

**ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT**  
(Under section 408A of the Internal Revenue Code - Form 5305-RA (Revised April 2017))

Form 5305-RA is a model custodial account agreement that meets the requirements of section 408A. However, only Articles I through VIII have been reviewed by the IRS. The Depositor whose name appears in the accompanying Application is establishing a Roth IRA under section 408A to provide for his or her retirement and for the support of his or her beneficiaries after death. The account must be created in the United States for the exclusive benefit of the Depositor or his or her beneficiaries. The Custodian has given the Depositor the disclosure statement required under Regulations section 1.408-6. The Depositor and the Custodian make the following agreement:

**ARTICLE I**

Except in the case of a qualified rollover contribution described in section 408A(e) 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 tax years 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

**ARTICLE II**

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a depositor who is single or treated as a single, the annual contribution is phased out between adjusted gross income (AGI) of \$118,000 and \$133,000; for a married depositor filing jointly, between AGI of \$186,000 and \$196,000; and for a married depositor filing separately, between AGI of \$0 and \$10,000. These phase-out ranges are for 2017. For years after 2017, the phase-out ranges, except for the \$0 to \$10,000 range, will be increased to reflect a cost-of-living adjustment, if any. Adjusted gross income is defined in section 408A(c)(3).
2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the depositor and his or her spouse.

**ARTICLE III**

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

**ARTICLE IV**

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

**ARTICLE V**

1. If the depositor dies before his or her entire interest is distributed to him or her and the depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with paragraph (a) below or, if elected or there is no designated beneficiary, in accordance with paragraph (b) below:
  - (a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the depositor.
  - (b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.
2. The minimum amount that must be distributed each year under paragraph 1(a) above 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 designated beneficiary using the attained age of the beneficiary in the year following the year of the depositor's death and subtracting one from the divisor for each subsequent year.
3. If the depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the depositor.

**ARTICLE VI**

1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), Regulations sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (IRS).
2. The custodian agrees to submit to the IRS and depositor the reports prescribed by the IRS.

**ARTICLE VII**

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

**ARTICLE VIII**

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

**ARTICLE IX**

1. References in this agreement to:
  - "Custodian," "we," "us," or "our" mean BNY Mellon Investment Servicing Trust Company
  - "Depositor," "participant," "you" or "your" mean the owner of the IRA Account
  - "Program" or "Sponsor" mean the state sponsored IRA program under which your IRA is being established.
  - "State Administrator" or "Administrator" mean the state entity responsible for developing and implementing the Program under the Program rules.
  - "Program Manager" means Vestwell State Savings LLC.
  - "Program Description" means the document that contains the Program rules, investment information, and any applicable fees.
  - "Code" means the Internal Revenue Code.
  - "Regulations" means the U.S. Treasury Regulations.
2. **Investment of Amounts in the Roth IRA** – You have exclusive responsibility for and control over the investment of the assets of your Roth IRA. All funds in the IRA Account (including earnings) shall be invested in accordance with your directions and in compliance with this Agreement. You may only invest your Roth IRA assets in those investment options that are offered under the Program. If you do not timely provide us with directions to invest your Roth IRA assets, you will be defaulted into the default investment option under the Program.

After your death, your beneficiaries will have the right to direct the investment of your Roth IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement. All transactions will be subject to any and all restrictions or limitations in the Program Description and this Agreement. We have no discretion to direct any investment in your Roth IRA, and no responsibility to provide you with investment advice with respect to your Roth IRA. Also, we will not offer opinions or judgments regarding the value or suitability of any investment option for your Roth IRA.

In the event an allowable investment under the Program closes, or the allowable investments under the Program are modified, you will be given prior notice and an opportunity to reallocate your investments to other available investments under the Program. Please see the Program Description for further details regarding changes in investment options under the Program, changes in Program fees, etc.

The Custodian may receive indirect compensation for the trustee (or custodial) services that it provides to Roth IRA. This compensation, known as "float" income, is paid by the financial organization at which the Custodian maintains "clearing accounts" or by the investments in which the Custodian invests in such clearing accounts. Float income may arise from interest that is earned on Roth IRA contributions or distributions during the time that these assets are held by the Custodian in clearing accounts but are not invested in an investment option. For example, if you request a distribution and receive the distribution check but do not cash it for several days, some interest

may be earned while your funds remain in the clearing account. These clearing accounts generally earn interest at a rate between the money market rate and that of U.S. Treasury Notes. The interest paid on each of these transactions is typically small, and it is likely to represent a minor portion of the overall compensation received by the Custodian. By maintaining a Roth IRA, you acknowledge that float income may be retained by Custodian.

3. We may hold all assets in accounts registered to us or our nominee. You shall be the beneficial owner of all assets held in the custodial account notwithstanding such registration.
4. You have the right by written notice to us (i) to designate one or more beneficiaries to receive any benefit to which you may be entitled in the event of your death prior to the complete distribution of such benefit, and (ii) to designate one or more beneficiaries in replacement of any previously designated beneficiaries. Any such notice will be deemed to be in effect when received in good order by us. If no such designation is in effect at the time of your death, or if all designated beneficiaries have predeceased you, your surviving spouse shall become your beneficiary or, if you do not have a surviving spouse at the time of your death or you are unmarried, your beneficiary(ies) shall be determined by the following sequence:
  - (a) Your issue per stirpes shall be your beneficiary(ies); if no issue survives you, then;
  - (b) Your parents in equal shares shall be your beneficiary(ies); if no parent survives you, then;
  - (c) Your estate shall be your beneficiary.

The Custodian may accept and conclusively rely on written instructions provided in good order by the executor of your estate with regard to the identification of your beneficiary(ies) and the allocations to your beneficiary(ies) without further investigation or inquiry.

5. We shall have the right to receive rollover and conversion contributions as allowed under Code Section 408A. However, it is your responsibility to ensure that such rollovers and conversions are eligible to be contributed to this Roth IRA. We reserve the right to refuse to accept any property or contribution which is not in the form of cash. Any amounts received by us under this paragraph shall be accompanied by such records and other documents as we deem necessary to establish the nature, value, and extent of the assets and of the various interests therein.
6. We shall transfer the assets held under this Agreement to you or to a successor Roth IRA, reduced by any amounts referred to in paragraph 8 of this Article IX, upon written direction by you (or your authorized agent). Any amounts transferred by us under this paragraph shall be accompanied by such records and other documents as we deem necessary to establish the nature, value, and extent of the assets and of the various interests therein.
7. Without in any way limiting the foregoing, you hereby irrevocably delegate to us the right and power to amend at any time and from time to time the terms and provisions of this Agreement and hereby consent to such amendments, provided they shall comply with all applicable provisions of the Code, and Regulations and with any other governmental law, regulation or ruling. Any such amendments shall be effective when the notice of such amendments is mailed to the address we have on record for you.
8. Any income taxes or other taxes of any kind whatsoever levied or assessed upon or in respect of the assets of the custodial account or the income arising there from, any transfer taxes incurred, all other administrative expenses incurred may be paid by you and, unless so paid within such time period as we may establish, shall be paid from your custodial account.
9. The benefits provided hereunder shall not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind, and any attempt to cause such benefits to be so subjected shall not be recognized, except to such extent as may be required by law.
10. We may rely upon any statement by you (or your authorized agent, or your beneficiary if you are deceased) when taking any action or determining any fact or question which may arise under this Agreement. You hereby agree that we, the State Administrator, the Program Manager, any issuer, depository or other person or entity associated with any asset held at any time in the custodial account will not be liable for any loss or expense resulting from any action taken or determination made in reliance on such statement. You assume sole responsibility for assuring that contributions to the custodial account satisfy the limits specified in the appropriate provisions of the Code.
11. No distributions are required to be taken from your Roth IRA during your lifetime. If you desire to take distributions from your Roth IRA, such distributions shall be made in accordance with instructions from you (or your authorized agent, or your beneficiary if you are deceased). We shall make distributions out of the custodial account in the manner and amounts as may be specified in such instructions (reduced by any amounts referred to in Article IX, paragraph 8). An IRA distribution form is available from us and may be obtained and used to request distributions from your Roth IRA. We assume (and shall have) no responsibility to make any distribution from the custodial account unless and until such instructions specify the occasion for such distribution and the elected manner of distribution.

