

IMPORTANT INFORMATION

If this is a rollover from an employer-sponsored retirement plan, please read the following pros and cons of rolling over your account balance very carefully before you make a decision to set up this IRA.

The paperwork that follows relates to the opening of an individual retirement account ("IRA").

YOUR OPTIONS	+ PROS	- CONS
Remain in your plan	<ul style="list-style-type: none"> • Continue any tax-deferred growth • Avoid early withdrawal penalties • Move your savings to another retirement plan later • Have continued access to your plan • Protection from creditors • May have lower fees • May be able to delay required minimum distributions past age 70 ½ 	<ul style="list-style-type: none"> • Limited to the plan's investment options • May not be able to remain in the plan if your account is less than \$5,000 • You can't take a loan against your old 401(k) plan
Rollover to another employer's plan	<ul style="list-style-type: none"> • Continue any tax-deferred growth • Avoid early withdrawal penalties • May be able to consolidate your retirement assets in one account • May be able to borrow from the plan • Protection from creditors • May have lower fees 	<ul style="list-style-type: none"> • Limited to the investment options by that plan • May have limits on how you move your money between the investment choices in the plan
Rollover to an IRA	<ul style="list-style-type: none"> • Continue any tax-deferred growth • Avoid early withdrawal penalties • Have the flexibility to select investment options that fit your specific needs. • Choose a Roth after-tax account, if appropriate • Consolidate your retirement assets in one convenient place as you change jobs 	<ul style="list-style-type: none"> • Can't borrow against your assets • Annual fees and/or commissions may apply, and may be higher than your plan • There may be custodial and other maintenance fees • As securities held in the plan generally can't be transferred to the IRA, commissions charged on transactions in the IRA will be <i>in addition</i> to commissions and sales charges previously paid on transactions in the retirement plan

A FINAL OPTION: TAKE A DISTRIBUTION IN CASH

You can decide to take the money out of your plan. Taking a distribution in cash means you will have some money right now, but this option can come with a price. For example, if you are under age 59½, a 10% early withdrawal penalty may apply; your distribution may also be subject to state and federal taxes. In addition, you may also owe a mandatory 20% federal withholding tax. Taking a distribution of shares of company stock may lower taxes, if eligible. If you are thinking about cashing out, be sure to factor in these penalties and consider if you would be better off keeping your money invested for the long term. Please consult with your tax adviser for additional information.



CUSTODIAL AGREEMENT PTC - IRA

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 1 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 1 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 1 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.
 - (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 Depositor's death (or the year the Depositor 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 Depositor 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 Depositor agrees to provide the Custodian 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 Custodian agrees to submit to the Internal Revenue Service (IRS) and Depositor 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

Please refer to the Account Application establishing this IRA, which is incorporated into the Agreement as this part of Article VIII.

1. Definitions

- (a) The term "Sponsor" means LPL Financial LLC (LPL), 75 State Street, 22nd Floor, Boston, MA 02109.

The term "Custodian" means The Private Trust Company, N.A.

The term "Beneficiary" means the person or persons designated as such by the "designating person" (as defined below) on a form presented to the Custodian (or former Custodian), or on such other form as may be presented to and filed with the Custodian by the designating person, for use in connection with the Custodial Account, signed by the designating person, and filed with LPL. Individuals, trusts, estates, or other entities may be named as either primary or contingent beneficiaries. However, if the designation does not effectively dispose of the entire Custodial Account as of the time the distribution is to commence, the term "Beneficiary" shall then mean the designating person's spouse or if there is no surviving spouse, the designating person's estate with respect to the assets of the Custodial Account not disposed of by the designation. The designation last accepted by LPL before such distribution is to commence, provided it was received by LPL (or deposited in the U.S. Mail or with a reputable delivery service) during the designating person's lifetime, shall be controlling and, whether or not fully dispositive of the Custodial Account, thereupon shall revoke all such forms previously filed by that person.

The term "designating person" means the Depositor during his or her lifetime or after the Depositor's death, unless otherwise prohibited by the Depositor in writing on file with the Custodian, the Depositor's Beneficiary (including any beneficiary of such Beneficiary).

- (b) When and after distributions from the Custodial Account to Depositor's Beneficiary commence, all rights and obligations assigned to Depositor hereunder shall inure to, and be enjoyed and exercised by, Beneficiary instead of Depositor.
- (c) Notwithstanding paragraph 2 of Article IV above, if the Depositor's spouse is the sole Beneficiary on the Depositor's date of death, the spouse will not be treated as the Depositor if the spouse elects not to be so treated. In such event, the Custodial Account will be distributed in accordance with the other provisions of such Article IV, except that distributions to the Depositor's spouse are not required to commence until December 31, of the year in which the Depositor would have turned age 70½.

