

# Traditional IRA Plan Documents

Effective August 19, 2023



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## Contact us.

If you have questions about your Traditional IRA plan documents or your Citibank IRA, please contact Retirement Plan Services at 1-800-695-5911. For TTY, we accept 711 or other Relay Service. Representatives are available Monday through Friday 8:00 a.m. to 10:00 p.m. Eastern Time, and Saturday 9:00 a.m. to 5:30 p.m. Eastern Time.

Please send forms and correspondence to Retirement Plan Services.

### Regular Mail:

Retirement Plan Services  
P.O. Box 769001  
San Antonio, TX 78245-9951

### Overnight Delivery:

Retirement Plan Services  
100 Citibank Drive  
San Antonio, TX 78245

Retirement Plan Services provides account services for Citibank, N.A.

## Complaints

You agree to contact us for any complaints or inquiries related to your Citibank IRA accounts.

## Tax Advisor.

Citibank does not offer tax advice. Please consult a qualified tax advisor for your own situation.

**Arbitration.** Please read the Arbitration section of the *Consumer Deposit Account Agreement*. This section addresses how a dispute involving you and Citibank will be resolved. In the event of a dispute involving you and Citibank, you may not be able to go to court, have a jury trial or initiate or participate in a class action.

# IRA account Supplement to the Consumer Deposit Account Agreement

## 1. Introduction

This IRA account supplement (“IRA Supplement” or “Supplement”) applies to IRA accounts and is a supplement to the *Consumer Deposit Account Agreement* (“Client Manual Agreement” or “CMA”). This IRA Supplement incorporates all of the terms, conditions, and definitions in the CMA. If there’s a conflict between the CMA and the IRA Supplement, the terms of the Supplement will control. All other terms and conditions of the CMA are in full force and effect. Terms, conditions and fees for accounts, programs and services are subject to change.

**Definitions.** In this IRA Supplement, “we”, “our”, and “us” shall mean Citibank, N.A., and “you” and “your” shall mean you, the account owner and your authorized representatives. Important terms, acronyms, and other words used throughout this Supplement may be defined in the context in which they are used.

Citibank offers Traditional and Roth Individual Retirement Accounts (collectively, “Citibank IRA” or “IRA” or “IRA plan”). When you open a Citibank IRA, you agree you and your IRA will be governed by the “IRA plan documents” that comprise the IRA Supplement, your applicable Traditional/Roth Individual Retirement Custodial Account Agreement (“IRA Custodial Agreement”) and your applicable Traditional/Roth IRA Disclosure Statement with your applicable IRA Financial Disclosure (“IRA Disclosure Statement”). You also agree your IRA will be governed by the Client Manual Agreement. Please review your IRA plan documents and the Client Manual Agreement carefully and keep a copy along with amendments for future reference.

Citibank, N.A. is the custodian of the Citibank IRA. The IRA Supplement is an agreement between you, an IRA account owner (including individuals with authority to withdraw funds from or provide instructions for your IRA), and Citibank, N.A. (“Citibank”). The IRA Supplement is subject to change at any time without notice to you unless required by law. As applicable, we will make amendments or amended versions of the IRA Supplement available to you. You can obtain copies of the current IRA Supplement and IRA plan documents online at [citi.com/accountagreementsandnotices](http://citi.com/accountagreementsandnotices), by speaking to a banker at a branch, or by calling Retirement Plan Services.

## 2. IRA account Products

Citibank offers Savings accounts and Certificate of Deposit accounts in a Citibank IRA (collectively “IRA accounts” or “Retirement accounts”). All IRA accounts are governed by the IRA plan documents and the Client Manual Agreement. IRA accounts may be referred to as “investment(s),” “funds,” or “assets” in the IRA Custodial Agreement, the IRA Disclosure Statement, and/or Citibank IRA transaction request forms; however, all IRA accounts are Consumer Deposit Accounts as defined in the Client Manual Agreement.

### 2.1 Introduction

**Minimum Opening Deposit for Savings accounts in an IRA.** There is no minimum opening deposit required to open a Savings account in an IRA; however, your balance can affect your Relationship Tier, your ability to maintain your account, and the fees associated with your account. Please refer to *Fees*.

- Accounts with zero balances are subject to closure after 90 days.
- Your Combined Average Monthly Balance (“CAMB”) for your Eligible Deposit and Investment (“EDI”) accounts must meet the minimum Balance Range required for any Relationship Tier associated with your IRA accounts. Please refer to *Simplified banking* in the Client Manual Agreement.

**Fees.** There is no monthly service fee for a Citibank IRA or IRA accounts.

Unless otherwise stated, Citibank charges the following fees to the IRA account associated with the service provided:

- \$12 domestic/\$25 international fee for clients who request overnight delivery of checks
- \$75.00 fee to transfer all or part of your Citibank IRA to another institution
- \$35.00 fee for Wire Transfer — Outgoing Domestic — Other Channels and a \$45.00 fee for Wire Transfer — Outgoing International — Other Channels.  
“Other Channels” refers to wire transfers initiated through a branch or assisted by a banker. Please refer to the Wire Transfer Fee Chart in Appendix 1: Fee Schedule of the Client Manual Agreement for the applicable Wire Transfer Fee Descriptions and amounts and/or waivers for Relationship Tiers.

Please also refer to the IRA plan documents and documentation provided at the time a transaction is performed or a service is provided for applicable fee information. Fees listed in this section refer only to fees charged by Citibank and is not a representation of potential fees imposed by other financial institutions.

**Notices and Account Statements.** Important legal notices about your IRA accounts are sent by separate communication such as when you make deposits and withdrawals, and the IRA End of Year Summary with the IRA account balances and activity for the calendar year. Please refer to *Confirmation Notices* in this Supplement. IRA customers with no other deposit accounts do not receive periodic Account Statements; however IRA customers can contact us at any time for account information. Please refer to *Account Statements* in the Client Manual Agreement.

**Converting Product Types.** Customers cannot convert their Retirement Savings accounts or Retirement Certificate of Deposit accounts into non-retirement Citibank accounts. Please refer to the *Retirement Certificates of Deposit* section in this Supplement, your IRA Custodial Agreement and your IRA Disclosure Statement for additional information.

## 2.2 Retirement Savings accounts

Citibank offers a savings/money market account product in an IRA (“Retirement Savings account” or “IRA Savings account”) that gives you the ability to earn short-term market rates: the Insured Money Market (“IMMA”) account. “IMMA account” refers to a specific Retirement Savings account type. You may also see one or more of these terms on important legal notices and Account Statements, if applicable: Retirement Insured Money Market Account, Retirement IMMA, IRA IMMA or IMMA.

**Reservation.** We reserve the right to require 7 days advance notice before permitting a withdrawal from all Retirement Savings accounts. We currently do not exercise this right and have not exercised it in the past.

### Insured Money Market (“IMMA”) accounts

Availability	IMMA accounts are available in all markets; however, IMMA accounts can only be opened in a Citibank IRA or other tax-qualified retirement account.
Application and Forms	You can apply to open an IMMA account in a new or existing IRA. Visit <a href="http://citi.com/accountagreementsandnotices">citi.com/accountagreementsandnotices</a> , speak to a banker in a Citibank branch, or call Retirement Plan Services for an IRA Application or other IRA form (e.g., withdrawal or contribution).
Key Features	IMMA accounts do not offer check writing. IMMA accounts are not eligible for ATM Cards.
Fees	There is no monthly service fee for IMMA accounts. IMMA accounts are subject to all other fees associated with IRA accounts.
CAMB	IMMA accounts in your IRA will be included in your Combined Average Monthly Balance (CAMB).

## Rate Information and Interest Calculation for Retirement Savings accounts

This section applies to all Retirement Savings accounts.

### Retirement Savings account APYs and Interest Rates

“Annual Percentage Yield” (APY) for Retirement Savings accounts is a percentage rate reflecting the total amount of interest paid on an account, based on the current interest rate compounded daily for a period of one year assuming no fees, additional deposits or withdrawals, and the interest rate remains the same for the entire year. “Interest Rate” is the annual interest paid represented as a percentage assuming no change in rate and does not reflect compounding.

