

GuideStone Funds

Individual Retirement Account (IRA)

Traditional IRA

Roth IRA

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

BNY Mellon Investment Servicing Trust Company
Supplement to the Traditional and Roth Individual Retirement Account (IRA)
Combined Disclosure Statement for Tax Year 2020

DEADLINE FOR 2019 CONTRIBUTIONS TO A TRADITIONAL OR ROTH IRA

On March 20, 2020, the Internal Revenue Service (the "IRS") issued *Notice 2020-18* (the "Notice") in response to the ongoing Coronavirus pandemic. The Notice extends the deadline for individuals to make 2019 contributions to traditional IRAs and Roth IRAs to July 15, 2020. For more information please refer to the Internal Revenue Service (IRS) web site: www.irs.gov.

2020 IRA CONTRIBUTION LIMITS FOR TRADITIONAL AND ROTH IRAs

The maximum allowable contribution to your IRAs (deductible, non-deductible and Roth) for the tax year is the lesser of (a) \$6,000 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 \$7,000 for 2020). Any contribution made to your IRA will be treated as a current-year contribution recorded in the year it is received, unless the contribution is made between January 1 and April 15, 2020, and you have identified the contribution as a prior-year contribution. Please read the Combined IRA Disclosure Statement carefully or consult IRS *Publication 590* for IRA eligibility requirements and contribution restrictions.

2020 TRADITIONAL IRA INCOME TAX DEDUCTION

Your contribution to a Traditional IRA may be deductible on your federal income tax return. However, there is a phase-out of the IRA deduction if you are an active participant in an employer-sponsored retirement plan. The IRA deduction is reduced proportionately as modified adjusted gross income ("AGI") increases. If you are not an active participant in an employer-sponsored retirement plan, there is a phase-out of the IRA deduction if you're married based on whether or not your spouse is covered by a workplace retirement plan. Please consult IRS *Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)* for assistance in calculating your deductible contribution as it pertains to individual income and employer-sponsored retirement plan circumstances. Your contributions in excess of the permitted deduction will be considered non-deductible contributions.

DEDUCTION LIMIT – Effect of Modified AGI on Deduction – Covered by a Retirement Plan at Work

Tax year 2020	Full deduction if modified AGI is:	Partial deduction if modified AGI is:	No deduction if modified AGI is:
Single Filers or Head of Household	\$65,000 or less	More than \$65,000 but less than \$75,000	\$75,000 or more
Married - filing jointly or Qualified Widow(er)	\$104,000 or less	More than \$104,000 but less than \$124,000	\$124,000 or more
Married - filing separately	N/A	Less than \$10,000	\$10,000 or more

DEDUCTION LIMIT – Effect of Modified AGI on Deduction – You Are NOT Covered by a Retirement Plan at Work (Spousal Coverage Considered)

Tax year 2020	Full deduction if modified AGI is:	Partial deduction if modified AGI is:	No deduction if modified AGI is:
Married - filing jointly - spouse covered at work	\$196,000 or less	More than \$196,000 but less than \$206,000	\$206,000 or more
Married - filing separately - spouse covered at work	N/A	Less than \$10,000	\$10,000 or more

2020 ROTH IRA CONTRIBUTION ELIGIBILITY

For 2020, your Roth IRA contribution limit is reduced (phased out) based on your modified AGI as follows:

Tax year 2020	Full contribution if modified AGI is:	Partial contribution if modified AGI is:	No contribution if modified AGI is:
Married - filing jointly or Qualified Widow(er)	Less than \$196,000	At least \$196,000 but less than \$206,000	\$206,000 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 \$124,000	At least \$124,000 but less than \$139,000	\$139,000 or more

These limits may be adjusted from time to time by the Internal Revenue Service ("IRS"); please refer to *Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)* for current-year limits.