Prior to making any such distribution from the custodial account, we shall be furnished with any and all applications, certificates, tax waivers, signature guarantees, and other documents (including proof of any legal representative's authority) deemed necessary or advisable by us, but we shall not be liable for complying with any such instructions which appear on their face to be genuine, or for refusing to comply if not satisfied such instructions are genuine, and we assume no duty of further inquiry. Upon receipt of proper instructions as required above, we shall cause the assets of the custodial account to be distributed as specified in such instructions.

12. We are authorized to hire agents to perform certain duties under this Agreement.
13. This Agreement shall terminate coincident with the complete distribution of the assets of your account.
14. All notices to be given by us to you shall be deemed to have been given when mailed to the address we have on record for you.
15. Neither the Custodian, the State Administrator, the Program Manager, any issuer, depository or other person or entity associated with any asset held at any time in the custodial account shall be responsible for any losses, penalties or other consequences to you or any other person arising out of the making of, or the failure to make, any contribution or withdrawal.
16. In addition to the reports required by paragraph (2) of Article VI, we shall periodically mail to you an account of all transactions affecting the custodial account during the relevant period, and a statement showing the balance in the custodial account as of the end of such period. If, within 30 days after such mailing, you have not given us written notice of any exception or objection to the account statement, you shall be deemed to have approved the account statement and, in such case or upon your written approval, we, the State Administrator and the Program Manager shall be released, relieved and discharged with respect to all matters and statements set forth in such accounting as though the account had been settled by judgment or decree of a court of competent jurisdiction.
17. In performing the duties conferred upon us by you hereunder, we shall act as your agent. The parties do not intend to confer any fiduciary duties on the Custodian, and none shall be implied. Neither we, nor the State Administrator, the Program Manager, any issuer, depository or other person or entity associated with assets shall be liable (and none assumes any responsibility) for the collection of contributions or the propriety of any contribution under this Agreement, the selection of any investment option for this custodial account, or the purpose or propriety of any distribution made, which matters are your or your beneficiary's sole responsibility, as the case may be. You agree that you will not direct us to engage in any prohibited transactions (as defined in Code Section 4975) with respect to the custodial account.
18. You and any of your successors, including any beneficiary, executor or administrator, shall, to the extent permitted by law, indemnify and hold us, the State Administrator, the Program Manager, and any issuer, depository or other person or entity associated with the assets and their affiliates, successors and assigns harmless from any and all claims, actions or liabilities, except such as may arise from such party's own bad faith, gross negligence, nonfeasance, or willful misconduct.
19. We shall be responsible solely for the performance of those duties expressly assigned to us in this Agreement and by operation of law. In determining the taxable amount of a distribution, you shall rely only on your federal tax records, and we shall not withhold federal income tax from any distribution from the custodial account unless you elect to have federal income tax withheld Except to the extent superseded by Federal law, this Agreement shall be governed by, and construed, administered and enforced according to, the laws of the State of Virginia and all contributions shall be deemed made in Virginia.
20. In the event the assets in the custodial account are liquidated for any reason or under any circumstances and we do not receive timely instructions designating what we should do with the proceeds of such liquidation (the "Proceeds") from any person lawfully entitled to give instructions with respect to the account, including without limitation the registered owner of the custodial account and successors and representatives of the Owner, including beneficiaries, heirs, executors, and administrators, or other proper persons or entities ("Owner"), or we receive instructions but the instructions are not in good order, the Owner expressly directs and authorizes us to take "Any Reasonable Course Of Conduct". "Any Reasonable Course Of Conduct" is hereby defined to mean a course of conduct that we determine to be reasonable under the circumstances -- this course of conduct may include, but is not limited to the following: (i) depositing Proceeds in an FDIC-insured bank account or any other account, (ii) distributing Proceeds to persons that we reasonably determine to be lawfully entitled to distributions from the account, (iii) holding Proceeds uninvested in a general account of us or other depository and (iv) resigning as Custodian and engaging in a course of conduct, including any described in clauses (i) through (iii), outright and free of trust, if the Owner does not appoint a Custodian which immediately accepts transfer of all Proceeds, although nothing in this clause (iv) shall be interpreted to obligate us to resign before taking any course of conduct, including any described in clauses (i) through (iii).

In the event the Program Management Agreement between and among us, the State Administrator and the Program Manager terminates and a successor custodian does not take custody of the account in connection with or following such termination, we, after not less than 30 days' notice to the Owner or such other persons as we reasonably determine to be entitled to give instructions with respect to the account, may (i) take Any Reasonable Course Of Conduct with respect to assets in the custodial account, or any Proceeds, and (ii) may reset custodial fees charged to and owed by the account owner to us to an amount equal to the costs of maintaining the account.

We are authorized to pay or recover any costs and expenses associated with taking Any Reasonable Course of Conduct by utilizing the assets or Proceeds involved or by retaining a portion of such in a reserve and subsequently distributing any unused portion of the reserve. To offset our administrative costs under any of the above described circumstances not otherwise recovered, we shall be entitled to retain for our own account any incidental benefits earned in connection with taking Any Reasonable Course of Action, including "float", bank service credits or overnight investment earnings.

We, the State Administrator and the Program Manager shall not be liable for any action taken in reliance on this section 20, unless such liability is required by the Code or Regulations, and the Owner expressly waives and releases us, the State Administrator and the Program Manager from all such liability. Without limiting the generality of the foregoing, in the event we make a distribution from the account to the person(s) we reasonably determine to be entitled to account distributions, the Owner and such person(s) shall bear sole responsibility for any taxes, fines, assessments, penalties, levies, tariffs, or other liabilities or consequences of any nature arising or resulting from the distribution, including non-monetary liabilities or consequences, and for taking any actions following the distribution to avoid or mitigate any liabilities or consequences.

This section 20 shall not be interpreted so as to impose any duty of any nature on us if any one or more of the events described in this section 20 occurs, whether a duty to take or omit to take any act in particular, to place Proceeds in any particular asset or property, to take possession of Proceeds if possession is discretionary, to exercise discretionary investment authority over the account, or to distribute Proceeds to the Owner. For purposes of clarification, it is the intention of this section 20 to provide us with the broadest possible discretion permitted by law, including the discretion to hold Proceeds uninvested.

The Owner authorizes us to escheat to appropriate jurisdictions in accordance with applicable abandoned property any assets in the custodial account, or any Proceeds, and to the extent any of the foregoing consists of anything other than cash, we may escheat or remit the non-cash asset, property or Proceeds or the cash resulting from a liquidation of such non-cash asset, property or Proceeds.

The account owner acknowledges and accepts the risks of owning the account as described in this section 20, including the investment risks and tax consequences of our taking Any Reasonable Course of Conduct.

