may designate beneficiaries at a later date.

PRIMARY BENEFICIARIES *(The total percentage designated must equal 100%. If more than one beneficiary is designated and no percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the IRA.)*

Name____
Address ____
City/State/ZIP ____
Date of Birth _________________ Relationship ___________________
Tax ID *(SSN/TIN)* ____________________ Percent Designated________

Name____
Address ____
City/State/ZIP ____
Date of Birth _________________ Relationship ___________________
Tax ID *(SSN/TIN)* ____________________ Percent Designated________

Name____
Address ____
City/State/ZIP ____
Date of Birth _________________ Relationship ___________________
Tax ID *(SSN/TIN)* ____________________ Percent Designated________

Name____
Address ____
City/State/ZIP ____
Date of Birth _________________ Relationship ___________________
Tax ID *(SSN/TIN)* ____________________ Percent Designated________

CONTINGENT BENEFICIARIES *(The total percentage designated must equal 100%. If more than one beneficiary is designated and no percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the IRA. The balance in the account will be payable to these beneficiaries if all primary beneficiaries have predeceased the IRA owner.)*

Name____
Address ____
City/State/ZIP ____
Date of Birth _________________ Relationship ___________________
Tax ID *(SSN/TIN)* ____________________ Percent Designated________

Name____
Address ____
City/State/ZIP ____
Date of Birth _________________ Relationship ___________________
Tax ID *(SSN/TIN)* ____________________ Percent Designated________

Name____
Address ____
City/State/ZIP ____
Date of Birth _________________ Relationship ___________________
Tax ID *(SSN/TIN)* ____________________ Percent Designated________

Name____
Address ____
City/State/ZIP ____
Date of Birth _________________ Relationship ___________________
Tax ID *(SSN/TIN)* ____________________ Percent Designated________

☐ *Check here if additional beneficiaries are listed on an attached addendum.* Total number of addendums attached to this IRA ___________________

PART 6. SPOUSAL CONSENT

Spousal consent should be considered if either the trust or the residence of the IRA owner is located in a community or marital property state.

CURRENT MARITAL STATUS

☐ **I Am Not Married –** I understand that if I become married in the future, I should review the requirements for spousal consent.

☐ **I Am Married –** I understand that if I choose to designate a primary beneficiary other than or in addition to my spouse, my spouse should sign below.

CONSENT OF SPOUSE

I am the spouse of the above-named IRA owner. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Because of the important tax consequences of giving up my interest in this IRA, I have been advised to see a tax professional.

I hereby relinquish any interest that I may have in this IRA and consent to the beneficiary designation indicated above. I assume full responsibility for any adverse consequences that may result.

X_________________________________ _________________
Signature of Spouse Date *(mm/dd/yyyy)*

X_________________________________ _________________
Signature of Witness Date *(mm/dd/yyyy)*

PART 7. SIGNATURES

Important: *Please read before signing.*

I understand the eligibility requirements for the type of IRA contribution I am making, and I state that I do qualify to make the contribution. I have received a copy of the IRA Application, the 5305 Trust Account Agreement, the Financial Disclosure, and the Disclosure Statement. I understand that the terms and conditions that apply to this IRA are contained in this Application and the Trust Account Agreement. I agree to be bound by those terms and conditions. Within seven days from the date I open this IRA I may revoke it without penalty by mailing or delivering a written notice to the trustee.

I assume complete responsibility for

- determining that I am eligible for an IRA each year I make a contribution,
- ensuring that all contributions I make are within the limits set forth by the tax laws, and
- the tax consequences of any contributions (including rollover contributions) and distributions.

X_________________________________ _________________
Signature of IRA Owner Date *(mm/dd/yyyy)*

X_________________________________ _________________
Signature of Witness Date *(mm/dd/yyyy)*

X_________________________________ _________________
Signature of Trustee Date *(mm/dd/yyyy)*

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INDIVIDUAL RETIREMENT TRUST ACCOUNT AGREEMENT

Form 5305 under section 408(a) of the Internal Revenue Code. FORM (Rev. April 2017)

The grantor named on the application is establishing a Traditional individual retirement account under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The trustee named on the application has given the grantor the disclosure statement required by Regulations section 1.408-6.

The grantor has assigned the trust account the sum indicated on the application.

The grantor and the trustee make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k) or a recharacterized contribution described in section 408A(d)(6), the trustee will accept only cash contributions up to $5,500 per year for tax years 2013 through 2017. For individuals who have reached the age of 50 by the end of the year, the contribution limit is increased to $6,500 per year for tax years 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

The grantor's interest in the balance in the trust account is nonforfeitable.

ARTICLE III

1. No part of the trust account funds may be invested in life insurance contracts, nor may the assets of the trust account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
2. No part of the trust 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 IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the grantor's interest in the trust account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The grantor's entire interest in the trust account must be, or begin to be, distributed not later than the grantor's required beginning date, April 1 following the calendar year in which the grantor reaches age 70½. By that date, the grantor may elect, in a manner acceptable to the trustee, to have the balance in the trust account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the grantor or the joint lives of the grantor and his or her designated beneficiary.
3. If the grantor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

   (a) If the grantor dies on or after the required beginning date and:

   (i) the designated beneficiary is the grantor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by one for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

   (ii) the designated beneficiary is not the grantor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the grantor and reduced by one for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

   (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the grantor as determined in the year of the grantor's death and reduced by one for each subsequent year.

   (b) If the grantor dies before the required beginning date, the remaining interest will be distributed in accordance with paragraph (i) below or, if elected or there is no designated beneficiary, in accordance with paragraph (ii) below.

   (i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the grantor's death. If, however, the designated beneficiary is the grantor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the grantor would have reached age 70½. But, in such case, if the grantor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with paragraph (ii) below if there is no such designated beneficiary.

   (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the grantor's death.
4. If the grantor dies before his or her entire interest has been distributed and if the designated beneficiary is not the grantor's surviving spouse, no additional contributions may be accepted in the account.
5. The minimum amount that must be distributed each year, beginning with the year containing the grantor's required beginning date, is known as the "required minimum distribution" and is determined as follows.

   (a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the grantor reaches age 70½, is the grantor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the grantor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the grantor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the grantor's (or, if applicable, the grantor and spouse's) attained age (or ages) in the year.

(b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the grantor's death (or the year the grantor would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).

(c) The required minimum distribution for the year the grantor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

6. The owner of two or more Traditional IRAs may satisfy the minimum distribution requirements described above by taking from one Traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

ARTICLE V

1. The grantor agrees to provide the trustee with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.

2. The trustee agrees to submit to the Internal Revenue Service (IRS) and grantor the reports prescribed by the IRS.

ARTICLE VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles inconsistent with section 408(a) and the related regulations will be invalid.

ARTICLE VII

This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the application.

ARTICLE VIII

8.01 **Definitions –** In this part of this agreement (Article VIII), the words "you" and "your" mean the grantor. The words "we," "us," and "our" mean the trustee. The word "Code" means the Internal Revenue Code, and "regulations" means the Treasury regulations.

8.02 **Notices and Change of Address –** Any required notice regarding this IRA will be considered effective when we send it to the intended recipient at the last address that we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.

8.03 **Representations and Responsibilities –** You represent and warrant to us that any information you have given or will give us with respect to this agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be proper under this agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, if we receive ambiguous directions regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We will not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for any penalties, taxes, judgments, or expenses you incur in connection with your IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings, or this agreement.

We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this agreement (e.g., attorney-in-fact, executor, administrator, investment manager), but we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We will not be responsible for losses of any kind that may result from directions, actions, or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act by your authorized agent.

You will have 60 days after you receive any documents, statements, or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements, or other information. If you do not notify us within 60 days, the documents, statements, or other information will be deemed correct and accurate, and we will have no further liability or obligation for such documents, statements, other information, or the transactions described therein.

By performing services under this agreement we are acting as your agent. Unless section 8.06(b) of this agreement applies, you acknowledge and agree that nothing in this agreement will be construed as conferring fiduciary status upon us. We will not be required to perform any additional services unless specifically agreed to under the terms and conditions of this agreement, or as required under the Code and the regulations promulgated thereunder with respect to IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs, and expenses, including attorney's fees arising from or in connection with this agreement.

To the extent written instructions or notices are required under this agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations including, but not limited to, electronic communication.

8.04 **Disclosure of Account Information –** We may use agents and/or subcontractors to assist in administering your IRA. We may release nonpublic personal information regarding your IRA to such providers as necessary to provide the products and services made available under this agreement, and to evaluate our business operations and analyze potential product, service, or process improvements.

8.05 **Service Fees –** We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) for maintaining your IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your IRA at our discretion. We reserve the right to charge any additional fee after giving you 30 days' notice. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this IRA.

