

TRADITIONAL IRA DISCLOSURE STATEMENT

Right to Revoke Your IRA. With some exceptions, you have the right to revoke this individual retirement account (IRA) within seven days of receiving this Disclosure Statement. If you revoke your IRA, we will return your entire IRA contribution without any adjustment for items such as sales commissions, administrative expenses, or fluctuation in market value. Exceptions to your right of revocation include that you may not revoke an IRA established with a recharacterized contribution, nor do you have the right to revoke upon amendment of this agreement.

You may revoke your IRA by providing us with written notice. The revocation notice may be mailed by first-class mail, or hand delivered to us. If your notice is mailed by first-class, postage pre-paid mail, the revocation will be deemed mailed on the date of the postmark.

If you have any questions or concerns regarding the revocation of your IRA, please call or write to us. Our telephone number, address, and contact name, to be used for communications, can be found on the application that accompanies this Disclosure Statement and Internal Revenue Service (IRS) Forms 5305 series agreement.

This Disclosure Statement. This Disclosure Statement provides you, and your beneficiaries after your death, with a summary of the rules and regulations governing this IRA.

Definitions. The IRS Forms 5305 series agreement for traditional IRAs contains a definitions section. The definitions found in such section apply to this agreement. The IRS refers to you as the depositor, and us as the custodian. References to "you," "your," and "IRA owner" will mean the depositor, and "we," "us," and "our" will mean the custodian. The terms "you" and "your" will apply to you. In the event you appoint a third party, or have a third party appointed on your behalf to handle certain transactions affecting your IRA, such third party will be considered your agent and, therefore, "you" for purposes of this agreement. Additionally, references to "IRA" and "traditional IRA" will mean the custodial account and include an IRA indicated to be a SEP IRA.

For Additional Guidance. It is in your best interest to seek the guidance of a tax or legal professional before completing any IRA establishment documents. For more information, you can also refer to IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, instructions to your federal income tax return, or the IRS' website at www.irs.gov.

IRA Restrictions and Approval.

- 1. IRS Form 5305 or 5305-A Agreement.** This Disclosure Statement and the IRS Forms 5305 series agreement, amendments, application, and additional provisions set forth the terms and conditions governing your traditional IRA. Such documents are the agreement.
- 2. Individual/Beneficiary Benefit.** This IRA must be for the exclusive benefit of you, and upon your death, your beneficiaries. The IRA must be established in your name and not in the name of your beneficiary, living trust, or another party or entity.
- 3. Beneficiary Designation.** By completing the appropriate section on the corresponding IRA application you may designate any person(s) as your beneficiary to receive your IRA assets upon your death. You may also change or revoke an existing designation in such manner and in accordance with such rules as we prescribe for this purpose. If there is no beneficiary designation on file at the time of your death, or if none of the beneficiaries on file are alive at the time of your death, your IRA assets will be paid to your estate. We may rely on the latest beneficiary designation on file at the time of your death, will be fully protected in doing so, and will have no liability whatsoever to any person making a claim to the IRA assets under a subsequently filed designation or for any other reason.
- 4. Cash Contributions.** Regular or annual IRA contributions must be in cash, which may include a check, money order, or wire transfer.
- 5. IRA Custodian.** An IRA custodian must be a bank, federally insured credit union, savings and loan association, trust company, or other entity, which is approved by the Secretary of the Treasury to act as an IRA custodian.
- 6. Prohibition Against Life Insurance and Commingling.** None of your IRA assets may be invested in life insurance contracts, or commingled with other property, except in a common trust fund or common investment fund.
- 7. Nonforfeatability.** The assets in your IRA are not forfeitable.

- 8. Collectibles.** Generally, none of your IRA assets may be invested in collectibles, including any work of art, rug, or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property. If we allow, you may invest your IRA assets in the following coins and bullion: certain gold, silver, and platinum coins minted by the United States; a coin issued under the laws of any state; and any gold, silver, platinum, and palladium bullion of a certain fineness, and only if such coins and bullion are held by us. For additional guidance on collectibles, see Section 408(m) of the Internal Revenue Code (IRC).
- 9. Cash Rollovers.** You may be eligible to make a rollover contribution to an IRA or certain employer-sponsored eligible retirement plans. Rollovers to and from IRAs and eligible retirement plans are described in greater detail elsewhere in this Disclosure Statement.
- 10. Required Minimum Distribution (RMD) Rules.** Your IRA is subject to the RMD rules summarized in this agreement.
- 11. No Prohibited Transactions.** If you engage in a prohibited transaction, this IRA loses its tax exempt status as of the first day of the year. You must include the fair market value of this IRA as of that first day in your gross income for the year during which the prohibited transaction occurred, and pay all applicable taxes and penalties.
- 12. No Pledging.** If you pledge all or a portion of your IRA as security for a loan, the portion pledged will be treated as a distribution to you, and the taxable portion will be included in gross income, and may be subject to the 10 percent early-distribution penalty tax.
- 13. IRS Approval of Form.** This agreement includes an IRS Forms 5305 series agreement. Articles I through VII of this IRS agreement have been reviewed and approved by the IRS. This approval is not a determination of its merits, and not an endorsement of the investments provided by us, or the operation of the IRA. Article VIII of this IRS agreement contains additional contract provisions that have not been reviewed or approved by the IRS.
- 14. State Laws.** State laws may affect your IRA in certain situations, including deductions, beneficiary designations, agency relationships, spousal consent, unclaimed property, taxes, tax withholding, and reporting.