2. Investment of Account Assets

- (a) Depositor acknowledges that any amount shall not be considered contributed to the Custodial Account until the funds clear into the Custodial Account. The Depositor shall direct the Custodian with respect to the investment of all contributions and earnings there from. Such direction shall be in such form as may be required by the Custodian and shall be limited to publicly traded securities, covered call options, married put options, mutual funds, money market instruments, insured bank deposit accounts, and other investments to the extent they are obtainable through the Custodian or its agents in the regular course of business. In addition, the Depositor acknowledges that unless otherwise directed by him, and subject to any required minimums, cash, which is not currently invested, shall be invested in a money market fund or an insured bank deposit account offered by the Custodian or its affiliates. In the absence of investment direction by the Depositor, the Custodian shall have no investment responsibility. All transactions directed by the Depositor shall be subject to the rules, regulations, customs and usages of the exchange, market or clearinghouse where executed, and to all applicable federal and state laws and regulations, and to internal

policies of the Custodian. The Custodian shall be responsible for the execution of such orders and for maintaining adequate records there of. The Custodian reserves the right to reject any investment direction from the Depositor which, in the judgment of the Custodian, will impose upon it an administrative burden greater than that normally incident to investments described in this paragraph 2(a) (including, without limitation, any investment with respect to which it may be difficult to ascertain fair market value).

The Custodian shall have no discretion to direct any investments of a Custodial Account, and is merely authorized to acquire and hold the particular investments specified by the Depositor. If any investment orders are not received as required or, if received, are unclear in the opinion of the Custodian or Sponsor, all or a portion of the contribution may be held uninvested without liability for loss of income or appreciation, and without liability for interest, pending receipt of such orders or clarification; or the contribution may be returned. The Depositor shall be the beneficial owner of all assets held in the Custodial Account. The Depositor authorizes the Custodian to hold Custodial Account contributions pending investment, the settlement of investments or distribution in a money market sweep fund or an insured bank deposit account maintained by the Custodian.

- (b) The Depositor may delegate the investment responsibility for all of the Custodial Account to an agent or attorney-in-fact acceptable to the Custodian by notifying the Custodian in writing on a form acceptable to the Custodian of the delegation of such investment responsibility and the name of the person or persons to whom such responsibility is delegated.

The Custodian shall carry out the instructions of the agent or attorney-in-fact with respect to the management and investment of the assets of the Custodial Account and the Custodian shall not incur any liability on account of its compliance with such instructions. The Custodian shall be under no duty to review or question any direction, action or failure to direct or act of such agent or attorney-in-fact, nor to make any suggestions to the agent or attorney-in-fact in connection therewith. The agent or attorney-in-fact shall be required to execute any documents related to the investment of assets under its control deemed necessary or advisable by the Custodian. The Depositor may revoke the authority of any agent or attorney-in-fact at any time by notifying the Custodian in writing of such revocation and the Custodian shall not be liable in any way for transactions initiated prior to receipt of such notice.

- (c) The shareholder of record of all assets in the Custodial Account shall be the Custodian or its nominee. The same nominee may be used with respect to assets of other investors whether or not held under agreement similar to this one or in any capacity whatsoever. However, each Depositor's Custodial Account shall be separate and distinct, a separate account thereof shall be maintained by the Custodian, and the assets thereof shall be held by the Custodian in individual or bulk segregation either in the Custodian's vaults or in depositories approved by the Securities and Exchange Commission under the Securities and Exchange Act of 1934.

- (d) In valuing the assets of the Custodial Account for recordkeeping and reporting purposes the Custodian shall use reasonable, good faith efforts to ascertain the fair market value of each asset through utilization of various outside sources available to the Custodian and consideration of various relevant factors generally recognized as appropriate to the application of customary valuation techniques.

However, where assets are illiquid or their value is not readily ascertainable on either an established exchange or generally recognized market, the Depositor undertakes the responsibility of obtaining and furnishing to the Custodian on an annual basis sufficient information of fair market value with respect to such assets so as to enable the Custodian to report or otherwise to use accurately the value of such assets, and the Depositor represents and warrants that any such information so provided by the Depositor will be sufficiently accurate and complete so as to permit the Custodian to rely upon the same. If the Depositor has not provided to the Custodian in a timely manner such information as to fair market value or to assist the Custodian in making any determination as to value, the Custodian will attempt to assign a fair market value to such assets



based upon available information and, in such case, Depositor acknowledges that such valuation is by necessity not a true market value and is merely an estimate of value in a broad range of values and that although such valuation may be used by Custodian to satisfy its reporting obligations under federal law, the accuracy of any such valuation should not be relied upon by the Depositor, including for the making of Depositor's investment decisions. The Custodian does not guarantee either the reliability or the appropriateness of the valuation techniques applied by third-party valuation providers in developing an estimate of value. The Custodian assumes no responsibility for the accuracy of any valuations presented with respect to assets whose values are not readily ascertainable on either an established exchange or a generally recognized market. The Depositor acknowledges that reference to fair market value contained in paragraph 22 of Article VIII must be read within the context of this subparagraph. All references to the Depositor in this subparagraph include the Beneficiary, if the Depositor is deceased.

- (e) The Depositor, by making a transfer or rollover contribution, as described in Article I, hereby certifies that the contribution meets all requirements for transfer or rollover contributions.
- (f) The Depositor understands that certain transactions are prohibited in IRAs under section 4975 of the Internal Revenue Code. The Depositor further understands that the determination of a prohibited transaction depends on the facts and circumstances that surround the particular transaction. The Custodian will make no determination as to whether any IRA investment is prohibited. The Depositor further understands that, should the Depositor's IRA engage in a prohibited transaction, the Depositor will incur a taxable distribution as well as possible penalties. The Depositor represents to the Custodian that the Depositor has consulted or will consult with the Depositor's own tax or legal professional to ensure that none of the Depositor's IRA investments will constitute a prohibited transaction and that the Depositor's IRA investments will comply with all applicable federal and state laws, regulations and requirements.

