Traditional Individual Retirement Account Custodial Agreement & Disclosure Statement

The attached agreement has not been updated to reflect changes in the law due to the SECURE 2.0 Act of 2022, which was signed into law on December 29, 2022, with respect to death distributions.

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25-21-3438300_2103 (09/25)

Traditional Individual Retirement Custodial Account

(Under Section 408(a) of the Internal Revenue Code)

Form **5305-A**
(Rev. March 2017)
Department of the Treasury
Internal Revenue Service

ARTICLE I

1.01 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 before the close of the tax year, the contribution limit is increased to $6,500 for tax years 2013 through 2017. For tax years after 2017, these limits will be increased to reflect a cost- of-living adjustment, if any.

ARTICLE II

2.01 The Depositor's interest in the balance in the Custodial Account is nonforfeitable.

ARTICLE III

3.01 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)).

3.02 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

4.01 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.

4.02 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 1st 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.

4.03 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 4.03(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 4.03(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 4.03(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 (i) below or, if elected or there is no designated Beneficiary, in accordance with (ii) below:

(i) The remaining interest will be distributed in accordance with paragraphs 4.03 (a)(i) and 4.03 (a)(ii) above (but not over the period in paragraph 4.03(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 73. 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 4.03(a)(ii) above (but not over the period in paragraph 4.03(a)(iii), even if longer), over such spouse's designated Beneficiary's life expectancy, or in accordance with 4.03(b)(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.

4.04 If the Depositor dies before his or her entire interest has been distributed and if the designated Beneficiary is other than the Depositor's surviving spouse, no additional contributions may be accepted in the account.

4.05 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 4.02(b) for any year, beginning with the year the Depositor reaches age 73, is the Depositor's account value at the close of business on December 31st 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 31st 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 4.05 (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 4.03(a) and 4.03(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 73, if applicable under paragraph 4.03(b)(i)) is the account value at the close of business on December 31st 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 4.03(a) and 4.03(b)(i).

(c) The required minimum distribution for the year the Depositor reaches age 73 can be made as late as April 1st of the following year. The required minimum distribution for any other year must be made by the end of such year.

4.06 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

5.01 The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulation sections 1.408-5 and 1.408-6.

5.02 The Custodian agrees to submit to the Internal Revenue Service (IRS) and Depositor the reports prescribed by the IRS.

ARTICLE VI

6.01 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

7.01 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 Adoption Agreement.

ARTICLE VIII

8.01 **Definitions:**

(a) **Beneficiary** — shall mean any person so designated by a Depositor or a Beneficiary eligible to receive distributions, in a written notice to the Custodian made pursuant to this Custodial Agreement.

(b) **Custodial Account** — shall mean the individual retirement account held by the Custodian on behalf of the Depositor pursuant to this Custodial Agreement.

(c) **Custodial Agreement** — shall mean this custodial individual retirement account agreement between Custodian and Depositor.

(d) **Custodian** — shall mean RBC Capital Markets, LLC and any successor custodian under this Custodial Agreement.

(e) **Depositor** — an individual who has established a traditional individual retirement account with the Custodian pursuant to this Custodial Agreement. Unless the context clearly requires otherwise, "Depositor" will also refer to the Beneficiary of a deceased Depositor or deceased Beneficiary.

(f) **Minor** — an individual who has does not have the legal capacity of an adult, due to having not reached the age of majority or not being emancipated, under the applicable law of his or her domicile.

(g) **Guardian** — an individual who is the legal guardian of a Minor, by applicable law or legal appointment.

8.02 **Applicable Law:** This Custodial Agreement shall be governed by the laws of the State of Minnesota.

8.03 **Annual Accounting:** The Custodian shall, at least annually, provide the Depositor or Beneficiary (in the case of death) with an accounting of such Depositor's account. Such accounting shall be deemed to be accepted by the Depositor or the Beneficiary, if the Depositor or Beneficiary does not object in writing within 60 days after the mailing of such accounting statement. No person other than the Depositor or Beneficiary (in case of death), or their legal representative, may require an accounting or bring any action against the Custodian with respect to the Custodial Account or its actions as Custodian.

8.04 **Amendment:** The Depositor irrevocably delegates to the Custodian the right and power to amend this Custodial Agreement. Except as hereafter provided, the Custodian will give the Depositor 30 days' prior written notice of any amendment. In the case of a retroactive amendment required by law, the Custodian will provide written notice to the Depositor of the amendment within 30 days after the amendment is made, or if later, by the time that notice of the amendment is required to be given under regulations or other guidance provided by the IRS. The Depositor shall be deemed to have consented to any such amendment not objected to in writing by the Depositor within 30 days of receipt of the notice, 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 his or her Beneficiaries.

8.05 **Resignation and Removal of Custodian:**

(a) The Custodian may resign and appoint a successor trustee or custodian to serve under this agreement or under another governing agreement selected by the successor trustee or custodian by giving the Depositor written notice at least 30 days prior to the effective date of such resignation and appointment, which notice shall also include or be provided under separate cover a copy of such other governing instrument, if applicable, and the related disclosure statement. The Depositor shall then have 30 days from the date of such notice to either request a distribution of the entire account balance or designate a different successor trustee or custodian and notify the Custodian of such designation. If the Depositor does not request distribution of the account balance or notify the Custodian of the designation of a different successor trustee or custodian within such 30-day period, the Depositor shall be deemed to have consented to the appointment of the successor trustee or custodian and the terms of any new governing instrument, and neither the Depositor nor the successor shall be required to execute any written document to complete the transfer of the account to the successor trustee or custodian. The successor trustee or custodian may rely on any information, including beneficiary designations, previously provided by the Depositor to the Custodian.

(b) The Depositor may at any time remove the Custodian and replace the Custodian with a successor trustee or custodian of the Depositor's choice by giving 30 days' notice of such removal and replacement. The Custodian shall then deliver the assets of the account as directed by the Depositor. However, the Custodian may retain a portion of the assets of the IRA as a reserve for payment of any anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor trustee or custodian upon satisfaction of such fees and expenses.

(c) The Custodian may resign and demand that the Depositor appoint a successor trustee or custodian of this IRA by giving the Depositor written notice at least 30 days' prior to the effective date of such resignation. The Depositor shall then have 30 days from the date of such notice to designate a successor trustee or custodian, notify the Custodian of the name and address of the successor trustee or custodian, and provide the Custodian with appropriate evidence that such successor has accepted the appointment and is qualified to serve as trustee or custodian of an individual retirement account.

(i) If the Depositor designates a successor trustee or custodian and provides the Custodian evidence of the successor's acceptance of appointment and qualification within such 30-day period, the Custodian shall then deliver all of the assets held by the Custodian in the account (whether in cash or personal or real property, wherever located, and regardless of value) to the successor trustee or custodian.

(ii) If the Depositor does not notify the Custodian of the appointment of a successor trustee or custodian within such 30-day period, then the Custodian may distribute all of the assets held by the Custodian in the account (whether in cash or personal or real property, wherever located, and regardless of value) to the Depositor, outright and free of trust, and the Depositor shall be wholly responsible for the tax consequences of such distribution.

In either case, the Custodian may expend any assets in the account to pay expenses of transfer (including re-registering the assets and preparation of deeds, assignments, and other instruments of transfer or conveyance) to the successor trustee or custodian or the Depositor, as the case may be. In addition, the Custodian may retain a portion of the assets as a reserve for payment of any anticipated remaining fees and expenses. Upon satisfaction of such fees and expenses, the Custodian shall pay over any remainder of the reserve to the successor trustee or custodian or to the Depositor, as the case may be.

8.06 **Custodian's Fees and Expenses:**

(a) The Depositor agrees to pay the Custodian any and all fees specified in the Custodian's current published fee schedule for establishing and maintaining this IRA, including any fees for distributions from, transfers from, and terminations of this IRA. A portion of the foregoing fees may be shared with the financial institution that introduced your account. The Custodian may change its fee schedule at any time by giving the Depositor 30 days' prior written notice.

(b) The Depositor agrees to pay any expenses incurred by the Custodian in the performance of its duties in connection with the account. Such expenses include, but are not limited to, administrative expenses, such as legal and accounting fees, a valuation fee from a qualified independent third party appraiser pursuant to section 8.03 and any taxes of any kind whatsoever that may be levied or assessed with respect to such account.

(c) All such fees, taxes, and other administrative expenses charged to the account shall be collected only from either the assets in the account or from any contributions to or distributions from such account if not paid by the Depositor. Notwithstanding any provision in this Custodial Agreement to the contrary, the Depositor hereby acknowledges that the Custodian is authorized, with or without advance direction from the Depositor, to liquidate such investments as are necessary to deduct from and charge against the Custodial Account all such fees, taxes and other administrative expenses not paid by the Depositor.

(d) In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the Custodial Funds, the Custodian reserves the right to withhold any payment from the Custodial account, to request a court ruling to determine the disposition of the Custodial assets, and to charge the Custodial account for any expenses incurred in obtaining such legal determination.

8.07 **Withdrawal Requests:** All requests for withdrawal shall be in writing on a form provided by the Custodian. Such written notice must also contain the reason for the withdrawal and the method of distribution being requested. The Custodian reserves the right to reject any withdrawal request it may deem appropriate and to apply to a court of competent jurisdiction to make a determination with respect to the proper party eligible to receive a distribution from the account.

8.08 **Age 73 Default Provisions:** If the Depositor does not choose any of the distribution methods under Article IV of this Custodial Agreement by the April 1st following the calendar year in which the Depositor reaches age 73, distribution shall be determined based upon the distribution period in the uniform lifetime distribution period table in Regulation section 1.401(a)(9)-9. However, no payment will be made until the Depositor provides the Custodian with a proper distribution request acceptable to the Custodian. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account. Upon receipt of such distribution request, the Depositor may switch to a joint life expectancy in determining the required minimum distribution if the Depositor's spouse was the sole beneficiary as of the January 1st of the distribution calendar year and such spouse is more than 10 years younger than the Depositor.

8.09 **Responsibility for Minimum Required Distributions:** The Depositor is solely responsible for requesting a distribution from his or her Custodial Account as necessary to comply with the minimum required distribution provisions of Article IV.

8.10 **Death Benefit Default Provisions:**

(a) If the Depositor dies before his or her required beginning date and the beneficiary does not select a method of distribution described in Article IV, Section 4.03(b)(i) or (ii) by the December 31st following the year of the Depositor's death, then distributions will be made pursuant to the single life expectancy of the Designated Beneficiary determined in accordance with IRS regulations. However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the Custodial Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account.

(b) If the Depositor dies on or after his or her required beginning date, distribution shall be made in accordance with Article IV, Section 4.03(a). However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the Custodial Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account.

8.11 **Transitional Rule for Determining Required Minimum Distributions for Calendar Year 2002:** Unless the Custodian provides otherwise, if a Depositor (or beneficiary) is subject to required minimum distributions for calendar year 2002, such individual may elect to apply the 1987 proposed regulations, the 2001 proposed regulations, or the 2002 final regulations in determining the amount of the 2002 required minimum. However, the Custodian, in its sole discretion, reserves the right to perform any required minimum distribution calculations through its data systems or otherwise based upon any of the three sets of regulations delineated in the previous sentence.

8.12 **Responsibilities:** Depositor agrees that all information and instructions given to the Custodian by the Depositor is complete and accurate and that the Custodian shall not be responsible for any incomplete or inaccurate information provided by the Depositor or Depositor's Beneficiary(ies). Depositor and Depositor's Beneficiary(ies) agree to be responsible for all tax consequences arising from contributions to and distributions from this Custodial Account and acknowledges that no tax advice has been provided by the Custodian.

Neither RBC Wealth Management, a division of RBC Capital Markets, LLC, nor its affiliates or employees provide legal, accounting or tax advice. All legal, accounting or tax decisions regarding your accounts and any transactions or investments entered into in relation to such accounts, should be made in consultation with your independent advisors. No information, including but not limited to written materials, provided by RBC WM or its affiliates or employees should be construed as legal, accounting or tax advice.

8.13 **Designation of Beneficiary:**

(a) Except as may be otherwise required by State law, in the event of the Depositor's death, the balance in the account shall be paid to the beneficiary or beneficiaries designated by the Depositor on a beneficiary designation form acceptable to and filed with the Custodian. The Depositor may change the Depositor's beneficiary or beneficiaries at any time by filing a new beneficiary designation with the Custodian. If no beneficiary designation is in effect, if none of the named beneficiaries survive the Depositor, or if the Custodian cannot locate any of the named beneficiaries after reasonable search, any balance in the account will be payable to the Depositor's surviving spouse; or if no spouse survives the Depositor, the Depositor's estate.