Annual Percentage Yields and interest rates for Retirement Savings accounts are variable, determined by Citibank at its sole discretion, can change before and after account opening without notice. This may affect the actual amount of interest earned. Please refer to your applicable rate sheet. For current Annual Percentage Yields and interest rates for Retirement Savings accounts, please visit Citi Online, speak to a banker in a Citibank branch, or call Retirement Plan Services.

Citibank reserves the right to apply an APY and interest rate based on your IRA account’s Rate Region, apply different APYs and interest rates for different Rate Regions, and assign the APY and interest rate applicable to a Rate Region based on one or more of the following factors:

- a. Product;
- b. Relationship Tier;
- c. Account balance<sup>1</sup>

Please refer to your applicable rate sheet to learn which factor(s) affect the APY and interest rate applicable to your Rate Region.

**When Interest Begins to Accrue.** Funds deposited to a Retirement Savings account (also referred to as “Contributions”) begin to earn interest on the Business Day Citibank receives your Contribution. Transfers from your Citibank Checking or Savings account begin to earn interest on the Business Day Citibank initiates your transfer.

**Interest Compounding and Crediting.** Interest is compounded daily for the actual number of days your money is on deposit and is credited to your account on the last Business Day of the month. Interest is computed using a 365-day year except in leap years when interest may be computed on a 366-day basis.

<sup>1</sup> Even if the Rate Sheet applicable to a Retirement Savings account does not use Account Balances to impact the APY and interest rate applicable to your Rate Region, Citi reserves the right to apply an APY or interest rate based on the range of your account balance. Balances in EDI Accounts linked to your IRA Savings account will not be included in your IRA account balance calculation, even though they will contribute to your CAMB. Citi may assign the same APY or interest rate to more than one balance range. Balance ranges for Retirement Savings accounts include:

\$0 – \$9,999.99  
\$10,000 – \$24,999.99  
\$25,000 – \$49,999.99  
\$50,000 – \$99,999.99  
\$100,000 – \$499,999.99  
\$500,000 – \$999,999.99  
\$1,000,000 +

**Interest Calculation Method.** We use the daily balance method to calculate interest. This method uses the daily balance of all deposited funds in your account on which we have received credit to determine the applicable interest rate each day. Citibank reserves the right to adjust the interest rate at any time based on the assigned Relationship Tier. This method may cause a change in the amount of interest you earn depending on the daily balance changes in your Retirement Savings account. The principal in the account is reduced based upon the transaction date when a withdrawal (also referred to as a “Distribution”) or other debit transaction occurs, which is not always the same as the posting date. The principal balance on which interest is calculated may not be the same as that appearing on a legal notice, annual summary, or Account Statement, if applicable, if there have been intervening transactions.

**Interest Adjustment.** An interest adjustment that occurs before the end of the month will be reflected on your annual summary for the calendar year in which the interest adjustment occurs.

**Interest on Closed Savings Accounts.** If the account is closed, interest will be paid for the number of days the account was open in accordance with the daily balance method.

**Current Interest Rates and Annual Percentage Yields.** For current Annual Percentage Yields and interest rates, please visit Citi Online, speak to a banker in a Citibank branch, or call Retirement Plan Services.

### 2.3 Retirement Certificates of Deposit

Certificates of Deposit (“CD”) in a Citibank IRA or other tax-qualified retirement account (“Retirement CDs”) are time accounts. When you open a CD, and each time a CD renews, you agree to leave your funds in the account for the term which is a specific amount of time. The “Maturity Date” is the last day of the term and the day the CD matures. The Maturity Date is the first day you can withdraw funds without paying an early withdrawal penalty. CDs have a fixed interest rate during the term.

#### CD Types and Terms

<b>Retirement Certificates of Deposit</b>	<p>Multiple term options available.</p> <p>Term options: 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 18, and 30 Month CDs; 2, 3, 4, and 5 year CDs</p>
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#### Minimum Balance

The minimum balance required to open a Certificate of Deposit account is \$250. No additional deposits are permitted during the term. A CD account will automatically be closed after 20 consecutive calendar days with a zero balance. Citi reserves the right to close the CD if the balance falls below any applicable minimum balance requirement. We will notify you that we closed your account if required by law.

#### Monthly Service Fee

There is no monthly service fee for a Certificate of Deposit. Retirement CD accounts are subject to all other fees associated with your IRA account or other tax qualified retirement account.

#### APYs and Interest Rates

Annual Percentage Yield (APY) as used in this document is a percentage rate reflecting the total amount of interest paid on an account, based on the interest rate compounded daily for a period of one year assuming no fees, additional deposits or withdrawals, and the interest rate remains the same for the entire year. “Interest Rate” is the annual interest paid represented as a percentage assuming no change in rate and does not reflect compounding.

Annual Percentage Yields and interest rates for CDs are determined by Citibank at its sole discretion and can change at any time without notice before a term begins for a new account and renewed CD. Interest rates are fixed for the CD term. The APY on your CD assumes interest will remain on deposit in the CD account until maturity. A withdrawal will reduce earnings. For current APYs and interest rates, please visit citi.com, speak to a banker in a Citibank branch, or call Retirement Plan Services.

For a new CD, the APY and interest rate is based on the CD type and CD term. For a renewing CD, the APY and interest rate will be the APY and interest rate in effect on the CD renewal date for the CD type and CD term. Citi reserves the right to apply an APY based on account balance using the applicable balance range to determine your APY and interest rate; account balance may not be a factor for all CD terms. Citi may assign the same APY and interest rate to more than one balance range. Balance ranges include:

\$0 – \$9,999.99

\$10,000 – \$24,999.99

\$25,000 – \$49,999.99

\$50,000 – \$99,999.99

\$100,000 – \$499,999.99

\$500,000 – \$999,999.99

\$1,000,000+

Every CD account is assigned to a Rate Region at account opening, which is identified on your applicable Rate Sheet. Citi also reserves the right to apply an APY and interest rate based on the account's Rate Region, apply different APYs and interest rates for different Rate Regions, and assign the APY and interest rate applicable to a Rate Region based on one or more of the following: CD term and account balance.

Please refer to your applicable Rate Sheet to learn which factor(s) affect the APY and interest rate applicable to your Rate Region.

### **When Interest Begins to Accrue**

Interest begins to accrue as of the Business Day your funds are received, or your account application is received, whichever occurs later. Balances in Eligible Deposit and Investments (EDI) accounts linked to your CD account will not be included in your interest calculation, even though they will be included in your Combined Average Monthly Balance (CAMB).

### **Interest Compounding and Crediting**

Interest is compounded daily starting as of the Business Day you open your CD account, for the actual number of days your money is on deposit. Interest is computed using a 365-day year except in leap years when interest may be computed on a 366-day basis.

Interest is credited to your account after the close of business on the last Business Day of each month, and on the Maturity Date. Interest is paid up to but not including the Maturity Date. If you open your CD or your CD renews during the last week of any month, interest from the new CD opening date or CD renewal date to the end of the month may be included with the interest for the first full month after the CD is opened or renewed. If the end of the month occurs during the Grace Period, interest accrued during the Grace Period will be included in the next month's interest for renewed CDs. If the CD account is closed before maturity, the interest minus any applicable early withdrawal penalty will be reflected in the closeout balance.

### **Interest Calculation Method**

We use the daily balance method to calculate interest. This method applies a daily periodic rate to the balance in the account each day.

### **Interest Withdrawal**

You may withdraw interest before maturity after it has been credited to your CD account without an early withdrawal penalty, subject to the distribution and withdrawal guidelines of your IRA or tax-qualified retirement account type. When your CD automatically renews and after the grace period, interest will be added to your principal balance and will no longer be available for withdrawal without penalty. The APY on your CD assumes interest will remain on deposit in the CD account until maturity. A withdrawal will reduce earnings.

### **Automatic Renewal and Grace Period**

Your CD will automatically renew at maturity for the same CD term at the APY and interest rate in effect on the Maturity Date which is the renewal date, unless: (1) you change your CD term, or (2) the same term is not available and we notify you that your CD term is changing.