Any brokerage commissions attributable to the assets in your IRA will be charged to your IRA. You cannot reimburse your IRA for those commissions.

8.06 **Investment of Amounts in the IRA –**

a. **Grantor Management of Investment.** Unless the IRA or a portion of the IRA is a managed IRA, you have exclusive responsibility for and control over the investment of the assets of your IRA. All transactions will be subject to any and all restrictions or limitations, direct or indirect, that are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs, and usages of any exchange, market, or clearing house where the transaction is executed; our policies and practices; and this agreement. After your death, your beneficiaries will have the right to direct the investment of your IRA assets, subject to the same conditions that applied to you during your lifetime under this agreement (including, without limitation, section 8.03 of this article). We will have no discretion to direct any investment in your IRA. We assume no responsibility for rendering investment advice with respect to your IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we will have the right to hold any uninvested amounts in cash, and we will have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your IRA unless you provide timely written directions acceptable to us.

You will select the investment for your IRA assets from those investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for IRAs (e.g., term share accounts, passbook accounts, certificates of deposit, money market accounts). We may, in our sole discretion, make available to you, additional investment offerings, that will be limited to publicly-traded securities, mutual funds, money market instruments, and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

b. **Trustee Management of Investment.** If any portion of this IRA is a managed IRA, as indicated on the application or any other supporting documentation, we will manage the investment of the applicable IRA assets. Accordingly, we can manage, sell, contract to sell, grant, or exercise options to purchase, convey, exchange, transfer, abandon, improve, repair, insure, lease for any term, and otherwise deal with all property, real or personal, in your IRA in such manner, for such prices and on such terms and conditions as we will decide.

We will have the power to do any of the following as we deem necessary or advisable.

1. To invest your IRA assets in a single trust fund, and to collect the income without distinction between principal and income
2. To invest your IRA assets in a common trust fund or common investment fund within the meaning of Code section 408(a)(5)
3. To invest your IRA assets into savings instruments that we offer
4. To invest your IRA assets in any other type of investment permitted by law, including, but not limited to, common or preferred stock, open- or closed-end mutual funds, bonds, notes, debentures, options, U.S. Treasury bills, commercial paper, or real estate
5. To hold any securities or other property under this agreement in our own name, in the name of a nominee, or in bearer form
6. To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance (including documents for the transfer and conveyance of real estate), and any and all instruments that may be necessary or appropriate to carry out our powers
7. To employ suitable agents, attorneys, or other persons
8. To enter into lawsuits or settle any claims concerning the assets in your IRA, and to be reimbursed for any expenses or damages from you or your IRA assets
9. To exercise the voting rights and other shareholder rights with respect to securities in your IRA, provided, however, that we reserve the right to enter into a separate agreement with you governing the exercise of voting and other shareholder rights
10. To perform any and all acts that we deem necessary or appropriate for the proper administration of your IRA

All of the foregoing notwithstanding, our powers will be subject to any and all restrictions or limitations, direct or indirect, that are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs, and usages of any exchange, market, or clearing house where the transaction is executed; our policies and practices; and this agreement.

8.07 **Beneficiaries –** If you die before you receive all of the amounts in your IRA, payments from your IRA will be made to your beneficiaries. We have no obligation to pay to your beneficiaries until such time we are notified of your death by receiving a valid death certificate.

You may designate one or more persons or entities as beneficiary of your IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Each beneficiary designation you file with us will cancel all previous designations. The consent of your beneficiaries will not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary survives you, the contingent beneficiaries will acquire the designated share of your IRA. If you do not designate a beneficiary or if all of your primary and contingent beneficiaries predecease you, your estate will be the beneficiary.

A spouse beneficiary will have all rights as granted under the Code or applicable regulations to treat your IRA as his or her own.

We may allow, if permitted by state law, an original IRA beneficiary (the beneficiary who is entitled to receive distributions from an inherited IRA at the time of your death) to name successor beneficiaries for the inherited IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original IRA beneficiary's lifetime. Each beneficiary designation form that the original IRA beneficiary files with us will cancel all previous designations. The consent of a successor beneficiary will not be required for the original IRA beneficiary to revoke a successor beneficiary designation. If the original IRA beneficiary does not designate a successor beneficiary, his or her estate will be the successor beneficiary. In no event will the successor beneficiary be able to extend the distribution period beyond that required for the original IRA beneficiary.

If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased IRA owner take total distribution of all IRA assets by December 31 of the year following the year of death.

8.08 **Required Minimum Distributions –** Your required minimum distribution is calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if your spouse is your sole designated beneficiary and is more than 10 years younger than you, your required minimum distribution is calculated each year using the joint and last survivor table in Regulations section 1.401(a)(9)-9.

If you fail to request your required minimum distribution by your required beginning date, we can, at our complete and sole discretion, do any one of the following.

- Make no distribution until you give us a proper withdrawal request
- Distribute your entire IRA to you in a single sum payment
- Determine your required minimum distribution from your IRA each year based on your life expectancy, calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise

We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution.

8.09 **Termination of Agreement, Resignation, or Removal of Trustee –** Either party may terminate this agreement at any time by giving written notice to the other. We can resign as trustee at any time effective 30 days after we send written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your IRA to another financial organization. If you do not complete a transfer of your IRA within 30 days from the date we send the notice to you, we have the right to transfer your IRA assets to a successor IRA trustee or custodian that we choose in our sole discretion, or we may pay your IRA to you in a single sum. We will not be liable for any actions or failures to act on the part of any successor trustee or custodian, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this agreement is terminated, we may charge to your IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to one or more of the following.

- Any fees, expenses, or taxes chargeable against your IRA
- Any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your IRA

If we are a nonbank trustee required to comply with Regulations section 1.408-2(e) and we fail to do so or we are not keeping the records, making the returns, or sending the statements as are required by forms or regulations, the IRS may require us to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your IRA to you in cash or property if the balance of your IRA drops below the minimum balance required under the applicable investment or policy established.

8.10 **Successor Trustee –** If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion that includes your IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.

8.11 **Amendments –** We have the right to amend this agreement at any time. Any amendment we make to comply with the Code and related regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we send the amendment, you notify us in writing that you do not consent.

8.12 **Withdrawals or Transfers –** All requests for withdrawal or transfer will be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing or in any other method acceptable to us. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, including but not limited to possible early distribution penalty taxes, surrender charges, and withholding requirements.

8.13 **Transfers From Other Plans –** We can receive amounts transferred to this IRA from the trustee or custodian of another IRA. In addition, we can accept rollovers of eligible rollover distributions from employer-sponsored retirement plans as permitted by the Code. We reserve the right not to accept any transfer or direct rollover.

8.14 **Liquidation of Assets –** We have the right to liquidate assets in your IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against your IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree to not hold us liable for any adverse consequences that result from our decision.

8.15 **Restrictions on the Fund –** Neither you nor any beneficiary may sell, transfer, or pledge any interest in your IRA in any manner whatsoever, except as provided by law or this agreement.

The assets in your IRA will not be responsible for the debts, contracts, or torts of any person entitled to distributions under this agreement.

8.16 **What Law Applies –** This agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this agreement, the law of our domicile will govern.

If any part of this agreement is held to be illegal or invalid, the remaining parts will not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this agreement will be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

GENERAL INSTRUCTIONS

Section references are to the Internal Revenue Code unless otherwise noted.

PURPOSE OF FORM

Form 5305 is a model trust account agreement that meets the requirements of section 408(a). However, only Articles I through VII have been reviewed by the IRS. A Traditional individual retirement account (Traditional IRA) is established after the form is fully executed by both the individual (grantor) and the trustee. To make a regular contribution to a Traditional IRA for a year, the IRA must be established no later than the due date (excluding extensions) of the individual's income tax return for the tax year. This account must be created in the United States for the exclusive benefit of the grantor and his or her beneficiaries.

Do not file Form 5305 with the IRS. Instead, keep it with your records.

For more information on IRAs, including the required disclosures the trustee must give the grantor, see Pub. 590-A, *Contributions to Individual Retirement Arrangements (IRAs),* and Pub. 590-B, *Distributions from Individual Retirement Arrangements (IRAs).*

DEFINITIONS

Trustee – The trustee must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as trustee.

Grantor – The grantor is the person who establishes the trust account.

TRADITIONAL IRA FOR NONWORKING SPOUSE

Form 5305 may be used to establish the IRA trust for a nonworking spouse.

Contributions to an IRA trust account for a nonworking spouse must be made to a separate IRA trust account established by the nonworking spouse.

SPECIFIC INSTRUCTIONS

Article IV – Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the grantor reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met.