(b) If the Custodian permits, in the event of the Depositor's death, any Beneficiary may name a subsequent Beneficiary(ies) to receive the balance of the account to which such beneficiary is entitled to upon the death of the original Beneficiary by executing a subsequent beneficiary designation form acceptable to and filed with the Custodian. Payments to such subsequent Beneficiary(ies) shall be distributed in accordance with the payment schedule applicable to the original Beneficiary or more rapidly if the subsequent Beneficiary requests. In no event can any subsequent Beneficiary be treated as a designated Beneficiary of the Depositor. The preceding sentence shall not apply with respect to the subsequent Beneficiary(ies), if any, designated by the original spouse Beneficiary where the Depositor dies before his or her required beginning date. In this case, the original spouse Beneficiary is treated as the Depositor. The Depositor's Beneficiary may change their Beneficiary or Beneficiaries at any time by filing a new Beneficiary designation with the Custodian. If the balance of the account has not been completely distributed to the original Beneficiary and such Beneficiary has not named a subsequent Beneficiary or no named subsequent Beneficiary is living on the date of the original Beneficiary's death, such balance shall be payable to the estate of the original Beneficiary.

(c) If the Depositor is a Minor, the Beneficiary of the Minor's IRA must be the Minor's estate.

8.14 **Identity of Beneficiary in Dispute:** If two or more persons make a bona fide claim to the same Custodial Account, then the Custodian shall not make any distribution until the dispute is resolved. In the interim, the Custodian shall only follow directions, including investment directions, given by a person appointed by court order or applicable law, or given by the unanimous directions of all persons claiming an interest in the Custodial Account. The Custodian shall not be liable or responsible for any error in payment resulting from any misstatement of fact made by the Depositor or the provision of inaccurate, incomplete or outdated information, which is used by the Custodian in determining the identity of one or more primary, contingent or automatic Beneficiaries. The Depositor (or the Depositor's estate) shall indemnify and hold the Custodian harmless for following the terms of any beneficiary designation, interpreting any such designation, following the written instructions given by a person appointed by court order or applicable law regarding the interpretation of such designation, or ascertaining the identity of any primary, contingent or automatic Beneficiary.

8.15 **Rules of Interpretation:** The following rules will govern the interpretation of beneficiary designations:

(a) Primary Beneficiaries: Unless the Depositor otherwise specifies, the Custodial Account will be paid in equal shares to the primary Beneficiary or Beneficiaries who survive the Depositor. If the Depositor specifies percentage (or fractional) shares for the primary Beneficiaries and if some but not all such Beneficiaries survive the Depositor, the Custodial Account will be divided among the surviving primary Beneficiaries in proportion to the relative percentage (or fractional) shares of each; provided, however, that in lieu of such division, the Depositor may elect, on the applicable beneficiary designation form, to have the Custodial Account divided per stirpes among the primary Beneficiaries and their respective issue.

(b) Contingent Beneficiaries: If no primary Beneficiary survives the Depositor, the Custodial Account will be paid in equal shares (unless otherwise specified in the beneficiary designation) to the Contingent Beneficiary or Beneficiaries who survive the Depositor, following the rule in paragraph (a) above.

(c) Designation by Relationship Only: Any designation of a Beneficiary only by statement of relationship to the Depositor will be effective only to designate the person or persons standing in such relationship at the Depositor's death.

(d) Death Before Full Distribution: If a Beneficiary is eligible to receive distributions but dies before the receipt of all amounts due such Beneficiary, the remaining amounts will be payable, in the manner described in paragraphs (a) and (b) above, to subsequent Beneficiaries designated by such Beneficiary on a form acceptable to the Custodian, or to the Beneficiary's estate if no such designation has been made. The required minimum distributions for such remaining amounts shall be determined using the payment period established for the Beneficiary first succeeding the Depositor.

8.16 **Spousal Consent:** If the Custodial Account contains any community property, the Depositor represents and warrants that the Depositor's spouse has consented to any beneficiary designation the Depositor provides to the Custodian, where such consent is required under applicable community property laws. A Depositor may use the beneficiary designation form offered by the Custodian to capture the consent of the Depositor's spouse, but the Custodian does not require it and the Custodian does not represent or warrant that using such form for such purpose meets the requirements of any law requiring such consent. The Depositor should direct any questions the Depositor has in connection with the impact of community property laws on beneficiary designations to the Depositor's attorney or tax advisor.

8.17 **Separate Accounts for Beneficiary:** Upon receipt of appropriate proof of the Depositor's death, and when the identity of all Beneficiaries has been determined, the Custodian will establish a separate Custodial Account for each Beneficiary's share of the deceased Depositor's Custodial Account. Each Beneficiary will be bound by the provisions of this Custodial Agreement. No additional contribution (other than rollovers from like-kind accounts) will be permitted to the Custodial Account unless the Beneficiary is the surviving spouse. If the Beneficiary is a Minor, the Custodian will require a parent or legal guardian of the Minor to establish an IRA for the benefit of the Minor ("Minor IRA"). Each Beneficiary of legal age may name subsequent Beneficiaries for his or her separate Custodial Account. If there are multiple beneficiaries, Custodian may liquidate securities in the deceased Depositor's Custodial Account as Custodian deems advisable to facilitate transfer of such securities to the Custodial Accounts of the Beneficiaries.

8.18 **Minor IRAs:** If Depositor is a Minor, the Guardian of such Minor hereby agrees to indemnify and hold harmless Custodian, its officers, directors, employees and agents, and each of them, from any liability, loss, damage or expense, of any nature whatsoever, that they might have, incur or sustain because of (i) the establishment or maintenance of this IRA, (ii) any distribution to or for the benefit of the Minor at the direction of the Guardian, (iii) and other disbursement from the IRA as authorized, directly or indirectly, by the Guardian, and (iv) the sale or purchase at the discretion of the Guardian of any investment for the IRA and the retention of any IRA investment.

Upon the Minor achieving the legal capacity of an adult, by attaining the legal age of majority in the state of the Minor's domicile or by emancipation, the Minor, upon completion and execution of an IRA application, shall assume control of the IRA. In all events it shall be the duty and responsibility of the Guardian and the Minor to notify Custodian that the Minor has achieved the legal capacity of an adult and, until such notification is received, Custodian shall continue to acknowledge the Guardian as controlling the IRA on behalf of the Minor.

8.19 **Investment of Uninvested Cash Balances:** The Depositor directs the Custodian to automatically invest all uninvested cash balances in the Custodial Account in accordance with the terms and conditions set forth in the Client Account Agreement, and Advisory Master Services Agreement Terms & Conditions, if applicable.

8.20 **Attorneys-in-Fact:** The Custodian is authorized to recognize the authority of an attorney-in fact appointed by the Depositor only if:

(a) The Custodian believes that the power of attorney is valid under applicable law.

(b) An original or certified copy of the power of attorney is presented to the Custodian.

(c) The power of attorney expressly authorizes the specific action the attorney-in-fact wishes to take.

(d) The attorney-in-fact is authorized under the power of attorney to take the action. The Depositor does not authorize the Custodian to recognize the authority of an attorney-in-fact under general language authorizing the attorney-in-fact to "do all things the Depositor could do" or words of similar import.

8.21 **Authenticity of Instruments:** The Custodian shall be fully protected in acting upon any instrument, certificate, or paper believed by it to be genuine and to be signed or presented by the proper person or persons, and the Custodian shall be under no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.

8.22 **Spendthrift Provision:** No Depositor or Beneficiary shall have any transmissible interest in any Custodial Account nor shall any Depositor or Beneficiary have any power to anticipate, alienate, dispose of, pledge or encumber the same while in the possession or control of the Custodian, nor shall the Custodian recognize any assignment of the Custodial Account, either in whole or in part, nor shall any Custodial Account be subject to attachment, garnishment, execution following judgment or other legal process while in the possession or control of the Custodian, provided that the Custodian shall comply with the specific and explicit order of any court of competent jurisdiction.

8.23 **Custody:** All contributions so received together with the income therefrom and any other increment thereon shall be held, managed and administered by RBC Capital Markets, LLC as Custodian pursuant to the terms of this Custodial Agreement without distinction between principal and income and without liability for the payment of interest thereon. The Custodian shall not be responsible for the computation and collection of any contributions under this Custodial Agreement and shall be under no duty to determine whether the amount of any contribution is in accordance with this Custodial Agreement. The Custodian may leave any securities or cash for safekeeping or on deposit with or without interest, with such banks, brokers and other custodians as the Custodian may select, and hold any securities in bearer form or in the name of the banks, brokers and other custodians or in the name of the Custodian without qualification or description or in the name of any nominee.

8.24 **Worthless Securities:** The Custodian may, but is under no obligation to, remove from any Custodial Accounts any securities that have no known transfer agent or administrator or otherwise where information available to the Custodian indicates that the security has no value. Such removal will not be reported as a distribution or sale and will not change the registered or beneficial ownership of such securities in physical form or on the books of any issuer. Affected Clients may request from the Custodian a letter stating that there is no known current market for the removed security; however, the letter should not be considered to be conclusive evidence of a security's worthlessness.

8.25 **This agreement contains a predispute arbitration clause.** By signing an arbitration agreement the parties agree as follows:

(a) **All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.**

(b) **Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.**

(c) **The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.**

(d) **The arbitrators do not have to explain the reason(s) for their award.**

(e) **The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**

(f) **The rules of some arbitration forums may impose time limits for bringing a claim in arbitration in some cases, a claim that is ineligible for arbitration may be brought in court.**

The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

The Depositor agrees that any controversy arising out of or relating directly or indirectly to this Custodial Agreement, or any investment by the Depositor hereunder, or with respect to transactions of any kind executed by or with RBC Capital Markets, LLC, its officers, directors, agents, employees or affiliate, or with respect to this Custodial Agreement or any other agreements entered into with RBC Capital Markets, LLC relating to the accounts with RBC Capital Markets, LLC or the breach thereof, shall be settled by arbitration pursuant to the Federal

Arbitration Act and in accordance with the rules, then in effect, of the Financial Industry Regulatory Industry. Notice preliminary to, in conjunction with or incident to arbitration may be sent to the Depositor by mail and personal service is hereby waived. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

No person shall bring a punitive or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration against any person who has initiated in court a punitive class action; or who is a member of a punitive class who has not opted out of the class with respect to any claims encompassed by the punitive class action until:

(a) **The request for class certification is denied;**

(b) **The class is decertified; or**

(c) **The customer is excluded from the class by the court.**

Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Custodial Agreement except to the extent stated herein.

ARTICLE IX

SELF-DIRECTED IRA PROVISIONS

9.01 **Investment of Contributions:** At the direction of the Depositor(or the direction of the Beneficiary upon the Depositor's death), the Custodian shall invest all contributions to the account and earnings thereon in investments acceptable to the Custodian, which may include marketable securities traded on a recognized exchange or "over the counter" (excluding any securities issued by the Custodian), covered call options, certificates of deposit, and other investments to which the Custodian consents, in such amounts as are specifically selected and specified by the Depositor in orders to the Custodian in such form as may be acceptable to the Custodian, without any duty to diversify and without

regard to whether such property is authorized by the laws of any jurisdiction as a trust investment. The Custodian shall be responsible for the execution of such orders and for maintaining adequate records thereof. However, if any such orders are not received as required, or, if received, are unclear in the opinion of the Custodian, 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 Custodian may, but need not, establish programs under which cash deposits in excess of a minimum set by it will be periodically and automatically invested in interest-bearing investment funds. The Custodian shall have no duty other than to follow the written investment directions of the Depositor, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Depositor.

9.02 **Registration:** All assets of the account shall be registered in the name of the Custodian or of a suitable nominee. The same nominee may be used with respect to assets of other investors whether or not held under agreements similar to this one or in any capacity whatsoever. However, each Depositor's account shall be separate and distinct; a separate account therefore 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 Exchange Act of 1934.

9.03 **Investment Advisor:** The Depositor may appoint an Investment Advisor, qualified under Section 3(38) of the Employee Retirement Income Security Act of 1974, to direct the investment of his IRA. The Depositor shall notify the Custodian in writing of any such appointment by providing the Custodian a copy of the instruments appointing the Investment Advisor and evidencing the Investment Advisor's acceptance of such appointment, an acknowledgment by the Investment Advisor that it is a fiduciary of the account, and a certificate evidencing the Investment Advisor's current registration under the Investment Advisor's Act of 1940. The Custodian shall comply with any investment directions furnished to it by the Investment Advisor, unless and until it receives written notification from the Depositor that the Investment Advisor's appointment has been terminated. The Custodian shall have no duty other than to follow the written investment directions of such Investment Advisor and shall be under no duty to question said instructions, and the Custodian shall not be liable for any investment losses sustained by the Depositor.

9.04 **No Investment Advice:** The Custodian does not assume any responsibility for rendering advice with respect to the investment and reinvestment of Depositor's account and shall not be liable for any loss which results from Depositor's exercise of control over his account. The Custodian and Depositor may specifically agree in writing that the Custodian shall render such advice, but the Depositor shall still have and exercise exclusive responsibility for control over the investment of the assets of his account, and the Custodian shall not have any duty to question his investment directives.