21. Notwithstanding any other provision of this Agreement, specifically including but not limited to paragraph 3 of Article V, a spouse beneficiary shall have available all death benefits options available under current Code Section 408(a) even if the spouse is not the sole beneficiary.

**GENERAL INSTRUCTIONS**

**PURPOSE OF FORM** – Form 5305-RA is a model custodial account agreement that meets the requirements of Code Section 408A. However, only Articles I through VIII have been reviewed by the IRS. A Roth individual retirement account (Roth IRA) is established after the form is fully executed by both the individual (Depositor) and the Custodian. This account must be created in the United States for the exclusive benefit of the Depositor and his or her beneficiaries. Do not file Form 5305-RA 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, and **Pub. 590-B**, Distributions from Individual Retirement Arrangements.

Unlike contributions to traditional individual retirement arrangements, contributions to a Roth IRA are not deductible from the Depositor's gross income; and distributions after five years that are made when the Depositor is 59½ years of age or older or on account of death, disability, or the purchase of a home by a first-time homebuyer (limited to \$10,000), are not includible in gross income. For more information on Roth IRAs, including the required disclosures the Custodian must give the Depositor, see Pub. 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and Pub. 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

**DEFINITIONS**

**Custodian** – The custodian must be a bank or savings and loan association, as defined in Code 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 identification number of his or her Roth IRA. An employer identification number (EIN) is required only for a Roth IRA for which a return is filed to report unrelated business taxable income. An EIN is required for a common fund created for Roth IRAs.

**SPECIFIC INSTRUCTIONS**

**Article I** – The Depositor may be subject to a six percent (6%) tax on excess contributions if (1) contributions to other individual retirement arrangements of the Depositor have been made for the same tax year, (2) the Depositor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or (3) the Depositor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year.

**Article V** – This Article describes how distributions will be made from the Roth IRA after the Depositor's death. Elections made pursuant to this Article should be reviewed periodically to ensure they correspond to the Depositor's intent. Under paragraph three of Article V, the Depositor's spouse is treated as the owner of the Roth IRA upon the death of the Depositor, rather than as the beneficiary. If the spouse is to be treated as the beneficiary and not the owner, an overriding provision should be added to Article IX.

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

**BNY MELLON INVESTMENT SERVICING TRUST COMPANY Supplement to the Roth Individual Retirement Account (IRA) Disclosure Statement for Tax Year 2023**

**2023 Contribution Limits for ROTH IRA** – The maximum allowable contribution to your IRAs (deductible, non-deductible, and Roth) for the tax year is the lesser of (a) \$6,500 or (b) 100% of your earned income. For those who have attained or will attain the age of 50 before the close of the taxable year, the annual IRA contribution limit is increased by \$1,000 (total of \$7,500 for 2023). You may wish to refer to *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)*, by calling 800-TAX-FORM, or refer to the IRS website at [www.irs.gov](http://www.irs.gov) for eligibility requirements and contribution restrictions.

**2023 ROTH IRA Contribution Eligibility** - For 2023, your Roth IRA contribution limit is reduced (phased out) based on your modified Adjusted Gross Income ("AGI") as follows:

TAX YEAR 2023	Full contribution if modified AGI is:	Partial contribution if modified AGI is:	No contribution if AGI is:
Married - filing jointly or Qualified Widow(er)	Less than \$218,000	At least \$218,000 but less than \$228,000	\$228,000 or more
Married - filing separately	N/A	less than \$10,000	\$10,000 or more
Single, Head of Household or Married - filing separately and you did not live with your spouse at any time during the year	Less than \$138,000	At least \$138,000 but less than \$153,000	\$153,000 or more

These limits may be adjusted from time to time by the IRS; please refer to *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)*, by calling 800-TAX-FORM, or refer to the IRS website at [www.irs.gov](http://www.irs.gov) for current year limits

Qualified Charitable Distributions allowed for 2023: a one-time distribution of up to \$50,000 and an annual distribution of up to \$100,000 are allowed for owners age 70 ½ or over.

## ROTH INDIVIDUAL RETIREMENT ACCOUNT DISCLOSURE

References to the "Custodian" mean BNY Mellon Investment Servicing Trust Company.

The following information is the disclosure statement required by federal tax regulations. You should read this Disclosure Statement; the Custodial Account Agreement and the Program Description for information on the investment option(s) for your Roth IRA Contributions. You have opened a Roth IRA, which is an account for the exclusive benefit of you and your beneficiaries, created by a written instrument (the Custodial Account Agreement). The rules governing IRAs are subject to change. You should consult *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)* and *IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs)*, by calling 800-TAX-FORM, or refer to the IRS website at [www.irs.gov](http://www.irs.gov) for updated rules and requirements.

### The following requirements apply to your Roth IRA:

- Contributions, transfers, and rollovers may be made only in "cash" by check, draft, or other form acceptable to the Custodian.
  - The Custodian must be a bank, trust company, savings and loan association, credit union or a person who is approved to act in such capacity by the Secretary of the Treasury.
  - No part may be invested in life insurance contracts.
  - Your interest must be nonforfeitable.
  - The assets of the custodial account may not be mixed with other property except in a common investment fund.
  - Contributions can continue to be made to a Roth IRA at any age as long as the requirements of earned income are met, provided you receive compensation for such taxable year.
    - Maximum Contributions: The maximum allowable contribution to your IRAs (deductible, non-deductible and Roth) for each tax year is the lesser of
      - the contribution limit for the given tax year\* or
      - 100% of your earned income.
    - For those who have attained the age of 50 before the close of the taxable year, the annual IRA contribution limit increases by \$1,000 known as a "catch-up contribution".
    - Any contribution made to your IRA will be treated as a contribution for the year it is received with the exception of contributions that are not from payroll direct deposit through your employer that you send directly to us between January 1 and the April 15 postmark deadline that you have identified as a contribution for the prior year.
    - Contribution limits may be subject to IRS cost-of-living adjustments.
    - There is a phase-out of eligibility to make a Roth IRA contribution if your adjusted gross income is above certain levels. These limits may be adjusted from time to time by the IRS\*.
- \*Please refer to the attached **Supplement to the Roth Individual Retirement Account (IRA) Disclosure Statement** or consult *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)* or a qualified tax professional for more information about eligibility requirements and contribution restrictions.
- There are no mandatory withdrawals during your lifetime.
    - However, your beneficiaries generally are required to take distributions from your Roth IRA after your death. See the section titled Beneficiary Distributions in this disclosure statement regarding required minimum distributions for beneficiaries.

**Compensation** – Includes salaries, wages, tips, commissions, bonuses, alimony, royalties from creative efforts and "earned income" in the case of self-employment, payments made to individuals pursuing graduate or post-doctoral study or research and Difficulty of Care Payments.

**Tax Refund Direct Deposit IRA Contributions** – Taxpayers who qualify for a tax refund may elect to directly deposit their refund into their IRA account. The amount of the refund deposited to your IRA cannot exceed annual IRA limits as set forth by the IRS. You must contact the Custodian in advance of completing IRS Form 8888 to obtain the proper routing instructions. All tax refund contributions will be recorded as current year contributions for the year received.

**Revocation of Your IRA** – You have the right to revoke your IRA and receive the entire amount of your initial investment by notifying the Custodian in writing within seven (7) days of establishing your IRA (account open date). If you revoke your IRA within seven days, you are entitled to a return of the entire amount contributed, without adjustment for such items as sales commissions, administrative expenses, or fluctuations in market value. If you decide to revoke your IRA, notice should be delivered or mailed to the address listed in the application instructions. This notice should be signed by you and include the following:

- The date.
- A statement that you elect to revoke your IRA.
- Your IRA account number.
- The date your IRA was established.
- Your signature and your name printed or typed.