Article VIII – Article VIII and any that follow it may incorporate additional provisions that are agreed to by the grantor and trustee to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the trustee, trustee's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the grantor, etc. Attach additional pages if necessary.

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR IRA

You have the right to revoke your IRA within seven days of the receipt of the disclosure statement. If revoked, you are entitled to a full return of the contribution you made to your IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the trustee at the address listed on the application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your IRA, please call the trustee at the telephone number listed on the application.

REQUIREMENTS OF AN IRA

A. **Cash Contributions –** Your contribution must be in cash, unless it is a rollover contribution.

B. **Maximum Contribution –** The total amount you may contribute to an IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or $5,500 for 2017 and 2018, with possible cost-of-living adjustments each year thereafter. If you also maintain a Roth IRA (i.e., an IRA subject to the limits of Internal Revenue Code Section (IRC Sec.) 408A), the maximum contribution to your Traditional IRAs is reduced by any contributions you make to your Roth IRAs. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.

C. **Contribution Eligibility –** You are eligible to make a regular contribution to your IRA if you have compensation and have not attained age 70½ by the end of the taxable year for which the contribution is made.

D. **Catch-Up Contributions –** If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution is $1,000 per year.

E. **Nonforfeitability –** Your interest in your IRA is nonforfeitable.

F. **Eligible Trustees –** The trustee of your IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.

G. **Commingling Assets –** The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.

H. **Life Insurance –** No portion of your IRA may be invested in life insurance contracts.

I. **Collectibles –** You may not invest the assets of your IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in IRC Sec. 408(m)(3)) are also permitted as IRA investments.

J. **Required Minimum Distributions –** You are required to take minimum distributions from your IRA at certain times in accordance with Treasury Regulation 1.408-8. Below is a summary of the IRA distribution rules.

   1. You are required to take a minimum distribution from your IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.

   2. The applicable divisor generally is determined using the Uniform Lifetime Table provided by the IRS. If your spouse is your sole designated beneficiary for the entire calendar year, and is more than 10 years younger than you, the required minimum distribution is determined each year using the actual joint life expectancy of you and your spouse obtained from the Joint Life Expectancy Table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.

   We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70½.

   (a) Make no distribution until you give us a proper withdrawal request

   (b) Distribute your entire IRA to you in a single sum payment

   (c) Determine your required minimum distribution each year based on your life expectancy calculated using the Uniform Lifetime Table, and pay those distributions to you until you direct otherwise

If you fail to remove a required minimum distribution, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

3. Your designated beneficiary is determined based on the beneficiaries designated as of the date of your death, who remain your beneficiaries as of September 30 of the year following the year of your death.

   If you die on or after your required beginning date, distributions must be made to your beneficiaries over the longer of the single life expectancy of your designated beneficiaries, or your remaining life expectancy. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

   If you die before your required beginning date, the entire amount remaining in your account will, at the election of your designated beneficiaries, either

   (a) be distributed by December 31 of the year containing the fifth anniversary of your death, or

   (b) be distributed over the remaining life expectancy of your designated beneficiaries.

   If your spouse is your sole designated beneficiary, he or she must elect either option (a) or (b) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year life expectancy payments would be required to begin. Your designated beneficiaries, other than a spouse who is the sole designated beneficiary, must elect either option (a) or (b) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of your death. Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

   A spouse who is the sole designated beneficiary of your entire IRA will be deemed to elect to treat your IRA as his or her own by either (1) making contributions to your IRA or (2) failing to timely remove a required minimum distribution from your IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own IRA.

   If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased IRA owner take total distribution of all IRA assets by December 31 of the year following the year of death.

   If your beneficiary fails to remove a required minimum distribution after your death, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your beneficiary must file IRS Form 5329 along with his or her income tax return to report and remit any additional taxes to the IRS.

K. **Qualifying Longevity Annuity Contracts and RMDs –** A qualifying longevity annuity contract (QLAC) is a deferred annuity contract that, among other requirements, must guarantee lifetime income starting no later than age 85. The total premiums paid to QLACs in your IRAs must not exceed 25 percent (up to $125,000) of the combined value of your IRAs (excluding Roth IRAs). The $125,000 limit is subject to cost-of-living adjustments each year.

   When calculating your RMD, you may reduce the prior year end account value by the value of QLACs that your IRA holds as investments.

   For more information on QLACs, you may wish to refer to the IRS website at www.irs.gov.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

A. **IRA Deductibility –** If you are eligible to contribute to your IRA, the amount of the contribution for which you may take a tax deduction will depend upon whether you (or, in some cases, your spouse) are an active participant in an employer-sponsored retirement plan. If you (and your spouse, if married) are not an active participant, your entire IRA contribution will be deductible. If you are an active participant (or are married to an active participant), the deductibility of your IRA contribution will depend on your modified adjusted gross income (MAGI) and your tax filing status for the tax year for which the contribution was made. MAGI is determined on your income tax return using your adjusted gross income but disregarding any deductible IRA contribution and certain other deductions and exclusions.

   Definition of Active Participant. Generally, you will be an active participant if you are covered by one or more of the following employer-sponsored retirement plans.

   1. Qualified pension, profit sharing, 401(k), or stock bonus plan
   2. Qualified annuity plan of an employer
   3. Simplified employee pension (SEP) plan
   4. Retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under IRC Sec. 457)
   5. Tax-sheltered annuity for employees of certain tax-exempt organizations or public schools
   6. Plan meeting the requirements of IRC Sec. 501(c)(18)
   7. Savings incentive match plan for employees of small employers (SIMPLE) IRA plan or a SIMPLE 401(k) plan

   If you do not know whether your employer maintains one of these plans or whether you are an active participant in a plan, check with your employer or your tax advisor. Also, the IRS Form W-2, *Wage and Tax Statement*, that you receive at the end of the year from your employer will indicate whether you are an active participant.

   If you are an active participant, are single, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows. (1) Begin with the appropriate phase-out range maximum for the applicable year (specified below) and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of $63,000 in 2017, your maximum deductible contribution is $4,950 (the 2017 phase-out range maximum of $72,000 minus your MAGI of $63,000, divided by the difference between the maximum and minimum phase-out range limits of $10,000, and multiplied by the contribution limit of $5,500).

If you are an active participant, are married to an active participant and you file a joint income tax return, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows. (1) Begin with the appropriate phase-out maximum for the applicable year (specified below) and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of $103,000 in 2017, your maximum deductible contribution is $4,400 (the 2017 phase-out maximum of $119,000 minus your MAGI of $103,000, divided by the difference between the maximum and minimum phase-out limits of $20,000, and multiplied by the contribution limit of $5,500).

If you are an active participant, are married and you file a separate income tax return, your MAGI phase-out range is generally $0–$10,000. However, if you lived apart for the entire tax year, you are treated as a single filer.

Tax Year	Joint Filers Phase-Out Range*	Single Taxpayers Phase-Out Range*
	(minimum)(maximum)	*(minimum)(maximum)*
2011	$90,000–110,000	$56,000–66,000
2012	$92,000–112,000	$58,000–68,000
2013	$95,000–115,000	$59,000–69,000
2014	$96,000–116,000	$60,000–70,000
2015	$98,000–118,000	$61,000–71,000
2016	$98,000–118,000	$61,000–71,000
2017	$99,000–119,000	$62,000–72,000
2018	$101,000–121,000	$63,000–73,000

*MAGI limits are subject to cost-of-living adjustments each year.

The MAGI phase-out range for an individual that is not an active participant, but is married to an active participant, is $186,000–$196,000 (for 2017) and $189,000–$199,000 (for 2018). This limit is also subject to cost-of-living increases for tax years after 2018. If you are not an active participant in an employer-sponsored retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phase-out range for the year, your maximum deductible contribution is determined as follows. (1) Begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

You must round the resulting deduction to the next highest $10 if the number is not a multiple of 10. If your resulting deduction is between $0 and $200, you may round up to $200.

B. **Contribution Deadline –** The deadline for making an IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar-year taxpayer and you make your IRA contribution on or before your tax filing deadline, your contribution is considered to have been made for the previous tax year if you designate it as such.

If you are a member of the Armed Forces serving in a combat zone, hazardous duty area, or contingency operation, you may have an extended contribution deadline of 180 days after the last day served in the area. In addition, your contribution deadline for a particular tax year is also extended by the number of days that remained to file that year's tax return as of the date you entered the combat zone. This additional extension to make your IRA contribution cannot exceed the number of days between January 1 and your tax filing deadline, not including extensions.

C. **Tax Credit for Contributions –** You may be eligible to receive a tax credit for your Traditional IRA contributions. This credit will be allowed in addition to any tax deduction that may apply, and may not exceed $1,000 in a given year. You may be eligible for this tax credit if you are

- age 18 or older as of the close of the taxable year,
- not a dependent of another taxpayer, and
- not a full-time student.