If you do not want your CD to automatically renew, you can make changes during the “Grace Period.” The Grace Period begins on the day after the Maturity Date and is up to 7-calendar days. If the last day of the Grace Period is a non-Business Day (a weekend or bank holiday), the Grace Period ends on the last Business Day before the non-Business Day (the Grace Period End Date). During the Grace Period you can change your CD term, deposit additional funds, or withdraw funds without paying an early withdrawal penalty. If you change your term, make a deposit, or withdraw funds during the Grace Period: (a) the Grace Period will end that day, your renewed CD will have a new opening date which is your renewal date, your renewed CD will have a new Maturity Date, and you will not be able to make any changes without penalty until the new Maturity Date; (b) we will pay interest from the Maturity Date until the day before your new opening date (but not more than 7-calendar days) at the interest rate in effect on the Maturity Date; and (c) your renewed CD will be assigned the APY and interest rate in effect on your new opening date which is your CD renewal date.

Your account number will not change when your CD renews.

### **Early Withdrawal Penalties**

Citibank will impose a substantial penalty if you withdraw any amount from the principal before the Maturity Date. It may be necessary to deduct all or a portion of the penalty from the principal amount of the deposit. Early withdrawal penalties are calculated on the amount of the principal withdrawn. A 90-day simple interest penalty will apply for CD terms of 1 year or less, and a 180-day simple interest penalty will apply for CD terms greater than one year. The early withdrawal penalty will apply if all or a portion of the CD account is transferred to a retirement account at another financial institution. Early withdrawal penalties are not applied: (1) if the IRA owner is age 59½ or older, (2) if the IRA owner is declared legally incompetent, (2) upon the IRA account owner’s death (including withdrawals from a Citibank Inherited IRA), (3) upon timely revocation of your IRA, or (4) upon timely correction of an excess contribution. Please refer to your IRA Custodial Agreement and IRA Disclosure Statement for additional information about premature withdrawals from your IRA. Citibank does not provide tax advice. Please consult a qualified tax advisor for your own situation.

### **Annual CD Upgrade Option**

If you are over age 59½, you may upgrade your existing Citibank IRA CD term into a Citibank IRA CD term with a higher Annual Percentage Yield (APY) once every 365 days (“Annual CD Upgrade Option”) by contacting Retirement Plan Services. This is separate from, and in addition to, your ability to make changes to your existing CD account on the Maturity Date or during the Grace Period. When you exercise your Annual CD Upgrade Option, your existing CD term will end without a Grace Period and you will have a new Maturity Date based on the term of your CD upgrade.

## **2.4 Discontinued Products, Services and Features**

As of the Discontinued Dates, customers cannot apply to open new accounts in the discontinued products for an IRA or other tax-qualified retirement account:



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**18 Month Variable Rate Retirement CD**

November 15, 2021

Existing 18 Month Variable Rate CDs permit additional deposits at any time if the guidelines for contributions to your retirement plan type are followed; additional deposits do not affect the maturity date of the 18 Month Variable Rate CD. The 18 Month Variable Rate Retirement CD is no longer available for new accounts, including term changes for existing Retirement CD accounts.

Existing 18 Month Variable Rate CDs have a variable APY and interest rate that changes on the first day of each month when the interest rate is set at one-half percent above the average discount rate of a 13-week U.S. Treasury Bill at the most recent auction. Please refer to section 2.3 Certificates of Deposit in an IRA for additional important information about APY, interest rate, balance, and interest calculations. Existing 18 Month Variable Rate Retirement CDs that mature on or after January 24, 2022, will renew to a 3 Month Fixed Rate Retirement CD, unless you request a change by the Maturity Date. Owners of an existing 18 Month Variable Rate Retirement CD should refer to their November 2021 “Important Notice of Changes to 18 Month Variable Rate Retirement CD Accounts” for additional important information about automatic renewal, grace period, and early withdrawal penalties.

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Retirement Day-to-Day Savings

May 6, 2022

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**3. Other IRA Account Information****3.1 Governing Law.**

Your Citibank IRA is governed by federal laws and regulations and to the extent not preempted by federal law or otherwise inapplicable, by the laws and regulations of the state of New York. State conflict of law provisions will not apply. In addition, any part of the IRA plan documents that are inconsistent with section 408(a) of the U.S. Internal Revenue Code is invalid and does not affect any other part of the IRA plan documents.

Please refer to the *Governing Law* section in section 6.1 *Opening a deposit account* of the Client Manual Agreement to determine the “Governing State” for deposit accounts opened in your Citibank IRA; however, the Governing State for the first deposit account opened in your IRA will determine the Governing State for all accounts in your IRA.

**3.2 Rate Region**

Please refer to the *Rate Region* section in section 6.1 *Opening a deposit account* of the Client Manual Agreement to determine the Rate Region for deposit accounts opened in your Citibank IRA; however, the Rate Region for the first deposit account opened in your IRA will determine the Rate Region for all accounts opened in your IRA.

**3.3 IRA account Transactions**

**Deposits and Contributions.** Deposits to your Citibank IRA may be referred to as “Contributions.” Contributions to your IRA require selecting a Retirement Savings account or Retirement CD account at the time of your request. We will deposit your funds to your existing Retirement Savings account or establish a new IMMA account in your Citibank IRA if we do not receive your instructions by the time we receive your funds or in order to process certain transactions including requests from you, a beneficiary, a local state or federal governmental entity or other authorized party. Please refer to your IRA Custodial Agreement and your IRA Disclosure Statement for important information about Contributions to your IRA.

**Withdrawals and Distributions.** Withdrawals from your Citibank IRA may be referred to as “Distributions.” Withdrawals are subject to applicable federal and state income tax and other laws and regulations including penalties and withholding requirements if applicable. Your Residential Address will determine your state income tax withholding requirements if applicable. Please refer to your IRA Custodial Agreement and your IRA Disclosure Statement for important information about Distributions from your IRA.

**Written and Phone Instructions.** Please submit your written request on Citibank’s applicable form when making a Contribution, requesting a Distribution, or other permissible IRA transaction. We may require you to resubmit your request to us if you use an invalid form or your request is incomplete. Certain transactions may require validation of signature such as a bank signature guaranty. We may accept your telephone instructions for certain transactions at our option, such as change investment. Transfer and Direct Rollover requests must be submitted in writing and may require additional forms. Please refer to the applicable IRA transaction form for complete instructions. Citibank IRA transaction forms are available at [citi.com/accountagreementsandnotices](http://citi.com/accountagreementsandnotices), in a Citibank branch, or by calling Retirement Plan Services.

**Confirmation Notices.** Citibank will send you written notice confirming your IRA account transaction requests. If any information on a notice about a transaction is wrong or if you need more information, please contact us as soon as possible by calling Retirement Plan Services at 1-800-695-5911. For TTY: we accept 711 or other Relay Service. Representatives are available Monday through Friday 8:00 a.m. to 10:00 p.m. Eastern Time, and Saturday 9:00 a.m. to 5:30 p.m. Eastern Time. You may also write to Retirement Plan Services, 100 Citibank Drive, San Antonio, Texas 78245.

# Traditional Individual Retirement Custodial Account Agreement

(Under Section 408(a) of the Internal Revenue Code, Department of the Treasury Internal Revenue Service Form 5305-A (Rev. April 2017))

You as “Depositor” are establishing a traditional individual retirement account (IRA) under section 408(a) to provide for your retirement and for the support of your beneficiaries after death.

Citibank, N.A. as “Custodian” has provided you with the disclosure statement required by Regulations section 1.408-6.

The Depositor and the Custodian make the following agreement:

## 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 2013 through 2017. For individuals who have reached the age of 50 by the end of the year, the contribution limit is increased to \$6,500 per year for 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 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in:

- (a) A single sum; or
- (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiary.

- 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)(3) 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)(3) 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)(3) below if longer.
    - (iii) There is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by 1 for each subsequent year.
  - (b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with paragraph (1) below or, if elected or there is no designated beneficiary, in accordance with paragraph(2) below:
    - (i) The remaining interest will be distributed in accordance with paragraphs 4.03 (a)(1) and 4.03 (a) (2) above (but not over the period in paragraph 4.03(a)(3), even if longer), starting by the end of the calendar year following the year of the Depositor's death. If, however, the designated beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph 4.03(a)(2) above (but not over the period in paragraph 4.03(a)(3), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with 4.03(b)(2) 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 70½, is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the Depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph 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 70½, if applicable under paragraph 4.03(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 4.03(a) and 4.03(b)(i).
- (c) The required minimum distribution for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

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 Setting Up Your Citibank IRA

This Traditional Individual Retirement Custodial Account Agreement ("Agreement" or "Custodial Agreement") applies to your Citibank Traditional Individual Retirement Account (IRA). You can obtain copies of this Agreement by phone, online at [citi.com/accountagreementsandnotices](http://citi.com/accountagreementsandnotices) and in Citibank branches.