IRA Eligibility and Contributions.

- 1. Regular or Annual IRA Contribution.** An annual contribution, commonly referred to as a regular contribution, is your contribution for the tax year, and is based on your and/or your spouse's compensation. Your designation of the tax year for your contribution is irrevocable. You may direct all or a portion of any tax refund directly to an IRA, up to your annual contribution limit.
If you are married and file a joint federal income tax return, you and/or your spouse may make a contribution on your behalf for that tax year if you and/or your spouse have compensation. This contribution must be made into your IRA, and it cannot exceed the contribution limits applicable to regular IRA contributions. You may make a regular IRA contribution regardless of your age.
- 2. Compensation for Eligibility.** You are eligible to contribute to your IRA if you have compensation (also referred to as earned income).
Common examples of compensation include wages, salary, tips, bonuses, and other amounts received for providing personal services, and earned income from self-employment. Compensation does not include earnings and profits from property such as dividends, interest, or capital gains, or pension, annuity, or deferred compensation plan amounts.
- 3. Catch-Up Contributions.** Catch-up contributions are regular IRA contributions made in addition to any other regular IRA contributions. You are eligible to make catch-up contributions if you meet the eligibility requirements for regular contributions and you attain age 50 by the end of the taxable year for which a catch-up contribution is being made.
- 4. SEP and SIMPLE IRA Contributions.** Your employer may make simplified employee pension (SEP) plan contributions to this IRA in addition to your own regular IRA contributions. Your employer is responsible for verifying the SEP plan's eligibility requirements and

determining the SEP contribution amount. This IRA cannot accept Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA contributions from your employer.

5. **Maximum Contribution Limits.** Your regular (including catch-up) IRA contributions are limited to the lesser of 100 percent of your and/or your spouse's compensation or the dollar amounts set forth on the following chart.

Contribution Tax Year	Regular Contribution Limit	Catch-Up Contribution Limit	Total Contribution Limit
2022	\$6,000	\$1,000	\$7,000
2023	\$6,500	\$1,000	\$7,500
2024 and later years	\$6,500*	\$1,000*	\$7,500*

* The regular and catch-up IRA contribution limits are subject to annual cost-of-living adjustments, if any.

6. **Contribution Deadline.** You may make regular (including catch-up) IRA contributions any time for a taxable year up to and including your federal income tax return due date, excluding extensions, for that taxable year. The due date for most taxpayers is April 15. The deadline may be extended or postponed in some situations. Examples of postponed contributions include a federally declared disaster, a terrorist or military action, or service in a hazardous duty area or combat zone.
7. **Roth IRA and Traditional IRA Contribution Limit.** Your combined regular (including catch-up) traditional IRA and Roth IRA contributions may not exceed the maximum contribution limit set forth in the previous chart.

Tax Deductions. Tax deductions apply only to your regular (including catch-up) IRA contribution amount, and the deduction may never exceed your maximum regular (including catch-up) contribution amount for the contribution year. Your deduction depends on whether you and your spouse (if applicable) are active participants, and your modified adjusted gross income (MAGI). Your MAGI is your adjusted gross income from your federal income tax return for the contribution year with certain subtractions and additions. For more information on MAGI, see the instructions to your federal income tax return or IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

1. **Active Participant.** You could be an active participant in one of the following employer-sponsored retirement plans:
- a qualified pension, profit sharing, 401(k), money purchase pension, employee stock ownership plan, or stock bonus plan;
 - a SEP plan;
 - a SIMPLE IRA or SIMPLE 401(k) plan;
 - a qualified annuity plan of an employer;
 - a tax-sheltered annuity plan for employees of certain tax-exempt organizations or public schools;
 - a Section 501(c)(18) trust;
 - an H.R. 10 or Keogh plan (for self-employed individuals); or
 - a plan for federal, state, or local government employees or by an agency or instrumentality thereof (other than a section 457(b) plan).

For assistance in determining whether you (or your spouse) are an active participant, see your employer or a tax or legal professional. IRS Form W-2, *Wage and Tax Statement*, as provided by your employer, should indicate whether you are an active participant.

2. **Deduction Limits.** If you are not an active participant, your entire regular contribution to your IRA is generally deductible. Your marital status may affect your deduction amount. If you are an active participant, the amount you can deduct depends on your MAGI for the tax year for which the contribution applies. The following chart shows how your active participant status and tax-filing status and MAGI affect your deduction. If you are an active participant, the greater your MAGI, the lesser the amount you may deduct.