3. Shareholder Rights – The Custodian agrees to deliver or cause to be executed and delivered to the Depositor all notices, prospectuses (to the extent required), financial statements, proxies, and proxy solicitation materials that are received by the Custodian relating to assets credited to the Custodial Account. The Custodian shall exercise any rights of a shareholder (including voting rights) with respect to any securities held in the Custodial Account only in accordance with instructions of the Depositor pursuant to any applicable rules of the Securities and Exchange Commission. In the event the Depositor fails to instruct the Custodian as to the exercise of shareholder rights, that failure to instruct shall be deemed to be an instruction not to exercise such rights.

4. Distribution

- (a) To receive an annuity distribution, a Depositor may roll over or transfer the value of the Custodial Account to purchase an individual retirement annuity payable in equal or substantially equal payments over the Depositor's life expectancy or the joint and last survivor life expectancy of the Depositor and his or her Beneficiary.
- (b) The Custodian shall not be responsible for any distribution made in accordance with instructions acceptable to the Custodian or failure to distribute in the absence of instructions acceptable to the Custodian from the Depositor (or Beneficiary if Depositor is deceased) in accordance with Article IV including, but not limited to, any tax or penalty resulting from such distribution or failure to distribute. The Depositor shall be solely responsible for distributing the required minimum distribution from the Custodial Account each year in accordance with Article IV.

5. Amendments and Termination – The Depositor may, at any time and from time to time, terminate the Custodial Agreement in whole or in part by delivering to the Custodian a signed written copy of such termination in a form acceptable to the Custodian. The Depositor delegates to the Custodian the right to amend the Custodial Agreement (including retroactive amendments) by written notice to the Depositor, and the Depositor shall be deemed to have consented to any such amendment, provided that no amendment shall cause or permit any part of the assets of the Custodial Account to be diverted to purposes other than for the exclusive benefit of the Depositor or Beneficiaries, no amendment shall

be made except in accordance with any applicable laws and regulations affecting this Custodial Account, and any amendment which affects the rights, duties or responsibilities of the Custodian may only be made with the Custodian's consent. This paragraph shall not be construed to restrict the Custodian's right to substitute fee schedules under paragraph 7 of Article VIII and no such substitution shall be deemed to be an amendment of this Custodial Agreement.

If a depositor (or Beneficiary) (a) cannot be located or (b) is no longer assigned to a Sponsor Registered Representative or an Investment Adviser Representative, the Custodian and Sponsor may resign upon 30 days prior written notice to the Depositor (or Beneficiary) at the last known address of record. If, within the 30 day period, the Depositor (or Beneficiary) fails to (a) provide a current address or (b) notify the Custodian and Sponsor, at the Sponsor's address, of the appointment of either a newly designated Sponsor Registered Representative/Adviser or a successor custodian, the Custodian and Sponsor shall resign and terminate the Custodial Account, subject to the Custodian's right to reserve funds as provided in paragraph 6 of Article VIII.

The Custodian shall terminate the Custodial Account if this Agreement is terminated or if, within 30 days (or such longer time as Custodian may agree) after resignation or removal of Custodian under paragraph 6 of Article VIII, Depositor or Sponsor, as the case may be, has not appointed a successor that has accepted such appointment. Termination of the Custodial Account shall be affected by distributing all assets thereof in a single payment in cash or in kind to Depositor, subject to Custodian's right to reserve funds as provided in paragraph 6 of Article VIII.

Upon termination of the Custodial Account, this custodial account document shall have no further force and effect (except for paragraph 6 and the indemnification provisions of paragraph 16 of Article VIII which shall survive the termination of the Custodial Account and this Custodial Agreement) and Custodian shall be relieved from all further liability hereunder or with respect to the Custodial Account and all assets thereof so distributed.

6. Resignations or Removal of Custodian – The Custodian may resign at any time upon thirty (30) days prior written notice to the Sponsor or at such other time as may be provided in any agreement between the Custodian and the Sponsor. Upon such resignation, the Sponsor shall notify the Depositor, and shall appoint a successor custodian under this Custodial Agreement. The Sponsor may remove the Custodian at such time as may be provided in any agreement between the Custodian and the Sponsor. To be effective, such removal notice must include designation of a successor custodian. The successor custodian shall satisfy the requirements of section 408(h) of the Code.

The Custodian shall not be liable for the acts or omissions of any predecessor or successor custodian or trustee. Upon receipt by the Custodian of written acceptance of such appointment by the successor custodian, the Custodian shall transfer and pay over to such successor the assets of the Custodial Account and all records pertaining thereto. The Custodian is authorized, however, to reserve such sum of money as it may deem advisable for payment of all its fees, compensation, costs and expenses, or for payment of any other liability constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, with any balance of such reserve remaining after the payment of such items to be paid over to the successor custodian. The successor custodian shall hold the assets paid over to it under terms similar to those of this Agreement that qualify under the provisions of the Internal Revenue Code.



Upon receipt by the Custodian of written acceptance of such appointment by the successor custodian, the Custodian shall transfer and pay over to such successor the assets of and records relating to the Custodial Account. The Custodian is authorized, however, to reserve such sum of money as it may deem advisable for payment of all its fees, compensation, costs and expenses, or for payment of any other liabilities constituting a charge on or against the assets of the Custodial Account or on or against the Custodian, and where necessary may liquidate assets in the Custodial Account for such payments. Any balance of such reserve remaining after the payment of such items shall be paid over to the successor custodian. The successor custodian shall hold the assets paid over to it under terms similar to those of this Agreement that qualify under the provisions of the Internal Revenue Code. The Custodian shall not be liable for the acts or omissions of any predecessor or successor custodian or trustee.