REQUIRED FEDERAL INCOME TAX WITHHOLDING ON ESCHEATED TRADITIONAL IRA ACCOUNTS

Effective as of January 1, 2020, for any Traditional IRA that becomes dormant and subject to escheatment under state unclaimed property law, the Internal Revenue Service requires reporting of the amount escheated on IRS Form 1099R and income tax withholding at the time of escheatment to the state. You agree and authorize the Custodian to liquidate sufficient assets in your custodial account to provide for the withholding to the IRS. The Custodian will remit withholding to the IRS in accordance with any prior withholding election. If you have not made a prior withholding election, the Custodian will remit withholding at a rate of ten percent (10%).

INCOME TAX WITHHOLDING

Also, as noted above, effective as of January 1, 2020, for any Traditional IRA that becomes dormant and subject to escheatment under state unclaimed property law, the Internal Revenue Service requires reporting of the amount escheated on IRS Form 1099R and income tax withholding at the time of escheatment to the state. You agree and authorize the Custodian to liquidate sufficient assets in your custodial account to provide for the withholding to the IRS. The Custodian will remit withholding to the IRS in accordance with any prior withholding election. If you have not made a prior withholding election, the Custodian will remit withholding at a rate of ten percent (10%).

CHANGES TO COMPLY WITH IRS NOTICE 2020-23:

On April 9, 2020, the Internal Revenue Service ("IRS") issued *Notice 2020-23*, which provides an extension to July 15, 2020 for certain time sensitive filings and actions, provided the due date for such filings and actions falls on or after April 1, 2020 and before July 15, 2020. This extension includes, but is not limited to, the following filings and time-sensitive actions:

1. Filing *Form 5498* for contributions to an Individual Retirement Account ("IRA"), Coverdell Education Savings Account, and Health Savings Account;
2. Removing excess deferrals made to a qualified plan or excess contributions to an IRA, provided the original due date for removing the excess deferral or contribution was on or after April 1, 2020 and before July 15, 2020;
3. Completing a 60-day rollover of funds between eligible qualified retirement plans or IRAs, provided the original due date of the rollover was on or after April 1, 2020 and before July 15, 2020.

Notice 2020-23 expands the relief provided by the CARES Act for IRA owners who received an RMD on or after February 1, 2020. Those individuals will have until July 15, 2020 to roll the RMD back into an IRA. However, *Notice 2020-23* does not provide relief for IRA owners who received their RMD during January, 2020 due to the requirement that rollovers be completed within 60 days of receipt of the distribution.

Additionally, *Notice 2020-23* does not provide relief from the "one IRA to IRA rollover per year" rule that applies to individual IRA owners. IRA owners who previously completed an IRA to IRA rollover of a distribution taken within the previous 12 months cannot do a second rollover.

CHANGES TO COMPLY WITH THE CARES ACT:

REQUIRED MINIMUM DISTRIBUTION WAIVERS FOR 2019 AND 2020 UNDER THE CARES ACT:

In response to the ongoing Coronavirus pandemic, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law on March 27, 2020. Under the CARES Act, Required Minimum Distributions ("RMDs") for 2019 are waived for those individuals who reached age 70 ½ in 2019 and who elected to defer their first RMD until April 1, 2020. In addition, RMDs for 2020 are waived for all individuals who would normally have an RMD due by December 31, 2020. This includes IRA beneficiaries who elected or are required to take Life Expectancy Distributions.

ROLLOVERS OF 2020 RMDs ARE PERMITTED UNDER THE CARES ACT:

Distributions from qualified plans and IRAs made in 2020 that would normally be considered an RMD may be rolled over into an eligible retirement plan or IRA, provided the distribution would otherwise be an "eligible rollover distribution." In that case, the following regular rollover rules still apply: a) the distributed proceeds must be rolled over to an eligible retirement plan or IRA within 60 days of receipt of the distribution; and b) for an IRA to IRA rollover, the individual cannot have completed an IRA to IRA rollover within the previous 12 months.