9.05 **Prohibited Transactions:** Notwithstanding anything contained herein to the contrary, the Custodian shall not lend any part of the corpus or income of the account to; pay any compensation for personal services rendered to the account to; make any part of its services available on a preferential basis to; acquire for the account any property, other than cash, from; or sell any property to, any Depositor, any member of a Depositor's family, or a corporation controlled by any Depositor through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or of 50 percent or more of the total value of shares of all classes of stock of such corporation.

9.06 **Unrelated Business Income Tax:** If the Depositor directs investment of the account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Depositor to so advise the Custodian and to provide the Custodian with all information necessary to prepare and file any required returns or reports for the account. As the Custodian may deem necessary, and at the Depositor's expense, the Custodian may request a taxpayer identification number for the account, file any returns, reports, and applications for extension, and pay any taxes or estimated taxes owed with respect to the account. The Custodian may retain suitable accountants, attorneys, or other agents to assist it in performing such responsibilities.

9.07 **Disclosures and Voting:** The Custodian shall deliver, or cause to be executed and delivered, to Depositor all notices, prospectuses, financial statements, proxies and proxy soliciting materials relating to assets credited to the account. The Custodian shall not vote any shares of stock or take any other action, pursuant to such documents, with respect to such assets except upon receipt by the Custodian of adequate written instructions from Depositor.

9.08 **Miscellaneous Expenses:** In addition to those expenses set out in Article VIII, section 8.06 of this plan, the Depositor agrees to pay any and all expenses incurred by the Custodian in connection with the investment of the account, including expenses of preparation and filing any returns and reports with regard to unrelated business income, including taxes and estimated taxes, as well as any transfer taxes incurred in connection with the investment or reinvestment of the assets of the account.

9.09 **Nonbank Trustee Provision:** If the Custodian is a nonbank Trustee, the Depositor shall substitute another custodian or trustee in place of the Custodian upon receipt of notice from the Commissioner of the Internal Revenue Service or his delegate that such substitution is required because the Custodian has failed to comply with the requirements of Income Tax Regulations Section 1.408-2(e), or is not keeping such records, making such returns, or rendering such statements as are required by applicable law, regulations, or other rulings. The successor trustee or custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury pursuant to Section 408(a)(2) of the Code. Upon receipt by the Custodian of written acceptance by its successor of such successor's appointment, Custodian shall transfer and pay over to such successor the assets of the account (less amounts retained pursuant to Article VIII, Section 8.06 of the Custodial Agreement) and all records (or copies thereof) of the Custodian pertaining thereto, provided that the successor trustee or custodian agrees not to dispose of any such records without the Custodian's consent.

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).

A traditional individual retirement account (traditional IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian and must be completed no later than the due date (excluding extensions) of the individual's income tax return for the tax year. This account must be created in the United States for the exclusive benefit of the Depositor or 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 Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs), and 590-B, Distributions from Individual Retirement Arrangements (IRAs).

Identifying Number — The Depositor's social security number will serve as the identifying number of his or her IRA. An employer identification number (EIN) is required only for an IRA for which a return is filed to report unrelated business taxable income. An EIN is required for a common fund created for IRAs.

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 73 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.

Traditional IRA Disclosure Statement

Your Individual Retirement Account (IRA) is a custodial account for the benefit of you or your beneficiaries. The Custodian of the account which you have established is RBC Capital Markets, LLC. Internal Revenue Service regulations require that you be given this Disclosure Statement to assure that you are made aware of some of the statutory rules governing IRAs. All references in this Disclosure Statement to the "Code" are to the Internal Revenue Code of 1986, as amended.

RIGHT TO REVOKE YOUR IRA ACCOUNT

You may revoke your IRA within 7 days after you sign the IRA Adoption Agreement by hand-delivering or mailing a written notice to the name and address indicated below. If you revoke your account by mailing a written notice, such notice must be postmarked by the 7th day after you sign the Adoption Agreement. If you revoke your IRA within the 7-day period you will receive a refund of the entire amount of your contributions to the IRA without any adjustment for market performance, earnings or any administrative expenses. If you exercise this revocation, we are still required to report the contribution on Form 5498 (except transfers) and the revoked distribution on Form 1099-R.

If you wish to revoke this IRA, your written notice should be mailed or delivered to: RBC Wealth Management, Retirement Plan Operations, 250 Nicollet Mall; Suite 1400; Minneapolis, MN 55401.

GENERAL REQUIREMENTS OF A TRADITIONAL IRA

- Your contributions must be made in cash, unless you are making a rollover or transfer contribution and the Custodian accepts non-cash rollover or transfer contributions.
- The annual contributions you make on your behalf may not exceed the lesser of 100% of your compensation or the "applicable annual dollar limitation" (defined below), unless you are making a rollover, transfer, or SEP contribution. If contributions are being made under an employer's SIMPLE Retirement Plan, you must establish a separate SIMPLE-IRA account to which only SIMPLE contributions may be made. This type of IRA is called a "SIMPLE-IRA". "SIMPLE-IRA" contributions may not be made into this account. Roth IRA contributions may not be made into this account.
- Your regular annual contributions for any taxable year may be deposited at any time during that taxable year and up to the due date for the filing of your Federal income tax return for that taxable year, no extensions. This generally means April 15th of the following year.
- The Custodian of your IRA must be a bank, savings and loan association, credit union or a person who is approved to act in such a capacity by the Secretary of the Treasury.
- No portion of your IRA funds may be invested in life insurance contracts.
- Your interest in your IRA is nonforfeitable at all times.
- The assets in your IRA may not be commingled with other property except in a common trust fund or common investment fund.
- You may not invest the assets of your IRA in collectibles (as described in Section 408(m) of the Internal Revenue Code.) A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property specified by the IRS. However, if the Custodian permits, specially minted US gold, silver and platinum coins and certain state-issued coins are permissible IRA investments. You may also invest in certain gold, silver, platinum or palladium bullion. Such bullion must be permitted by the Custodian and held in the physical possession of the IRA Custodian.
- Your interest in your IRA must begin to be distributed to you by the April 1st following the calendar year you attain the age of 73. The methods of distribution, election deadlines, and other limitations are described in detail below

WHO IS ELIGIBLE TO MAKE A REGULAR TRADITIONAL IRA CONTRIBUTION?

You are permitted to make a regular contribution to your IRA for any taxable year in which you receive compensation for such taxable year. Compensation includes salaries, wages, tips, commissions, bonuses, alimony, royalties from creative efforts and "earned income" in the case of self-employed. Members of the Armed Forces who serve in combat zones who receive compensation that is otherwise non-taxable, are considered to have taxable compensation for purposes of making regular IRA contributions. The amount of your regular, annual contribution that is deductible depends upon whether or not you are an active participant in a retirement plan maintained by your employer; your modified adjusted gross income (Modified AGI); your marital status; and your tax filing status.

ACTIVE PARTICIPANT

You are considered an active participant if you participate in your employer's qualified pension, profit-sharing, or stock bonus plan qualified under Section 401(a) of the Internal Revenue Code ("the Code"); qualified annuity under Section 403(a) of the Code; a simplified employee pension plan (SEP) under Section 408(k) of the Code; a retirement plan established by a government for its employees (this does not include a Section 457 plan); Tax-sheltered annuities (TSA) or custodial accounts under Section 403(b) of the Code; pre-1959 pension trusts under Section 501(c)(18) of the Code; and SIMPLE retirement plans under Section 408(p) of the Code.

If you are not sure whether you are covered by an employer-sponsored retirement plan, check with your employer or check your Form W-2 for the year in question. The W-2 form will have a check in the "retirement plan" box if you are covered by a retirement plan. You can also obtain IRS Notice 87-16 for more information on active participation in retirement plans for IRA deduction purposes.

CONTRIBUTIONS

Regular Contributions — The maximum amount you may contribute for any one year is the lesser of 100% of your compensation or the "applicable annual dollar limitation" described below. This is your contribution limit. The deductibility of regular IRA contributions depends upon your marital status, tax filing status, whether or not you are an "active participant" and your Modified AGI.

Applicable Annual Dollar Limitation

Tax Year	Contribution Limit
2019 through 2022	$6,000
2023	$6,500
2024 through 2025	$7,000

Catch-up Contributions — If an individual has attained the age of 50 before the close of the taxable year for which an annual contribution is being made and meets the other eligibility requirements for making regular traditional IRA contributions, the annual IRA contribution limit for that individual would be increased as follows:

Tax Year	Normal Limit	Additional Catch-up	Total Contribution
2019 through 2022	$6,000	$1,000	$7,000
2023	$6,500	$1,000	$7,500
2024 through 2025	$7,000	$1,000	$8,000

The additional catch-up amount for traditional IRAs is not subject to COLAs.

Deductibility for Nonactive Participants — If you (and your spouse) are not an active participant, then the applicable annual dollar limitation is also your deduction limit for Federal income tax purposes.

Deductibility for Active Participants — Unmarried Active Participant (or a Married Person filing a separate tax return who did not live with their spouse at any time during the year) - The amount of your IRA deduction depends upon your Modified Adjusted Gross Income (MAGI) for the taxable year. If your MAGI is below a certain amount, you can deduct the entire contribution. If your MAGI is above a certain amount, you cannot deduct any of the contribution. If your MAGI is between certain amounts, you are entitled to a partial deduction. Any contributions that you cannot deduct because of the active participation rules are called nondeductible contributions and you must report these contributions to the IRS on Form 8606. Refer to the chart below for the MAGI ranges. Also refer to IRS Publication 590 for additional information.

Married Active Participant Filing a Joint Tax Return — The amount of your IRA deduction depends upon your Modified Adjusted Gross Income (MAGI) for the taxable year. If your MAGI is below a certain amount, you can deduct the entire contribution. If your MAGI is above a certain amount, you cannot deduct any of the contribution. If your MAGI is between certain amounts, you are entitled to a partial deduction. Any contributions that you cannot deduct because of the active participation rules are called nondeductible contributions and you must report these contributions to the IRS on Form 8606. Refer to the chart below for the MAGI ranges. Also refer to IRS Publication 590 for additional information.

Married Active Participant Filing a Separate Return (who lived together at any time during the year) — If you have a separate Modified AGI of more than $10,000 no deduction is permitted if either you or your spouse was an active participant for the year. If you or your Spouse's separate Modified AGI is more than $0 but less than $10,000, then each spouse's deductible limit is reduced for every $1 of Modified AGI between $0 and $10,000.

Deductibility of Regular Contributions — The AGI dollar ranges for certain active participants in employer-sponsored plans are as follows:

	Married Participants Filing Jointly	Unmarried Participants	Married Participants Filing Separately
2019	$103,000–$123,000	$64,000–$74,000	$0–$10,000
2020	$104,000–$124,000	$65,000–$75,000	$0–$10,000
2021	$105,000–$125,000	$66,000–$76,000	$0–$10,000
2022	$109,000–$129,000	$68,000–$78,000	$0–$10,000
2023	$116,000–$136,000	$73,000–$83,000	$0–$10,000
2024	$123,000–$143,000	$77,000–$87,000	$0–$10,000
2025	$126,000–$146,000	$79,000–$89,000	$0–$10,000

** This AGI dollar range also applies to a nonactive participant spouse who files separately, where his or her spouse is an active participant.*

Special Deduction Rule for Spouse Who is not an Active Participant — In the case where an IRA participant is not an active participant in an employer plan at any time during a taxable year but whose spouse is an active participant, a special AGI range applies in calculating the nonactive participant's IRA deduction. In order to use this special deduction rule, such spouse must file a joint income tax return with their spouse who is the active participant. In this case, the AGI range for deductible IRA contributions is $150,000–$160,000 for years prior to 2007. For subsequent years, the AGI dollar ranges for the spouse who is not an Active Participant are as follows:

2019	$193,000–$203,000
2020	$196,000–$206,000
2021	$198,000–$208,000
2022	$204,000–$214,000
2023	$218,000–$228,000
2024	$230,000–$240,000
2025	$236,000–$246,000

Spousal IRAs — If during any year you receive compensation and your spouse receives no compensation (or chooses to be treated as receiving no compensation), you may make contributions to both your IRA and your spouse's IRA. If you are eligible then you may contribute 100% of your combined compensation not to exceed the applicable annual dollar limitation divided any way you wish so long as no more than the applicable annual dollar limitation is contributed into either account. You and your spouse must file a joint tax return and have unequal compensations to take advantage of this spousal contribution limit.

If you or your spouse are an active participant in an employer-sponsored plan, then the IRA deduction for your IRA and your spouse's IRA contribution is based upon the AGI "phase-out" ranges in exactly the same manner as the phase-out under the "Married Active Participant Filing Joint Tax Returns" or under the "Special Deduction Rule for Spouse Who is not an Active Participant", whichever applies, as explained above.