7. Custodial Fees – The Depositor shall be charged by the Custodian for its services hereunder in such amount, as the Custodian shall establish from time to time. In addition, upon termination (including transfer) of the Custodial Account the Depositor shall be charged a fee in such amount, as the Custodian shall establish from time to time. The Custodian may deduct from and charge against the Custodial Account all reasonable fees and expenses, when incurred, in the management of the Custodial Account which have not been timely paid by the Depositor. The Custodian may allocate such fees and expenses among the Depositor's IRA Custodial Accounts at such time or times and in such manner as the Custodian determines. Brokerage fees shall be payable in accordance with the Custodian's usual practice. If not paid by Depositor, the Sponsor to pay the fee may liquidate sufficient assets from the Custodial Account but the Depositor shall be liable for any deficiency. The annual fee in effect on the date of this Agreement is set forth in the schedule included with this Custodial Agreement. A different fee schedule may be substituted at any time upon written notice to the Depositor. A Depositor who does not consent to such new fee schedule should terminate this Agreement pursuant to paragraph 5 of Article VIII within 30 days of the new fee schedule. If no such termination is made within the 30-day period, the Depositor will be deemed to have consented to the new fee schedule.

8. Other Fees and Expenses – Any income or other taxes of any kind whatsoever that may be levied or assessed upon or with respect to the Custodial Account or the income thereof, any transfer taxes incurred in connection with the investment and reinvestment of the assets of the Custodial Account, all other reasonable administrative expenses incurred by the Custodian with respect to any such taxes, or with respect to any controversies concerning the Custodial Account, including but not limited to, fees for legal services rendered to the Custodian and related costs, and such reasonable compensation to the Custodian for acting in that capacity with respect to any such taxes or controversies, may, in the discretion of the Custodian, be charged against and paid from the assets of the Custodial Account.

The Custodian may allocate such fees and expenses among the Depositor's IRA Custodial Accounts at such time or times and in such manner as the Custodian determines. Sufficient assets may be liquidated from the Custodial Account to pay any such taxes, expenses and compensation, but the Depositor shall be liable for any deficiency. If the Custodian is required to pay any such amount, the Depositor (or Beneficiary) shall promptly, upon notice thereof, reimburse the Custodian.

9. Governing Law – This Custodial 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 the Custodian's principal place of business shall govern. If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither the Depositor's nor LPL Financial LLC's failure to enforce at any time or for any period of time any provisions of this Agreement shall be construed as a waiver of such provisions, or the Depositor's right to enforce each and every such provision.

10. Excess Contributions – If, because of an erroneous assumption as to earned income or for any other reason, a contribution that is an excess contribution is made on behalf of the Depositor for any year, adjustment of such excess contribution shall be in accordance with the provisions of this paragraph. The full amount of such excess contribution and net income attributable (if applicable) thereto shall be distributed to the Depositor, in cash or kind only upon written notice to the Custodian from the Depositor

in a manner that is reasonably acceptable to the Custodian that states the amount of such excess contributions.

11. Inalienability of Benefits – No interest, right or claim in or to any part of the Custodial Account, nor any assets held therein or benefits provided hereunder shall be subject to any voluntary or involuntary alienation, assignment, garnishment, attachment, execution or levy of any kind, and any attempt to cause any such interest, right, claim, assets or benefits to be so subjected shall not be recognized, except to such extent as may be required by law, such as an IRS levy on the IRA to pay overdue taxes.

12. IRA Established by a Minor – An individual who has not reached the age of majority pursuant to applicable state law (hereinafter referred to as a "Minor") may establish a Traditional IRA by executing, individually and with a parent or legal guardian, this Agreement.

If this agreement is entered into by a Minor, the term "Depositor" throughout this Agreement shall mean the parent or legal guardian who executed this Agreement. Notwithstanding the foregoing, for the purposes of making contributions and applying the distribution rules as described in Article IV and this Article VIII, "Depositor" shall only mean the Minor.

Such definition of Depositor shall apply until the Custodian is notified in writing that the Minor has reached the age of majority. Upon the Custodian's acknowledgment of such notification, such parent or legal guardian will cease to have any rights under this Agreement. The Custodian shall have no responsibility to determine when a Minor reaches the age of majority, or for determining whether any such notification is proper or valid under state or federal law. Furthermore, neither the Custodian, nor any of its affiliates or agents shall be liable for acting upon any instruction received from the Minor or parent or legal guardian who executes this Agreement.

13. Designation of Beneficiary – The Depositor may designate a Beneficiary or change or revoke the designation of a Beneficiary prior to the complete distribution of the balance in the Custodial Account. Unless otherwise directed or prohibited by the Depositor in writing on file with the Custodian, after the Depositor's death, the Depositor's Beneficiary (and any subsequent beneficiary of the Depositor's Beneficiary), if permitted by state law, shall have the right by written notice to the Custodian to designate or change a beneficiary to receive any benefit to which the Depositor's Beneficiary (or any subsequent beneficiary) may be entitled.