"Depositor," "you" and "your" refer to the Citibank IRA owner (including individuals with authority to withdraw funds from or provide instructions for your IRA). "Custodian," "we," "our," "us" and "Citibank" refer to Citibank, N.A., the custodian of your Citibank IRA. Important terms, acronyms, and other words used throughout this Agreement may be defined in the context in which they are used.

This Agreement is between you and Citibank, N.A. Your Citibank IRA is governed by this Agreement, your Citibank IRA application and your Traditional IRA Disclosure Statement with your IRA Financial Disclosure ("IRA Disclosure Statement"). Your Citibank IRA is also governed by the Consumer Deposit Account Agreement ("Client Manual Agreement") and the IRA Account Supplement to the Consumer Deposit Account Agreement ("IRA Supplement"). Article VIII of the Agreement incorporates all of the terms, conditions and definitions in the Client Manual Agreement including the IRA Supplement. If there is a conflict between the Client Manual Agreement and Article VIII of this Agreement, the Client Manual Agreement will control and all other terms and conditions of this Article VII are in full force and effect. Please review this Custodial Agreement and additional agreements carefully and keep a copy along with amendments for future reference.

We will send you a written confirmation with the date your IRA is established. This Custodial Agreement is effective on the date your IRA is established. You agree to comply with all legal requirements governing an IRA as stated in this Agreement, your IRA Disclosure Statement, and applicable federal and state laws. Whenever you make a contribution to your Citibank IRA or request a distribution from it, you will be considered to have affirmed to us that your action meets all the applicable legal requirements. These include conditions on eligibility, and amounts of, and deadlines for, making contributions and distributions. We can rely on your affirmation and we are not responsible for any errors you may make concerning your Citibank IRA.

Citibank does not offer tax advice. Please consult a qualified tax advisor for your own situation.

#### 8.02 Contributions

We may accept two types of contributions to your Citibank IRA: regular contributions and rollover contributions. We may accept cash contributions to your Citibank IRA for each of your tax years as regular contributions. A tax year is the period for which you must report income on your federal income tax return. There are limits on the total amount that may be contributed each tax year. We may accept a rollover contribution to your Citibank IRA of any or all of the assets you receive from another retirement plan of the type described in these sections: 401(a), 403(a), 403(b), 408(a) or 408(b) and for tax years beginning after December 31, 2001, 457. The term rollover contribution is described in these sections: 402, 403(a)(4), 403(b) (8), and 408(d)(3). If your Citibank IRA will be used to receive contributions from your employer (or employers) under a Simplified Employee Pension (SEP), the amount that can be contributed by such employer for any tax year is limited by law, with cost of living adjustments. Even if your employer makes a SEP contribution to your Citibank IRA, we may accept a contribution from you to your Citibank IRA for that year, not to exceed the limits on the total amount that can be contributed each tax year, in addition to the amount your employer contributed for the tax year. Citibank has no responsibility to require your employer to contribute to your Citibank IRA under a SEP.

#### 8.03 Investing

Whenever a contribution is made to your Citibank IRA, you will direct us in writing, on a form we provide, to place the amount in one or more of the investment choices that we then offer for Citibank IRAs. These options may consist of retirement savings accounts, time deposits and other interest-paying deposits of Citibank, or other banks to the extent permitted by law, and such other investment choices as we may offer from time to time. Citibank can hold funds uninvested or invest funds in a Citibank Insured Money Market (“IMMA”) account if we do not receive your clear written directions by the time we receive your funds or in order to process certain transactions including requests from you, a beneficiary, a local state or federal governmental entity or other authorized party.

You can shift your Citibank IRA’s assets among the investment options offered at the time such shift is to occur. To do so, you must use the forms we provide and follow the rules on minimum amounts, frequency and charges for investment shifts that we may reasonably establish from time to time. Investment shifts will be subject to penalties required or permitted by law for ending time deposits before maturity.

If you are eligible under rules that we establish from time to time, you may choose to have your Citibank IRA individually managed by us under a separate additional agreement, in which case this section does not apply.

We will keep the assets of your Citibank IRA separate from other assets, except that, to the extent permitted by law, we may place all or part of your Citibank IRA in one or more common trust funds or common investment funds which is now or hereafter established and administered by Citibank. If we do so, the written document establishing each such trust fund or investment fund, as amended from time to time, will be part of this agreement.

#### 8.04 Distributions

You may at any time withdraw any or all of the balance in your Citibank IRA. Any amount paid to you or your beneficiaries is called a distribution.



Before distributing any amount from your Citibank IRA, we must receive a signed distribution request, on a form we provide, that gives the reason for the distribution, together with any other documents we may require. We may take a reasonable time, before making a distribution. If the balance in your Citibank IRA is less than \$1,500 at the start of the tax year in which distribution is to be made, we may pay the entire balance in a single sum. If the payment option in effect would result in each payment being less than \$100, we may switch to less frequent payments (for example, from monthly to quarterly or quarterly to annual payments).

If you become permanently disabled (as defined under section 72(m)(7) of the IRS code) before you reach age 59½, you can receive any or all of the balance in your Citibank IRA under one of the payment options described. We will pay you — or someone authorized to act for you—within a reasonable time after we receive a written request, medical certificate and any other documents we may reasonably request relating to your disability. Following your death and after we receive any documents we may reasonably request, we will distribute the balance in your Citibank IRA to the person or persons you have named (the beneficiary) to receive the balance according to the beneficiary payment method in effect.

#### 8.05 Naming a Beneficiary

You can name your estate, a trust or one or more persons to be the beneficiary of your Citibank IRA. You can change any beneficiary at any time and as often as you want. Any designation or change of beneficiary must be in writing on a form we provide, is not effective until we receive it, and revokes any prior designation of beneficiary.

If you name more than one primary beneficiary, we will assume you want payments made to the survivors in equal shares, unless you notify us differently. If no primary beneficiary survives, we will assume you want payments made to the survivors of your secondary beneficiaries in equal shares unless you notify us differently. If no beneficiary survives you, if no beneficiary designation is in effect, if your beneficiary is your estate or if you do not name a beneficiary, we will pay the balance in your Citibank IRA to your estate. In case a beneficiary is a minor, we can discharge all our obligations as custodian by paying the minor's parent or legal guardian, or an adult with whom the minor resides.

#### 8.06 Subsequent Beneficiary(ies) and Beneficiary Transfers

- (a) 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 upon the death of the original beneficiary by filing 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. 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) of an 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. 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.
- (b) If the Custodian permits and if permitted under applicable Law, in the event of the Depositor's death, a non-spouse beneficiary may request, on a form acceptable to and filed with the Custodian, a transfer to another "Beneficiary IRA". Such request must be accompanied with a letter holding the Custodian harmless with respect to such transfer, and any additional information that the Custodian may require. The Depositor's beneficiary(ies) agrees to hold harmless the Custodian with respect to beneficiary transfers requested pursuant to this section 6(b). The Depositor's beneficiary(ies) agrees to assume all responsibility for all tax consequences which may arise from such a beneficiary transfer.

### 8.07 Fees, Expenses and Other Charges

You agree to pay us reasonable compensation for our services as custodian and to reimburse us for any reasonable expenses we incur in administering your Citibank IRA. You accept our fee schedule in effect when this agreement takes effect and any subsequent changes in our fees that we may reasonably make without notice to you unless required by law. We may deduct any applicable fees or expenses from your Citibank IRA. We may also deduct from your Citibank IRA any penalties required or permitted by law for early termination of time deposits and any applicable taxes. Please refer to the IRA Supplement and your IRA Disclosure Statement.

### 8.08 Reports and Statements

We will give you and the Internal Revenue Service whatever reports and statements are required by law, including annual calendar year reports concerning your Citibank IRA. You agree to provide any information that we may need to comply with reporting requirements. Any discrepancies or errors in any tax reporting by Citibank must be reported to Citibank within 60 days after the reporting is provided by Citibank to you.