Mailed notice will be deemed given on the date that it is postmarked, if it is properly addressed and deposited either in the United States mail, first class postage prepaid, or with an IRS approved overnight service. This means that when you mail your notice, it must be postmarked on or before the seventh day after your IRA was opened. A revoked IRA will be reported to the IRS and the Depositor on *IRS Form 1099-R Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. and IRS Form 5498 IRA Contribution Information*.

### IMPORTANT INFORMATION FOR TAX PURPOSES

**Roth IRA Contributions Not Deductible** – Your contribution to a Roth IRA is not deductible on your federal income tax return.

**Saver's Tax Credit** – The Saver's Tax Credit rewards low to moderate income taxpayers who contribute toward their retirement savings with a non-refundable dollar for dollar tax credit that could reduce their federal income tax liability. Eligibility to participate in the Program is based on your filing status and adjusted gross income. For more information about the Saver's Credit, check the IRS website [www.irs.gov](http://www.irs.gov) under the term "Retirement Savings Contributions Credit" or "Saver's Credit".

**Excess Contributions** – An excess contribution is any amount that is contributed to your Roth IRA that exceeds the amount that you are eligible to contribute. Excess contributions may be subject to a non-deductible excise tax of 6% for each year until the excess is used up (as an allowable contribution in a subsequent year) or returned to you. Please see below for information about correcting an excess contribution. Please review *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)* for more information on the tax consequences of excess contributions and speak with a qualified tax professional if you have additional questions about your circumstances.

- 1) Removal of Excess Contributions Before Your Federal Income Tax Filing Deadline.** If you request a return of an excess contribution prior to your federal income tax filing deadline (including extensions) we will calculate the net income attributable to that excess contribution (Net Income Attributable or "NIA") using the method provided in the IRS Final Regulations for Earnings Calculation for Returned or Recharacterized Contributions. This method calculates the NIA based on the actual gains and losses of the Roth IRA during the time it held the excess contribution. Please note that a negative NIA is permitted and, if applicable, will be deducted from the amount of the excess contribution. Excess contributions (plus or minus the NIA) distributed by your federal income tax return filing deadline (including extensions) will be considered corrected, thus avoiding the 6% excess contribution penalty. If such a distribution is made, only the earnings are considered taxable income for the tax year in which the excess was contributed to the IRA. IRS Form 1099-R will be issued for the year in which the distribution occurred, not the year in which the excess contribution was made.
- 2) Removal of Excess Contributions After Your Tax Filing Deadline.** If you request a return of an excess contribution after your federal income tax return filing deadline (including extensions) we will remove only the amount of the excess contribution. The non-deductible excise tax of 6% will be imposed on the excess contribution for each year it remains in the Roth IRA. An excess withdrawal under this method is not taxable to you and the NIA is not calculated or distributed.
- 3) Carry Forward of Excess Contributions to a Subsequent Year.** Excess contributions that are not withdrawn from your Roth IRA may be carried forward and applied as a contribution for a subsequent tax year. Provided you are eligible to contribute to a Roth IRA and not have otherwise made your maximum IRA contribution for the subsequent year you would report the amount of the excess you are applying as a contribution for the subsequent year on your federal tax return. The excise tax of 6% will be imposed on any excess amounts for each year that the excess amount remains as an excess contribution at the end of the year.

You must file *IRS Form 5329 Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts* along with your income tax return to report and remit any additional taxes to the IRS.

**Tax-Deferred Earnings** – The investment earnings you earn in your Roth IRA are not subject to federal income tax. See below for taxation of ROTH IRA distributions.

**Taxation of Roth IRA Distributions** – A distribution from a Roth IRA which consists of the return of your contributions is not subject to federal income tax. Roth IRA distributions that include earnings may be subject to federal income tax if the distribution is not a qualified distribution. General information on Roth IRA distributions is provided below, you may

wish to review *IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov). Our customer service representatives are not able to provide tax advice, if you have questions about whether a distribution includes any amount subject to federal income please speak with a qualified tax professional.

**Qualified Distributions** – Qualified distributions from your Roth IRA (both the contributions and earnings) are not included in your income. A distribution is qualified only if it is made after the expiration of the five (5) year period beginning January 1 of the first year for which you made a contribution to any Roth IRA<sup>1</sup> (a distribution which includes amounts converted from a traditional IRA or pretax contributions rolled over from a qualified plan is subject to a separate five (5) year period if the conversion or rollover is not the first contribution made to any of your Roth IRAs), and in addition at the time of the distribution at least one of the following must apply:

- you have attained age 59½, or
- it is used toward the expenses of a first-time home purchase subject to a lifetime limit of \$10,000, or
- made because you are disabled (within the meaning of section 72(m)(7) of the Internal Revenue Code) or
- made to your beneficiary due to your death.

<sup>1</sup> If your first contribution to a Roth IRA is made for the 2020 tax year, the five-year period is satisfied as of January 1, 2025.

Please be aware we do not report a Qualified Distribution on form 1099 R if your Roth IRA with the program has been opened for less than five (5) years, however if you have satisfied the five (5) year period you may report it as a Qualified Distribution by filing IRS Form 5329 along with your income tax return to the IRS. Distribution for expenses of a first-time home purchase are not reported as a Qualified Distribution by your Roth IRA custodian, you are required to file IRS Form 5329 along with your income tax return to the IRS to report it as a Qualified Distribution.

**Nonqualified Distributions** – If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA may be subject to federal income tax and, if you are under age 59½, it may also be subject to a 10% early distribution penalty tax. When you take a Nonqualified distribution for federal income tax purposes your distribution will be treated as a come from the following on a first-in, first-out basis;

- Contributions,
- Military death gratuity or Servicemembers' Group Life Insurance (SGLI) payments that you rolled over to a Roth IRA
- Conversion contributions and employer-sponsored retirement plan rollovers
- Earnings

Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual contributions, rollovers of your military death gratuity or SGLI payments, and your conversions and employer-sponsored retirement plan rollovers made to any Roth IRA.

**Early Distribution Penalty Tax** – If you are under age 59½ and receive a nonqualified Roth IRA distribution, an additional early distribution penalty tax of 10% generally will apply to the amount includible in income in the year of the distribution. If you are under age 59½ and receive a distribution of conversion amounts or employer-sponsored retirement plan rollover amounts within the five-year period beginning with the year in which the conversion or employer-sponsored retirement plan rollover occurred, an additional early distribution penalty tax of 10% generally will apply to the amount of the distribution. The additional early distribution penalty tax of 10% generally will not apply if one of the following exceptions apply. The 10% penalty tax is in addition to any federal income tax that is owed at distribution