The credit is based upon your income (see chart below), and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your Traditional IRA and reduce these contributions by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed $2,000.

2017 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
$1–37,000	$1–27,750	$1–18,500	50
$37,001–40,000	$27,751–30,000	$18,501–20,000	20
$40,001–62,000	$30,001–46,500	$20,001–31,000	10
Over $62,000	Over $46,500	Over $31,000	0

2018 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
$1–38,000	$1–28,500	$1–19,000	50
$38,001–41,000	$28,501–30,750	$19,001–20,500	20
$41,001–63,000	$30,751–47,250	$20,501–31,500	10
Over $63,000	Over $47,250	Over $31,500	0

*Adjusted gross income (AGI) includes foreign earned income and income from Guam, America Samoa, North Mariana Islands, and Puerto Rico. AGI limits are subject to cost-of-living adjustments each year.

D. **Excess Contributions –** An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute. If the excess is not corrected timely, an additional penalty tax of six percent will be imposed upon the excess amount. The procedure for correcting an excess is determined by the timeliness of the correction as identified below.

1. **Removal Before Your Tax Filing Deadline.** An excess contribution may be corrected by withdrawing the excess amount, along with the earnings attributable to the excess, before your tax filing deadline, including extensions, for the year for which the excess contribution was made. An excess withdrawn under this method is not taxable to you, but you must include the earnings attributable to the excess in your taxable income in the year in which the contribution was made. The six percent excess contribution penalty tax will be avoided.

2. **Removal After Your Tax Filing Deadline.** If you are correcting an excess contribution after your tax filing deadline, including extensions, remove only the amount of the excess contribution. The six percent excess contribution penalty tax will be imposed on the excess contribution for each year it remains in the IRA. An excess withdrawal under this method will only be taxable to you if the total contributions made in the year of the excess exceed the annual applicable contribution limit.
3. **Carry Forward to a Subsequent Year.** If you do not withdraw the excess contribution, you may carry forward the contribution for a subsequent tax year. To do so, you under-contribute for that tax year and carry the excess contribution amount forward to that year on your tax return. The six percent excess contribution penalty tax will be imposed on the excess amount for each year that it remains as an excess contribution at the end of the year.

You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

E. **Tax-Deferred Earnings –** The investment earnings of your IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

F. **Nondeductible Contributions –** You may make nondeductible contributions to your IRA to the extent that deductible contributions are not allowed. The sum of your deductible and nondeductible IRA contributions cannot exceed your contribution limit (the lesser of the allowable contribution limit described previously, or 100 percent of compensation). You may elect to treat deductible IRA contributions as nondeductible contributions.

If you make nondeductible contributions for a particular tax year, you must report the amount of the nondeductible contribution along with your income tax return using IRS Form 8606. Failure to file IRS Form 8606 will result in a $50 per failure penalty.

If you overstate the amount of designated nondeductible contributions for any taxable year, you are subject to a $100 penalty unless reasonable cause for the overstatement can be shown.

G. **Taxation of Distributions –** The taxation of IRA distributions depends on whether or not you have ever made nondeductible IRA contributions. If you have only made deductible contributions, all IRA distribution amounts will be included in income.

If you have ever made nondeductible contributions to any IRA, the following formula must be used to determine the amount of any IRA distribution excluded from income.

$$\frac{\text{(Aggregate Nondeductible Contributions)} \times \text{(Amount Withdrawn)}}{\text{Aggregate IRA Balance}} = \text{Amount Excluded From Income}$$

NOTE: Aggregate nondeductible contributions include all nondeductible contributions made by you through the end of the year of the distribution that have not previously been withdrawn and excluded from income. Also note that the aggregate IRA balance includes the total balance of all of your Traditional and SIMPLE IRAs as of the end of the year of distribution and any distributions occurring during the year.

H. **Income Tax Withholding –** Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.

I. **Early Distribution Penalty Tax –** If you receive an IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent will apply to the taxable amount of the distribution unless one of the following exceptions apply. **1) Death.** After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax. **2) Disability.** If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration. **3) Substantially equal periodic payments.** You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½. **4) Unreimbursed medical expenses.** If you take payments to pay for unreimbursed medical expenses that exceed a specified percentage of your adjusted gross income, you will not be subject to the 10 percent early distribution penalty tax. For further detailed information and effective dates you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs),* from the IRS. The medical expenses may be for you, your spouse, or any dependent listed on your tax return. **5) Health insurance premiums.** If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax. **6) Higher education expenses.** Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax. **7) First-time homebuyer.** You may take payments from your IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of $10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution. **8) IRS levy.** Payments from your IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax. **9) Qualified reservist distributions.** If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your IRA during the active duty period are not subject to the 10 percent early distribution penalty tax.

You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes or to claim a penalty tax exception.

J. **Rollovers and Conversions –** Your IRA may be rolled over to another IRA, SIMPLE IRA, or an eligible employer-sponsored retirement plan of yours, may receive rollover contributions, or may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a movement of cash or other property to your IRA from another IRA, or from your employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan. The amount rolled over is not subject to taxation or the additional 10 percent early distribution penalty tax. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion generally is a taxable event. The general rollover and conversion rules are summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

1. **Traditional IRA-to-Traditional IRA Rollovers.** Assets distributed from your Traditional IRA may be rolled over to the same Traditional IRA or another Traditional IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper IRA-to-IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

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You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs),* from the IRS or refer to the IRS website at www.irs.gov.

2. **SIMPLE IRA-to-Traditional IRA Rollovers.** Assets distributed from your SIMPLE IRA may be rolled over to your Traditional IRA without IRS penalty tax provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA-to-Traditional IRA rollovers, the requirements of IRC Sec. 408(d)(3) must be met. A proper SIMPLE IRA-to-IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received.

   You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs),* from the IRS or refer to the IRS website at www.irs.gov.

3. **Employer-Sponsored Retirement Plan-to-Traditional IRA Rollovers.** You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan unless it is a required minimum distribution, hardship distribution, part of a certain series of substantially equal periodic payments, corrective distributions of excess contributions, excess deferrals, excess annual additions and any income allocable to the excess, deemed loan distribution, dividends on employer securities, the cost of life insurance coverage, or a distribution of Roth elective deferrals from a 401(k), 403(b), governmental 457(b), or federal Thrift Savings Plan.

   If you elect to receive your rollover distribution prior to placing it in an IRA, thereby conducting an indirect rollover, your plan administrator generally will be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up out of pocket the amount withheld, and roll over the full amount distributed from your employer-sponsored retirement plan. To qualify as a rollover, your eligible rollover distribution generally must be rolled over to your IRA not later than 60 days after you receive the distribution. In the case of a plan loan offset due to plan termination or severance from employment, the deadline for completing the rollover is your tax return due date (including extensions) for the year in which the offset occurs. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax, and if you are under age 59½, the 10 percent early distribution penalty tax (unless an exception to the penalty applies).

   As an alternative to the indirect rollover, your employer generally must give you the option to directly roll over your employer-sponsored retirement plan balance to an IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the IRA (or other eligible employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.

4. **Beneficiary Rollovers From Employer-Sponsored Retirement Plans.** If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased employer-sponsored retirement plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.

5. **Traditional IRA-to-SIMPLE IRA Rollovers.** Assets distributed from your Traditional IRA may be rolled over to a SIMPLE IRA if the requirements of IRC Sec. 408(d)(3) are met and two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. A proper Traditional IRA-to-SIMPLE IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

   You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs),* from the IRS or refer to the IRS website at www.irs.gov.

6. **Traditional IRA-to-Employer-Sponsored Retirement Plan Rollovers.** You may roll over, directly or indirectly, any taxable eligible rollover distribution from an IRA to your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan as long as the employer-sponsored retirement plan accepts such rollover contributions.

7. **Traditional IRA-to-Roth IRA Conversions.** If you convert to a Roth IRA, the amount of the conversion from your Traditional IRA to your Roth IRA will be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty tax. If you are age 70½ or older you must remove your required minimum distribution before converting your Traditional IRA.

8. **Qualified HSA Funding Distribution.** If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free qualified HSA funding distribution from your IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans.*

9. **Rollovers of Settlement Payments From Bankrupt Airlines.** If you are a qualified airline employee who has received a qualified airline settlement payment from a commercial airline carrier under the approval of an order of a federal bankruptcy court, you are allowed to roll over up to 90 percent of the proceeds into your Traditional IRA within 180 days after receipt of such amount, or by a later date if extended by federal law. If you make such a rollover contribution, you may exclude the amount rolled over from your gross income in the taxable year in which the airline settlement payment was paid to you. For further detailed information and effective dates you may obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs),* from the IRS or refer to the IRS website at www.irs.gov.