In the event that the Depositor has not made a valid Beneficiary designation as of the date of his or her death or no Beneficiary survives the Depositor, such Depositor's Beneficiary shall be his or her spouse or if there is no surviving spouse, the Depositor's estate.

If after inheriting the Depositor's Account, the Depositor's Beneficiary (or any subsequent beneficiary) dies and there is no effective beneficiary designation, any assets remaining in the Custodial Account shall be paid to the Beneficiary's (or subsequent beneficiary's) estate.

The beneficiary designation can be made on a form presented by the Custodian (or the former custodian), or on such other form as may be presented to and filed with the Custodian by the designating person. A beneficiary designation will only be effective when it is filed with the Custodian (by mailing to the Sponsor) during the lifetime of the designating person. However, to the extent any such designation is not made on a form presented by the Custodian (or the former custodian), then the parties agree that the filing of such other form by the designating person shall only be effective for the sole purpose of designating the Beneficiary, and shall not be effective in altering any of the rights and obligations of the parties as set forth in this Custodial Agreement and shall not obligate the Custodian or Sponsor to render any service with respect to any beneficiary designation under this IRA which Custodian or Sponsor do not ordinarily render in connection with an IRA. To the extent any provisions contained in such other form of beneficiary designation are inconsistent or in conflict with the provisions contained in this Custodial Agreement, such inconsistent or conflicting provisions contained in such other form shall be null and void, and shall have no force and effect. To implement this provision, the parties agree that all decisions relating to investments and distributions shall be made only in accordance with the provisions in this Custodial Agreement and that the Custodian and Sponsor and their agents and successors and assigns, shall be fully indemnified and held harmless in the implementation of this provisions to the extent provided in paragraph 16.



Upon the death of the Depositor (or Depositor's Beneficiary) all rights and obligations of the Depositor under this Custodial Agreement, other than the right to make or have made contributions or transfers to the Custodial Account in the event the Depositor's sole Beneficiary is not his or her spouse, shall be exercised by the Depositor's Beneficiary. Upon the death of the Depositor's Beneficiary or any subsequent beneficiary, the then current Beneficiary shall exercise such rights and obligations.

In the event that any securities or other property cannot, for any reason, be proportionately partitioned and transferred to any Beneficiaries, the Custodian may, in its sole discretion, liquidate those securities or other property to the extent necessary to transfer the proceeds of that sale among the Beneficiaries based on the allocation indicated in the beneficiary election.

14. **Responsibility as to Contributions or Distributions** – Neither the Custodian nor the Sponsor will under any circumstances be responsible for the timing, purpose or propriety of any contribution or of any distribution made hereunder, nor shall the Custodian or the Sponsor incur any liability or responsibility for any tax imposed on account of any such contribution or distribution. Without limiting the generality of the foregoing, neither the Custodian nor the Sponsor is obligated to make any distribution absent a specific direction from the Depositor or the designated Beneficiary to do so. The Depositor acknowledges that any amount shall not be considered contributed to the Custodial Account until the Custodian has received such amount and such amount has cleared into the Custodial Account. All contributions by the Depositor to the Custodial Account must be in cash, except for initial contributions of rollovers, which may be in a form other than cash if permitted by the Custodian. The Custodian will designate contributions (other than rollover contributions) as being made for a particular year in accordance with the designation of the Depositor. If the Depositor does not designate a year for any contribution, the Custodian will designate the contribution as being made for the year in which the contribution is contributed to the Custodial Account.
15. **Authorization of Custodial Arrangement** – The Depositor authorizes the Custodian to hold Custodial Account contributions pending investment, the settlement of investments, or distribution, in a money market sweep fund or an insured bank deposit account maintained by the Custodian or its affiliates.
16. **Indemnification** – The parties do not intend to confer any fiduciary duties on the Custodian, and none shall be implied. The Depositor and the successors of the Depositor including any executor or administrator of the Depositor shall, always and fully, indemnify the Custodian, and the Sponsor, and their agents and their successors and assigns, against any and all claims, actions or liabilities of the Custodian to the Depositor or the successors or Beneficiaries of the Depositor whatsoever (including without limitation all reasonable expenses incurred in defending against or settlement of such claims, actions or liabilities) which may arise in connection with this Custodial Agreement or the Custodial Account, including without limitation those relating to valuation of assets whose values are not readily ascertainable on either an established exchange or a generally recognized market, except those due to the Custodian's or the Sponsor's bad faith, gross negligence or willful misconduct. Neither the Sponsor nor the Custodian shall be under any duty to take any action not specified in this Custodial Agreement, unless the Depositor shall furnish such party with instructions in proper form and such instructions shall have been specifically agreed to by the Custodian or the Sponsor, or to defend or engage in any suit with respect here to unless it shall have first agreed in writing to do so and shall have been fully indemnified to its satisfaction.
17. **Delegation of Duties** – To the maximum extent allowable by law, the Custodian is authorized to delegate its duties here under. The Custodian has appointed LPL to act as its delegate to provide certain services relating to custodial accounts and has delegated its duties, to the maximum extent allowable by law, to LPL Financial LLC. Any reference herein to "Custodian" shall include reference to a delegate to the extent The Private Trust Company, N.A. has delegated its custodial duties to a delegate.
18. **Notices** – All written notices required or permitted to be given by the Custodian shall be deemed to have been given when sent by regular mail to the Depositor at the Depositor's last address of record provided to the Custodian. The Depositor shall notify the Custodian of any change of address.