### 8.09 Our Responsibility as Custodian

We do not have a duty to question your directions as Depositor or directions from your authorized representative, or following your death, the beneficiary. We may not engage in any transaction prohibited by Section 4975 of the Internal Revenue Code. We have no responsibility for determining or advising you of any tax or other consequences of your actions involving your Citibank IRA. Citibank is not liable for any tax or other consequences, nor for any penalties incurred, in connection with contributions to, or distributions or transfers from, your Citibank IRA. If your Citibank IRA is used to receive employer contributions under a SEP, we are not responsible for any consequences to you, your employer or your fellow employees resulting from termination of or any other action you may take relating to your Citibank IRA. After any transfer or distribution from your Citibank IRA, we have no further liability as to the amounts paid. The transfer of the entire balance in your Citibank IRA, or its complete distribution terminates your Citibank IRA, this agreement and our responsibility as custodian.

### 8.10 Changing Custodians

You can change your custodian by writing to us to appoint a new trustee or custodian and giving us the new trustee's or custodian's written acceptance of the appointment. We will transfer your Citibank IRA within 60 days after we receive the written appointment and acceptance.

We can resign as custodian by giving you written notice. The resignation will take effect on the 60th day after we give you the notice or upon your appointment of a new trustee or custodian, whichever comes first. If you object to any amendment to this agreement for which your consent is required, we will be considered to have resigned as of the date the amendment would have become effective. If we do not receive your written appointment of a new trustee or custodian, and the new trustee's or custodian's acceptance, by the time our resignation takes effect, we can terminate your Citibank IRA by doing any of the following:

- Pay the entire balance in a single sum; or
- Transfer the balance in your Citibank IRA to a new trustee or custodian that is a bank, trust company or other person who meets the requirements of Section 408(a)(2) of the Internal Revenue Code. Any new trustee or custodian will have the same powers and duties that we have under this agreement.

Before any transfer to a new trustee or custodian or distribution of the balance, we may deduct our fees or expenses, any applicable taxes, and any penalty required or permitted by law if a time deposit is ended before maturity.

### 8.11 Arbitration

Please read the Arbitration section of the Consumer Deposit Account Agreement provided to you when you applied for your Citibank IRA. The Arbitration section addresses how a dispute involving you and Citibank will be resolved. In the event of a dispute involving you and Citibank related to this Custodial Agreement, you may not be able to go to court, have a jury trial or initiate or participate in a class action.



#### 8.12 Communications

Notices to us concerning your Citibank IRA, including your directions or instruction, must be in writing. Notices to us may be sent via overnight delivery or U.S. mail and must be sent to the applicable address appearing on your Citibank IRA application or any other address we specify. Notices sent to us by U.S. mail should be sent by registered or certified mail, return receipt requested. No notice to us will be considered given until we receive it. We can rely on any writing that we believe is signed by you or someone authorized to act for you, and we will not be liable for any action we take in reliance on the writing.

Notices from us, including reports and statements, if applicable, will be in writing. If we learn of your death, any notices required may be sent to your beneficiaries or the legal representative of your estate. Notices to your beneficiaries or others interested in your Citibank IRA may be mailed or delivered to the last known address shown in our records. Any discrepancies or errors in any notice about your Citibank IRA must be reported to us within 60 days after the notice is provided by Citibank to you. Please refer to Account Statements in the Consumer Deposit Account Agreement.

#### 8.13 Selling or Transferring Your Interest

Your Citibank IRA is exclusively for the benefit of you or your beneficiaries. You cannot sell, assign or otherwise transfer any interest in your Citibank IRA or use it as security for a loan, except to the extent permitted by law. We will not recognize the sale, assignment or other transfer of any part of your Citibank IRA, except to the extent required by law.

You may transfer all or part of your interest in your Citibank IRA to your former spouse or legally separated spouse pursuant to a divorce decree or written agreement made in conjunction with a divorce or legal separation. The interest will be treated as an IRA of your spouse or former spouse. We will make the transfer when we receive a certified copy of the divorce decree and any other documents we may require. You will be responsible for the penalties required or permitted by law for ending a time deposit before maturity and any applicable fees, expenses or taxes.

#### 8.14 Amendments

This agreement will be considered amended automatically to comply with any changes required to keep your Citibank IRA in compliance with the Internal Revenue Code or other applicable law. We will give you notice of any amendment for which your consent is required and any amendment required by law.

Any amendment requiring your consent will take effect as of the 60th day after we give you notice unless we receive your written objection within the 60 day notice period. If you object within the 60 day notice period, we will be considered to have resigned as custodian on the date amendments would have become effective.

#### 8.15 Governing Law

This Agreement and your Citibank Traditional IRA Plan are governed by Federal Law and to the extent not preempted by Federal Law or otherwise inapplicable, the laws of the state of New York without giving effect to the principals of conflicts of law.

#### 8.16 Disclosure

The provisions in this Article VIII have not been reviewed or pre-approved by the IRS.

## General Instructions

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

### Purpose of Form

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

### Definitions

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

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

**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 70½ to ensure that the requirements of section 408(a)(6) have been met.

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

# Traditional IRA Disclosure Statement

## 1. Introduction

This Traditional IRA Disclosure Statement and the IRA Financial Disclosure (collectively, the “Disclosure Statement”) applies to Citibank Traditional Individual Retirement Accounts (“Citibank IRA” or “IRA” or “IRA plan”). This Disclosure Statement is subject to change at any time without notice to you unless required by law. As applicable, we will make amendments or amended versions of the Disclosure Statement available to you. You can obtain copies of the Traditional IRA Disclosure Statement online at [citi.com/accountagreementsandnotices](https://citi.com/accountagreementsandnotices), by speaking to a banker at a branch or calling Retirement Plan Services.

**Definitions.** In this Disclosure Statement, “you” and “your” refers to you, the Citibank IRA owner (including individuals with authority to withdraw funds from or provide instructions for your IRA), and “we”, “our”, and “us” refers to Citibank, N.A., the Custodian of your Citibank IRA. Important terms, acronyms, and other words used throughout this IRA Disclosure Statement may be defined in the context in which they are used.

Please review this IRA Disclosure Statement carefully and keep a copy along with amendments for future reference.

**Citibank does not offer tax advice.**

Please consult a qualified tax advisor for your own situation.

## 2. Right to Revoke your Citibank IRA

If you change your mind about having an IRA, you may revoke (cancel) your Citibank IRA within 7 days from the date your Citibank IRA is established and you have received the Disclosure Statement. Your Citibank IRA is established as of the date on the written notice we send to you.

If you revoke your Citibank IRA within the 7-day period, we are still required to report the contribution (except a transfer contribution) to the IRS on Form 5498 and report the revoked distribution to the IRS on Form 1099-R. We will return the entire amount of your contributions to the IRA without any adjustment for earnings or administrative fees or expenses. If you have any questions about cancelling your Citibank IRA, please contact us.

You may notify us by phone or in writing to revoke your Citibank IRA.

**To revoke your Citibank IRA by phone**, call Retirement Plan Services at 1-800-695-5911, and tell us that you want to revoke your Citibank IRA. For TTY: we accept 711 or other Relay Service. Representatives are available Monday through Friday 8:00 a.m. to 10:00 p.m. Eastern Time, and Saturday 9:00 a.m. to 5:30 p.m. Eastern Time.

**To revoke your Citibank IRA in writing**, use the sample format below:

I revoke my Citibank IRA

Signature: \_\_\_\_\_ (Date): \_\_\_\_\_

Print Full Name: \_\_\_\_\_

Print Address: \_\_\_\_\_

Print last 4 digits of your social security number or applicable tax identification number: \_\_\_\_\_

You must either bring your written revocation to a Citibank branch or mail it to Retirement Plan Services. If you mail your revocation, the postmark must be no later than the 7th day after the date of the written confirmation notice that your Citibank IRA is established.

Send your notice to Retirement Plan Services.

Regular Mail:  
Retirement Plan Services  
P.O. Box 769001  
San Antonio, TX 78245-9951

Overnight Delivery:  
Retirement Plan Services  
100 Citibank Drive  
San Antonio, TX 78245

### 3. General Requirements of a Traditional IRA

Your contributions must be made in cash (including check or money order), 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 document 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.