Tax Year	MAGI THRESHOLDS							
	Filing Status							
	Single, Active Participant		Married, Filing Jointly, Active Participant		Married, Filing Separately, Active Participant		Married, Filing Jointly, Not an Active Participant, but Spouse is	
	Low End	High End	Low End	High End	Low End	High End	Low End	High End
2022	\$68,000	\$78,000	\$109,000	\$129,000	\$0	\$10,000	\$204,000	\$214,000
2023	\$73,000	\$83,000	\$116,000	\$136,000	\$0	\$10,000	\$218,000	\$228,000
2024 and later years	\$73,000*	\$83,000*	\$116,000*	\$136,000*	\$0	\$10,000	\$218,000*	\$228,000*

* The MAGI thresholds are subject to annual cost-of-living adjustments, if any.

3. **Deduction Calculation.** If your MAGI is equal to or is less than the applicable Low End number in the chart based on your tax-filing status, then you may deduct your entire regular (including catch-up) IRA contribution. If your MAGI meets or exceeds the High End number, you may not deduct any portion of your contribution. If your MAGI is between the Low End and High End numbers, which is the phaseout range, see your tax or legal professional for assistance in determining your deduction amount. IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and the instructions to your federal income tax return also contain helpful calculation information.
4. **Nondeductible Contributions.** You may make nondeductible contributions to your IRA if you are not able to, or choose not to, deduct your contributions. You report nondeductible contributions to the IRS on IRS Form 8606, *Nondeductible IRAs*, which is attached to your federal income tax return for the year of the contribution. Failure to report nondeductible contributions, or the overstatement of nondeductible contributions, may result in IRS penalties.

Nonrefundable Tax Credit. You may be eligible to take a tax credit for your regular IRA contributions. The credit is equal to a percentage of your qualified contributions up to \$2,000. The credit cannot exceed \$1,000 for any tax year, and is in addition to any deduction that may apply. To be eligible for the tax credit, you must be age 18 or older by the end of the applicable tax year, not a dependent of another taxpayer, not a full-time student, and satisfy certain restrictions on distributions.

Moving Assets To and From IRAs. There are a variety of transactions that allow you to move your retirement assets to and from your IRAs and certain other eligible retirement plans. We have sole discretion on whether we will accept, and how we will process, movements of assets to and from IRAs. We or any other financial organizations involved in the transaction may require documentation for such activities.

1. **IRA-to-IRA Transfers.** You may transfer all or a portion of your traditional IRA assets from one traditional IRA to another traditional IRA. An IRA transfer means that the IRA assets move from one IRA to another IRA in a manner that prevents you from cashing the IRA assets, or even depositing the assets anywhere except in the receiving IRA. Transfers are not taxable or reportable, and the IRS does not impose timing or frequency restrictions on transfers. You may be required to complete a transfer authorization form prior to transferring your IRA assets.
2. **IRA-to-IRA Rollovers.** An IRA rollover is another way to move assets tax-free between IRAs. You may roll over all or a portion of your IRA assets by taking a distribution from an IRA and recontributing it as a rollover contribution into the same or another IRA. A rollover contribution is irrevocable. You must report your IRA rollover to the IRS on your federal income tax return. Your contribution may only be designated as a rollover if the IRA distribution is deposited within 60 calendar days following the date you receive the distributed assets. The 60-day period may be extended to 120 days for a first-time homebuyer distribution where there is a delay or cancellation in the purchase or construction of the home. You are limited to one rollover per 1-year (12-month) period. You may only roll over one IRA distribution per 1-year period aggregated between all of your IRAs. For this purpose IRA includes rollovers among traditional (including SEP), SIMPLE, and Roth

IRAs. For example, if you have IRA 1, IRA 2, and IRA 3, and take a distribution from IRA 1 and roll it over into a new IRA 4, you will have to wait 1 year from the date of that distribution to take another distribution from any of your IRAs and subsequently roll it over into an IRA. The 1-year limitation does not apply to rollovers related to first-time homebuyer distributions, distributions converted to a Roth IRA, and rollovers to or from an employer-sponsored eligible retirement plan.