$200 Minimum Deduction — If you fall into any of the categories listed above, your minimum allowable deduction will be $200 until phased out under the appropriate marital status. In other words, if your deductible amount calculated under the appropriate dollar amounts above results in a deduction between $0 and $200, your permitted deduction is $200 instead of the calculated deduction.

Nondeductible IRA Contributions — You may make a nondeductible IRA contribution in one of two ways. First, you are permitted to treat any regular IRA contributions that are not deductible due to your active participation status as explained above as nondeductible contributions. Secondly, you are permitted to treat an otherwise deductible IRA contribution as a nondeductible contribution. Your total contribution for the year however, is still limited to the lesser of 100% of your compensation or the applicable annual dollar limitation.

Nondeductible IRA contributions represent money in your IRA which has already been taxed. Therefore, when you receive a distribution from any of your traditional IRAs (including SEP IRAs and SIMPLE IRAs), a portion of each distribution will be treated as a tax-free return of your nondeductible contributions. You are responsible for indicating the amount of nondeductible IRA contributions you make for a year on IRS Form 8606 which is attached to your Federal income tax return.

You should also be aware that there is a penalty of $100 if you should overstate the nondeductible amount unless you can show it was due to a reasonable cause. There is also a $50 penalty if you do not file the IRS Form 8606 for years that you are required to do so.

If you make a nondeductible IRA contribution for a year and you decide not to treat it as a nondeductible contribution, you must withdraw the contribution plus earnings attributable to the nondeductible contribution on or before the tax filing deadline, including extensions, for the year during which the contribution was made. You may not take a deduction for such amounts. Such earnings will be taxable to you in the year in which the contribution was made and may be subject to the 10% additional tax if you are under the age of 59½.

Special Rules for Qualified Reservist Distributions — Qualified Reservist Distributions are eligible to be repaid to an IRA within a 2-year period after the end of active duty. A Qualified Reservist Distribution is a distribution received from an IRA by members of the National Guard or reservists who are called to active duty for a period of at least 180 days and such distribution is taken during the period of such active duty. This provision is retroactively effective with respect to distributions after September 11, 2001, for individuals called to active duty after September 11, 2001. The repayments are not treated as tax-free rollovers. Instead, these repayments become basis in the IRA.

Simplified Employee Pension Plan (SEP) Contributions — Your employer may make a SEP contribution on your behalf into this IRA up to 25% of your compensation not to exceed a specified dollar limit. This limit is a per employer limit. Therefore if you work for more than one employer who maintains a SEP plan, you may receive up to 25% of your compensation from each employer not to exceed a specified dollar limit. Your employer may contribute to this IRA or any other IRA on your behalf under a SEP plan even if you are covered under a qualified plan for the year.

In calculating a SEP contribution, there is a maximum compensation limit that can be considered and this compensation limit is subject to cost-of-living adjustments.

Year	Compensation	Contribution limit
2019	$280,000	$56,000
2020	$285,000	$57,000
2021	$290,000	$58,000
2022	$305,000	$61,000
2023	$330,000	$66,000
2024	$345,000	$69,000
2025	$350,000	$70,000

EXCESS CONTRIBUTIONS

Generally an excess IRA contribution is any contribution which exceeds the applicable contribution limits, and such excess contribution is subject to a 6% excise tax penalty on the principal amount of the excess each year until the excess is corrected. You must file IRS Form 5329 to report this excise tax.

Method #1: Withdrawing Excess in a Timely Manner — This 6% penalty may be avoided if the excess amount plus the earnings attributable to the excess are distributed by your tax filing deadline including extensions for the year for which the excess contribution was made, and you do not take a deduction for such excess amount. If you decide to correct your excess in this manner, the principal amount of the excess returned is not taxable; however, the earnings attributable to the excess are taxable to you in the year in which the contribution was made. In addition, if you are under age 59½, the earnings attributable are subject to a 10% premature distribution penalty. This is the only method of correcting an excess contribution that will avoid the 6% penalty.

Method #2: Withdrawing Excess After Tax Filing Due Date — If you do not correct your excess contribution under Method #1 prescribed above, then you may withdraw the principal amount of the excess (no earnings need be distributed). The 6% penalty will, however, apply first to the year in which the excess was made and each subsequent year until it is withdrawn.

Excess Amount May be Taxable — If the principal amount of your excess contribution is withdrawn after your tax filing deadline for the year during which the contribution was made in accordance with Method #2, it is not taxable unless the total amount of contributions you made during the year the excess was made exceeded the applicable annual dollar limitation. If the aggregate contribution is greater than the applicable annual dollar limitation, the principal amount of the excess withdrawn under Method #2 is taxable and is subject to the 10% additional tax if you are not yet age 59½. There

are exceptions to this rule if the excess was due to a rollover where the taxpayer received erroneous information or if the contribution was a SEP contribution.

Method #3: Under contributing in a Subsequent Year — Another method of correcting an excess contribution is to treat a prior year excess as a regular contribution in a subsequent year where you have an unused contribution limit for such subsequent year. Basically, all you do is under contribute in the first subsequent year where you have an unused contribution limit until your excess amount is used up. However, once again, you will be subject to the 6% penalty in the first year and each subsequent year on any excess contribution that remains as of the end of each year.

ROLLOVERS AND RECHARACTERIZATIONS

Rollover Contribution from another Traditional IRA — A rollover from another traditional IRA is any amount you receive from one traditional IRA and redeposit (roll over) some or all of it over into another traditional IRA. You are not required to roll over the entire amount received from the first traditional IRA. However, any amount you do not roll over will be taxed at ordinary income tax rates for Federal income tax purposes.

The Following Special Rules also Apply to Rollovers Between IRAs —

- The rollover must be completed no later than the 60th day after the day the distribution was received by you. However, if the reason for distribution was for qualified first time home buyer expenses and there has been a delay or cancellation in the acquisition of such first home, the 60-day rollover period is increased to 120 days. This 60-day rollover period may also be extended in cases of disaster or casualty beyond the reasonable control of the taxpayer.
- You can make only one IRA to IRA rollover during a 12 consecutive month period measured from the date you received a distribution from an IRA which was rolled over to another IRA, regardless of the number of IRAs you own. The limit will apply by aggregating all of an individual's IRAs, including SEP and SIMPLE IRAs as well as traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. (See IRS Publication 590-A for more information).
- The same property you receive in a distribution must be the same property you roll over into the second IRA. For example, if you receive a distribution from an IRA of property, such as stocks, that same stock must be the property that is rolled over into the second IRA.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to receive a complete distribution from your IRA in order to make a rollover contribution into another IRA, nor are you required to roll over the entire amount you received from the first IRA.
- If you inherit an IRA due to the death of the participant, you may not roll this IRA into your own IRA unless you are the spouse of the decedent.
- If you are age 73 or older and wish to roll over to another IRA, you must first satisfy the required minimum distribution for that year and then the rollover of the remaining amount may be made.
- Rollovers from a SEP IRA or an Employer IRA follow the IRA to IRA rollover rules since your contributions under these types of plans are funded directly into your own traditional IRA.

Special Rollover Rules for Qualified Hurricane Distributions — Qualified Hurricane and Distributions (QHDs) are eligible to be rolled over to an IRA (or other eligible retirement plan) within a 3-year period after the eligible individual received such distribution. The maximum amount of a QHD is $100,000 per taxpayer; is not subject to the premature distribution penalty tax of 10% and will be taxed pro rata over a 3 year period unless the taxpayer elects to pay all of the taxes in the year of the distribution. More information on Qualified Hurricane Distributions and other tax relief provisions applicable to affected individuals of Hurricanes Harvey, Irma and Maria as well as other disaster relief can be found in IRS Publication 976 and in the instructions for Form 8915B. Taxpayers using these tax relief provisions must file Form 8915B with his or her Federal income tax return.

Special Rollover Rules for Other Qualified Disaster Distributions — Qualified Wildfire Distributions (QWDs) follow the same rules as above for QHDs. The maximum amount of QWD is $100,000 per taxpayer, the 10% premature penalty does not apply; the distribution is taxed pro rata over a 3-year period unless the taxpayer elects to include the entire distribution in income for the year of the distribution; and they will have 3 years to roll the amount back to an IRA or another eligible retirement plan. Refer to IRS Publication 976 for more information.

2016 Presidentially Declared Disaster Areas where distributions occurred either in 2016 or 2017 will be reported on Form 8915A. The form contains a chart of all of the disaster areas (45) that the form can be used for. Same pro rata taxation and rollover rules as described above apply. See Publication 976 for more information.

Special Rules for Qualified Settlement Income Received from Exxon Valdez Litigation — Any qualified taxpayer who receives qualified settlement income during the taxable year, at any time before the end of the taxable year in which such income was received, make one or more contributions to an eligible retirement plan of which such qualified taxpayer is a beneficiary in an aggregate amount not to exceed the lesser of: (a) $100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior taxable years); or (b) the amount of qualified settlement income received by the individual during the taxable year.

The contribution will be deemed made on the last day of the taxable year in which such income is received if the contribution is made on account of such taxable year and is made not later than the deadline for filing the income tax return for such year, not including extensions thereof. If the settlement income is contributed to a traditional IRA such income is not currently includible in the taxpayer's gross income.

A qualified taxpayer means:

1. Any individual who is a plaintiff in the civil action In re Exxon Valdez, No. 89-095-CV (HRH) (Consolidated) (D. Alaska); or
2. Any individual who is a beneficiary of the estate of such a plaintiff who acquired the right to receive qualified settlement income from that plaintiff and was the spouse or an immediate relative of that plaintiff.

Special Rules for Rollovers/Recharacterizations of Amounts Received in Airline Carrier Bankruptcy — Effective December 11, 2008, a "qualified airline employee" may contribute any portion of an "airline payment" amount to a Roth IRA within 180 days of receipt of such payment (or, if later, within 180 days of the enactment of the Worker, Retiree and Employer Recovery Act of 2008). Such contribution is treated as a qualified rollover contribution to the Roth IRA, and as such, the airline payment is includible in gross income of the recipient to the extent it would be so includible were it not part of the rollover contribution.

An "airline payment" means any payment by a commercial airline carrier to a "qualified airline employee" that is paid: (1) under an order of a Federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007; and (2) in respect of the employee's interest in a bankruptcy claim against the airline carrier.

In determining the amount that may be contributed to a Roth IRA, any reduction in the airline payment on account of employment tax withholding is disregarded. A "qualified airline employee" is an employee or former employee of a commercial passenger airline who was a participant in a qualified defined benefit plan maintained by the airline carrier that was terminated or became subject to the benefit accrual and other restrictions applicable to plans maintained by commercial passenger airlines.

Effective February 14, 2012, under the FAA Modernization and Reform Act of 2012 ("The Act") certain qualified airline employees may rollover or recharacterize to a Traditional IRA in lieu of a Roth IRA. The Act permits 'qualified airline employees' and their surviving spouses, who received an 'airline payment amount', and did not roll over any portion of such payment to a Roth IRA:

- To rollover now to a Traditional IRA 90% of the payment received, and the amount rolled over is excludible from income in the taxable year payment was made;
- The rollover must take place within 180 days after the receipt of the 'airline payment amount' or within 180 days of February 14, 2012, the date of enactment i.e. August 13, 2012, whichever is later. Additional the Act permits 'qualified airline employees' and their surviving spouses who contributed all or a portion of an 'airline payment amount' previously to a Roth IRA:
- To recharacterize up to 90% of such amounts, to a traditional IRA;
- The recharacterization transfer must be made within 180 days of February 14, 2012, the date of enactment i.e. August 13, 2012;
- The IRA owner can then claim a refund of the Federal taxes they previously paid on such transferred funds if made under certain time frames;
- The amount rolled over will be excluded from income in the taxable year payment was made;
- The transfer must be 'trustee to trustee';
- The contribution amount (including any net income allocable to it), rolled into the traditional IRA, will be deemed to have been rolled over at the time of the rollover to the ROTH.

The Act does not apply to employees who in the taxable year or any preceding years, when payment were made, were chief executive officers ("CEO") or one of the 4 highest compensated officers (other than the CEO), whose total compensation had to be reported to shareholders (as required by Securities and Exchange Commission Act of 1934).

The PATH Act of 2015 extended this rollover deadline to 180 after enactment or until June 15, 2016.

Rollovers from SIMPLE IRA Plans — Prior to December 19, 2015, a SIMPLE IRA is a separate IRA that may only receive contributions under an Employer-sponsored SIMPLE IRA Retirement Plan. These contributions must remain segregated in a SIMPLE IRA account for a two-year period measured from the initial contribution made into your SIMPLE IRA under the Employer's SIMPLE IRA plan. A rollover or transfer from a SIMPLE IRA to any other IRA may not occur until this initial two-year period has been satisfied. Rollovers or transfers between SIMPLE IRA plans are permitted without waiting the two-year period. All of the IRA to IRA rollover rules generally apply to rollovers between SIMPLE IRAs.