1. **Death** - After your death, distributions made to your beneficiary.
2. **Disability** – If at the time of distribution, you are disabled (within the meaning of section 72(m)(7) of the Internal Revenue Code)
3. **Substantially equal periodic payments** – You are not subject to the additional 10% early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary.<sup>1</sup>
4. **Unreimbursed medical expenses** – If you take payments to pay for unreimbursed medical expenses that exceed a specified percentage of your adjusted gross income. The medical expenses may be for you, your spouse, or any dependent listed on your tax return.<sup>1</sup>
5. **Health insurance premiums** – If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your Roth IRA to pay for health insurance premiums.<sup>1</sup>
6. **Higher education expenses** – Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse.<sup>1</sup>
7. **First-time homebuyer** – You may take payments from your Roth IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of \$10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution.<sup>1</sup>
8. **IRS levy** – Payments from your Roth IRA made to the U.S. government in response to a federal tax levy.
9. **Qualified reservist distributions** – If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your Roth IRA during the active duty period.<sup>1</sup>
10. **Qualified birth or adoption** – Payments from your Roth IRA for the birth of your child or the adoption of an eligible adoptee will not be subject to the 10% early distribution penalty tax if the distribution is taken during the one-year period beginning on the date of birth of your child or the date on which your legal adoption of an eligible adoptee is finalized. An eligible adoptee means any individual (other than your spouse's child) who has not attained age 18 or is physically or mentally incapable of self-support. The aggregate amount you may take for this reason may not exceed \$5,000 for each birth or adoption.<sup>1</sup>
11. **Terminal illness distributions** - An exception to the 10% early withdrawal penalty for distributions made to an individual whose physician certifies that they have an illness or condition that is reasonably expected to result in death within 84 months. <sup>1</sup>
12. **Participants impacted by a federally declared disaster** - May distribute up to \$22,000 per disaster exempt from the 10% early distribution penalty.<sup>1</sup>

You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes if your distribution is not for one of the above reasons.

<sup>1</sup> We do not report distributions for these exceptions on IRS Form 1099-R as exempt from the early distribution penalty, you must file IRS Form 5329 along with your income tax return to the IRS to claim a penalty tax exception for this reason

The above is general information on Roth IRA distributions you may wish to review *IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov). Our customer service representatives cannot provide tax advice, if you have questions about whether a distribution includes any amount subject to federal income the 10% early distribution tax please speak with a qualified tax professional.

**Income Tax Withholding** – The Custodian shall not withhold federal income tax from any distribution from the custodial account unless you elect to have federal income tax withheld. You may request withholding at a rate of 10% or higher. Your elected withholding rate will be applied to the full amount of your distribution unless the distribution is a return of excess contributions. Withholding may only be applied to the portion of the distribution representing earnings attributable to the excess contributions

State income tax withholding may also apply to distributions from your Roth IRA account, the rules for state tax withholding vary from state to state, if you have questions about the rules in your state, please contact your tax advisor or your state's tax authority for information about your state's income tax withholding requirements. Where required by state law the Custodian will withhold state taxes, typically state withholding, if required by your state would only be taken when federal income tax is withheld however states may require withholding on a full distribution regardless of whether federal tax is withheld. If your state allows you may elect to have state tax withheld when it is not required. Please note our representatives are not tax advisors and are unable to determine the amount of state taxes that will be withheld prior to your distribution, you may contact us the next business day following a distribution to confirm the actual amount of withholding that was applied.

**State Unclaimed Property Law Disclosure** – The assets in your custodial account are subject to state unclaimed property laws which provide that if no activity occurs in your account within the time specified by the particular state law, your assets must be transferred to the appropriate state. We are required by law to advise you that your assets may be transferred to an appropriate state in compliance with these state laws.

**Filing with The IRS** – Contributions to your IRA must be reported on your tax return (Form 1040 or 1040A) for the taxable year contributed. If you are subject to any of the federal penalty taxes due to excess contributions, premature distributions, or missed required minimum distributions, you must file *IRS Form 5329 Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts*.

**RECHARACTERIZING IRA CONTRIBUTIONS** – Recharacterizing is an election to treat a contribution made to a Roth IRA as having been made to a traditional IRA or a contribution made to a traditional IRA as having been made to a Roth IRA. Recharacterizing is done by moving the contribution, along with any Net Income Attributed (NIA) to the contribution from the first IRA to the second IRA. A Recharacterization request must be made in writing and received by us in good order no later than the due date, including extensions, for filing your federal income tax return for the tax year for which the contribution was originally made. Please be aware that recharacterization of a contribution is irrevocable. A recharacterized contribution is reported as a distribution from the first IRA (IRS Form 1099-R) and as a recharacterization contribution to the second IRA (*IRS Form 5498 IRA*

Contribution Information.) for the tax year in which the recharacterization occurs. **Important note:** Under the RetirePath Virginia program, an election to recharacterize your contributions is also an election to have all future payroll deduction contributions invested in the second IRA.

**CONVERTING TO A ROTH IRA** – You may also “convert” all or a portion of your traditional, SEP or SIMPLE (after the required two-year holding period) IRA to a Roth IRA. You may not convert any portion of a required minimum distribution (RMD). A conversion is a type of distribution and is not tax-free. Distributions are taxable as ordinary income when received, except that the return of non-deducted contributions is not taxed. The 10% early distribution penalty tax does not apply to conversion amounts unless the conversion amount is distributed from a Roth IRA prior to five years from the date of the conversion. Your traditional IRA may be converted to a Roth IRA by means of an in-house direct transfer (within the same financial institution) or as a direct transfer between two different financial institutions.

A conversion is reported as a distribution from your traditional IRA (IRS Form 1099-R) and a conversion contribution to your Roth IRA (*IRS Form 5498 IRA Contribution Information*). The rules regarding conversions to Roth IRAs are complex and you should consult a professional tax advisor prior to a conversion.

**Conversions** – “Conversion” is the term used to describe the movement of traditional IRA or SIMPLE IRA assets to a Roth IRA. For more information on rollover limitations, please refer to *IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs)*, or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

Effective January 1, 2018, a Roth IRA conversion cannot be recharacterized back to a traditional IRA, SEP or SIMPLE IRA. In addition, amounts contributed to an employer sponsored qualified plan that were converted to a Roth IRA cannot be recharacterized back to the employer plan. A Roth IRA conversion is now deemed an irrevocable election and cannot be “reversed” or “corrected”.

- a. **Traditional IRA-to-Roth IRA Conversions** – If you convert to a Roth IRA, the amount of the conversion from your traditional IRA to your Roth IRA will be treated as a distribution for income tax purposes and is includible in your gross income (except any nondeductible contributions). Although the conversion amount generally is included in income, the 10% early distribution penalty tax will not apply to conversions from a traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10% early distribution penalty tax. If you are required to take a required minimum distribution for the year, you must take your required minimum distribution before converting your traditional IRA.
- b. **SIMPLE IRA-to-Roth IRA Conversions** – You are eligible to convert all or any portion of your existing SIMPLE IRA to your Roth IRA, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. The amount of the conversion from your SIMPLE IRA to your Roth IRA will be treated as a distribution for income tax purposes and is includible in your gross income. Although the conversion amount generally is included in income, the 10% early distribution penalty tax will not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10% early distribution penalty tax. If you are required to take a required minimum distribution for the year, you must take your required minimum distribution before converting your SIMPLE IRA.

**ROLLOVERS** – “Rollover” is a term used to describe a movement of cash or other property to your Roth IRA from another Roth IRA, or from your employer’s qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan. Your Roth IRA may be rolled over to another Roth IRA of yours, may receive rollover contributions, or may receive conversion contributions, if all the applicable rollover or conversion rules are followed.