3. **Rollovers and Transfers from SIMPLE IRAs.** You may not roll over or transfer assets from a SIMPLE IRA to a traditional IRA or other eligible retirement plan until two years have passed since the date on which you first participated in an employer's SIMPLE IRA plan, which is the initial contribution date. If you participated in SIMPLE IRA plans of different employers, the initial contribution date and two-year period are determined separately for SIMPLE IRA assets from each employer.
 4. **Rollovers to SIMPLE IRAs.** You may not roll over assets to a SIMPLE IRA from a traditional IRA or other eligible retirement plan until two years have passed since you first participated in an employer's SIMPLE IRA plan, which is the initial contribution date. If you participated in SIMPLE IRA plans of different employers, the initial contribution date and two-year period are determined separately for SIMPLE IRA assets from each employer.
 5. **Rollovers from Employer-Sponsored Eligible Retirement Plans.** You may directly or indirectly roll over assets from an eligible retirement plan, sponsored by your employer, into your IRA. Your plan administrator or employer is responsible for determining the amount of your assets in its eligible retirement plan that are eligible for rollover to an IRA or other eligible retirement plan.
 - a. **Eligible Retirement Plan.** Eligible retirement plans include qualified trusts under IRC Section 401(a), annuity plans under IRC Section 403(a), annuity contracts under IRC Section 403(b), and certain governmental IRC Section 457(b) plans. Common names for these plans include 401(k), profit sharing, pension, money purchase, federal thrift savings, and tax-sheltered annuity plans.
 - b. **Eligible Distribution.** Not all distributions from an employer-sponsored eligible retirement plan are eligible for rollover to an IRA. The most common distributions, which are not eligible for rollover, include RMDs, defaulted loans, substantially equal periodic payments as defined in IRC Section 402(c)(4)(A), distributions paid to nonspouse beneficiaries, and hardship distributions. Your employer determines which assets may not be rolled over, and must provide you with an IRC Section 402(f) notice of taxation, which explains the tax issues concerning distributions.
 - c. **Direct Rollover.** A direct rollover moves eligible retirement plan assets from your employer-sponsored eligible retirement plan to your IRA in a manner that prevents you from cashing the plan assets, or even depositing the assets anywhere except in the receiving IRA. A direct rollover is reported to the IRS but, if properly completed, the transaction is not subject to tax or penalty. There are no IRS limitations, such as the 60-day period or one per 1-year limitation, on direct rollovers. This agreement should not be used for a direct rollover from an eligible retirement plan to an inherited traditional IRA.
 - d. **Indirect Rollover and Withholding.** An indirect rollover begins with a plan distribution made payable to you. If you receive distributions during the tax year totaling more than \$200, your employer is required to withhold 20 percent on the taxable portion of your eligible rollover distribution as a prepayment of federal income taxes on distributions. You may make up the 20 percent withholding from your own funds at the time you deposit the distribution into an IRA. If the 20 percent is not made up at the time you deposit your distribution into an IRA, that portion is generally treated as taxable income. If you are younger than age 59 1/2, you are subject to a 10 percent early-distribution penalty tax on the taxable amount of the distribution that is not rolled over, unless a penalty tax exception applies. Your distribution is only eligible to be contributed to an IRA during the 60 days following your receipt of a plan distribution. There may be exceptions to completing the rollover within 60 days. For example, exceptions for making a late rollover are available for rolling over the return of an improper tax levy as well as for rolling over qualified plan loan offset amounts. Generally, these exceptions permit amounts to be rolled over until the tax-filing due date of the year in which such amounts are, for example, returned or treated as distributed. Your decision to contribute the assets to the IRA as a rollover contribution is irrevocable. The one per 1-year limitation does not apply to rollovers from employer-sponsored eligible retirement plans. State withholding may apply to eligible rollover distributions.
 - e. **Separate or Conduit IRA.** In certain cases, it may be to your benefit to make the rollover contribution into a separate or conduit IRA. Conduit IRAs can provide individuals with a means of tracking IRA assets from different sources, which may be subject to certain restrictions or favorable tax treatment.
 6. **Extension of the 60-Day Period.** The Secretary of the Treasury may extend the 60-day period for completing rollovers in certain situations such as casualty, disaster, or other events beyond the reasonable control of the individual who is subject to the 60-day period. The IRS also provides for a self-certification procedure for making a late rollover (subject to verification by the IRS) that you may use to claim eligibility for an extension with respect to a rollover into an IRA. It provides that we may rely on the certification provided by you in accepting and reporting receipt of a rollover contribution after the 60-day period (i.e., a late rollover) if we don't have actual knowledge that is contrary to the self-certification.
 7. **Traditional IRA to Employer-Sponsored Eligible Retirement Plans.** You may directly or indirectly roll over a taxable distribution from your IRA to an employer-sponsored eligible retirement plan which accepts rollover contributions. Nontaxable or nondeductible IRA assets may not be rolled over into employer-sponsored eligible retirement plans. You can generally roll over, to employer-sponsored eligible retirement plans, only the aggregate taxable balance in all of your traditional IRAs and SIMPLE IRAs. The one per 1-year limitation does not apply to these rollovers.
 8. **Transfers Due to Divorce.** Your former spouse, pursuant to a divorce decree or legal separation order, may transfer assets from your traditional IRA to his/her traditional IRA.
 9. **Repayment of a Qualified Reservist Distribution.** If you are a qualified reservist ordered or called to active duty after September 11, 2001 for more than 179 days (or for an indefinite period), and take an IRA distribution or take certain elective deferrals from an eligible retirement plan after September 11, 2001, and before the end of your active duty, you may make one or more contributions of these assets to your IRA within two years of the end of your active duty.
 10. **Repayment of a Qualified Birth or Adoption Distribution.** You may take a distribution of up to \$5,000 for a qualified birth or adoption within one year of the birth or from when the adoption is finalized. Such a distribution may be repaid to the IRA any time during the 3-year period beginning on the day after the date on which the distribution was received or by December 31, 2025, if the distribution was made on or before December 29, 2022.
 11. **Repayment of a Distribution for Terminal Illness.** You may take a distribution if you have been certified by a physician as having a terminal illness. Such a distribution may be repaid any time during the 3-year period beginning on the day after the date on which the distribution was received.
- Movement of Assets Between Traditional and Roth IRAs.**
1. **Traditional IRA to Roth IRA Conversions.** You may convert all or a portion of your traditional IRA assets to a Roth IRA. Your conversion assets (excluding prorated nondeductible contributions) are subject to federal income tax. Your conversion must be reported to the IRS. The 10 percent early-distribution penalty tax does not apply to conversions. If you elect to convert your assets using a rollover transaction, the 60-day rule applies. The one per 1-year limitation does not apply to conversions.
 2. **Traditional IRA and Roth IRA Recharacterizations.** You may recharacterize, or choose to treat all or a portion of your regular (including catch-up) traditional IRA contribution as a regular Roth must complete a recharacterization no later than your federal income