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10. **Rollovers of Exxon Valdez Settlement Payments.** If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to $100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.
11. **Rollover of IRS Levy.** If you receive a refund of eligible retirement plan assets that had been wrongfully levied, you may roll over the amount returned up until your tax return due date (not including extensions) for the year in which the money was returned.
12. **Written Election.** At the time you make a rollover to an IRA, you must designate in writing to the trustee your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

K. **Transfer Due to Divorce –** If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another.

L. **Recharacterizations –** If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. For tax years beginning before January 1, 2018, if you have converted from a Traditional IRA to a Roth IRA you may recharacterize the conversion along with net income attributable back to a Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year for which the original contribution was made or conversion completed. However, effective for tax years beginning after December 31, 2017, you may not recharacterize a Roth IRA conversion.

LIMITATIONS AND RESTRICTIONS

A. **SEP Plans –** Under a simplified employee pension (SEP) plan that meets the requirements of IRC Sec. 408(k), your employer may make contributions to your IRA. Your employer is required to provide you with information that describes the terms of your employer's SEP plan.

B. **Spousal IRA –** If you are married and have compensation, you may contribute to an IRA established for the benefit of your spouse for any year prior to the year your spouse turns age 70½, regardless of whether or not your spouse has compensation. You may make these spousal contributions even if you are age 70½ or older. You must file a joint income tax return for the year for which the contribution is made.

The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100 percent of your combined eligible compensation or $11,000 for 2017 and 2018. This amount may be increased with cost-of-living adjustments each year. However, you may not contribute more than the individual contribution limit to each IRA.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's IRA. The maximum additional contribution is $1,000 per year.

C. **Deduction of Rollovers and Transfers –** A deduction is not allowed for rollover or transfer contributions.

D. **Gift Tax –** Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.

E. **Special Tax Treatment –** Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to IRA distributions.

F. **Prohibited Transactions –** If you or your beneficiary engage in a prohibited transaction with your IRA, as described in IRC Sec. 4975, your IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your IRA. (1) Taking a loan from your IRA (2) Buying property for personal use (present or future) with IRA assets (3) Receiving certain bonuses or premiums because of your IRA.

G. **Pledging –** If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

OTHER

A. **IRS Plan Approval –** Articles I through VII of the agreement used to establish this IRA have been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

B. **Additional Information –** For further information on IRAs, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs),* or Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs),* by calling 800-TAX-FORM, or by visiting www.irs.gov on the Internet.

C. **Important Information About Procedures for Opening a New Account –** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. Therefore, when you open an IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

D. **Qualified Reservist Distributions –** If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your IRA or retirement plan, you may recontribute those amounts to an IRA generally within a two-year period from your date of return.

E. **Qualified Charitable Distributions –** If you are age 70½ or older, you may take tax-free IRA distributions of up to $100,000 per year and have these distributions paid directly to certain charitable organizations. Special tax rules may apply. For further detailed information you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs),* from the IRS or refer to the IRS website at www.irs.gov.

F. **Disaster Related Relief –** If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, certain IRS designated disasters), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your IRA. Qualified disaster relief may include penalty-tax free early distributions made during specified timeframes for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more. For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related IRA transactions, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs),* from the IRS or refer to the IRS website at www.irs.gov.

IRA FINANCIAL DISCLOSURE

The term IRA will be used below to mean Traditional IRA, Roth IRA, and SIMPLE IRA, unless otherwise specified.

The financial organization should complete the financial disclosure using Method I, Method II, or Method III. *If the growth of the IRA can reasonably be projected, use either Method I or Method II. The account values projected using Method I or Method II must be reduced by all applicable fees and penalties. If annual fees are assessed, such as an annual service fee, use Method II. If no projection of growth of the IRA can reasonably be shown, use Method III.*

METHOD I Growth can be projected *(Do not use Method I if an annual fee is charged. Instead, use Method II for financial projections.)*

Your Age on Your Birth Date This Year _________ Length of Time Deposit *(If applicable)* ________________________

The charts below give projections of the value of your IRA by showing the amount available at the end of each year. These projections assume an interest rate of .25%, compounded annually. If you have invested your IRA in a time deposit, a loss-of-earnings penalty may be charged against a withdrawal before maturity. A transaction fee may also apply to your IRA.

The Regular Contribution chart assumes that an annual contribution of $1,000 is made on the first day of each year. The Rollover, Transfer, or Conversion* chart assumes that a one-time deposit of $1,000 is made on the first day of the first year.

Indicate the projected account value for each of the years, taking into consideration any applicable loss of earnings penalty or other fees assessed if the IRA owner received a distribution at the end of the year for which the projection is being made. First, circle the year-end projected IRA value that is applicable for each of the first five years. Next, circle the applicable IRA value for the years in which the IRA owner will attain ages 60, 65, and 70.

REGULAR CONTRIBUTION

FINANCIAL PROJECTIONS WITH .25% RATE OF INTEREST					
NO. YRS	ACCOUNT VALUE	1 MO. PENALTY	3 MO. PENALTY	6 MO. PENALTY	AMT. AFTER FEES AND PENALTIES
1	$1,002.50	$1,002.29	$1,001.87	$1,001.25	
2	2,007.51	2,007.09	2,006.25	2,005.00	
3	3,015.03	3,014.40	3,013.14	3,011.26	
4	4,025.06	4,024.22	4,022.55	4,020.03	
5	5,037.63	5,036.58	5,034.48	5,031.33	
6	6,052.72	6,051.46	6,048.94	6,045.15	
7	7,070.35	7,068.88	7,065.93	7,061.51	
8	8,090.53	8,088.84	8,085.47	8,080.41	
9	9,113.25	9,111.35	9,107.56	9,101.86	
10	10,138.54	10,136.42	10,132.20	10,125.86	
11	11,166.38	11,164.06	11,159.40	11,152.42	
12	12,196.80	12,194.26	12,189.18	12,181.55	
13	13,229.79	13,227.03	13,221.52	13,213.25	
14	14,265.37	14,262.39	14,256.45	14,247.53	
15	15,303.53	15,300.34	15,293.96	15,284.40	
16	16,344.29	16,340.88	16,334.07	16,323.86	
17	17,387.65	17,384.03	17,376.78	17,365.91	
18	18,433.62	18,429.78	18,422.10	18,410.58	
19	19,482.20	19,478.14	19,470.02	19,457.85	
20	20,533.41	20,529.13	20,520.57	20,507.74	
21	21,587.24	21,582.74	21,573.75	21,560.26	
22	22,643.71	22,638.99	22,629.56	22,615.40	
23	23,702.82	23,697.88	23,688.00	23,673.19	
24	24,764.57	24,759.42	24,749.10	24,733.62	
25	25,828.99	25,823.61	25,812.84	25,796.70	
26	26,896.06	26,890.46	26,879.25	26,862.44	
27	27,965.80	27,959.97	27,948.32	27,930.84	
28	29,038.21	29,032.16	29,020.06	29,001.92	
29	30,113.31	30,107.04	30,094.49	30,075.67	
30	31,191.09	31,184.59	31,171.60	31,152.10	
31	32,271.57	32,264.85	32,251.40	32,231.23	
32	33,354.75	33,347.80	33,333.90	33,313.06	
33	34,440.64	34,433.46	34,419.11	34,397.58	
34	35,529.24	35,521.84	35,507.03	35,484.83	
35	36,620.56	36,612.93	36,597.67	36,574.78	
36	37,714.61	37,706.75	37,691.04	37,667.47	
37	38,811.40	38,803.31	38,787.14	38,762.88	
38	39,910.93	39,902.61	39,885.98	39,861.04	
39	41,013.20	41,004.66	40,987.57	40,961.94	
40	42,118.24	42,109.46	42,091.91	42,065.59	
41	43,226.03	43,217.03	43,199.02	43,172.00	
42	44,336.60	44,327.36	44,308.89	44,281.18	
43	45,449.94	45,440.47	45,421.53	45,393.13	
44	46,566.06	46,556.36	46,536.96	46,507.86	
45	47,684.98	47,675.04	47,655.18	47,625.37	
46	48,806.69	48,796.52	48,776.19	48,745.68	
47	49,931.21	49,920.81	49,900.00	49,868.79	
48	51,058.54	51,047.90	51,026.62	50,994.71	
49	52,188.68	52,177.81	52,156.06	52,123.45	
50	53,321.65	53,310.55	53,288.33	53,255.00	
51	54,457.46	54,446.11	54,423.42	54,389.39	
52	55,596.10	55,584.52	55,561.35	55,526.61	
53	56,737.59	56,725.77	56,702.13	56,666.67	
54	57,881.94	57,869.88	57,845.76	57,809.58	
55	59,029.14	59,016.84	58,992.25	58,955.35	
56	60,179.21	60,166.68	60,141.60	60,103.99	
57	61,332.16	61,319.38	61,293.83	61,255.50	
58	62,487.99	62,474.97	62,448.94	62,409.88	
59	63,646.71	63,633.45	63,606.93	63,567.15	
60	64,808.33	64,794.83	64,767.82	64,727.32	
61	65,972.85	65,959.11	65,931.62	65,890.38	
62	67,140.28	67,126.29	67,098.32	67,056.36	