Rollover Contributions from Another Plan into a SIMPLE IRA — Beginning December 19, 2015, if your Employer's Plan permits, you are permitted to rollover from a qualified plan, a qualified annuity, a 403(b) Plan, a governmental 457(b) Plan and from a Traditional IRA into your SIMPLE IRA Plan. Your SIMPLE IRA may only accept these rollovers after your SIMPLE IRA has been in existence for 2 years measured from the date of the first contribution into your SIMPLE IRA account.

Recharacterizations — You may be able to recharacterize certain contributions.

If you decide by your tax filing deadline (including extensions) of the year for which the contribution was made to transfer a current year contribution plus earnings from your traditional IRA to a Roth IRA, no amount will be included in your gross income as long as you did not take a deduction for the amount of the contribution. You may also recharacterize a current year contribution plus earnings from your Roth IRA to a traditional IRA by your tax filing deadline including extensions of the year for which the contribution was made. A regular contribution that is appropriately recharacterized from your Roth IRA to a traditional IRA may be deductible depending upon the deductibility rules previously discussed. In order to recharacterize a regular contribution from one type of IRA to another type of IRA, you must be eligible to make a regular contribution to the IRA to which the contribution plus earnings is recharacterized. All recharacterizations must be accomplished as a direct transfer, rather than a distribution and subsequent rollover. You are also required to report recharacterizations to the IRS in accordance with the instructions to IRS Form 8606. Any recharacterized contribution (whether a regular contribution or a conversion) cannot be revoked after the transfer. You are required to notify both trustees (and custodians) and to provide them with certain information in order to properly effectuate such a recharacterization.

Conversion from a Traditional IRA to a Roth IRA — You are permitted to make a qualified rollover contribution from a traditional IRA to a Roth IRA. This is called a "conversion" and may be done at any time without waiting the usual 12 months. Beginning in 2018, for conversions made in 2018, you are no longer permitted to recharacterize a conversion made to a Roth IRA back to a traditional IRA.

Taxation in Completing a Conversion from a Traditional IRA to a Roth IRA — If you complete a conversion from a traditional IRA to a Roth IRA, the conversion amount (to the extent taxable) is generally included in your gross income for the year during which the distribution is made from your traditional IRA that is converted to a Roth IRA. However, the 10% additional income tax for premature distributions does not apply.

Qualified Rollover Contribution — This term includes: (a) Rollovers between Roth IRA accounts; (b) Traditional IRA converted to a Roth IRA; (c) Direct Rollover from an Employer's Plan of funds other than a Designated Roth Contribution account; and (d) a rollover from a Designated Roth Contribution account to a Roth IRA. Qualified Rollovers must meet the general IRA rollover rules, except that the 12-month rollover restriction does not apply to rollovers (conversions) between a traditional IRA and a Roth IRA. However, the 12-month rule does apply to rollovers between Roth IRAs. Rollovers from employer-sponsored plans, such as qualified plans and 403(b)s, to a Roth IRA are permitted. You could roll over from the employer's plan to a traditional IRA, and then roll over (convert) to a Roth IRA.

Rollovers from Employer-Sponsored Plans to a Traditional IRA — The rules discussed in this section apply only to amounts under an employer's plan, other than Roth Elective Deferral Accounts. An eligible rollover distribution from a Roth Elective Deferral Account can be rolled over only to a Roth IRA or another accepting employer's plan. Rollovers to traditional IRAs are permitted if you have received an eligible rollover distribution from one of the following:

- A qualified plan under Section 401(a);
- A qualified annuity under Section 403(a);
- A Tax-Sheltered Annuity (TSA) or Custodial Account under Section 403(b);

- A governmental section 457(b) plan; or
- The Federal Employees' Thrift Savings Plan.

Eligible Rollover Distributions — An eligible rollover distribution from one of the employer-sponsored plans listed above generally includes any distribution that is not:

1. Part of a series of substantially equal payments that are made at least once a year and that will last for:
    - your lifetime (or your life expectancy), or
    - your lifetime and your beneficiary's lifetime (or joint life expectancies), or
    - a period of ten years or more.
2. Attributable to your required minimum distribution for the year.
3. Amounts attributable to any hardship distribution.
4. Deemed distributions of any defaulted participant loan.
5. Certain corrective distributions and ESOP dividends.

Rollovers of After-Tax Employee Contributions — You can roll over your after-tax employee contributions to a traditional IRA either as a 60-day rollover or as a direct rollover. If you roll over your after-tax employee contributions to a traditional IRA, you are required to keep track of these amounts as required by the IRS according to their instructions. This will enable you to calculate the nontaxable amount of any future distributions from your traditional IRAs. Once you roll over your after-tax employee contributions to a traditional IRA, it becomes basis in the IRA, and these amounts cannot later be rolled over to an employer plan.

Direct Rollover to another Plan — You can elect a direct rollover of all or any portion of your payment that is an "eligible rollover distribution", as described above. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to a traditional IRA or another employer plan that accepts rollovers. If you elect a direct rollover, you are not taxed on the payment until you later take it out of the IRA or the employer plan, and you will not be subject to the 20% mandatory Federal income tax withholding otherwise applicable to Eligible Rollover Distributions that are paid directly to you. Your employer is required to provide you with a Notice regarding the effects of electing or not electing a direct rollover to an IRA or another employer plan. Although a direct rollover is accomplished similar to a transfer, the IRA Custodian must report the direct rollover on Form 5498 as a rollover contribution.

Eligible Rollover Distribution Paid to You — If you choose to have your eligible rollover distribution paid to you (instead of electing a direct rollover), you will receive only 80% of the payment, because the plan administrator is required to withhold 20% of the payment and send it to the IRS as Federal income tax withholding to be credited against your taxes. However, you may still roll over the payment to an IRA within 60 days after receiving the distribution. The amount rolled over will not be taxed until you take it out of the IRA. If you want to roll over 100% of the payment to an IRA, you must replace the 20% that was withheld from other sources. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over. In either event, the 20% that was withheld can be claimed on your Federal income tax return as a credit toward that year's tax liability.

Conduit Rollover IRAs — A direct rollover (or rollover within 60 days) of any eligible rollover distribution may generally be treated as a "Conduit Rollover IRA", provided that a separate IRA is established for purposes of retaining the ability to later roll these funds back into an employer's plan that accepts the rollover. The conduit IRA need not be completely distributed in order for a rollover back to an employer's plan that accepts rollovers. In addition, a surviving spouse may also treat such conduit IRA for purposes of rolling over into the surviving spouse's employer plan that accepts rollovers.

Rollovers from Traditional IRAs into Employer-Sponsored Plans — Traditional IRAs are permitted to be rolled over into an employer's plan. The employer's plan must accept these types of rollovers. The maximum amount that can be rolled over from a traditional IRA to an employer's plan that accepts these rollovers cannot exceed the amount that would be taxable. Any amount in a traditional IRA that represents the principal amount of a nondeductible IRA contribution or a rollover of after-tax employee contributions to a traditional IRA may not be rolled over to an employer's plan. The types of IRAs that can be rolled over to an employer's plan that accepts these rollovers include regular traditional IRAs, rollover "conduit" IRAs, SEP IRAs and SIMPLE IRAs (after the two-year waiting period has been satisfied applicable to SIMPLE IRAs). In determining the maximum amount eligible to be rolled over from an IRA to an employer's plan, you must treat all of these types of IRAs as one IRA. Only the taxable amount is eligible to be rolled over. If you are interested in rolling over your traditional IRAs into your employer's plan, you should contact the plan administrator of your employer's plan for additional information.

Special Rules for Surviving Spouses, Alternate Payees, and Other Beneficiaries — If you are a surviving spouse, you may choose to have an eligible rollover distribution paid in a direct rollover to your own traditional IRA, an inherited traditional IRA, your own employer's plan that accepts rollovers, or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to your employer's plan that accepts rollovers. If you are the spouse or former spouse alternate payee with respect to a Qualified Domestic Relations Order (QDRO), you may have the payment paid as a direct rollover or paid to you which you may roll over to your own traditional IRA or your own employer's plan that accepts rollovers.

Special Rules for Non-spouse Beneficiaries — For distributions prior to 2007, any distribution to a beneficiary other than a surviving spouse was not eligible to be rolled over to an IRA. Beginning in 2007, eligible rollover distributions payable from an employer's plan to a non-spouse beneficiary is eligible for direct rollover into an Inherited IRA. Such amounts must be paid in the form of a direct rollover, rather than a distribution and subsequent rollover. Thus, if the distribution is paid directly by the employer's plan to the non-spouse beneficiary, no rollover is permitted. Also, the IRA receiving the direct rollover must be an Inherited IRA, rather an IRA owned by the non-spouse beneficiary. The Inherited IRA is subject to the same required minimum distributions that apply to beneficiaries under the employer's plan and carries over to the Inherited IRA. The IRA must be established and titled in a manner that identifies it as an IRA with respect to a deceased individual and also identifies the deceased individual and the beneficiary, for example, "Tom Smith as beneficiary of John Smith".

For these purposes, a non-spouse beneficiary includes an individual beneficiary and a trust beneficiary that meets the special "look through" rules under the IRS regulations. A non-individual beneficiary (such as an estate or charity) or a non-look through trust is not eligible for direct rollover. Any required minimum distributions applicable to the employer's plan for the year in which the direct rollover occurs and any prior year is not eligible for direct rollover.

The following additional rules apply to a rollover from an employer-sponsored plan to a traditional IRA:

- The rollover must be completed no later than the 60th day after the day the distribution was received by you.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to roll over the entire amount you received from the employer's plan.
- If you are age 73 or older and wish to roll over your employer's plan to a traditional IRA, you must first satisfy the minimum distribution requirement for that year and then the rollover of the remaining amount may be made.
- If your distribution consists of property (i.e., stocks) you may either roll over the same property (the same stock) or you may sell the distributed property and roll over the proceeds from the sale. This is true whether the proceeds from the sale are more or less than the fair market value of the property on the date of distribution. You may not keep the property received in the distribution and roll over cash which represents the fair market value of the property.

DISTRIBUTIONS

Taxation of Distributions — When you start withdrawing from your IRA, you may take the distributions in periodic payments, random withdrawals or in a single sum payment. Generally all amounts distributed to you from your IRA are included in your gross income in the taxable year in which they are received. However, if you have made nondeductible contributions to your IRA or rollover over after-tax employee contributions from your employer's plan or repaid a Qualified Reservist Distribution (collectively referred to as "basis"), the nontaxable portion of any distribution from any of your IRAs (except Roth IRAs), if any, will be a percentage based upon the ratio of your unrecovered "basis" to the aggregate of all IRA balances, including SEP, SIMPLE and rollover contributions, as of the end of the year in which you take the distribution, plus distributions from the account during the year. All taxable distributions from your IRA are taxed at ordinary income tax rates for Federal income tax purposes and are not eligible for any favorable tax treatment. You must file Form 8606 to calculate the portion of any IRA distribution that is not taxable.

Premature Distributions — If you are under age 59½ and receive a distribution from your IRA account, a 10% additional income tax will apply to the taxable portion of the distribution unless the distribution is received due to death; disability; a series of substantially equal periodic payments at least annually over your life expectancy or the joint life expectancy of you and your designated beneficiary; medical expenses in excess of 10 % of your adjusted gross income; health insurance premiums paid by certain unemployed individuals; qualified acquisition costs of a first time homebuyer; qualified higher education expenses; a qualifying rollover distribution; the timely withdrawal of the principal amount of an excess or nondeductible contribution; due to an IRS levy; qualified hurricane distributions received prior to January 1, 2007; qualified disaster recovery assistance distributions prior to January 1, 2010 or qualified reservist distributions.

If you request a distribution in the form of a series of substantially equal payments, and you modify the payments before 5 years have elapsed and before attaining age 59½, the 10% additional income tax will apply retroactively to the year payments began through the year of such modification.

Age 73 Required Minimum Distributions — You are required to begin receiving minimum distributions from your IRA by your required beginning date (the April 1st of the year following the year you attain age 73). The year you attain age 73 is referred to as your "first distribution calendar year". The required minimum for your first distribution calendar year must be withdrawn no later than your required beginning date. The required minimum distribution for your second distribution calendar year and for each subsequent distribution calendar year must be made by December 31st of each such year. Your minimum distribution for each year beginning with the calendar year you attain the age of 73 is generally based upon the value of your account at the end of the prior year divided by the factor for your age derived from the Uniform Lifetime Distribution Period Table regardless of who or what entity is your named beneficiary. This uniform table assumes you have a designated beneficiary exactly 10 years younger than you. However, if your spouse is your sole beneficiary and is more than 10 years younger than you, your required minimum distribution for each year is based upon the joint life expectancies of you and your spouse. The account balance that is used to determine each year's required minimum amount is the fair market value of each IRA you own as of the prior December 31st, adjusted for outstanding rollovers (or transfers) as of such prior December 31st.