TREATMENT OF IRA BENEFICIARIES SUBJECT TO THE 5-YEAR RULE UNDER THE CARES ACT:

For IRA beneficiaries who are subject to the 5-year distribution rule, the year 2020 will be disregarded for purposes of applying the 5-year distribution rule.

CORONAVIRUS-RELATED DISTRIBUTIONS:

The CARES Act permits Coronavirus-Related Distributions from IRAs and retirement plans including 401(k) plans, 403(b) plans, and governmental 457(b) plans. These distributions must be taken in 2020 and cannot exceed \$100,000. The following individuals are eligible to take a Coronavirus-Related Distribution:

- Individuals who have been diagnosed with "the virus SARS-CoV-2" or "coronavirus disease 2019 (COVID-19)"; individuals whose spouse or dependent is diagnosed with such virus or disease, and individuals who experience adverse financial consequences as a result of:
- being quarantined, furloughed or laid off or having reduced working hours due to the virus/disease,
- being unable to work due to lack of child care due to the virus/disease,
- closing or reducing hours of a business owned or operated by the individual due to the virus/disease, or
- other factors as determined by Treasury.

The following temporary tax relief will apply to Coronavirus-Related Distributions:

- Coronavirus-Related Distributions to individuals under age 59 ½ will not be subject to a 10% early withdrawal penalty.
- Coronavirus-Related Distributions from qualified plans, 401(k) plans, 403(b) plans will not be treated as an eligible rollover distribution and, therefore, will not be subject to the mandatory 20% Federal tax withholding.
- Coronavirus-Related Distributions may be repaid in multiple payments over a three year period beginning on the day the distribution was received. The repayments must be in the form of a rollover to a qualified plan or an IRA account that can accept rollovers. These repayments are not subject to the one rollover per 12 month rule or the rule that requires rollovers within 60 days.
- Coronavirus-Related Distributions that must be reported as taxable income may be included in an individual's 2020 taxable income, or if the individual so elects, may be spread equally over a three-year period.

CHANGES TO COMPLY WITH THE SECURE ACT:

Traditional and Roth Individual Retirement Account (IRA) Combined Disclosure Statement

CONTRIBUTIONS

For 2020, the maximum allowable contribution to your IRAs (deductible, non-deductible and Roth) is the lesser of (a) \$6,000 or (b) 100% of your earned income. If you are submitting a prior-year contribution, the limit was set at \$6,000.

Age 50 or above catch-up contributions – For those who have attained the age of 50 before the close of the taxable year, the annual IRA contribution limit is increased by \$1,000.

For tax years after 2020, the above limits may be subject to IRS cost-of-living adjustments, if any. Please read the *Traditional and Roth Individual Retirement Account (IRA) Combined Disclosure Statement* carefully or consult IRS *Publication 590* or a qualified tax professional for more information about eligibility requirements and contribution restrictions.

- » **TRADITIONAL IRA CONTRIBUTION RESTRICTION** – Effective as of January 1, 2020, the maximum age of 70 ½ for traditional IRA contributions has been repealed. Beginning in 2020, IRA owners who have reached age 70 ½, or older, may make a contribution, provided they have earned income for the year. This change does not allow owners over the age of 70 ½ to make a 2019 or prior contribution, however.
- » **ROTH IRA CONTRIBUTION** – There is no age restriction for contributions to a Roth IRA, as long as the requirements of earned income are met.

Traditional Individual Retirement Account Disclosure

You have opened an Individual Retirement Account ("IRA"), which is a Traditional or SEP IRA for the exclusive benefit of you and your beneficiaries, created by a written instrument (the "Custodial Account Agreement"). The following requirements apply to your IRA:

6. You must begin receiving distributions from your account no later than:
 - i. April 1 of the year following the year in which you attain age 70½; if you attained age 70 ½ in or prior to 2019 (those owners born on or prior to June 30, 1949).
 - ii. April 1 of the year following the year in which you attain age 72; if you attain age 70 ½ in or after 2020 (those owners born on or after July 1, 1949).
 - iii. and distributions must be completed over a period that is not longer than the joint life expectancy of you and your beneficiary.