tax-filing due date, including extensions, for the year you make the initial contribution. If you timely file your federal income tax return, you may still recharacterize as late as October 15 for calendar year filers. Recharacterizations must occur by transfer, which means that the assets, adjusted for gains and losses on the recharacterized amount, must be transferred into another IRA. The recharacterized contribution is treated as though you deposited it into the second IRA on the same day you actually deposited it in the first IRA. Recharacterization transactions are reported to the IRS. The election to recharacterize may be completed on your behalf after your death. A written notice of recharacterization, as defined by Treasury Regulations, is required for recharacterization transactions.

IRA Distributions. You, or after your death your beneficiary, may take an IRA distribution at any time. However, depending on the timing and amount of your distribution you may be subject to income taxes and/or penalty taxes.

- 1. Removal of Excess Contributions.** You may withdraw all or a portion of your excess contribution and attributable earnings by your federal income tax return due date, including extensions, for the taxable year for which you made the contribution. The excess contribution amount distributed will not be taxable, but the attributable earnings on the contribution will be taxable in the year in which you made the contribution. In certain situations, you may treat your excess as a regular (including catch-up) IRA contribution for the next year. If you timely file your federal income tax return, you may still remove your excess contribution, plus attributable earnings, as late as October 15 for calendar year filers.
- 2. Distributions of Unwanted IRA Contributions by Tax-Filing Date.** You may withdraw all or a portion of your regular (including catch-up) IRA contribution and attributable earnings in the same manner as an excess contribution. However, you cannot apply your unwanted contribution as a regular IRA contribution for a future year. The unwanted contribution amount distributed will not be taxable, but the attributable earnings on the contribution will be taxable in the year in which you made the contribution. If you timely file your federal income tax return, you may still remove your unwanted contribution, plus attributable earnings, as late as October 15 for calendar year filers.
- 3. Distribution of Nondeductible and Nontaxable Contributions.** If any of your traditional IRAs or SIMPLE IRAs contain nondeductible contributions, rollovers of nontaxable distributions from employer-sponsored eligible retirement plans, or other nontaxable basis amounts, any distributions you take from any of your traditional IRAs or SIMPLE IRAs, that are not rolled over, will return to you a proportionate share of the taxable and nontaxable balances in all of your traditional IRAs and SIMPLE IRAs at the end of the tax year of your distributions. IRS Form 8606, *Nondeductible IRAs*, has been specifically designed to calculate this proportionate return. You must complete IRS Form 8606 each year you take distributions under these circumstances, and attach it to your tax return for that year to validate the nontaxable portion of your IRA distributions reported for that year.
- 4. Qualified Health Savings Account (HSA) Funding Distribution.** If you are an HSA eligible individual, you may elect to take a qualified HSA funding distribution from your IRA (not including ongoing SEP and SIMPLE IRAs) to the extent such distribution is contributed to your HSA in a trustee-to-trustee transfer. This amount is aggregated with all other annual HSA contributions and is subject to your annual HSA contribution limit. A qualified HSA funding distribution election is irrevocable and is generally available once in your lifetime. A testing period applies. The testing period for this provision begins with the month of the contribution to your HSA and ends on the last day of the 12th month following such month. If you are not an eligible individual for the entire testing period, unless you die or become disabled, the amount of the distribution made under this provision will be includable in gross income for the tax year of the month you are not an eligible individual, and is subject to a 10 percent penalty tax.
- 5. Qualified Charitable Distributions (QCD).** If you have attained age 70 1/2, you may be able to make tax-free distributions directly

from your IRA to a qualified charitable organization. However, you must track the amount of all deductible contributions made for tax years while age 70 1/2 or older and then reduce the QCD claimed by those prior deductible contributions. Tax-free distributions are limited to \$100,000 annually. This amount is subject to an annual cost-of-living adjustment, if any. Qualified charitable distributions are not permitted from an on-going SEP or SIMPLE IRA (meaning your employer continues to make contributions).