However, no payment will be made from this IRA until you provide the Custodian with a proper distribution request acceptable by the Custodian. Upon receipt of such distribution request, you may switch to a joint life expectancy in determining the required minimum distribution if your spouse was your sole beneficiary as of the January 1st of the relevant distribution calendar year and such spouse is more than 10 years younger than you.

In any distribution calendar year you may take more than the required minimum. However, if you take less than the required minimum with respect to any distribution calendar year, you are subject to a Federal excise tax penalty of 25% of the difference between the amount required to be distributed and the amount actually distributed. If the missed required minimum is corrected within 2 years, the penalty is reduced to 10%. If you are subject to that tax, you are required to file IRS Form 5329.

Reporting the Required Minimum Distribution — The Custodian must provide a statement to each IRA owner who is subject to required minimum distributions that contains either the amount of the minimum or an offer by the Custodian to perform the calculation if requested by the IRA owner. The statement must inform the IRA owner that required minimum distributions apply and the date by which such amount must be distributed. The statement must further inform the IRA owner that the Custodian must report to the IRS that the IRA owner is required to receive a minimum for the calendar year.

Death Distributions — If you die before your required beginning date and your beneficiary is either an adult child, a grandchild or some look-through trusts, the balance in your IRA must be distributed by December 31st of the 10th year following the year of your death. If your beneficiary is a minor child under the age of 21, is disabled, chronically ill or an individual not more than 10 years younger than you, must be distributed by the end of the beneficiary's life calculated using the single declining life expectancy, IRS Table I. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. However, if your spouse is your sole beneficiary, these distributions are not required to commence until the December 31st of the calendar year you would have attained the age of 73, if that date is later than the required commencement date in the previous sentence. If you die before your required beginning date and you do not have a designated beneficiary, the balance in your IRA must be distributed no later than the December 31st of the calendar year that contains the fifth anniversary of your death.

If you die on or after your required beginning date and your beneficiary is an adult child, grandchild or some look-through trusts, annual distributions must be calculated and taken based on the beneficiary's life expectancy using the single declining life expectancy, IRS Table I and must be outright distributed by December 31st of the 10th year following the year of your death. If your beneficiary is a minor child under age 21, disabled, chronically ill or an individual not more than 10 years younger than you, your IRA must be fully distributed over the beneficiary life time using the single declining life expectancy, IRS Table 1. If you die on or after your required beginning date and you do not have a designated beneficiary, the balance in your IRA must be distributed over a period that does not exceed your remaining single life expectancy determined in the year of your death reduced by one each year thereafter. However, the required minimum distribution for the calendar year that contains the date of your death is still required to be distributed. Such amount is determined as if you were still alive throughout that year. If your spouse is your sole beneficiary, your spouse may elect to treat your IRA as his or her own IRA, whether you die before or after your required beginning date. If you die after your required beginning date and your spouse elects to treat your IRA as his or her own IRA, any required minimum that has not been distributed for the year of your death must still be distributed to your surviving spouse and then the remaining balance can be treated as your spouse's own IRA.

PROHIBITED TRANSACTIONS

If you or your beneficiary engages in a prohibited transaction (as defined under Section 4975 of the Internal Revenue Code) with your IRA, it will lose its tax exemption and you must include the value of your account in your gross income for that taxable year. 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.

PENALTIES

If you are under age 59½ and receive a premature distribution from your IRA, an additional 10% income tax will apply on the taxable amount of the distribution unless an exception applies. If you make an excess contribution to your IRA and it is not corrected on a timely basis, an excise tax of 6% is imposed on the excess amount. This tax will apply each year to any part or all of the excess which remains in your account. If you are age 73 or over, or if you should die, and the appropriate required minimum distributions are not made from your IRA, an additional tax of 25% is imposed upon the difference between what should have been distributed and what was actually distributed. If the missed required minimum is corrected within 2 years, the penalty is reduced to 10%.

You must file IRS Form 5329 with the Internal Revenue Service for any year an additional tax is due. You must file IRS Form 8606 for any year you make a nondeductible IRA contribution, rollover after-tax employee contributions from your employer's plan, repay a Qualified Reservist Distribution, convert from your traditional IRA to a Roth IRA or recharacterize a contribution to your traditional IRA. The penalty for not filing Form 8606, when required, is $50.

INCOME TAX WITHHOLDING

All withdrawals from your IRA (except certain transfers and any recharacterization) are subject to Federal income tax withholding. You may, however, elect not to have withholding apply to your IRA distribution in most cases. If withholding does apply to your distribution, the applicable rate of withholding is 10% of the amount of the distribution. In addition to Federal income tax withholding, distributions from IRAs may also be subject to state income tax withholding.

IRA distributions delivered outside the United States — In general, if you are a US citizen or resident alien and your home address is outside of the United States or its possessions, you cannot choose exemption from withholding on distributions from your traditional IRA.

To choose exemption from withholding, you must certify to the payer under penalties of perjury that you are not a U.S. citizen, a resident alien of the United States, or a tax-avoidance expatriate. Even if this election is made, the payer must withhold tax at the rates prescribed for nonresident aliens.

For more information on withholding on pensions and annuities, see "Pensions and Annuities" in Chapter 1 of *Publication 505, Tax Withholding and Estimated Tax*. For more information on withholding on nonresident aliens and foreign entities, see *Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities*.

TRANSFERS

Transfers Between "Like" IRAs

A direct transfer of all or a portion of your funds is permitted from this IRA to another traditional IRA or visa versa. Transfers do not constitute a distribution since you are never in receipt of the funds. The monies are transferred directly to the new trustee or custodian. If you should transfer all or a portion of your IRA to your former spouse's IRA under a divorce decree (or under a written instrument incident to divorce) or separation instrument, you will not be deemed to have made a taxable distribution, but merely a transfer. The portion so transferred will be treated at the time of the transfer as the IRA of your spouse or former spouse. If your spouse is the beneficiary of your IRA, in the event of your death, your spouse may "assume" your IRA. The assumed IRA is then treated as your surviving spouse's IRA.

Qualified Charitable Distributions — If an IRA owner is exactly age 70½ or over, the IRA owner may direct the IRA trustee or custodian to transfer up to $108,000 per year in 2025 from the IRA to a qualified charity. Such transfer will not be subject to Federal income taxes. Qualified Charitable Distributions may also be made by a beneficiary who is exactly age 70½ or over. Qualified Charitable Distributions are not subject to Federal income tax withholding. Qualified Charitable Distributions are allowed in SEP or SIMPLE IRAs if they are inactive.

The amount transferred will be treated as coming from the taxable portion of the IRA and will be an exception to the pro-rata basis recovery rules applicable to traditional IRAs. The tax-free transfer to a qualified charity applies only if the IRA owner could otherwise receive a charitable deduction with respect to the transferred amount. In other words, it must be made to a qualified charitable organization that the taxpayer would have otherwise been able to take a tax deduction for making the charitable contribution. However, since such transfer will be tax-free, the taxpayer may not also take a charitable deduction on his or her tax return.

Since the eligible individual must be at least exactly age 70½ or over, the taxpayer is also subject to required minimum distributions with respect to his or her traditional IRA. However, any amount transferred to the qualified charity under this rule from a traditional IRA will be treated toward satisfying the individual's required minimum distribution for the year, even though the transferred amount is tax-free.

This provision is effective with respect to distributions transferred directly to a qualified charity beginning in 2006, through the end of 2009. The Tax Relief, Unemployment Compensation Reauthorization, and Job Creation Act of 2010 extended Qualified Charitable Distributions for 2010 and 2011 under the same rules that originally applied. Eligible taxpayers who make a Qualified Charitable Distribution during January 2011 may elect to treat such Qualified Charitable Distribution as made on December 31, 2010. On January 2, 2013, the President signed the American Taxpayer Relief Act of 2012 ("ATRA") which extended QCDs through the end of 2013, and on December 16, 2014, the President signed the Tax Increase Prevention Act of 2014 to extend QCDs through the end of 2014 only. On December 18, 2015, the Protecting Americans from Tax Hikes Act of 2015 ("PATH") was signed into law and extended QCDs permanently retroactively for the 2015 year.

Although the IRA trustee or custodian must pay the Qualified Charitable Distribution directly to the qualified charity, the taxpayer is responsible for substantiating and reporting the Qualified Charitable Distribution on his or her Federal income tax return. The Trustee or Custodian of the IRA will report the amount transferred on IRS Form 1099-R as if the IRA owner withdrew the money. After the IRA trustee or custodian issues the payment in the name of the charity, the trustee or custodian may deliver the payment to the IRA owner, who then would deliver the payment to the charity.

Qualified HSA Funding Distribution — A special one-time, tax-free transfer from an IRA to an HSA is permitted. This one-time transfer counts toward the eligible individual's HSA contribution limit for the year of the transfer.

An HSA-eligible individual may make an irrevocable once-in-a-lifetime, tax-free "qualified HSA Funding distribution" from an IRA to an HSA, subject however to strict requirements. The amount of the HSA funding distribution must be made in the form of a trustee-to-trustee transfer from the IRA to the HSA. The amount of the transfer cannot exceed the maximum HSA contribution limit for the year that the amount is transferred. Consequently, this one-time transfer from an IRA to an HSA counts toward the individual's total HSA contribution limit for the year depending upon the type of coverage under the HDHP (self-only or family).

FEDERAL ESTATE AND GIFT TAXES

Generally there is no specific exclusion for IRAs under the estate tax rules. Therefore, in the event of your death, your IRA balance will be includible in your gross estate for Federal estate tax purposes. However, if your surviving spouse is the beneficiary of your IRA, the amount in your IRA may qualify for the marital deduction available under Section 2056 of the Internal Revenue Code. A transfer of property for Federal gift tax purposes does not include an amount which a beneficiary receives from an IRA plan.

IRS APPROVAL AS TO FORM

This IRA Custodial Agreement has been approved by the Internal Revenue Service as to form. This is not an endorsement of the plan in operation or of the investments offered.

ADDITIONAL INFORMATION

You may obtain further information on IRAs from your District Office of the Internal Revenue Service. In particular you may wish to obtain IRS Publication 590 (A Contributions to Individual Retirement Arrangements (IRAs), and 590-B Distributions from Individual Retirement Arrangements (IRAs).

FINANCIAL DISCLOSURE

In General: IRS regulations require the Custodian to provide you with a financial projected growth of your IRA account based upon certain assumptions.

Growth in the Value of Your IRA: Growth in the value of your IRA is neither guaranteed nor projected. The value of your IRA will be computed by totaling the fair market value of the assets credited to your account. At least once a year the Custodian will send you a written report stating the current value of your IRA assets. The Custodian shall disclose separately a description of:

(a) The type and amount of each charge;