All written notices required or permitted to be given to the Custodian shall be deemed to have been given when received by the Sponsor if mailed to the address listed on this Agreement or such other address as the Sponsor shall provide to the Depositor from time to time. If any provision of any document governing the Custodial Account provides for notice, instructions or other communications from one party to another in writing, to the extent provided for in the procedures of the Sponsor (or any other party providing services to the Custodial Account), any such notice, instructions or other communications may be given by telephonic, computer, other electronic or other means, and a requirement for written notice will be deemed satisfied.

19. **Administrative Powers** – The Custodian may hold any securities acquired hereunder in the name of the Custodian without qualification or description or in the name of any nominee.
Pursuant to the Depositor's direction the Custodian shall have the following powers and authority with respect to the administration of each account.
 - (a) To invest and reinvest the assets of the Custodial Account without any duty to diversify and without regard to whether such investment is authorized by the laws of any jurisdiction for fiduciary investments.
 - (b) To exercise or sell options, conversion privileges, or rights to subscribe for additional securities and to make payments therefore.
 - (c) To consent or participate in dissolutions, reorganizations, consolidations, mergers, sales, leases, mortgages, transfers or other change affecting securities held by the Custodian.
 - (d) To make, execute and deliver as Custodian any and all contracts, waivers, releases or other instruments in writing necessary or proper for the exercise of any of the foregoing powers.
 - (e) To grant options to purchase securities held by the Custodian or to repurchase options previously granted with respect to the securities held by the Custodian.
20. **Scope of Custodian's Liability** – The Custodian shall not be liable for any loss of any kind which may result from any action taken by it in accordance with the directions of the Depositor or his or her designated agent or attorney-in-fact or from any failure to act because of the absence of any such directions. The Custodian shall not be responsible for determining whether any contribution or rollover deposit satisfies the requirements of the Code. The Custodian shall not be liable for any taxes (or interest thereon) or penalties incurred by the Depositor in connection with the Custodial Account or in connection with any contribution to or distribution from the Custodial Account. The Custodian shall not be liable for any loss of any kind which may result from the valuation of any asset the value of which is not readily ascertainable on either an established exchange or a generally recognized market. The Custodian and Sponsor are entitled to act upon any instrument, certificate, or form each believes is genuine and believes is signed or presented by the proper person or persons, and the Custodian and Sponsor need not investigate or inquire as to any statement contained in such document but may accept it as true and accurate. The Custodian and Sponsor may request any document, form, instrument, or certificate that each reasonably believes is necessary in order to fulfill the terms of this Custodial Agreement.
21. **Liquidation of Assets** – If the Custodian must liquidate assets in order to make distributions, transfer assets, or pay fees, expenses, or taxes assessed against a Depositor's Custodial Account, and the Depositor fails to instruct the Custodian as to the liquidation of such assets, assets will be liquidated in the following order to the extent held in the Custodial Account: (a) any shares of a money market fund, money market-type fund, or an insured bank deposit account, (b) securities, (c) other assets.
22. **Records and Accounting** – The Custodian shall keep or cause to be kept adequate records of the transactions it is required to perform hereunder. Not later than 120 days after the close of each calendar year (or after the Custodian's resignation or removal), the Custodian shall file with the Depositor a written report or reports (which may consist of copies of the Custodian's regularly issued account statements) reflecting the transactions effected by it during such period and the assets of the Custodial Account and their fair market values at its close. If within 60 days after such a report is rendered, the Depositor has not given the Custodian written notice of any exception or objection thereto, the written report shall be deemed to have been approved, and in such case,



or upon the earlier written approval of the Depositor, the Custodian shall be forever released and discharged from all liability and accountability to anyone with respect to transactions shown in or reflected by such report as though the report had been settled by judgment or decree of a court of competent jurisdiction. No person other than the Depositor, or a Beneficiary may require an accounting.

23. Representations and Responsibilities – The Depositor represents and warrants to the Custodian that any information the Depositor has given or will give to the Custodian with respect to this Agreement (including without limitation any information regarding or determination of the fair market value of any asset of the Custodial Account) is complete and accurate. Further, the Depositor promises that any direction given by the Depositor to the Custodian, or any action taken by the Depositor will be proper under this Custodial Agreement. The Custodian will not be responsible for the Depositor’s actions or failures to act.

24. Combining of Accounts – The Depositor may direct the Custodian in writing to combine a rollover contribution from an eligible employer plan with the Depositor’s Traditional IRA.

Any IRA rollover contribution made by a Depositor may be combined with a contributory (Traditional or Roth), or SEP-IRA held for the benefit of that Depositor and further contributions may be made to that IRA. A contributory IRA may be combined with a SEP-IRA.

25. Transfer – Funds held on behalf of a Depositor in another individual retirement account, individual retirement annuity or individual retirement bond, and such other transfers as tax law and related regulations may permit, may be transferred to the Custodian and held in a Custodial Account for the benefit of the Depositor. Upon the request of the Depositor in writing on a form acceptable to the Custodian, the Custodian shall transfer funds held in a Depositor’s Custodial Account to another individual retirement account or individual retirement annuity established by or on behalf of the Depositor with another approved and qualified custodian. Such transfers shall include without limitation, recharacterizations and conversions.