ROLLOVER, TRANSFER, OR CONVERSION*

FINANCIAL PROJECTIONS WITH .25% RATE OF INTEREST					
NO. YRS	ACCOUNT VALUE	1 MO. PENALTY	3 MO. PENALTY	6 MO. PENALTY	AMT. AFTER FEES AND PENALTIES
1	$1,002.50	$1,002.29	$1,001.87	$1,001.25	
2	1,005.01	1,004.80	1,004.38	1,003.75	
3	1,007.52	1,007.31	1,006.89	1,006.26	
4	1,010.04	1,009.83	1,009.41	1,008.78	
5	1,012.56	1,012.35	1,011.93	1,011.30	
6	1,015.09	1,014.88	1,014.46	1,013.83	
7	1,017.63	1,017.42	1,017.00	1,016.36	
8	1,020.18	1,019.96	1,019.54	1,018.90	
9	1,022.73	1,022.51	1,022.09	1,021.45	
10	1,025.28	1,025.07	1,024.64	1,024.00	
11	1,027.85	1,027.63	1,027.20	1,026.56	
12	1,030.42	1,030.20	1,029.77	1,029.13	
13	1,032.99	1,032.78	1,032.35	1,031.70	
14	1,035.57	1,035.36	1,034.93	1,034.28	
15	1,038.16	1,037.95	1,037.51	1,036.87	
16	1,040.76	1,040.54	1,040.11	1,039.46	
17	1,043.36	1,043.14	1,042.71	1,042.06	
18	1,045.97	1,045.75	1,045.32	1,044.66	
19	1,048.58	1,048.37	1,047.93	1,047.27	
20	1,051.21	1,050.99	1,050.55	1,049.89	
21	1,053.83	1,053.61	1,053.17	1,052.52	
22	1,056.47	1,056.25	1,055.81	1,055.15	
23	1,059.11	1,058.89	1,058.45	1,057.79	
24	1,061.76	1,061.54	1,061.09	1,060.43	
25	1,064.41	1,064.19	1,063.75	1,063.08	
26	1,067.07	1,066.85	1,066.41	1,065.74	
27	1,069.74	1,069.52	1,069.07	1,068.40	
28	1,072.41	1,072.19	1,071.74	1,071.07	
29	1,075.10	1,074.87	1,074.42	1,073.75	
30	1,077.78	1,077.56	1,077.11	1,076.44	
31	1,080.48	1,080.25	1,079.80	1,079.13	
32	1,083.18	1,082.95	1,082.50	1,081.82	
33	1,085.89	1,085.66	1,085.21	1,084.53	
34	1,088.60	1,088.37	1,087.92	1,087.24	
35	1,091.32	1,091.10	1,090.64	1,089.96	
36	1,094.05	1,093.82	1,093.37	1,092.68	
37	1,096.79	1,096.56	1,096.10	1,095.42	
38	1,099.53	1,099.30	1,098.84	1,098.15	
39	1,102.28	1,102.05	1,101.59	1,100.90	
40	1,105.03	1,104.80	1,104.34	1,103.65	
41	1,107.80	1,107.56	1,107.10	1,106.41	
42	1,110.57	1,110.33	1,109.87	1,109.18	
43	1,113.34	1,113.11	1,112.65	1,111.95	
44	1,116.12	1,115.89	1,115.43	1,114.73	
45	1,118.92	1,118.68	1,118.22	1,117.52	
46	1,121.71	1,121.48	1,121.01	1,120.31	
47	1,124.52	1,124.28	1,123.81	1,123.11	
48	1,127.33	1,127.09	1,126.62	1,125.92	
49	1,130.15	1,129.91	1,129.44	1,128.73	
50	1,132.97	1,132.74	1,132.26	1,131.56	
51	1,135.80	1,135.57	1,135.09	1,134.38	
52	1,138.64	1,138.41	1,137.93	1,137.22	
53	1,141.49	1,141.25	1,140.78	1,140.06	
54	1,144.34	1,144.11	1,143.63	1,142.91	
55	1,147.20	1,146.97	1,146.49	1,145.77	
56	1,150.07	1,149.83	1,149.35	1,148.64	
57	1,152.95	1,152.71	1,152.23	1,151.51	
58	1,155.83	1,155.59	1,155.11	1,154.39	
59	1,158.72	1,158.48	1,158.00	1,157.27	
60	1,161.62	1,161.37	1,160.89	1,160.16	
61	1,164.52	1,164.28	1,163.79	1,163.07	
62	1,167.43	1,167.19	1,166.70	1,165.97	

*Conversion applies to Roth IRAs only

ADDITIONAL FINANCIAL DISCLOSURE INFORMATION

The account values shown are projections based on many assumptions. They are not guaranteed, but depend upon many factors, including the interest rates and terms of future funding instruments.

We may charge you fees in connection with your IRA. If we do not charge these fees now, we may do so in the future after giving you notice. If you do not pay these fees separately, they may be paid from the assets of your IRA.

CURRENT FEES

____________________ $______________

____________________ $______________

____________________ $______________

____________________ $______________

____________________ $______________

____________________ $______________

METHOD II Growth can be projected

The financial projections below show the amount that would be available if you were to withdraw your IRA assets at the indicated times. These projections are based on the following assumptions.

CONTRIBUTION *(Select one)*

☐ **Regular.** An annual $1,000 deposit is made on the first day of each year.

☐ **Rollover, Transfer, or Conversion.*** A one-time $1,000 deposit is made on the first day of the first year.

Your Age on Your Birth Date in Contribution Year ___________________

Investment Instrument____

Length of Time Deposit ____

Rate of Interest____ %

Compounding Method ____

FINANCIAL PROJECTIONS

Number of Years in IRA Program	Total Accumulation of IRA Dollars	Amount After Fees and Penalties
1 Year	$ _______________	$ ________________
2 Years	$ _______________	$ ________________
3 Years	$ _______________	$ ________________
4 Years	$ _______________	$ ________________
5 Years	$ _______________	$ ________________

End of the Year You Reach Age	Total Accumulation of IRA Dollars	Amount After Fees and Penalties
60	$ _______________	$ ________________
65	$ _______________	$ ________________
70	$ _______________	$ ________________

ADDITIONAL FINANCIAL DISCLOSURE INFORMATION

The account values shown are projections based on many assumptions. These projections have been reduced by any applicable fees. They are not guaranteed, but depend upon many factors, including the interest rates and terms of future funding instruments.

We may charge you an annual service fee or other fees in connection with your IRA. If we do not charge these fees now, we may do so in the future after giving you notice. If you do not pay these fees separately, they may be paid from the assets of your IRA.

CURRENT FEES

_________________________________ $ ___________________

_________________________________ $ ___________________

_________________________________ $ ___________________

_________________________________ $ ___________________

_________________________________ $ ___________________

_________________________________ $ ___________________

METHOD III Growth cannot be projected

The value of your IRA will be dependent solely upon the performance of any investment instrument used to fund your IRA. Therefore, no projection of the growth of your IRA can reasonably be shown or guaranteed.

Terms and conditions of the IRA that affect your investment are listed below.

INVESTMENT OPTIONS

Your IRA will be invested in products that we offer directly or those we offer through a relationship with a registered securities broker-dealer.

FEES

There are certain fees and charges connected with your IRA investments. These fees and charges may include the following.

- Sales Commissions
- Investment Management Fees
- Distribution Fees
- Set Up Fees
- Annual Maintenance Fees
- Surrender or Termination Fees

To find out what fees apply, refer to the investment prospectus or contract.

There may be certain fees and charges connected with the IRA itself. *(Select and complete as applicable.)*

☐ Annual Service Fee $ _____________________________

☐ Transfer Fee $ _____________________________

☐ Rollover Fee $ _____________________________

☐ Termination Fee $ _____________________________

☐ Other *(Explain)* _____________________________

____

We reserve the right to change any of the above fees after notice to you, as provided in your IRA agreement.

EARNINGS

The method for computing and allocating annual earnings (e.g., interest, dividends) on your IRA will differ based on the nature and issuer of the investments chosen. Refer to the investment prospectus or contract for the methods used for computing and allocating annual earnings.

OTHER

Other terms or conditions that apply to your IRA include the following.