In addition, you may be able to elect to make a once in a lifetime QCD of up to \$50,000 to a split-interest entity. A "split-interest entity" includes certain charitable remainder annuity trusts, charitable remainder unitrusts, and charitable gift annuities. Some limitations apply. For example, no person can hold an income interest in the split-interest entity other than the individual for whose benefit such account is maintained, the spouse of such individual, or both. In addition, the QCD from your IRA must be made directly to the split-interest entity by the custodian.

Consult with your tax or legal professional regarding tax-free charitable distributions.

RMDs For You.

- 1. After Age 73.** Your first RMD must be taken by April 1 following the year you attain age 73, which is your required beginning date (RBD). Second year and subsequent distributions must be taken by December 31 of each such year. An RMD is taxable in the calendar year you receive it.
- 2. Distribution Calculations.** Your RMD will generally be calculated by dividing your previous year-end adjusted balance in your IRA by a factor from the uniform lifetime table provided by the IRS. This table is indexed to your age attained during a distribution year. This table is used whether you have named a beneficiary and regardless of the age or type of beneficiary you may have named. However, if for any distribution year, you have as your only named beneficiary for the entire year, your spouse, who is more than ten years younger than you, the uniform lifetime table will not be used. To calculate your RMD for that year you will use the ages of you and your spouse at the end of that year to determine a joint life expectancy factor from the IRS's joint and last survivor table. This will be the case even if your spouse dies, or you become divorced and do not change your beneficiary, during that year.
- 3. Failure to Withdraw an RMD.** If you do not withdraw your RMD by its required distribution date, you are subject to an excess accumulation penalty tax of up to 25 percent of the amount not withdrawn. You can always take more than your RMD in any year but no additional amounts can be credited to a subsequent year's RMD.
- 4. Multiple IRAs.** If you have more than one traditional IRA or SIMPLE IRA you must calculate a separate RMD for each one. You may, however, take the aggregate total of your RMDs from any one or more of your personal traditional IRAs (including SEP IRAs) or SIMPLE IRAs.
- 5. No Rollovers of RMDs.** An RMD must be satisfied before you can roll over any portion of your IRA account balance. The first distributions made during a year will be considered RMDs and can be satisfied by earlier distributions from your other traditional IRAs or SIMPLE IRAs that are aggregated. Any RMD that is rolled over will be subject to taxation and considered an excess contribution until corrected.
- 6. Transfers of RMDs.** Transfers are not considered distributions. You can transfer any portion of your traditional IRA or SIMPLE IRA at any time during the year provided you satisfy your aggregate RMDs before the end of the distribution year.

RMDs For Your Beneficiaries. In February 2022, the IRS issued proposed rules and the pending final rules may change some of the following provisions. In addition, for certain beneficiaries subject to the ten-year rule described below, the 2022 proposed rules may also require annual distributions. Your beneficiary should consult his or her tax or legal professional regarding the most current beneficiary RMD regulations.

You can designate specific individuals or other entities—including, but not limited to, an estate, a trust, or a charitable organization—as your

IRA death beneficiaries. The named beneficiaries that survive inherit any assets remaining in the IRA after your death. Different types of beneficiaries may have different options available.

1. Types of Beneficiaries. The different types of beneficiaries are designated beneficiaries, eligible designated beneficiaries and those that are not designated beneficiaries. Different types of beneficiaries will have different rules - and in some cases options or elections - and distribution periods available.

2. Designated Beneficiary. A designated beneficiary is any individual you name as a beneficiary who has an interest in your IRA on the determination date, which is September 30 of the year following the year of your death. Certain qualifying trusts can also be a designated beneficiary. For a qualifying trust to be a designated beneficiary, the qualifying trust beneficiaries must be designated beneficiaries.

If your beneficiary is a designated beneficiary who is not an eligible designated beneficiary, such beneficiary will have to follow the ten-year rule and is required to remove all assets from the IRA by December 31 of the tenth year following the year of your death.

3. Eligible Designated Beneficiary. An eligible designated beneficiary is a designated beneficiary who is: 1) the IRA owner's surviving spouse; 2) an IRA owner's minor child (through the age of majority); 3) disabled (as defined by law); 4) a chronically ill individual (as defined by law); or 5) an individual who is not more than 10 years younger than the IRA owner. Certain qualifying trusts can also be an eligible designated beneficiary. For a qualifying trust to be an eligible designated beneficiary, generally the qualifying trust beneficiaries must be eligible designated beneficiaries.