**Restriction on Indirect (60-Day) Rollovers** – An IRA owner is allowed only one rollover from one IRA to another (or the same IRA) across all IRAs (traditional, Rollover, Roth, SEP, SARSEP and SIMPLE) in aggregate that a taxpayer owns in any 12-month or 365-day period. As an alternative, an IRA owner can make an unlimited number of trustee-to-trustee transfers where the proceeds are delivered directly to the receiving financial institution, successor custodian or trustee. You must contact the receiving institution to initiate a trustee-to-trustee transfer. For more information, see *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs) – “Application of one-rollover-per-year limitation.”* Note: Conversions (defined above) done via a 60-day rollover from a traditional or SIMPLE IRA are not counted as a 60-day rollover for this limitation. Any rollover of a distribution from one IRA to another (or to the same IRA) must be completed within 60 days after the date of distribution.

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

**Rollover from a designated Roth contribution account under an employer-sponsored plan into a Roth IRA** – Amounts attributable to a participant’s designated Roth contribution account under an employer’s 401(k) plan or 403(b) plan are eligible to roll over into a Roth IRA as either a direct rollover or a 60-day rollover. Once the amount is rolled over to a Roth IRA it may not be rolled back to an employer’s plan. The rules regarding designated Roth rollovers to Roth IRAs are complex and you should consult a tax advisor prior to initiating a designated Roth rollover.

**Rollover from an employer sponsored retirement plan to a Roth IRA** – You may roll over any eligible rollover distribution from an eligible employer-sponsored retirement plan to your Roth IRA. Eligible rollover distributions include distributions from the following: 1) qualified retirement plans, 2) 403(a) annuities, 3) 403(b) tax-sheltered annuities, 4) 457(b) eligible governmental deferred compensation plans, and 5) federal Thrift Savings Plans. But such distributions are not eligible rollover distributions if the distribution is any of the following: 1) required minimum distribution, 2) hardship distribution, 3) part of a certain series of substantially equal periodic payments, 4) corrective distributions of excess contributions, excess deferrals, excess annual additions and any income allocable to the excess, 5) deemed loan distribution, 6) dividends on employer securities, or 6) the cost of life insurance coverage.

Rollovers from an employer sponsored retirement plan to a Roth IRA may be direct or indirect. If you are executing an indirect rollover, your eligible rollover distribution must be rolled over to your Roth IRA within 60 days after you receive the distribution. For a plan loan offset due to plan termination or severance from employment, the rollover must be completed by your tax return due date (including extensions) for the year in which the offset occurs.

A spouse, non-spouse beneficiary, or trustee of an eligible trust named as the beneficiary of a deceased participant with an interest in a qualified employer-sponsored retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan may directly roll over inherited assets to an inherited Roth IRA, as permitted by the IRS. The Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements.

Although the rollover amount generally is included in income, the 10% early distribution penalty tax will not apply to rollovers from eligible employer-sponsored retirement plans to a Roth IRA or inherited Roth IRA, regardless of whether you qualify for any exceptions to the 10% early distribution penalty tax.

**Beneficiary Rollovers From 401(k), 403(b), or 457(b) Eligible Governmental Plans Containing Roth Elective Deferrals** – A spouse beneficiary, non-spouse beneficiary, or the trustee of an eligible type of trust named as beneficiary of a deceased participant who had made Roth elective deferrals to a 401(k) plan, 403(b) annuity, or 457(b) eligible governmental deferred compensation plan may directly roll over the Roth elective deferrals and their earnings to an inherited Roth IRA, as permitted by the IRS. The Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements.

**Rollovers of Military Death Benefits** – You may roll over a military death gratuity or a SGLI death payment to your Roth IRA. The rollover amount is the sum of the death payments, less any amounts rolled over to a Coverdell education savings account. The rollover must be executed within one year of receipt of the death payments for deaths occurring on or after June 17, 2008. These rollovers to a Roth IRA are nontaxable.

**Qualified HSA Funding Distribution from Your Roth IRA** – If you are eligible to contribute to a health savings account (HSA), you may be able to take a one-time tax-free qualified HSA funding distribution from your Roth IRA and directly deposit that distribution into your HSA. The amount of the Roth IRA distribution and corresponding deposit in your HSA may not exceed the annual limit on HSA contributions for your high deductible health plan coverage (i.e., single or family coverage) and the deposit counts toward your HSA contribution limit for that year. Please see *IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans* for more information.

**Rollover of IRS Levy** – If you receive a refund of eligible retirement plan assets that had been wrongfully levied, you may roll over the amount returned up until your federal tax return filing deadline (not including extensions) for the year in which the money was returned.

**Repayment of Qualified Birth or Adoption Distribution** – If you take a qualified birth or adoption distribution from your Roth IRA, you may generally repay all or a portion of that distribution to your Roth IRA within three years of the distribution. Please see *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)*, by visiting [www.irs.gov](http://www.irs.gov) on the Internet.

**Late Rollover Contributions** – IRS will permit you to deposit a late rollover contribution (exceeding the 60-day time limit), if you meet certain qualifications. All late rollover contribution deposits must be accompanied by a late rollover self-certification form. It is important to know that self-certification does not constitute an automatic waiver of the 60-day time limit. The IRS may, during an examination, determine that your contribution does not meet the requirements for a waiver. If it is determined that you do not meet the requirements you could be subject to additional income, income taxes and penalties. The IRA custodian is required to report all late rollover contribution deposits on *IRS Form 5498 IRA Contribution Information*. For more information and a list of qualifying events please visit the IRS’s web site [www.irs.gov](http://www.irs.gov) using the search term “Revenue Procedure 2020-46”.

**Written Election** – When making a rollover or conversion contribution, you must do so in writing and understand that is an irrevocable election, pursuant to the requirements of Section 1.402(a)(5)-1T of the IRS regulations, and we will treat the contribution as a rollover or conversion contribution.

Note: The rules regarding tax-free rollovers are complex and subject to frequent change; you should consult a professional tax advisor if you are considering a rollover.

**Transfer Due to Divorce** – If all or any part of your Roth IRA is awarded to your spouse or former spouse in a divorce or legal separation, the amount awarded will be treated as the spouse’s or former spouse’s Roth IRA. Upon receipt of a court approved divorce decree or written legal separation agreement, the Custodian may transfer the amount of the award to another Roth IRA of your spouse or former spouse. The amount of the transfer will not be considered a taxable distribution to you, but instead will be treated as a tax-free

direct movement of cash and/or property from one Roth IRA to another.

**BENEFICIARY DESIGNATIONS** – In the event of your death, the balance of your custodial account shall be paid to the primary beneficiaries who survive you in equal shares (or in the specified shares, if indicated). If none of the primary beneficiaries survive you, the balance of your account shall be paid to the contingent beneficiaries who survive you in equal shares (or in the specified shares, if indicated). If you name multiple primary beneficiaries and a beneficiary does not survive you, such interest is terminated, and that percentage will be divided proportionately among the remaining primary beneficiaries. Similarly, unless you have specified otherwise, if no primary beneficiary survives you and you have named multiple contingent beneficiaries and a beneficiary does not survive you, such interest is terminated, and that percentage will be divided proportionately among the remaining contingent beneficiaries.

You may change your beneficiaries at any time by giving written notice to the Custodian. If you do not designate a beneficiary, or if all designated beneficiaries predecease you, your surviving spouse will become the beneficiary of your Roth IRA. If you do not have a surviving spouse at the time of your death, or if you are unmarried, your beneficiary(ies) shall be determined in the following sequence:

- (a) Your issue per stirpes shall be your beneficiary(ies); if no issue survives you, then;
- (b) Your parents in equal shares shall be your beneficiary(ies); if no parent survives you, then;
- (c) Your estate shall be your beneficiary.