Regular, annual contributions can be made for any taxable year if you receive compensation during such taxable year. For tax years beginning after December 31, 2019, the prior rule that prohibited contributions to your traditional IRA for the year in which you reach age 70½ and all later years was eliminated.

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 70½. The methods of distribution, election deadlines, and other limitations are described in detail below. For tax years 2019 and earlier, you were required to begin receiving distributions by April 1 of the year following the year in which you received age 70½. If you reach age 70½ in tax year 2020, 2021 or 2022, you must generally begin receiving distributions from your Traditional IRA by April 1 of the year following the year in which you reach age 72.

### 4. 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 if 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 persons. 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.

### 5. 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.

## 6. 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
2001	\$2,000
2002 through 2004	\$3,000
2005 through 2007	\$4,000
2008 through 2012	\$5,000
2013 through 2018	\$5,500
2019 through 2020	\$6,000

The \$5,500 annual limit is subject to cost-of living increases in increments of \$500, rounded to the lower increment. This means that it may take several years beyond 2018 for the \$5,500 annual limit to increase to \$6,000.

**Catch-up Contributions** — Beginning for 2002, 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 <sup>1</sup>	Total Contribution
2002	\$3,000	\$500	\$3,500
2003	\$3,000	\$ 500	\$3,500
2004	\$3,000	\$ 500	\$3,500
2005	\$4,000	\$ 500	\$4,500
2006	\$4,000	\$1,000	\$5,000
2007	\$4,000	\$1,000	\$5,000
2008-2012	\$5,000	\$1,000	\$6,000
2013-2018	\$5,500	\$1,000	\$6,500
2019-2020	\$6,000	\$1,000	\$7,000

<sup>1</sup> The additional catch-up amount for traditional IRAs is not subject to COLAs.

**Special IRA Catch-up Contributions for Certain Section 401(k) Participants No Longer Available** — Special IRA catch-up contributions are permitted for each of years 2007, 2008 and 2009 equal to the applicable year's age-50 catch-up limit multiplied by 3. To be eligible for this special catch-up IRA contribution, the individual must have been a participant in an employer's § 401(k) plan where employer-matching contributions were being made at the rate of at least 50% of the participant's deferrals with employer stock and such employer is in bankruptcy and is subject to an indictment or conviction. The individual is not required to be age 50 in order to take advantage of this rule. However, if the individual is age 50 or over, he or she may not contribute the age-50 catch-up amount in addition to this special catch-up.

The deadline for making such special catch-up contributions was the normal deadline for the applicable year. For example, an eligible individual took advantage of this rule for calendar year 2008. The normal regular IRA contribution limit for 2008 was \$5,000 and the normal age-50 catch-up contribution limit for 2008 was \$1,000. The eligible individual was able to contribute the \$5,000 normal limit plus a special catch-up contribution of \$3,000 for a total of \$8,000. The deadline for making this contribution was the 2008 tax filing deadline, no extensions.

**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-A 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-A 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 your 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:

Tax Year	Married Participants Filing Jointly	Unmarried Participants	Married Participants Filing Separately <sup>2</sup>
1998	\$50,000 – \$60,000	\$30,000 – \$40,000	\$0 – \$10,000
1999	\$51,000 – \$61,000	\$31,000 – \$41,000	\$0 – \$10,000
2000	\$52,000 – \$62,000	\$32,000 – \$42,000	\$0 – \$10,000
2001	\$53,000 – \$63,000	\$33,000 – \$43,000	\$0 – \$10,000
2002	\$54,000 – \$64,000	\$34,000 – \$44,000	\$0 – \$10,000
2003	\$60,000 – \$70,000	\$40,000 – \$50,000	\$0 – \$10,000
2004	\$65,000 – \$75,000	\$45,000 – \$55,000	\$0 – \$10,000
2005	\$70,000 – \$80,000	\$50,000 – \$60,000	\$0 – \$10,000
2006	\$75,000 – \$85,000	\$50,000 – \$60,000	\$0 – \$10,000
2007	\$83,000 – \$103,000	\$52,000 – \$62,000	\$0 – \$10,000
2008	\$85,000 – \$105,000	\$53,000 – \$63,000	\$0 – \$10,000
2009	\$89,000 – \$109,000	\$55,000 – \$65,000	\$0 – \$10,000
2010	\$89,000 – \$109,000	\$56,000 – \$66,000	\$0 – \$10,000
2011	\$90,000 – \$110,000	\$56,000 – \$66,000	\$0 – \$10,000
2012	\$92,000 – \$112,000	\$58,000 – \$68,000	\$0 – \$10,000
2013	\$95,000 – \$115,000	\$59,000 – \$69,000	\$0 – \$10,000
2014	\$96,000 – \$116,000	\$60,000 – \$70,000	\$0 – \$10,000
2015	\$98,000 – \$118,000	\$61,000 – \$71,000	\$0 – \$10,000
2016	\$98,000 – \$118,000	\$61,000 – \$71,000	\$0 – \$10,000
2017	\$99,000 – \$119,000	\$62,000 – \$72,000	\$0 – \$10,000
2018	\$101,000 – \$121,000	\$63,000 – \$73,000	\$0 – \$10,000
2019	\$103,000 – \$123,000	\$64,000 – \$74,000	\$0 – \$10,000
2020	\$104,000 – \$124,000	\$65,000 – \$75,000	\$0 – \$10,000

<sup>2</sup> 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 years beginning in 2007, the AGI dollar ranges for the spouse who is not an Active Participant are as follows:

2007	\$156,000 – \$166,000
2008	\$159,000 – \$169,000
2009	\$166,000 – \$176,000
2010	\$167,000 – \$177,000
2011	\$169,000 – \$179,000
2012	\$173,000 – \$183,000
2013	\$178,000 – \$188,000
2014	\$181,000 – \$191,000
2015	\$183,000 – \$193,000
2016	\$184,000 – \$194,000
2017	\$186,000 – \$196,000
2018	\$189,000 – \$199,000
2019	\$193,000 – \$203,000
2020	\$196,000 – \$206,000

**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 are over the age of 70½ and your spouse is under age 70½, then a regular contribution may still be made for the year into the IRA established by your spouse. Such contribution, however, is limited to the lesser of 100% of your combined compensation or the applicable annual dollar limitation.

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 age 70½ or older and 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. For 2013, the compensation limit was \$255,000; for 2014 it was \$260,000; for 2015 and 2016 it is \$265,000. Also, there is a maximum SEP contribution limit for each year that is subject to cost-of-living adjustments. For 2013, the maximum SEP contribution limit was \$51,000; for 2014 it was \$52,000; for 2015 and 2016 it is \$53,000 and for 2017 it is \$54,000.

## 7. 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 (For Years Prior to 2018)** — 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 during 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 #1: Withdrawing Excess in a Timely Manner (For Years After 2017)** — 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: Undercontributing 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 undercontribute 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.

## 8. 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.
- Beginning in 2015, you can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, 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 70 1/2 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 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 Rules for Other Qualified Disaster Distributions** — Qualified Wildfire Distributions (QWDs) follow the same rules as above for QHDs. The maximum amount of a 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.

Additionally 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 SIMPLEIRA 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 you’re 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 under the following two different circumstances:

1. By recharacterizing a current year regular contribution plus earnings explained in this section; or
2. Prior to 1/1/2018, by recharacterizing a conversion made to a Roth IRA by transferring the amount plus earnings back to a traditional IRA discussed in the next section under the heading “Conversion from a Traditional IRA to a Roth IRA”. Beginning 1/1/2018, recharacterizations of conversions are no longer permitted.

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. [Note: Prior to 2010 only taxpayers whose Modified AGI for the year during which the distribution was not in excess of \$100,000 and you were not a married person filing a separate tax return.] 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.

**Reconversions** — Once an amount has been properly converted, and is then recharacterized back to a traditional IRA, any subsequent conversion of that amount is called a “reconversion”. In general, for reconversions beginning in 2000 and ending for 2017 conversions, you may reconvert an amount at any time after the later of (1) the tax year following the tax year during which the original conversion of that amount occurred; or (2) 30 days following the date that the original conversion of that amount was recharacterized back to a traditional IRA. Since adverse tax consequences could arise, it is recommended that you seek the advice of your own tax advisor. Since recharacterizations of IRA conversions are no longer permitted beginning with 2018 conversions, reconversions will no longer apply, unless it is a 2017 conversion that was recharacterized in 2018.