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*Conversion applies to Roth IRAs only

IRA*direct*® Financial Disclosure

ABC FINANCIAL ORGANIZATION

FINANCIAL DISCLOSURE

This page contains projections of the future value of your IRA based on these assumptions:

1. The investment terms and fees described below remain the same throughout the projection period.
2. You withdraw the entire IRA at the end of the accumulation period.
3. The single contribution column assumes that $1,000 was contributed at the beginning of the year (the 1st year).
4. The annual contribution column assumes that $1,000 was contributed at the beginning of each year starting this year (the 1st year).

The three columns below list the projected values at the end of each year. To find the value at the end of a particular year, locate the years in the accumulated period chart. Then go left to get the single contribution value, right to get the annual contribution value. Use the chart at the right to find the accumulation period until the end of the year you reach age 60, 65, or 70. These are only projections, not guaranteed amounts. The future value of your IRA will depend on many factors.

ACCUMULATED PERIOD CHART

SINGLE CONTRIBUTION VALUE	YEARS	ANNUAL CONTRIBUTION VALUE	SINGLE CONTRIBUTION VALUE	YEARS	ANNUAL CONTRIBUTION VALUE
1,010	1	1,010	1,308	27	31,129
1,020	2	2,030	1,321	28	32,450
1,030	3	3,060	1,335	29	33,785
1,041	4	4,101	1,348	30	35,133
1,051	5	5,152	1,361	31	36,494
1,062	6	6,214	1,375	32	37,869
1,072	7	7,286	1,389	33	39,258
1,083	8	8,369	1,403	34	40,660
1,094	9	9,462	1,417	35	42,077
1,105	10	10,567	1,431	36	43,508
1,116	11	11,683	1,445	37	44,953
1,127	12	12,809	1,460	38	46,412
1,138	13	13,947	1,474	39	47,886
1,149	14	15,097	1,489	40	49,375
1,161	15	16,258	1,504	41	50,879
1,173	16	17,430	1,519	42	52,398
1,184	17	18,615	1,534	43	53,932
1,196	18	19,811	1,549	44	55,481
1,208	19	21,019	1,565	45	57,046
1,220	20	22,239	1,580	46	58,626
1,232	21	23,472	1,596	47	60,223
1,245	22	24,716	1,612	48	61,835
1,257	23	25,973	1,628	49	63,463
1,270	24	27,243	1,645	50	65,108
1,282	25	28,526	1,661	51	66,769
1,295	26	29,821	1,678	52	68,447

NOMINAL EARNINGS RATE	1.0000	WITHDRAWAL PENALTY (DAYS)	0
CALCULATION METHOD	Compound	ENROLLMENT FEE	.00
COMPOUNDING FREQUENCY	Quarterly	ANNUAL FEE	.00
EFFECTIVE ANNUAL YIELD	1.0038	WDL/TERM FEE	.00
TERM IN	Days		
NUMBER OF **DAYS**	365		

Years Until You Reach

AGE NOW	60	65	70
69			1
68			2
67			3
66			4
65			5
64		1	6
63		2	7
62		3	8
61		4	9
60		5	10
59	1	6	11
58	2	7	12
57	3	8	13
56	4	9	14
55	5	10	15
54	6	11	16
53	7	12	17
52	8	13	18
51	9	14	19
50	10	15	20
49	11	16	21
48	12	17	22
47	13	18	23
46	14	19	24
45	15	20	25
44	16	21	26
43	17	22	27
42	18	23	28
41	19	24	29
40	20	25	30
39	21	26	31
38	22	27	32
37	23	28	33
36	24	29	34
35	25	30	35
34	26	31	36
33	27	32	37
32	28	33	38
31	29	34	39
30	30	35	40
29	31	36	41
28	32	37	42
27	33	38	43
26	34	39	44
25	35	40	45
24	36	41	46
23	37	42	47
22	38	43	48
21	39	44	49
20	40	45	50
19	41	46	51
18	42	47	52

Sources of Income – Page 10

Sources of Income	
Earned Income	**Not Earned Income**
• Wages • Salaries • Tips • Bonuses • Commissions • Professional fees • Combat pay	• Taxable alimony* • Interest • Royalties** • Dividends • Rental income • Unemployment compensation • Disability pay • Child support • Separation & early retirement • AFDC & TANF*** • Social Security

* Alimony is no longer considered earned income for IRA contribution purposes. This applies to any divorce and separation instrument executed or modified after December 31, 2018.

** Whether royalties are considered earned income is dependent on several factors. IRA owners with questions should seek competent tax advice.

*** Aid to Families with Dependent Children and Temporary Aid for Needy Families

Roth Regular IRA Contributions MAGI Limits – Page 11

2019 MAGI Limits for Regular Roth IRA Contributions*			
Filing Status	**MAGI for Full Contribution**	**MAGI for Partial Contribution**	**Ineligible for Roth Contribution**
Single	Up to $122,000	$122,000 up to $137,000	Over $137,000
Married, filing jointly	Up to $193,000	$193,000 up to $203,000	Over $203,000
Married, filing separately**	N/A	$0 up to $10,000	Over $10,000

* The MAGI limits may be subject to annual cost-of-living adjustments (COLAs), which generally are released in the fourth quarter for the following year.

** IRA owners that do not live with a spouse at any time during the year are considered a single filer for determining Roth IRA eligibility.

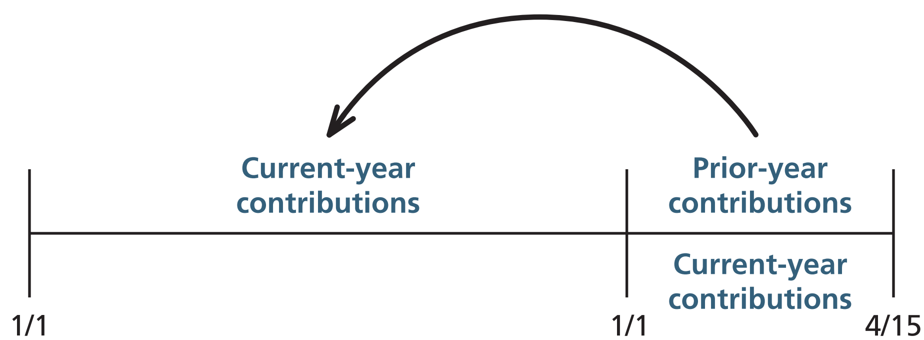
Regular IRA Contribution Limit – Page 13

Traditional and Roth IRA Aggregate Regular Contribution Limit		
Tax Year	**Regular Contribution Limit***	**Additional Catch-up Contribution for IRA owners Age 50 and Older****
2019	$6,000	$1,000 ($7,000 total)

* The regular contribution limit may be subject to COLAs, which generally are released in the fourth quarter for the following year.

** The catch-up contribution limit will remain at $1,000 each year unless there is a tax law change.

Regular Contribution Deadline – Page 14



State Income Tax Withholding – Page 19

State Income Tax Withholding Guide for IRA Distributions

This guide provides general information about state withholding requirements for IRA distributions. It is not intended to provide a complete overview of state withholding rules and regulations. The information in this guide was obtained from state revenue authorities, and every effort has been made to ensure its accuracy. Because state tax laws are subject to constant change, often without prior notice, the accuracy of the information cannot be guaranteed beyond the revision date of this guide.

General Rules

In most cases, state withholding applies to state residents only. In Maine, Massachusetts, Montana, Nebraska, Oregon, and Wisconsin, state withholding also applies to individuals required to file a state tax return in that state.

If a state withholding election is not made and state withholding is required, state tax will be withheld.

A state withholding election may be changed at any time, applicable to payments made after the change.

State-Specific Rules

ARKANSAS. IRA distributions are subject to state withholding at 3.0% of the gross payment unless the IRA owner elects no state withholding.

CALIFORNIA. IRA distributions are subject to state withholding at 1.0% of the gross payment unless the IRA owner elects no state withholding.

CONNECTICUT. Taxable lump-sum IRA distributions are subject to mandatory state withholding at 6.99% of the gross payment. Any other taxable distribution from an IRA is subject to state withholding at 6.99% of the gross payment, unless the IRA owner furnishes the financial organization with a completed Form CT-W4P. Form CT-W4P may be obtained from the Connecticut Department of Revenue Services.

DISTRICT OF COLUMBIA. Lump-sum IRA distributions are subject to mandatory state withholding at 8.95% of the gross payment, except for any after-tax amount in a lump-sum distribution or a trustee-to-trustee transfer between IRAs.

IOWA. IRA distributions are subject to state withholding at 5.0% of the gross payment if federal income taxes are withheld from the payment.

KANSAS. IRA distributions are subject to state withholding at 5.0% of the gross payment if federal income taxes are withheld from the payment or if the IRA owner requests state withholding in writing.