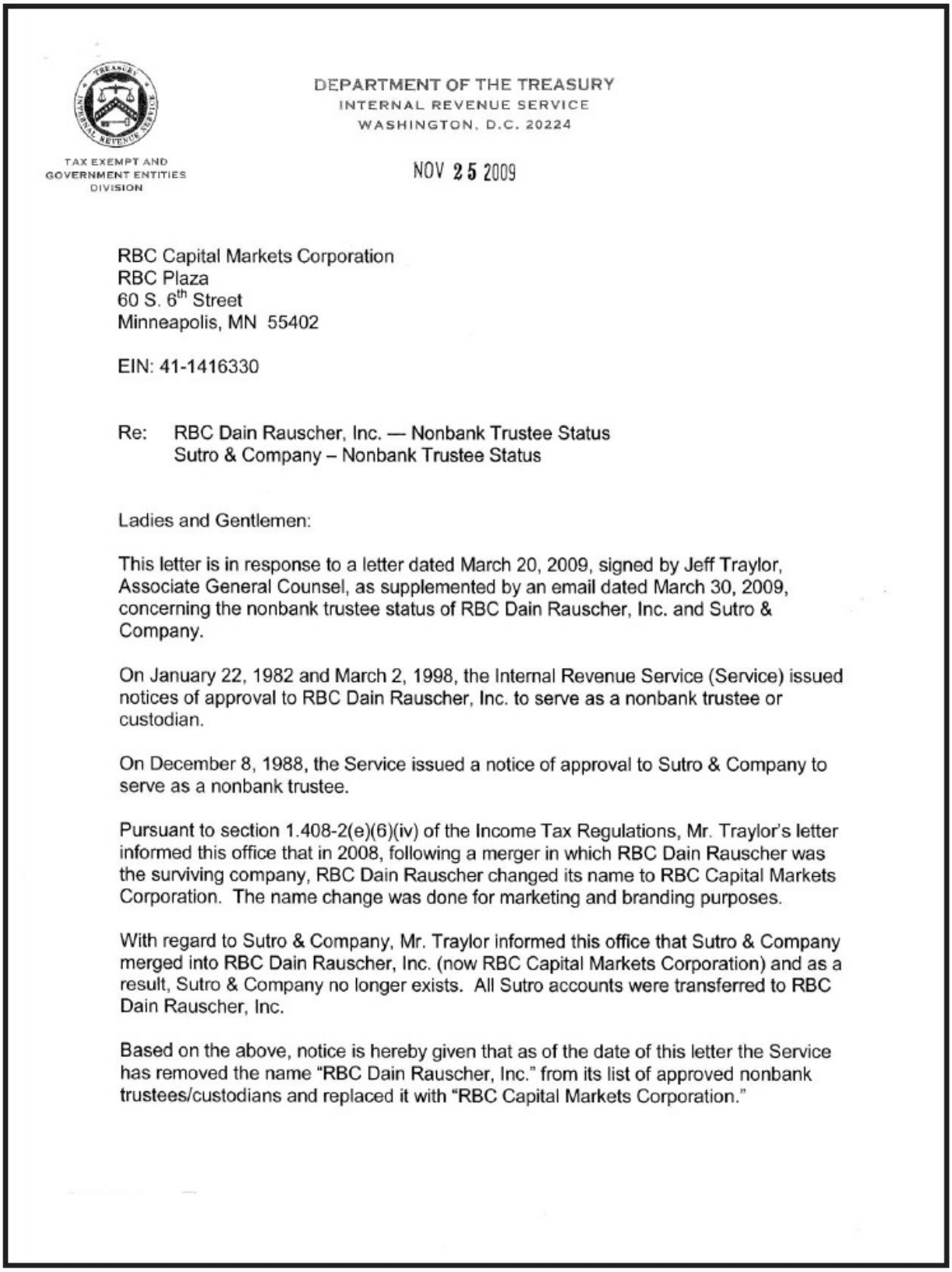
(b) The method of computing and allocating earnings, and

(c) Any portion of the contribution, if any, which may be used for the purchase of life insurance.

Custodian Fees: The Custodian may charge reasonable fees or compensation for its services and it may deduct all reasonable expenses incurred by it in the administration of your IRA, including any legal, accounting, distribution, transfer, termination or other designated fees. Dividends, interest or other income, including net realized capital gains, if any, from your IRA assets will be credited to your IRA and invested as you direct the Custodian. All charges made by the Custodian will be separately disclosed on an attachment hereto. Such fees may be charged to you or directly to your custodial account. In addition, depending on your choice of investment vehicles, you may incur brokerage commissions attributable to the purchase or sale of assets.

Non-Bank Trustee Approval Letters

Retirement Solutions Group



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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

NOV 25 2009

RBC Capital Markets Corporation
RBC Plaza
60 S. 6th Street
Minneapolis, MN 55402

EIN: 41-1416330

Re: RBC Dain Rauscher, Inc. — Nonbank Trustee Status
Sutro & Company – Nonbank Trustee Status

Ladies and Gentlemen:

This letter is in response to a letter dated March 20, 2009, signed by Jeff Traylor, Associate General Counsel, as supplemented by an email dated March 30, 2009, concerning the nonbank trustee status of RBC Dain Rauscher, Inc. and Sutro & Company.

On January 22, 1982 and March 2, 1998, the Internal Revenue Service (Service) issued notices of approval to RBC Dain Rauscher, Inc. to serve as a nonbank trustee or custodian.

On December 8, 1988, the Service issued a notice of approval to Sutro & Company to serve as a nonbank trustee.

Pursuant to section 1.408-2(e)(6)(iv) of the Income Tax Regulations, Mr. Traylor's letter informed this office that in 2008, following a merger in which RBC Dain Rauscher was the surviving company, RBC Dain Rauscher changed its name to RBC Capital Markets Corporation. The name change was done for marketing and branding purposes.

With regard to Sutro & Company, Mr. Traylor informed this office that Sutro & Company merged into RBC Dain Rauscher, Inc. (now RBC Capital Markets Corporation) and as a result, Sutro & Company no longer exists. All Sutro accounts were transferred to RBC Dain Rauscher, Inc.

Based on the above, notice is hereby given that as of the date of this letter the Service has removed the name "RBC Dain Rauscher, Inc." from its list of approved nonbank trustees/custodians and replaced it with "RBC Capital Markets Corporation."

RBC Capital Markets Corporation

Notice is also hereby given that as of the date of this letter, the Service has withdrawn the December 8, 1988 Notice of Approval issued to Sutro & Company and removed the name "Sutro & Company" from its list of approved nonbank trustees/custodians.

This is not a determination as to whether RBC Capital Markets Corporation continues to meet the requirements of section 1.408-2(e) of the regulations.

Thank you for writing to us about this matter. No further action will be taken by this office.

If you have any questions, please contact Mr. Calvin Thompson (Identification No. 1000221590) at (202) 283-9596.

Sincerely,

Carlton A. Watkins

Carlton A. Watkins, Manager
Employee Plans Technical Group 1

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Person to Contact:
Ms. B. Garcia
Telephone Number:
(202) 566-4185
Refer Reply to:
E:EP:T:3
Date:
JAN 2 2 1982

Dain Bosworth Inc.
100 Dain Tower
Minneapolis, Minnesota 55402

Gentlemen:

You have requested a determination that Dain Bosworth Inc. may act as a nonbank trustee or custodian for plans benefiting owner-employees (Keoghs) and Individual Retirement Accounts (IRAs) as provided in section 1.401-12(n) of the Income Tax Regulations.

Section 408(a)(2) of the Code requires that the trustee of an IRA be a bank (as defined in section 401(d)(1) of the Code) or such other person who demonstrates to the satisfaction of the Commissioner of Internal Revenue that the manner in which such other person will administer the IRA will be consistent with the requirements of section 408.

Section 401(d)(1) of the Code, as amended by the Employee Retirement Income Security Act of 1974 (ERISA), permits a person other than a bank to be the trustee of a qualified pension or profit-sharing trust benefiting owner-employees if he demonstrates to the satisfaction of the Commissioner that he will administer the trust in a manner consistent with the requirements of section 401.

Additionally, section 401(f) of the Code provides that a custodial account shall be treated as a qualified trust under section 401(a) if such custodial account would, except for the fact that it is not a trust, constitute a qualified trust under section 401(a) and the custodian is a bank (as defined in section 401(d)(1)) or other person who demonstrates to the satisfaction of the Commissioner that the manner in which such person will hold the assets will be consistent with the requirements of section 401. Section 408(h) provides similar rules for custodians of individual retirement accounts.

Section 1.401-12(n) of the regulations provides that such person must file a written application with the Commissioner demonstrating, as set forth in that section, his ability to act as trustee or custodian of IRAs and Keogh plans.

Based upon all the representations presented in the application, we have concluded that Dain Bosworth Inc. may act as active trustee or custodian for IRAs and Keogh plans.

Dain Bosworth Inc.

Dain Bosworth Inc. is required to notify the Commissioner of Internal Revenue, Attn: E:EP, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change that affects the continuing accuracy of any representations made in the application. Further, the continued approval of the corporation's application to act as trustee or custodian is contingent upon the continued satisfaction of the criteria set forth in section 1.401-12(n) of the regulations.

Dain Bosworth Inc. may not act as trustee or custodian unless it undertakes to act only under trust or custodial instruments that contain a provision to the effect that Dain Bosworth Inc. is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because it has failed to comply with the requirements of section 1.401-12(n) of the regulations, or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations.

This letter constitutes a determination as to whether Dain Bosworth Inc. may act as trustee or custodian for IRAs and Keogh plans under sections 408(a)(2) and 401(d)(1) of the Code, and does not bear upon its capacity to act as trustee or custodian under any other applicable law.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

William T. Allen

William T. Allen
Chief, Employee Plans
Technical Branch

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Person to Contact:
Ms. B. Garcia
Telephone Number:
(202) 566-4185
Refer Reply to:
E:EP:T:3
Date:

JAN 22 1982

Dain Bosworth Inc.
100 Dain Tower
Minneapolis, Minnesota 55402

Gentlemen:

You have requested a determination that Dain Bosworth Inc. may act as a passive trustee or custodian of plans benefiting owner-employees (Keogh plans) and Individual Retirement Accounts (IRAs) as provided in section 1.401-12(n) of the Income Tax Regulations.

Sections 401(d)(1) and 408(a)(2) of the Internal Revenue Code, as amended by the Employee Retirement Income Security Act of 1974 (ERISA), require a trustee or custodian of Keogh plans and IRAs to be a bank or such other person who demonstrates to the satisfaction of the Commissioner that he will administer such trusts in accordance with the requirements of sections 401 and 408, respectively.

Additionally, section 401(f) of the Code provides that a custodial account shall be treated as a qualified trust under this section if such custodial account would, except for the fact it is not a trust, constitute a qualified trust under this section and the custodian is a bank (as defined in section 401(d)(1)) or other person who demonstrates to the satisfaction of the Commissioner that the manner in which such other plan will hold the assets will be consistent with the requirements of section 401 of the Code. Section 408(h) provides similar rules for custodians of individual retirement accounts.

Section 1.401-12(n) of the regulations provides that such a person must file a written application with the Commissioner, demonstrating as set forth in that section, his ability to act as trustee or custodian of plans benefiting owner-employees and individual retirement accounts.

We have concluded from all the representations made in the application that Dain Bosworth Inc. meets the requirements of section 1.401-12(n) of the regulations and, therefore, may act as a passive trustee or custodian for Keogh plans and IRAs.

This letter authorizes Dain Bosworth Inc. to act only as a passive trustee or custodian within the meaning of section 1.401-12(n) of the regulations; that is, it is authorized only to acquire and hold particular investments specified by the custodial or trust instrument. It may not act as trustee or custodian if under the written trust or custodial instrument it has discretion to direct investment of trust or custodial funds or any other aspects of the business administration of the trust or custodial account.

Dain Bosworth Inc.

This letter, while authorizing Dain Bosworth Inc. to act as a passive trustee or custodian within the meaning of section 1.401-12(n)(7) of the regulations, does not authorize it to pool accounts in a common investment fund within the meaning of section 1.401-12(n)(6)(vi) of the regulations. Dain Bosworth Inc. may not act as trustee or custodian unless it undertakes to act only under trust and custodial instruments which contain a provision to the effect that the employer is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because the specified trustee or custodian has failed to comply with the requirements of such regulations or is not keeping such records, or making such returns, or rendering such statements, as are required by forms or regulations.

Dain Bosworth Inc. is required to notify the Commissioner of Internal Revenue, Attn: E:EP, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change which affects the continuing accuracy of any representation made in its application required by section 1.401-12(n) of the Income Tax Regulations.

Furthermore, the continued approval of its application is contingent upon its continued satisfaction of the criteria set forth in section 1.401-12(n) of the Income Tax Regulations.

This letter constitutes a determination as to Dain Bosworth Inc. may act as trustee under section 401(d)(1) of the Code and does not bear upon its capacity to act as trustee or custodian under any other applicable law.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

William T. Allen

William T. Allen
Chief, Employee Plans
Technical Branch

Important information regarding your individual retirement account

RBC Capital Markets, LLC ("RBC CM") is registered as a broker-dealer and investment adviser with the U.S. Securities and Exchange Commission (SEC). You may receive services from RBC CM as a client of its RBC Wealth Management division or as a client of another broker-dealer or registered investment adviser for which RBC CM provides custody and clearing services through its RBC Clearing & Custody division. Neither RBC CM, nor its affiliates or employees provide legal, accounting or tax advice. All legal, accounting or tax decisions regarding your accounts and any transactions or investments entered into in relation to such accounts, should be made in consultation with your independent advisors. No information, including but not limited to written materials, provided by RBC CM or its affiliates or employees should be construed as legal, accounting or tax advice.

The information below is adapted from "Important information regarding your individual retirement account", © PenServ Plan Services, Inc. Summary of Changes to IRAs (07-2024).

Several recent law changes have impacted Individual Retirement Accounts (IRAs). Your IRA Plan document cannot be updated to reflect these changes until the Internal Revenue Service releases their version of the language that must appear in your Plan. As your IRA provider, we await technical guidance from the Internal Revenue Service and the Department of Labor in order to administer the enacted provisions. In the meantime, we would like to take this opportunity to provide you with an informational summary to retain with your current IRA plan document.

SECURE Act – Setting Every Community Up for Retirement Enhancement Act of 2019

Repeal of maximum age for traditional IRA contributions

- Individuals are able to make contributions to their IRA even after attaining the age of 70 ½ (now 73), as long as income is earned.
- Effective for taxable years beginning after December 31, 2019.