**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 Rollover Contributions 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. Beginning in 2008, rollovers from employer-sponsored plans, such as qualified plans and 403(b)s, to a Roth IRA are permitted. You could also 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 Designated Roth Contribution Accounts. An eligible rollover distribution from a Designated Roth Contribution 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 include any distribution that is not:

- 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.
- attributable to your required minimum distribution for the year
- amounts attributable to any hardship distribution
- deemed distributions of any defaulted participant loan
- certain corrective distributions and ESOP dividends

**Rollovers of After-Tax Employee Contributions** — Beginning for eligible rollover distributions you receive after December 31, 2001, 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 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** — Beginning for distributions made after December 31, 2001, 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 or any other basis 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, 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 Nonspouse 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 nonspouse 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 nonspouse beneficiary, no rollover is permitted. Also, the IRA receiving the direct rollover must be an Inherited IRA, rather an IRA owned by the nonspouse 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 nonspouse beneficiary includes an individual beneficiary and a trust beneficiary that meets the special “look through” rules under the IRS regulations. A nonindividual 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 70½ 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.

## 9. 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, rolled 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 7.5% (applies for 2017 and 2018) 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; Qualified Wildfire Distributions and 2016 Disaster Distribution, 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 70½ Required Minimum Distributions** — You are required to begin receiving minimum distributions from your IRA by your required beginning date (the April 1 of the year following the year you attain age 70½). The year you attain age 70½ 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 31 of each such year. Your minimum distribution for each year beginning with the calendar year you attain the age of 70½ 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 and recharacterizations that relate to a conversion or failed conversion made in the prior year.

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 50% of the difference between the amount required to be distributed and the amount actually distributed. If you are subject to that tax, you are required to file IRS Form 5329.

**Reporting the Required Minimum Distribution** — Beginning for minimum distributions that are required for calendar 2003, 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 beginning in 2004, 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 you have a designated beneficiary, the balance in your IRA will be distributed to your beneficiary over the beneficiary's single life expectancy. 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 70½, 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 you have a designated beneficiary, the balance in your IRA will be distributed to your beneficiary over the longer of the beneficiary's single life expectancy or your remaining life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. 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.

## 10. Prohibited Transactions

If you or your beneficiary engage 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.

## 11. 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 70½ or over or if you should die, and the appropriate required minimum distributions are not made from your IRA, an additional tax of 50% is imposed upon the difference between what should have been distributed and what was actually distributed.

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.

## 12. Income Tax Withholding

All withdrawals from your IRA (except certain transfers or 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.

## 13. 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 \$100,000 per year 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. SEP IRAs or SIMPLE IRAs are not permitted to be transferred under this rule.

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** — Beginning for contributions made for 2007 and thereafter, 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.

Prior to 2007, if an IRA owner wanted to use the money in an IRA to make an annual HSA contribution, the distribution from the IRA was taxable and subject to the 10% additional tax if the individual was under the age of 59½. Prior law did not provide for a tax-free transfer from an IRA to an HSA.

Beginning for annual HSA contributions made for 2007 or thereafter, 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).

## 14. 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 a IRA plan.

## 15. 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.

## 16. 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).

# IRA 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. The dollar amounts shown in Tables #1 and #2 are examples of increases in value of an IRA if certain deposits are made and rates are maintained throughout the life of your IRA. These are projections only and are not guaranteed amounts. The rates assumed may or may not be in effect throughout the life of your IRA. The age specified in the tables is your age at the beginning of the year in which you opened your IRA account. These tables reflect amounts which would be available at the end of the first five years and at the end of the years you attain age 60, 65 and 70.

**Regular IRA – Table #1 Assumptions:** The projections in Table #1 are based upon an annual deposit at the beginning of each year of \$1,000 earning 2.47% interest rate compounded daily and deposited in a 5 year time deposit.

**Rollover IRA – Table #2 Assumptions:** The projections in Table #2 are based upon a one time rollover deposit at the beginning of the year of \$1,000 earning 2.47% interest rate compounded daily and deposited in a 5 year time deposit.

**Early Withdrawal Penalties:** Early withdrawal penalties may be imposed if any funds deposited in the Certificate of Deposit (“CD”) account are withdrawn from the account prior to the maturity date of the account. Tables #1 and #2 reflect an early withdrawal penalty 180 days simple interest for years that the CD has not matured. Of course, if funds are withdrawn upon maturity of the CD account, no penalty will be assessed. The Custodian does not charge an early withdrawal penalty once the IRA accountholder has attained the age of 59½. Please refer to Early Withdrawal Penalties, Retirement Certificates of Deposit in the IRA Account Supplement to the Consumer Deposit Account Agreement (“IRA Supplement”).

**Equivalent Rate:** Tables #1 and #2 reflect an annual interest rate of 2.47% compounded daily using a factor of 365/365 which equates to an Annual Percentage Yield of 2.5%. Annual Percentage Yield (APY) effective as of 06/13/2023. For current APYs and interest rates, please visit [citi.com](http://citi.com), speak to a banker in a Citibank branch, or call Retirement Plan Services.

**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. Currently the Custodian charges a \$75 transfer fee to transfer part or all of your IRA to another institution and a \$35 domestic/\$45 international outgoing wire transfer fee initiated through a branch or assisted by a banker. Any additional fees are disclosed in the IRA Supplement. The \$75 transfer fee is reflected in Table 1 and Table 2.

**Note:** Variable rate investment options are not included in the financial disclosure tables which follow. This is because the interest rate changes on these options occur too frequently to make future projections accurate. Citibank will provide growth projections based on rates other than the one used in these tables on written request.

**Regular IRA — TABLE 1**

**First Five (5) Years**

<b>End of Year</b>	<b>Without Penalty</b>	<b>With 6-Month Penalty</b>
1	1,010	1,005
2	2,030	2,020
3	3,060	3,045
4	4,101	4,081
5	5,152	5,152

<b>Age</b>	<b>60</b>		<b>65</b>		<b>70</b>	
	<b>With 6 - Month Penalty</b>	<b>Without Penalty</b>	<b>With 6 - Month Penalty</b>	<b>Without Penalty</b>	<b>With 6 - Month Penalty</b>	<b>Without Penalty</b>
18	\$73,709	\$74,586	\$88,730	\$89,785	\$105,724	\$106,981
19	\$70,901	\$71,765	\$85,550	\$86,593	\$102,125	\$103,369
20	\$69,013	\$69,013	\$83,479	\$83,479	\$99,846	\$99,846
21	\$65,584	\$66,328	\$79,540	\$80,441	\$95,330	\$96,409
22	\$62,977	\$63,708	\$76,589	\$77,477	\$91,989	\$93,056
23	\$60,434	\$61,152	\$73,709	\$74,586	\$88,730	\$89,785
24	\$57,952	\$58,659	\$70,901	\$71,765	\$85,550	\$86,593
25	\$56,226	\$56,226	\$69,013	\$69,013	\$83,479	\$83,479
26	\$53,249	\$53,853	\$65,584	\$66,328	\$79,540	\$80,441
27	\$50,946	\$51,538	\$62,977	\$63,708	\$76,589	\$77,477
28	\$48,700	\$49,279	\$60,434	\$61,152	\$73,709	\$74,586
29	\$46,508	\$47,075	\$57,952	\$58,659	\$70,901	\$71,765
30	\$44,925	\$44,925	\$56,226	\$56,226	\$69,013	\$69,013
31	\$42,370	\$42,828	\$53,249	\$53,853	\$65,584	\$66,328
32	\$40,336	\$40,781	\$50,946	\$51,538	\$62,977	\$63,708
33	\$38,351	\$38,785	\$48,700	\$49,279	\$60,434	\$61,152
34	\$36,416	\$36,837	\$46,508	\$47,075	\$57,952	\$58,659
35	\$34,937	\$34,937	\$44,925	\$44,925	\$56,226	\$56,226
36	\$32,711	\$33,083	\$42,370	\$42,828	\$53,249	\$53,853
37	\$30,939	\$31,274	\$40,336	\$40,781	\$50,946	\$51,538
38	\$29,162	\$29,509	\$38,351	\$38,785	\$48,700	\$49,279
39	\$27,453	\$27,788	\$36,416	\$36,837	\$46,508	\$47,075
40	\$26,108	\$26,108	\$34,937	\$34,937	\$44,925	\$44,925
41	\$24,194	\$24,470	\$32,711	\$33,083	\$42,370	\$42,828
42	\$22,607	\$22,871	\$30,939	\$31,274	\$40,336	\$40,781
43	\$21,060	\$21,311	\$29,162	\$29,509	\$38,351	\$38,785
44	\$19,551	\$19,790	\$27,453	\$27,788	\$36,416	\$36,837
45	\$18,305	\$18,305	\$26,108	\$26,108	\$34,937	\$34,937
46	\$16,666	\$16,857	\$24,194	\$24,470	\$32,711	\$33,083