The Custodian may accept and conclusively rely on written instructions provided in good order by the executor of your estate with regard to the identification of your beneficiary(ies) and the allocation(s) to your beneficiary(ies) without further investigation or inquiry.

If a trust is designated as a beneficiary, you must provide both the date of the trust and the name(s) of the trustee(s). You agree that if you are subject to community property or marital property state requirements, your spouse may be required to consent to any beneficiary you designate who is not your spouse, or who is in addition to your spouse. You also understand that any beneficiary designation you make, other than your spouse, may not be effective without your spouse's consent. You certify, under penalty of perjury, if you are married and you have not named your spouse as your sole Primary Beneficiary, you have consulted a qualified tax or legal professional about the need to document spousal consent, and about the consequences of not obtaining your spouse's consent.

- (1) **Per Stirpes Beneficiary Designations** – The Custodian shall accept as complete and accurate all written instructions provided in good order by the estate/executor with regard to the identification of the beneficiaries and the allocations thereto.
- (2) **Spousal Beneficiary Designation in The Event of Divorce** – In the event of a divorce or legal separation, the Custodian will not automatically remove the former spouse as the designated beneficiary without court appointment. If your life circumstances have changed, we suggest you submit an IRA Beneficiary Designation Form. The current beneficiary designation on file with the Custodian will be deemed valid and in full force until such date as the Custodian receives a signed IRA Beneficiary Designation Form, in good order.
- (3) **Spousal Provisions for Same Sex Couples** In accordance with federal regulations, where an individual is lawfully married to another individual, regardless of sex, both individuals shall be treated as a "spouse" for federal tax purposes. Individuals in a civil union or domestic partnership will not be treated as spouses for federal tax purposes.

By accepting this agreement, you direct that all benefits upon your death be paid as indicated on the last beneficiary designation received in good order prior to your death and if you named a beneficiary that is a trust, you understand you must provide certain information concerning such trust to the Custodian.

**Custodian - Disclaimer** – The Roth IRA owner's spouse may have a property interest in the account and may also have a right to dispose of that property interest by will. Therefore, the Custodian, together with the State Administrator, the Program Manager, any issuers, depositories and other persons or entities associated with the investments, specifically disclaim any warranty as to the effectiveness of the Roth IRA owner's beneficiary designation, or any warranty as to the ownership of the account after the death of the Roth IRA owner or the Roth IRA owner's spouse. For additional information, a qualified tax or legal professional should be consulted.

**BENEFICIARY DISTRIBUTIONS** – Upon your death, your beneficiaries are required to take distributions according to Code Section 401(a)(9) and Regulation 1.408-8. These requirements are described below.

**ROTH IRA DISTRIBUTION DUE TO DEATH OF AN IRA OWNER WHEN THE DATE OF DEATH IS ON OR PRIOR TO DECEMBER 31, 2019** – If you have properly designated a beneficiary(ies), the entire value of your Roth IRA must be distributed to your beneficiaries within five years after your death, unless the designated beneficiary elects in writing, no later than September 30 of the year following the year in which you die, to take distributions over their life expectancy. These distributions must commence no later than December 31 of the calendar year following the calendar year of your death. Your designated beneficiary may name a subsequent beneficiary. Any subsequent beneficiaries must take distributions at least as frequently as the original designated beneficiary, provided the original beneficiary's date of death is on or prior to December 31, 2019.

If you do not properly designate a beneficiary, or all designated beneficiaries have predeceased you, your spouse shall become the beneficiary or, if no surviving spouse or you are unmarried, your beneficiary(ies) shall be determined by the following sequence:

- (a) Your issue per stirpes shall be your beneficiary(ies); if no issue survives you, then;
- (b) Your parents in equal shares shall be your beneficiary(ies); if no parent survives you, then;
- (c) Your estate shall be your beneficiary.

The Custodian may accept and conclusively rely on written instructions provided in good order by the executor of your estate with regard to the identification of your beneficiary(ies) and the allocation(s) to your beneficiary(ies) without further investigation or inquiry.

If your designated beneficiary is your spouse, your spouse may elect to treat your Roth IRA as their own.

**ROTH IRA DISTRIBUTIONS DUE TO DEATH OF AN IRA OWNER WHEN THE DATE OF DEATH IS ON OR AFTER JANUARY 1, 2020** – If you have one or more designated beneficiaries, all amounts remaining in your Roth IRA upon your death must be distributed no later than December 31 of the calendar year that contains the tenth anniversary of your death. If you have no designated beneficiary by September 30 of the year following the year in which you die, the entire value of your IRA must be distributed to your beneficiaries within five years after your death. An exception to the 10-year rule is made for eligible designated beneficiaries who elect in writing no later than 1 year after your death to take distributions over their life expectancy. An "eligible designated beneficiary" is any designated beneficiary named by the owner where such designation is received in proper form prior to the death of the owner and the designated beneficiary is:

- i. The owner's spouse,
  - a. If your designated beneficiary is your spouse, your spouse may elect to treat your Roth IRA as their own.
- ii. A child of the IRA owner who has not reached the age of majority.
  - a. Upon attaining the age of majority, the child of the owner will no longer be an "eligible designated beneficiary". Any portion remaining will need to be distributed no later than the end of the tenth year after the year they reach majority.
- iii. Disabled individuals within the meaning of Code Section 72(m)(7) of the Internal Revenue Code as of the date of the death of the owner.
- iv. Chronically ill individuals, within the meaning of Code Section 401(a)(9)(E)(ii)(IV) as of the date of death of the owner.
- v. An individual not listed above who is not more than 10 years younger than the IRA owner.

After your death, your designated beneficiary may name a subsequent beneficiary. Any subsequent beneficiaries of an inherited Roth IRA may not take life expectancy distributions; the balance remaining in the account must be distributed by December 31 of the calendar year that contains the tenth anniversary of the death of the beneficiary.

If you do not properly designate a beneficiary, or all designated beneficiaries have predeceased you, your spouse shall become the beneficiary or, if no surviving spouse or if you are unmarried, your beneficiary(ies) shall be determined by the following sequence:

1. Your issue per stirpes shall be your beneficiary(ies); if no issue survives you, then;
2. Your parents in equal shares shall be your beneficiary(ies); if no parent survives you, then;
3. Your estate shall be your beneficiary.

The Custodian may accept and conclusively rely on written instructions provided in good order by the executor of your estate with regard to the identification of your beneficiary(ies) and the allocation(s) to your beneficiary(ies) without further investigation or inquiry.

If your designated beneficiary is your spouse, your spouse may elect to treat your Roth IRA as their own.

## **LIMITATIONS AND RESTRICTIONS**

**Spousal Roth IRA** – If you are married and have compensation, you may contribute to a Roth IRA established for the benefit of your spouse, regardless of whether your spouse has compensation. You must file a joint income tax return for the year for which the contribution is made.

The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100 percent of your combined eligible compensation or twice the maximum contribution allowed per individual, whichever is lower. This amount may be increased with cost-of-living adjustments each year. However, you may not contribute more than the individual contribution limit to each IRA. Please refer to the attached **Supplement to the Roth Individual Retirement Account (IRA) Disclosure Statement** or consult *IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)* or a qualified tax professional for more information about eligibility requirements and contribution restrictions.

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

**Estate Tax** – Amounts payable to your spouse, as your named beneficiary, may qualify for a marital tax deduction for federal estate tax purposes.