LOUISIANA. IRA distributions are subject to state withholding only when the IRA owner elects state withholding and specifies a percentage not to exceed 4.8% of the gross payment.

MAINE. IRA distributions are subject to state withholding at 5.0% of the gross payment if federal income taxes are withheld from that payment.

MASSACHUSETTS. IRA distributions are subject to state withholding at 5.05% of the gross payment if federal income taxes are withheld from the payment. (EXCEPTION: A payment is not subject to state withholding if it is excluded from taxation under Massachusetts law.)

MICHIGAN. Any taxable distribution from an IRA received by an IRA owner or beneficiary born after December 31, 1945, is subject to state withholding at 4.25% of the gross payment, unless the IRA owner provides the financial organization with a completed Form MI W-4P. Withholding also applies to any taxable distributions received by an IRA owner or beneficiary born before 1946 that exceeds certain income thresholds. Withholding is not required on qualified distributions from Roth IRAs. Form MI W-4P may be obtained from the Michigan Department of Treasury.

MONTANA. IRA distributions are subject to state withholding when an IRA owner elects state withholding and specifies an amount. If state withholding is elected, the financial organization is not required to withhold the amount specified if it would result in a net payment of less than $10.

NEBRASKA. IRA distributions are subject to state withholding at 5.0% of the gross payment if federal income taxes are withheld from the payment or if the IRA owner requests state withholding in writing.

NEW JERSEY. IRA distributions are subject to state withholding when an IRA owner elects state withholding and specifies an amount. The IRA owner must specify an even dollar amount. If state withholding is elected, the financial organization is not required to withhold the amount specified if the withheld amount would be less than $10 (per payment).

NORTH CAROLINA. IRA distributions are subject to state withholding at 4.0% of the gross payment unless the IRA owner furnishes the financial organization with a completed Form NC-4P. Form NC-4P may be obtained from the North Carolina Department of Revenue.

OKLAHOMA. IRA distributions are subject to state withholding at 5.0% of the gross payment if federal income taxes are withheld from the payment or if the IRA owner requests state withholding in writing.

OREGON. IRA distributions are subject to state withholding at 8.0% of the gross payment unless the IRA owner elects no state withholding.

VERMONT. IRA distributions are subject to state withholding at 3.0% of the gross payment if federal income taxes are withheld from the payment or if the IRA owner requests state withholding in writing.

WISCONSIN. IRA distributions are subject to state withholding when an IRA owner elects state withholding and specifies an amount. If state withholding is elected, the financial organization is not required to withhold the amount specified if the withheld amount would be less than $5 (per payment).

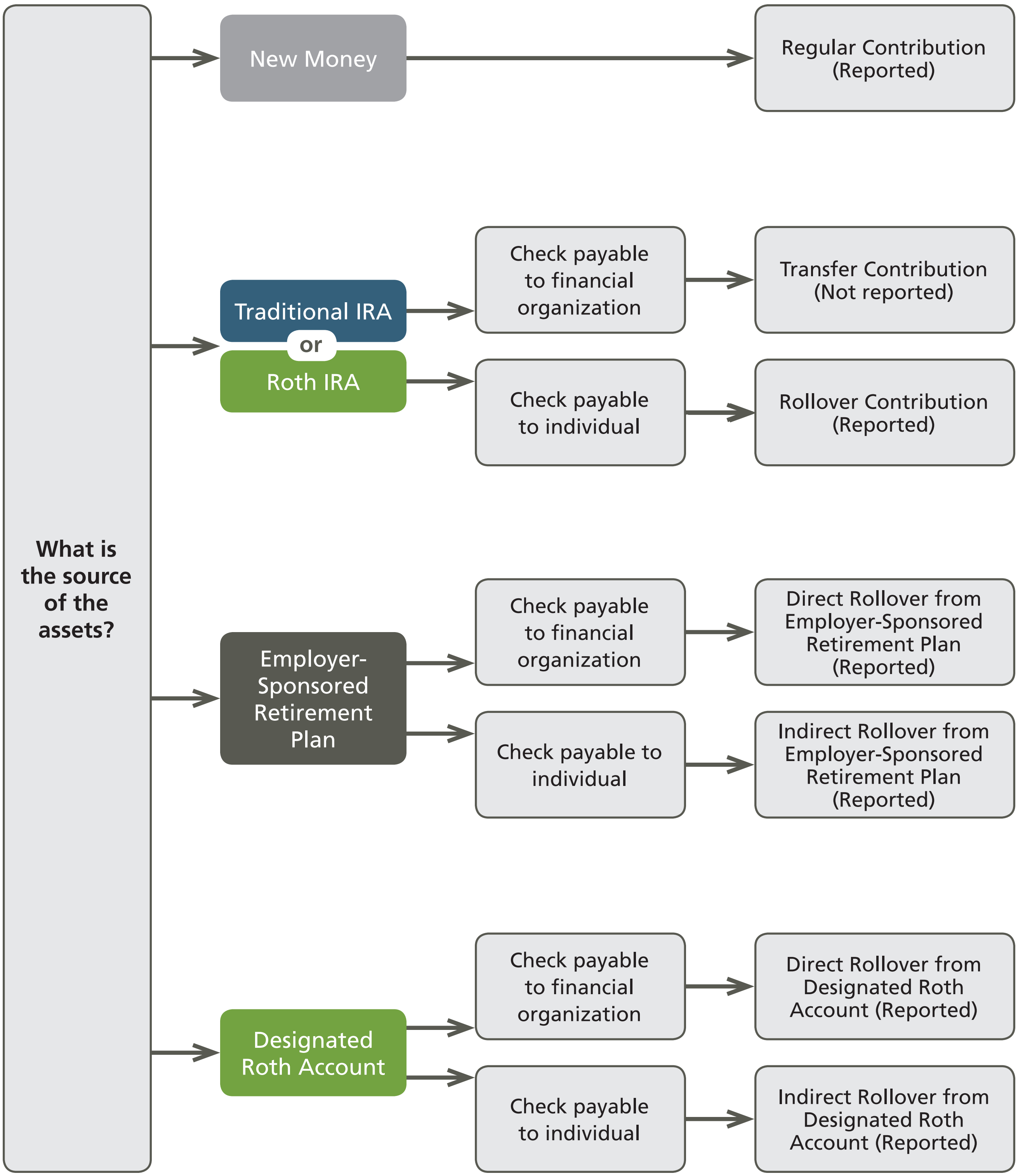
317-SU (Rev. 4/2019)

Exceptions to the Early Distribution Penalty Tax – Page 21

Traditional and Roth IRAs: 10% Early Distribution Penalty Tax Exceptions		
	Penalty Tax Exception	**Definition** A more complete definition can be found in IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*
	Age 59½*	*The IRA owner is 59½ six months after the date of her 59th birthday.*
	Death*	*Financial organizations should request a certified copy of the death certificate.*
	Disability*	*When using the disability code, financial organizations should ask for proof of disability (e.g., Schedule R,* Credit for the Elderly or Disabled, *or a physician's statement).*
	IRS levy*	*Distributions made because of IRS levies are not subject to this penalty tax.*
	Substantially equal periodic payments*	*The series of substantially equal periodic payments must be made at least annually over the IRA owner's life expectancy (or joint life expectancy with a beneficiary).*
	Medical expenses	*Unreimbursed medical expenses must exceed 10 percent of adjusted gross income (AGI).*
	Health insurance premiums following unemployment	*The IRA owner must have received unemployment compensation for at least 12 consecutive weeks.*
	First-time homebuyer expenses	*The homebuyer cannot have had ownership in a principal residence for two years, ending on the acquisition date.*
	Higher education expenses	*Higher education expenses consist of tuition, books, fees, supplies, equipment, and possibly room and board.*
	Qualified reservist distributions	*Certain qualified reservists may take penalty-free IRA distributions.*

* Financial organizations should obtain proof of penalty tax exception.

Determining the Transaction Type



Transfer and Rollover Chart

Type of transaction	Source of assets	Deposited into	IRA owner access	60-day rule applies	One-per-12-month rule applies
Transfer	Traditional IRA	Traditional IRA	No	No	No
	Roth IRA	Roth IRA	No	No	No
Rollover	Traditional IRA	Traditional IRA	Yes	Yes	Yes
	Roth IRA	Roth IRA	Yes	Yes	Yes
Direct Rollover	Employer-sponsored retirement plan	Traditional IRA or Roth IRA	No	No	No
	Designated Roth account	Roth IRA	No	No	No
Indirect Rollover	Employer-sponsored retirement plan	Traditional IRA or Roth IRA	Yes	Yes	No
	Designated Roth account	Roth IRA	Yes	Yes	No