Age	60		65		70	
	With 6 - Month Penalty	Without Penalty	With 6 - Month Penalty	Without Penalty	With 6 - Month Penalty	Without Penalty
47	\$15,265	\$15,444	\$22,607	\$22,871	\$30,939	\$31,274
48	\$13,899	\$14,065	\$21,060	\$21,311	\$29,162	\$29,509
49	\$12,567	\$12,721	\$19,551	\$19,790	\$27,453	\$27,788
50	\$11,408	\$11,408	\$18,305	\$18,305	\$26,108	\$26,108
51	\$10,013	\$10,128	\$16,666	\$16,857	\$24,194	\$24,470
52	\$8,776	\$8,880	\$15,265	\$15,444	\$22,607	\$22,871
53	\$7,570	\$7,661	\$13,899	\$14,065	\$21,060	\$21,311
54	\$6,394	\$6,472	\$12,567	\$12,721	\$19,551	\$19,790
55	\$5,313	\$5,313	\$11,408	\$11,408	\$18,305	\$18,305
56	\$4,132	\$4,181	\$10,013	\$10,128	\$16,666	\$16,857
57	\$3,041	\$3,078	\$8,776	\$8,880	\$15,265	\$15,444
58	\$1,976	\$2,001	\$7,570	\$7,661	\$13,899	\$14,065
59	\$938	\$950	\$6,394	\$6,472	\$12,567	\$12,721
60	\$0	\$0	\$5,313	\$5,313	\$11,408	\$11,408
61	\$0	\$0	\$4,132	\$4,181	\$10,013	\$10,128
62	\$0	\$0	\$3,041	\$3,078	\$8,776	\$8,880
63	\$0	\$0	\$1,976	\$2,001	\$7,570	\$7,661
64	\$0	\$0	\$938	\$950	\$6,394	\$6,472
65	\$0	\$0	\$0	\$0	\$5,313	\$5,313
66	\$0	\$0	\$0	\$0	\$4,132	\$4,181
67	\$0	\$0	\$0	\$0	\$3,041	\$3,078
68	\$0	\$0	\$0	\$0	\$1,976	\$2,001
69	\$0	\$0	\$0	\$0	\$938	\$950
70	\$0	\$0	\$0	\$0	\$0	\$0

## Rollover IRA — TABLE 2

### First Five (5) Years

End of Year	Without Penalty	With 6-Month Penalty
1	1,010	1,005
2	1,020	1,015
3	1,030	1,025
4	1,041	1,036
5	1,051	1,051

Age	60		65		70	
	With 6 - Month Penalty	Without Penalty	With 6 - Month Penalty	Without Penalty	With 6 - Month Penalty	Without Penalty
18	\$2,713	\$1,158	\$3,079	\$1,189	\$3,494	\$3,536
19	\$2,644	\$1,152	\$3,001	\$1,183	\$3,406	\$3,448
20	\$2,610	\$1,146	\$2,963	\$1,177	\$3,362	\$3,362
21	\$2,515	\$1,140	\$2,856	\$1,170	\$3,241	\$3,278
22	\$2,451	\$1,134	\$2,783	\$1,164	\$3,159	\$3,196
23	\$2,389	\$1,128	\$2,713	\$1,158	\$3,079	\$3,117
24	\$2,328	\$1,122	\$2,644	\$1,152	\$3,001	\$3,039
25	\$2,298	\$1,116	\$2,610	\$1,146	\$2,963	\$2,963
26	\$2,214	\$1,110	\$2,515	\$1,140	\$2,856	\$2,889
27	\$2,158	\$1,104	\$2,451	\$1,134	\$2,783	\$2,817
28	\$2,103	\$1,098	\$2,389	\$1,128	\$2,713	\$2,746
29	\$2,049	\$1,092	\$2,328	\$1,122	\$2,644	\$2,677
30	\$2,023	\$1,086	\$2,298	\$1,116	\$2,610	\$2,610
31	\$1,949	\$1,081	\$2,214	\$1,110	\$2,515	\$2,545
32	\$1,899	\$1,075	\$2,158	\$1,104	\$2,451	\$2,481
33	\$1,850	\$1,069	\$2,103	\$1,098	\$2,389	\$2,418
34	\$1,802	\$1,063	\$2,049	\$1,092	\$2,328	\$2,358
35	\$1,779	\$1,058	\$2,023	\$1,086	\$2,298	\$2,298
36	\$1,714	\$1,052	\$1,949	\$1,081	\$2,214	\$2,240
37	\$1,669	\$1,047	\$1,899	\$1,075	\$2,158	\$2,184
38	\$1,626	\$1,041	\$1,850	\$1,069	\$2,103	\$2,129
39	\$1,584	\$1,035	\$1,802	\$1,063	\$2,049	\$2,075
40	\$1,564	\$1,030	\$1,779	\$1,058	\$2,023	\$2,023
41	\$1,506	\$1,024	\$1,714	\$1,052	\$1,949	\$1,971
42	\$1,467	\$1,019	\$1,669	\$1,047	\$1,899	\$1,921
43	\$1,429	\$1,013	\$1,626	\$1,041	\$1,850	\$1,873
44	\$1,392	\$1,008	\$1,584	\$1,035	\$1,802	\$1,825
45	\$1,373	\$1,003	\$1,564	\$1,030	\$1,779	\$1,779



Age	60		65		70	
	With 6 - Month Penalty	Without Penalty	With 6 - Month Penalty	Without Penalty	With 6 - Month Penalty	Without Penalty
46	\$1,322	\$997	\$1,506	\$1,024	\$1,714	\$1,734
47	\$1,288	\$992	\$1,467	\$1,019	\$1,669	\$1,690
48	\$1,254	\$987	\$1,429	\$1,013	\$1,626	\$1,647
49	\$1,221	\$981	\$1,392	\$1,008	\$1,584	\$1,605
50	\$1,205	\$976	\$1,373	\$1,003	\$1,564	\$1,564
51	\$1,160	\$971	\$1,322	\$997	\$1,506	\$1,524
52	\$1,129	\$966	\$1,288	\$992	\$1,467	\$1,485
53	\$1,100	\$961	\$1,254	\$987	\$1,429	\$1,447
54	\$1,071	\$955	\$1,221	\$981	\$1,392	\$1,410
55	\$1,056	\$950	\$1,205	\$976	\$1,373	\$1,373
56	\$1,016	\$945	\$1,160	\$971	\$1,322	\$1,338
57	\$990	\$940	\$1,129	\$966	\$1,288	\$1,304
58	\$963	\$935	\$1,100	\$961	\$1,254	\$1,270
59	\$938	\$930	\$1,071	\$955	\$1,221	\$1,237
60	\$0	\$0	\$1,056	\$950	\$1,205	\$1,205
61	\$0	\$0	\$1,016	\$945	\$1,160	\$1,174
62	\$0	\$0	\$990	\$940	\$1,129	\$1,143
63	\$0	\$0	\$963	\$935	\$1,100	\$1,114
64	\$0	\$0	\$938	\$930	\$1,071	\$1,085
65	\$0	\$0	\$0	\$0	\$1,056	\$1,056
66	\$0	\$0	\$0	\$0	\$1,016	\$1,029
67	\$0	\$0	\$0	\$0	\$990	\$1,002
68	\$0	\$0	\$0	\$0	\$963	\$976
69	\$0	\$0	\$0	\$0	\$938	\$950
70	\$0	\$0	\$0	\$0	\$0	\$0