Increase in age for required beginning date for mandatory distributions

- The required beginning date for mandatory distributions was amended from age 70 ½ to age 72.
- This only applies to persons turning 70 ½ after December 31, 2019. Anyone who turned 70 ½ prior to 2020 must begin taking, and continue to take, distributions under pre-SECURE Act rules.

Modification of required distribution rules for designated beneficiaries

- Upon the death of an IRA account owner, distributions of the entire account balance to anyone other than an "eligible designated beneficiary" must generally be made within 10 years of the account owner's death.
- An eligible designated beneficiary includes the surviving spouse, a child of the IRA account owner who has not yet reached the age of majority (age 21 as defined in IRS regulations), a disabled individual, a chronically ill individual, or an individual who is not more than 10 years younger than the decedent.

25-56-3499850_56343 (09/25)

- This change eliminates the ability to have "stretch IRAs" by limiting the distribution period for certain beneficiaries.
- Effective for distributions on behalf of IRA account owners who die after December 31, 2019.

Penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption

- Distributions from a retirement plan, in the case of a qualified birth or adoption, are exempt from the 10% early withdrawal penalty.
- The child must be under 18 years of age, the distribution must be made within the 1-year period after the birth or adoption date of the child, and the distribution exception is capped at $5,000 per child, per parent.
- These funds may be repaid to the plan by a rollover, and the repayment would be treated as a nontaxable direct rollover (reported as a "repayment").
- Effective for distributions made after December 31, 2019.

Tax-exempt "difficulty of care payments", a type of qualified foster care payment to individual care providers under a state Medicaid Home and Community-Based Services waiver program (Medicaid Waiver payments), may be treated as compensation for purposes of making an IRA contribution.

For tax years beginning after December 31, 2019, certain taxable non-tuition fellowship and stipend payments are treated as compensation for the purpose of IRA contributions. Compensation will include any amount included in gross income and paid to aid in pursuit of graduate or postdoctoral study.

CARES Act – Coronavirus Aid, Relief, and Economic Security Act of 2020

The CARES Act provided assistance to the American people from the public health and economic impact of COVID-19. The provisions under the CARES Act were mostly available during 2020, but the highlights are listed here:

- Coronavirus-related distributions – a coronavirus-related distribution (CRD) is a distribution made on or after January 1, 2020 and before December 30, 2020 to a qualified individual from an IRA, qualified plan, 403(b), or governmental 457(b) of up to $100,000 in the aggregate for any taxable year. A CRD was directly repaid (i.e., rolled over) to any IRA or other eligible plan that accepts rollovers ratably within 3 years. Amounts not repaid could be taxed over a 3-year period.
- The CARES Act provides for 2 special coronavirus-related loan conditions to qualified individuals: 1) increases the amount that can be borrowed; and 2) extends the time to repay an existing loan. Loans are not permitted from individual retirement accounts, however.

Waiver of Required Minimum Distribution (RMD)

All Required Minimum Distributions were waived for the calendar year 2020 under the CARES Act, including for a participant whose required beginning date is in 2020 (e.g., initial year 2019 RMDs due by April 1, 2020). Beneficiaries required to take RMDs from inherited IRAs were included in the waiver.

The 2020 RMD waiver applied to all IRA owners, not only to qualified individuals affected by COVID-19.

RMDs taken at any point during 2020 could have been rolled back into an eligible plan. IRS notice 2020-51 provided an extension to roll back any RMD taken on or after January 1, 2020 by August 31, 2020 without regard to the 60-day deadline that applies to IRA to IRA rollovers, or the one rollover in a 12-month period restriction.

RMD amounts that were received after August 31st were still eligible for rollover, but were subject to the normal rollover restrictions.

Qualified Charitable Distributions are not affected by the CARES Act. As it relates to the change in RMD age under the SECURE Act mentioned previously, an IRA owner or beneficiary who was age 70 ½ could still request a QCD even if they did not have a 2020 RMD. Those individuals continue to remain QCD eligible despite the increase in RMD age to 72. See Appendix D in IRS Publication 590-B to determine the correct amount of the QCD.

SECURE 2.0 Act of 2022 (SECURE 2.0)

Continuing the initiatives of the SECURE Act of 2019, SECURE 2.0 Act of 2022 (SECURE 2.0), Division T of the Consolidated Appropriations Act of 2023, was signed into law on December 29, 2022 (date of enactment). Some changes became effective on the date of enactment—or even retroactively, but the Internal Revenue Service and the Department of Labor must provide technical guidance to practitioners and taxpayers for them to be practicable.

Increase in Age for Required Beginning Date for Mandatory Distributions

- The required beginning date for Required Minimum Distributions (RMDs) has been increased from age 72 to age 73 starting on January 1, 2023.
- The Act further increases the RMD age, starting January 1, 2033, from 73 to 75.

Indexing IRA Catch-Up Limit

- Indexes the current $1,000 age 50 catch-up limit.
- Effective for taxable years beginning after December 31, 2023.

Withdrawals for Certain Emergency Expenses

- Provides an exception for certain distributions used for emergency expenses, which are unforeseeable or immediate financial needs relating to personal or family emergency expenses.
- Only one distribution is permissible per year of up to $1,000, and a taxpayer has the option to repay the distribution within 3 years.
- No further emergency distributions are permissible during the 3-year repayment period unless repayment occurs.
- Effective for distributions made after December 31, 2023.

Special Rules for Certain Distributions from Long-Term Qualified Tuition Programs to Roth IRAs

- SECURE 2.0 amended the Internal Revenue Code to allow for tax and penalty free rollovers, up to $35,000 over the course of a taxpayer's lifetime, from any 529 account in their name to their Roth IRA.
- These rollovers are subject to Roth IRA annual contribution limits, but not the income threshold for contributions. To qualify, the 529 account must have been open for 15 years or more.

Remove Required Minimum Distribution Barriers of Life Annuities

- An actuarial test related to certain commercial lifetime annuities in qualified plans and IRAs in the required minimum distribution regulations is eliminated. This will reinstitute certain guarantees for the benefit of individuals who are otherwise unwilling to elect a life annuity under a defined contribution plan or IRA.
- This provision is effective for calendar years ending after the date of enactment of the Act.

Qualifying Longevity Annuity Contracts

- To preserve the intended longevity protection, the 25% limit is eliminated, and the dollar limit is increased to $200,000.
- In addition, QLACs with spousal survival rights are available, and free-look periods are permitted up to 90 days with respect to contracts purchased or received in an exchange on or after July 2, 2014.

Eliminating a Penalty on Partial Annuitization

- A participant that holds an annuity contract in their retirement account may elect to calculate the Required Minimum Distribution (RMD) by aggregating the value of the annuity with the value of the non-annuitized portion of the account. The annuity contract payments for the year can then be deducted from the combined RMD amount.
- This became effective on the date of enactment of the Act, however, the Treasury Secretary is to update the relevant regulations accordingly. Until then, taxpayers may rely on a good faith interpretation of the law.

Reduction in Excise Tax on Certain Accumulations in Qualified Retirement Plans

- The penalty for failure to take Required Minimum Distributions (RMDs) is reduced from 50% to 25%.
- In addition, if a failure to take the RMD is corrected within a 2-year correction period, the excise tax on the failure is further reduced from 25% down to 10% percent. This correction window begins on the tax filing due date for the year the excess occurred, and ends on the earlier of the last day of the second taxable year following such deadline or when the taxpayer is audited.
- Effective for taxable years beginning after the date of enactment of the Act.

Updating Dollar Limit for Mandatory Distributions

- Under current law, employers may automatically roll over former employees' retirement accounts from a workplace retirement plan into an IRA if their balances are between $1,000 and $5,000.
- The limit is now increased from $5,000 to $7,000, effective for distributions made after December 31, 2023.

One-Time Election for Qualified Charitable Distribution (QCD) to Split-Interest Entity; Increase in Qualified Charitable Distribution Limitation

- Expands the Qualified Charitable Distribution provision to allow for a one-time, $50,000 distribution to charities through charitable gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts.
- This is effective for distributions made in taxable years beginning after the date of enactment of the Act.
- In addition, the $50,000 special distribution amount, as well as $108,000 overall QCD limit, will be indexed for inflation for distributions made in taxable years ending after the date of enactment of the Act.

Repayment of Qualified Birth or Adoption Distribution Limited to 3 Years

- The recontribution period for distributions made in the case of birth or adoption, a qualified birth or adoption distribution (QBAD), is restricted to 3 years.
- Effective to distributions made after the date of the enactment of the Act, and retroactively to the 3-year period beginning on the day after the date on which such distribution was received.

Penalty-Free Withdrawal from Retirement Plans for Individual Case of Domestic Abuse

- Retirement plans may permit participants to self-certify that they experienced domestic abuse within the past year, allowing the participant to withdraw a small amount of money (the lesser of $10,000, indexed for inflation, or 50% of the participant's account).
- This distribution is not subject to the 10% tax on early distributions. Additionally, a participant has the opportunity to repay the withdrawn money from the retirement plan over 3 years, and will be refunded for income taxes on money that is repaid.
- Effective for distributions made after December 31, 2023.

Tax Treatment of IRA Involved in a Prohibited Transaction

- When an individual engages in a prohibited transaction with respect to their IRA, the IRA is disqualified and treated as distributed to the individual, irrespective of the size of the prohibited transaction.
- This provision clarifies that if an individual has multiple IRAs, only the IRA with respect to which the prohibited transaction occurred will be disqualified.
- Effective for taxable years beginning after the date of enactment of the Act.

Clarification of Substantially Equal Periodic Payment Rule

- Clarification of what does not constitute a modification of the additional tax on early distributions for the Substantially Equal Periodic Payment (SEPP) rule.
- The exception continues to apply in the case of a rollover of the account, an exchange of an annuity providing the payments, or an annuity that satisfies the Required Minimum Distribution rules.
- This provision is effective for transfers, rollovers, and exchanges after December 31, 2023; and effective for annuity distributions on or after the date of enactment of the Act.

Exception to Penalty on Early Distributions from Qualified Plans and IRAs to Individuals with a Terminal Illness

- Provides an exception to the 10% additional tax on early distributions made to individuals with a terminal illness.
- A physician must certify that the illness is reasonably expected to result in death within 84 months.
- These withdrawals currently have no dollar limitation, and can be repaid to the account in a manner that is similar to qualified birth or adoption distributions.
- The exception is effective for distributions made after the date of enactment of the Act.

Special Rules for Use of Retirement Funds in Connection with Qualified Federally Declared Disasters

- Issues permanent rules that aim to standardize access to retirement funds in the event of a federally declared disaster.
- To be eligible, an individual must have their primary residence in the federally declared disaster area, and sustain an economic loss as a result of the disaster event.
- If eligible, up to $22,000 can be considered a Qualified Disaster Distribution (or Qualified Disaster Recovery Distribution), taken no later than 180 days after the federal disaster was declared.
- The funds are exempt from the 10% excise tax on early distributions.
- There is a 3-year window following the date of distribution to repay all or a portion of the payment back to an eligible retirement plan. Alternatively, taxes can be spread ratably over a 3-year period.
- A list of federally declared disasters can be found on the Federal Emergency Management Agency website, fema.org.
- Effective retroactively for disasters occurring on or after January 26, 2021.

Elimination of Additional Tax on Corrective Distributions of Excess Contributions

- Earnings attributable to timely correction of an excess contribution is not subject to the 10% additional tax on early distributions.
- Effective for any determination made on or after the date of enactment of the Act, even if the correction occurred before date of enactment.

Modification of Required Minimum Distribution Rules for Special Needs Trust

- In the case of a special needs trust established for a beneficiary with a disability, the trust may provide for a charitable organization as the remainder beneficiary.
- Effective for calendar years beginning after the date of enactment of the Act.

IRA and Roth IRA Contribution Limits – Cost of Living Adjustments (COLAs)		
	2024	**2025**
Traditional IRA regular contribution limit	$7,000	$7,000
Age 50 catch-up limit for traditional IRAs	$1,000	$1,000
AGI phase-out ranges for determining traditional IRA deductions for active participants:		
Unmarried taxpayers	$77,000–$87,000	$79,000–$89,000
Married taxpayers filing joint returns	$123,000–$143,000	$126,000–$146,000
Married taxpayers filing separate returns	$0–$10,000	$0–$10,000
Non-active participant spouse	$230,000–$240,000	$236,000–$246,000
Roth IRA regular contribution limit	$7,000	$7,000
Age 50 catch-up limit for traditional and Roth IRAs	$1,000	$1,000
AGI phase-out ranges for determining Roth IRA regular contributions:		
Unmarried taxpayers	$146,000–$161,000	$150,000–$165,000
Married taxpayers filing joint returns	$230,000–$240,000	$236,000–$246,000
Married taxpayers filing separate returns	$0–$10,000	$0–$10,000