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

**Prohibited Transactions** – If you or your beneficiary engages in any prohibited transaction as described in the Code Section 4975(c) (such as any sale, exchange, borrowing, or leasing of any property between you and your Roth IRA; or any other interference with the independent status of the account), the account will lose its exemption from tax and be treated as having been distributed to you in the tax year in which you or your beneficiary engaged in the prohibited transaction. The distribution may also be subject to additional penalties including a 10% penalty tax if you have not attained age 59½. See *IRS Publication 590-B* for further instructions on calculating taxable gain, reporting amounts in income, and prohibited transaction penalty taxes. In addition, if you or your beneficiary use (pledge) all or any part of your Roth IRA as security for a loan, then the portion so pledged will be treated as if distributed to you and will be taxable to you. Your distribution may also be subject to a 10% penalty tax if you have not attained age 59½ during the year which you make such a pledge.

**Distributions under \$10 will not be reported on IRS Form 1099-R** (as allowed under IRS regulations) – However, you must still report these distributions to the IRS on your Form 1040 (as well as other forms that may be required to properly file your tax return).

## **OTHER**

**ROTH IRA - IRS APPROVED FORM** – Your Roth IRA is the IRS's model custodial account contained in IRS Form 5305-RA. Certain additions have been made in Article IX of the form. By following the form, your Roth IRA meets the requirements of the Code. However, the IRS has not endorsed the merits of the investments allowed under the Roth IRA.

**Important Information About U.S. Government Requirements That May Affect Your Account:** BNY Mellon Investment Servicing Trust Company ("BNY Mellon", "we", or "us"), provides custodial and administrative services for your retirement or savings account. As a result of this role, persons who open a retirement or savings account are considered "customers" of BNY Mellon ("you" or "your").

To help the U.S. Government fight the funding of terrorism and money laundering activities, Federal law requires BNY Mellon, as a financial institution, to obtain, verify, and record information that identifies each person who opens an account. All accounts we open are opened on a conditional basis – conditioned on our ability to verify your identity in accordance with Federal law.

When establishing an account, you are required to provide your full legal name, address, government issued identification number (e.g. social security number), date of birth, and other information within your account-opening application that will allow us to identify you. We may also request a copy of your driver's license or other identifying documents and may consult third-party databases to help verify your identity. If the account you are opening will be registered in the name of a beneficiary, trust, or estate or charity, we may require additional identifying documentation.

**If you fail to provide any requested identifying information or documentation when opening your account, your new account application may be rejected.**

**If we open your account, and you subsequently fail to provide all identification materials we request or if we are subsequently unable to adequately verify your identity as required by U.S. Government regulations, we reserve the right to take any one or more of the following actions:**

- We may place restrictions on your account which block all purchase transactions and we may place additional restrictions on your account blocking other transactional activities if we determine such additional restrictions are appropriate under Federal law or regulation.
- We may close your account, sell (i.e., "liquidate") the assets in your account in the prevailing market at the time, and send you a check representing the cash proceeds of your account. This distribution will be reported to the IRS and may result in unfavorable consequences to you under Federal and state tax laws.

**You May Incur Losses** – Despite being opened as a conditional account, your account will be invested as you instruct, and you will be subject to all market risks during the period between account opening and any liquidation necessitated by your failure to furnish requested identifying information or by an inability to adequately verify your identity. You may also be subject to additional market risks if the additional transactional restrictions discussed above are placed on your account. In addition, the closing of your account may subject you to fees and charges imposed by a sponsor, issuer, depository or other person or entity associated with one or more of the assets in which you are invested, and any sales charges you may have paid in connection with your purchases will not be refunded.

**You Assume All Responsibility for These Losses** – BNY Mellon and the State Administrator expressly disclaim any responsibility or liability for losses you incur as a result of your failure to furnish identification materials we request, including investment losses and any other loss or damage (including but not limited to lost opportunities and adverse tax consequences). If you proceed with the account opening process, you accept all risks of loss resulting from any failure of yours to furnish the identification materials we request or from a subsequent inability to adequately verify your identity in accordance with Federal law or regulation.

**Qualified Reservist Distributions** – Early distributions paid to certain military reservists called to active duty after September 11, 2001 ("Qualified Reservist Distributions") are eligible to be repaid to an IRA within a two-year period after the end of active duty. This provision applies to distributions made after September 11, 2001. Repayments cannot exceed the amount of your Qualified Reservist Distributions. Repayment cannot be made after the date that is two years after your active duty period ends. The repayments are not treated as rollovers.

**Qualified Charitable Distributions ("QCDs")** – Certain taxpayers may transfer funds from their IRA to an eligible charitable organization. To qualify the IRA owner must be age 70½ or older. QCDs may be made from a traditional IRA or a Roth IRA and may be used to satisfy a participant's required minimum distribution ("RMD") for the tax year. The maximum annual amount that may be distributed each year is \$100,000 regardless of how many IRAs the participant owns. For married individuals filing a joint return, the limit is \$100,000 for each individual IRA owner. More information about QCDs can be found in *IRS Publication 590-B* Distributions from Individual Retirement Arrangements. Effective for January 1, 2023, in addition to the annual QCD described above, a taxpayer may make a one-time election to distribute up to \$50,000 as a QCD to certain split-interest entities, including charitable remainder annuity trusts, charitable remainder unitrusts and charitable gift annuities. Additionally, the one-time limit of \$50,000 and the annual limit of \$100,000 for a QCD will be indexed to inflation starting in 2024. Please reference the most recent Disclosure Supplement where increases will be documented when applicable. More information about QCDs can be found in *IRS Publication 590-B* Distributions from Individual Retirement Arrangements.

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



**FACTS****WHAT DOES BNY MELLON INVESTMENT SERVICING TRUST COMPANY DO WITH YOUR PERSONAL INFORMATION?****Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information.

Please read this notice carefully to understand what we do.

**What?**

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number
- Account balances
- Transaction history
- Account transactions
- Retirement assets

When you are no longer our customer, we continue to share your information as described in this notice.

**How?**

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons BNY Mellon Investment Servicing Trust Company chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does <b>BNY Mellon Investment Servicing Trust Company</b> share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes—to offer our products and services to you	No	No
For joint marketing with other financial companies	No	No
For our affiliates' everyday business purposes—information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes—information about your creditworthiness	No	No
For our affiliates to market to you	No	No
For nonaffiliates to market to you	No	No

Questions?	Call 855-649-0623
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Who we are	
Who is providing this notice?	BNY Mellon Investment Servicing Trust Company, custodian for self-directed savings and retirement accounts, such as Individual Retirement Accounts, Qualified Plans and 403(b)(7) Plans, and for mutual fund Wrap Product and Global Cash Portal accounts
What we do	
How does <b>BNY Mellon Investment Servicing Trust Company</b> protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does <b>BNY Mellon Investment Servicing Trust Company</b> collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• Open an account or deposit funds</li> <li>• Make deposits or withdrawals from your account</li> <li>• Provide account information</li> <li>• Give us your contact information</li> <li>• Show your government-issued ID</li> </ul> <p>We also collect your personal information from affiliates or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>• Sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>• Affiliates from using your information to market to you</li> <li>• Sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies.
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• <b>BNY Mellon Investment Servicing Trust Company</b> does not share information with nonaffiliates so they can market to you.</li> </ul>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>• <b>BNY Mellon Investment Servicing Trust Company</b> doesn't jointly market.</li> </ul>
Other important information	
<p>This notice applies to individual consumers who are customers or former customers. <b><i>This notice replaces all previous notices of our consumer privacy policy and may be amended at any time. We will keep you informed of changes or amendments as required by law.</i></b></p>	