All or a portion of a Depositor’s Custodial Account may be assigned to his or her spouse, former spouse, child or other dependent (“Alternate Payee”) to satisfy family support or marital property obligations pursuant to legal documentation of such assignment, such as a divorce decree or separate maintenance decree. Legal documentation also may include an order issued by any state court, agency or instrumentality with the authority to issue judgments, decrees, or orders, or to approve property settlement agreements, pursuant to state domestic relations law (including community property law). If the assignment is to a spouse or former spouse, the amount of the assignment may be transferred and held for the benefit of that Alternate Payee subject to the terms and conditions of the Custodial Agreement. Any request to process an assignment or distribution to an Alternate Payee must be submitted in writing to LPL and accompanied by a copy of the legal documentation authorizing the assignment or distribution.

26. Spousal IRA – Contributions to a Traditional IRA Custodial Account for a nonworking spouse must be made to a separate Traditional IRA Custodial Account established by the nonworking spouse.

Retirement Arrangements (IRAs), and Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

Definitions

Custodian. The Custodian 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 Custodian.

Depositor. The Depositor is the person who establishes the custodial account.

Traditional IRA for Nonworking Spouse

Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse.

Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial 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 Depositor 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 Depositor and Custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the Custodian, Custodian’s fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the Depositor, etc. Attach additional pages if necessary.

General Instructions

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

Purpose of Form

Form 5305-A is a model custodial 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 (Depositor) and the Custodian. To make a regular contribution to a Traditional IRA for a year, the IRA must be established no later than the due date of the individual’s income tax return for the tax year (excluding extensions). This account must be created in the United States for the exclusive benefit of the Depositor and his or her Beneficiaries.

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

For more information on IRAs, including the required disclosures the Custodian must give the Depositor, see IRS Publication 590-A, *Contributions to Individual*



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 \$6,000 for 2019 and 2020, 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** – For tax years beginning before 2020, 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. For 2020 and later tax years, you may make a regular contribution to your IRA at any age if you have compensation.
- 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. **Nonforfeitable** – 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. If you were born before July 1, 1949, 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. If you were born on or after July 1, 1949, you are required to take a minimum distribution from your IRA for the year in which you reach age 72 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 72. 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 your required beginning date.

- (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.

- K. **Beneficiary Distributions** – Upon your death, your beneficiaries are required to take distributions according to IRC Sec. 401(a)(9) and Treasury Regulation 1.408-8. These requirements are described below.

1. **Death of IRA Owner Before January 1, 2020** – 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 72 (age 70½ if you would have attained age 70½ before 2020), 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.

2. **Death of IRA Owner On or After January 1, 2020** – The entire amount remaining in your account will generally be distributed by December 31 of the year containing the tenth anniversary of your death unless you have an eligible designated beneficiary or you have no designated beneficiary for purposes of determining a distribution period. This requirement applies to beneficiaries regardless of whether you die before, on, or after your required beginning date.

If your beneficiary is an eligible designated beneficiary, the entire amount remaining in your account may be distributed (in accordance with the Treasury Regulations) over the remaining life expectancy of your eligible designated beneficiary (or over a period not extending beyond the life expectancy of such beneficiary).

An eligible designated beneficiary is any designated beneficiary who is

- your surviving spouse,
- your child who has not reached the age of majority,
- disabled (A physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration.),
- an individual who is not more than 10 years younger than you, or
- chronically ill (A chronically ill individual is someone who (1) is unable to perform (without substantial assistance from another individual) at least two activities of daily living for an indefinite period due to a loss of functional capacity, (2) has a level of disability similar to the level of disability described above requiring assistance with daily living based on loss of functional capacity, or (3) requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.)

Note that certain trust beneficiaries (e.g., certain trusts for disabled and chronically ill individuals) may take distribution of the entire amount remaining in your account over the remaining life expectancy of the trust beneficiary.

Generally, life expectancy distributions to an eligible designated beneficiary must commence by December 31 of the year following the year of your death. However, if your spouse is the eligible designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 72, if later. If your eligible designated beneficiary is your minor child, life expectancy payments must begin by December 31 of the year following the year of your death and continue until the child reaches the age of majority. Once the age of majority is reached, the beneficiary will have 10 years to deplete the account.

If a beneficiary other than a person (e.g., your estate, a charity, or a certain type of trust) is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If you die before your required beginning date and 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. If you die on or after your required beginning date and there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

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.

- L. **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.

- M. **Waiver of 2020 RMD** – In spite of the general rules described above, if you are an IRA owner age 70½ or older, you are not required to remove an RMD for calendar year 2020. This RMD waiver also applies to IRA owners who attained age 70½ in 2019 but did not take their first RMD before January 1, 2020. In addition, no beneficiary life expectancy payments are required for calendar year 2020. If the five-year rule applies to an IRA with respect to any decedent, the five-year period is determined without regard to calendar year 2020. For example, if an IRA owner died in 2017, the beneficiary's five-year period ends in 2023 instead of 2022.

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 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 \$66,000 in 2020, your maximum deductible contribution is \$5,400 (the 2020 phase-out range maximum of \$75,000 minus your MAGI of \$66,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000, and multiplied by the contribution limit of \$6,000).

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 \$107,000 in 2020, your maximum deductible contribution is \$5,100 (the 2020 phase-out maximum of \$124,000 minus your MAGI of \$107,000, divided by the difference between the maximum and minimum phase-out limits of \$20,000, and multiplied by the contribution limit of \$6,000).