(a) Spouse Beneficiary. Your spouse beneficiary may have the option of distributing the IRA assets over a single life expectancy period or within ten years (the ten-year rule). The option to elect the ten-year rule is only available to your spouse if your death occurs before your RBD. Your spouse may alternatively choose to treat the entire interest (all of the account) of the IRA as his/her own IRA.

If your spouse beneficiary elects or otherwise has to take the single life expectancy option, he/she will use a life expectancy divisor for calculating that year's RMD. If you die before your RBD, your surviving spouse can postpone commencement of his/her RMDs until the end of the year in which you would have attained age 73. If you die on or after your RBD, your surviving spouse will use the longer of his/her single life expectancy, determined each year after the year of death using his/her attained age, or your remaining single life expectancy determined in your year of death and reduced by one each subsequent year.

If your spouse beneficiary chooses the ten-year rule, he/she is required to remove all assets from the IRA by December 31 of the tenth year following the year of your death.

Your spouse beneficiary can treat your IRA as his/her own IRA if your spouse is the only designated beneficiary, or if there are multiple designated beneficiaries and separate accounting applies. He/she has this option even if he/she had chosen one of the other options above. This generally happens after any of your remaining RMD amount for the year of your death has been distributed.

Your spouse beneficiary can take a distribution of part or all of his/her share of your IRA and roll it over to an IRA of his/her own, less any RMD.

(b) Eligible Designated Beneficiary Who is Your Minor Child. If your beneficiary is an eligible designated beneficiary who is your minor child, he/she must remove all assets from the IRA by the tenth anniversary of the date the minor attains the age of majority, even if such minor child initially chose to receive life expectancy payments.

(c) Eligible Designated Beneficiary (Other than a Surviving Spouse or Minor Child). If your beneficiary is an eligible designated beneficiary who is someone other than your

surviving spouse or your minor child, such beneficiary may have the option of distributing the IRA assets over a single life expectancy period or within ten years. The option to elect the ten-year rule is only available to such beneficiary if your death occurs before your RBD.

If such a beneficiary chooses the single life expectancy option to calculate the RMD, the life expectancy divisor used may depend on whether your death occurs before or on or after your RBD. If your death occurred before your RBD, the beneficiary uses his/her age at the end of the year following the year of death to determine the initial single life expectancy divisor and reduces this number by one for each following year's RMD calculation. However, if you die on or after your RBD, your beneficiary uses the longer of your remaining life expectancy, determined in your year of death and reduced by one in each subsequent year, or your beneficiary uses his/her life expectancy in the year following the year of your death, reduced by one for each subsequent year. For a qualifying trust, use the age of the oldest trust beneficiary.

If such a beneficiary chooses the ten-year rule, he/she is required to remove all assets from the IRA by December 31 of the tenth year following the year of your death.

4. Not a Designated Beneficiary. A beneficiary that is not a designated beneficiary includes a nonindividual that is an estate, charitable organization, or nonqualified trust. If your beneficiary is not a designated beneficiary and you die before your RBD, such a beneficiary is required to remove all assets from the IRA by December 31 of the fifth year following the year of your death (the five-year rule). If you die on or after your RBD, such a beneficiary must use your remaining single life expectancy to calculate the RMD. Your remaining single life expectancy divisor is determined in the year of your death using your age at the end of that year and then reducing the divisor by one for each subsequent year's calculation.

5. Beneficiary Determination. Named beneficiaries who completely distribute their interests in your IRA, or completely disclaim their interests in your IRA under IRC Section 2518, will not be considered when designated beneficiaries are determined. Named beneficiaries who die after your death but before the determination date (September 30 of the year following the year of your death) will still be considered for the sake of determining the distribution period. If any named beneficiary that is not an individual, such as an estate or charity, has an interest in your IRA on the determination date, and separate accounting does not apply, your IRA will be treated as having no designated beneficiary (i.e., not a designated beneficiary).

6. Qualifying Trusts. If you name a qualifying trust, which is defined in Treasury Regulations, as your IRA beneficiary, the beneficiaries of the qualifying trust are treated as the beneficiaries of your IRA for purposes of determining the appropriate distribution period. A qualifying trust provides documentation of its beneficiaries to the trustee.

7. Successor Beneficiaries. Our policy may allow your beneficiaries to name their own successor beneficiaries to your IRA. A successor beneficiary would receive any of your IRA assets that remain after your death and the subsequent death of your beneficiaries. Generally, the beneficiary will have to distribute all the remaining IRA assets within a ten-year period or the remainder of the original beneficiary's ten-year period.

8. Separate Accounting (Multiple Beneficiaries). Our policies may permit separate accounting to be applied to your IRA for the benefit of your beneficiaries. If permitted, separate accounting must be applied in accordance with Treasury Regulations. If there are multiple beneficiaries, a beneficiary is considered the only beneficiary of their share of the IRA assets if separate accounting applies. If separate accounting applies, the rules above apply based on the type of beneficiary (i.e., designated beneficiary, eligible designated beneficiary, not a designated beneficiary).

Federal Income Tax Status of Distributions.