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	Single Taxpayers
	Phase-Out Range*	Phase-Out Range*
	(minimum)(maximum)	(minimum)(maximum)
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
2019	\$103,000–123,000	\$64,000–74,000
2020	\$104,000–124,000	\$65,000–75,000

*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 \$193,000–\$203,000 (for 2019) and \$196,000–\$206,000 (for 2020). This limit is also subject to cost-of-living increases for tax years after 2020. 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.

2019 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1–38,500	\$1–28,875	\$1–19,250	50
\$38,501–41,500	\$28,876–31,125	\$19,251–20,750	20
\$41,501–64,000	\$31,126–48,000	\$20,751–32,000	10
Over \$64,000	Over \$48,000	Over \$32,000	0

2020 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1–39,000	\$1–29,250	\$1–19,500	50
\$39,001–42,500	\$29,251–31,875	\$19,501–21,250	20
\$42,501–65,000	\$31,876–48,750	\$21,251–32,500	10
Over \$65,000	Over \$48,750	Over \$32,500	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.
- 10) Qualified birth or adoption.** Payments from your IRA for the birth of your child or the adoption of an eligible adoptee will not be subject to the 10 percent early distribution penalty tax if the distribution is taken during the one-year period beginning on the date of birth of your child or the date on which your legal adoption of an eligible adoptee is finalized. An eligible adoptee means any individual (other than your spouse's child) who has not attained age 18 or is physically or mentally incapable of self-support. The aggregate amount you may take for this reason may not exceed \$5,000 for each birth or adoption.

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.

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 or nonspouse beneficiary of a deceased employer-sponsored retirement plan participant, or the trustee of an eligible type of trust named as beneficiary of such 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, as permitted by the IRS. 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 includable 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 required to take a required minimum distribution for the year, 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.
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. **Repayment of Qualified Birth or Adoption Distribution.** If you have taken a qualified birth or adoption distribution, you may generally repay all or a portion of the aggregate amount of such distribution to an IRA, as permitted by the IRS. For further information, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, by visiting www.irs.gov on the Internet.
13. **Written Election.** At the time you make a rollover to an IRA, you must designate in writing to the Custodian 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. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year for which the original contribution was made. 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** – For contributions made for tax years beginning before 2020, 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. For contributions made for 2020 and later tax years, you may contribute to an IRA established for the benefit of your spouse regardless of your spouse's age, if you are married and have 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 \$12,000 for 2019 and 2020. 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 be eligible to 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 disasters designated by Congress), 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.
- G. **Coronavirus-Related Distributions (CRDs)** – If you qualify, you may withdraw up to \$100,000 in aggregate from your IRAs and eligible retirement plans as a CRD, without paying the 10 percent early distribution penalty tax. You are a qualified individual if you (or your spouse or dependent) is diagnosed with the COVID-19 disease or the SARS-CoV-2 virus in an approved test; or if you have experienced adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reduced hours of a business owned or operated by you due to such virus or disease, or other factors as determined by the IRS. A CRD must be made on or after January 1, 2020, and before December 31, 2020.

CRDs will be taxed ratably over a three-year period, unless you elect otherwise, and may be repaid over three years beginning with the day following the day a CRD is made. Repayments may be made to an eligible retirement plan or IRA.

An eligible retirement plan is defined as a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or an IRA.



Fee Schedule (please retain for your records)

Retirement Account Fees

Annual IRA Maintenance Fee ¹		\$40.00 Per Account
Roth Conversion Fee ²		\$25.00 Per Conversion
IRA Account Termination Fee ³		\$125.00 Per Account ⁴
Alternative Investment Fees ⁵	Product Processing Fee	\$50.00 Per Transaction
	Annual Administration Fee	\$35.00 Per Position (\$100 max)
	UBTI Filing Fee	\$100.00 Per Required Filing ⁶

Commission Disclosure Statement

Brokerage commissions are considered a cost of the security and are not billed separately. These costs must be paid for with assets from the account and cannot be paid for outside of the account according to the Internal Revenue Code.

¹ This fee does not apply to Optimum Market Portfolios, Model Wealth Portfolios or Personal Wealth Portfolios accounts. This fee will be posted annually and charged in arrears. This fee may be waived for accounts that are valued at \$250,000 or more on the last day of the prior year. The values of Alternative Investments are not considered for the purpose of this valuation. This fee is payable in the month of the first anniversary of the opening of your account and each subsequent anniversary thereafter. The amount of the Annual IRA Maintenance Fee is posted to your account statement in the account detail section with the applicable due date. The annual fee will be charged against cash and cash equivalents in the account unless payment from outside sources is received before the due date. LPL has the right to liquidate any assets to collect any amount past due.

² This fee will be assessed to the Traditional, SEP or SIMPLE IRA at time of conversion.

³ This fee is in addition to the Annual IRA Maintenance Fee and other applicable LPL fees.

⁴ LPL reserves the right to close and collect fees for any account that falls below the amount required for closing fees.

⁵ The issuing party, transfer agent or general partner may require additional fees.

⁶ Upon notice by the product sponsor and determination of Unrelated Business Taxable Income (UBTI), LPL will file an IRS Form 990-T on behalf of the IRA and pay tax and/or penalty from account assets.