- 1. Taxation.** IRA distributions which are not rolled over will be taxed as income in the year distributed except for the portion of your aggregate SIMPLE IRA and traditional IRA distributions that represents your nondeductible contributions, nontaxable rollover amounts, or other nontaxable basis amounts. You may also be subject to state or local taxes and withholding on your IRA distributions.
- 2. Earnings.** Earnings, including gains and losses, on your IRA will not be subject to federal income taxes until they are considered distributed.
- 3. Ordinary Income Taxation.** Your taxable IRA distribution is usually included in gross income in the distribution year. IRA distributions are not eligible for special tax treatments, such as ten year averaging, that may apply to other employer-sponsored retirement plan distributions.

Estate and Gift Tax. The designation of a beneficiary to receive IRA distributions upon your death will not be considered a transfer of property for federal gift tax purposes. Upon your death, the value of all assets remaining in your IRA will usually be included in your gross estate for estate tax purposes, regardless of the named beneficiary or manner of distribution. There is no specific estate tax exclusion for assets held within an IRA. After your death, beneficiaries should pay careful attention to the rules for the disclaiming any portion of your IRA under IRC Section 2518.

Federal Income Tax Withholding. IRA distributions are subject to federal income tax withholding unless you or, upon your death, your beneficiary affirmatively elect not to have withholding apply. The required federal income tax withholding rate is 10 percent of the distribution. Upon your request for a distribution, by providing IRS Form W-4R, we will notify you of your right to waive withholding or elect to have greater than 10 percent withheld.

Annual Statements. Each year we will furnish you and the IRS with statements reflecting the activity in your IRA. You and the IRS will receive IRS Forms 5498, *IRA Contribution Information*, and 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.* IRS Form 5498 or an appropriate substitute indicates the fair market value of the account, including IRA contributions, for the year. IRS Form 1099-R reflects your IRA distributions for the year.

By January 31 of each year, you will receive a report of your fair market value as of the previous calendar year end. If applicable, you will also receive a report concerning your annual RMD.

Federal Tax Penalties and IRS Form 5329. Several tax penalties may apply to your various IRA transactions, and are in addition to any federal, state, or local taxes. Federal penalties and excise taxes are generally reported and remitted to the IRS by completing IRS Form 5329, *Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts*, and attaching the form to your federal income tax return. The penalties may include any of the following taxes:

- 1. Early-Distribution Penalty Tax.** If you take a distribution from your IRA before reaching age 59 1/2, you are subject to a 10 percent early-distribution penalty tax on the taxable portion of the distribution. However, certain exceptions apply. Exceptions to the 10 percent penalty tax are distributions due to death, disability, first-time home purchase, eligible higher education expenses, qualified disaster recovery distributions, medical expenses exceeding a certain percentage of adjusted gross income, health insurance premiums due to your extended unemployment, a series of substantially equal periodic payments, IRS levy, traditional IRA conversions, qualified reservist distributions, qualified birth or adoption distributions, distributions you take for your certified terminal illness, earnings attributable to an excess or unwanted regular contribution, and qualified HSA funding distributions. Properly completed rollovers, transfers, recharacterizations, and conversions are not subject to the 10 percent penalty tax.
- 2. Excess Contribution Penalty Tax.** If you contribute more to your IRA than you are eligible to contribute, you have created an excess contribution, which is subject to a 6 percent excise tax. The excise tax applies each year that the excess contribution remains in your IRA. If you timely file your federal income tax return, you may still remove your excess contribution, plus attributable earnings, as late as October 15 for calendar year filers.
- 3. Excess Accumulation Penalty Tax.** Any portion of a RMD that is not distributed by its deadline is subject to an excess accumulation penalty tax of up to 25 percent. The IRS may waive this penalty upon your proof of reasonable error and that reasonable steps were taken to correct the error, including remedying the shortfall. See IRS Form 5329 instructions when requesting a waiver. In addition, the excess accumulation penalty tax may be reduced to 10 percent if the failure to take the RMD is corrected within the correction window.

Disaster Tax Relief and Repayment of a Qualified Disaster Recovery Distribution. If your principal place of abode is in a qualified disaster area, you may take a qualified disaster recovery distribution without an early distribution penalty. These qualified disaster recovery distributions are subject to any time periods as defined by law and, if multiple distributions are made for the same event, are aggregated with distributions from other IRAs and eligible retirement plans up to \$22,000. A qualified disaster recovery distribution is included ratably in gross income over a three tax year period or, if you elect, all in the year of distribution. In addition, you are allowed three years after the date of receipt to repay all or part of the qualified disaster recovery distribution without being subject to the one rollover per 1-year limitation or the 60-day requirement. Also, amounts distributed prior to the qualified disaster for a first-time home purchase may be recontributed within prescribed time limits. For additional disaster area information and IRS guidance on associated tax relief, refer to IRS forms, notices and publications, or visit the IRS's website at www.irs.gov/DisasterTaxRelief.