TRADITIONAL IRA ELIGIBILITY

You are permitted to make a regular contribution to your traditional IRA, if you receive compensation for such taxable year. For tax year 2019 and prior, contributions were not allowed for any year in which or after you attained age 70 ½. 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. The amount which 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; your marital status; and your tax filing status.

EARLY DISTRIBUTIONS FROM A TRADITIONAL IRA

Your receipt or use of any portion of your account (excluding any amount representing a return of non-deducted contributions) before you attain age 59½ is considered an early or premature distribution. The distribution is subject to a penalty tax equal to 10% of the distribution unless one of the following exceptions applies to the distribution:

3. Used specifically for deductible medical expenses which exceed 10% of your adjusted gross income, or
10. The distribution is in aggregate \$5,000 or less and is taken within the 1 year period beginning on the date on which a child of the individual is born or adopted as defined in section 72(t)(2) of the *Internal Revenue Code*.

REQUIRED DISTRIBUTIONS FROM A TRADITIONAL IRA

You are required to begin receiving minimum distributions from your IRA by your required beginning date, which is defined as:

- a. April 1 of the year following the year in which you attain age 70½; if you attained age 70 ½ in or prior to 2019 (those owners born on or prior to June 30, 1949), or
- b. April 1 of the year following the year in which you attain age 72; if you attain age 70 ½ in or after 2020 (those owners born on or after July 1, 1949).

The year you attain age 70½ or 72, as applicable, is referred to as your "first distribution calendar year." Your required minimum distribution for each year, beginning with the calendar year you attain age 70½ or 72, as applicable, 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 IRS Uniform Lifetime Distribution Period Table). This table assumes you have a designated spouse 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 RMD 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 RMD amount is the prior year-end fair market value (value as of December 31), adjusted for outstanding rollovers, transfers and recharacterizations (that relate to a conversion or failed conversion made in the prior year). You are responsible for notifying the Custodian of any outstanding amounts.

TRADITIONAL IRA DISTRIBUTIONS DUE TO DEATH OF AN IRA OWNER WHEN THE DATE OF DEATH IS ON OR PRIOR TO DECEMBER 31ST, 2019

If, prior to your death, you have not started to take your required distributions and you have properly designated a beneficiary(ies), the entire value of your 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. However, if your spouse is your sole beneficiary, these distributions are not required to commence until the December 31 of the calendar year you would have attained age 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 31 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 a period not longer than the beneficiary's single life expectancy. These distributions must commence no later than December 31 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. However, the RMD 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

their 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. After 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 31st, 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 unmarried, the distribution will be made to your estate.

TRADITIONAL IRA DISTRIBUTIONS DUE TO DEATH OF AN IRA OWNER WHEN THE DATE OF DEATH IS ON OR AFTER JANUARY 1st, 2020

If you die on or after your required beginning date the required minimum distribution for the year of your death must be distributed to your beneficiary(ies) if it has not otherwise been taken prior to the date of your death. If you have one or more properly designated beneficiaries, all other amounts remaining in your IRA upon your death must be distributed no later than December 31st of the calendar year that contains the tenth anniversary of your death. If you have no designated beneficiary by September 30th of the year following the year in which you die, the entire value of your IRA must be distributed to your beneficiaries by December 31st of the calendar year that contains the fifth anniversary of your death. An exception to the 10-year rule is available for eligible designated beneficiaries who elect in writing no later than 1 year after the owner's 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 Traditional 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 must be distributed no later than the end of the tenth year after the year they reach majority.
- iii. Disabled individuals within the meaning of 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 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 traditional IRA may not take life expectancy distributions; the balance remaining in the account must be distributed by December 31st of the calendar year that contains the tenth anniversary of the death of the beneficiary.

Roth Individual Retirement Account Disclosure

ROTH IRA ELIGIBILITY

You are permitted to make a regular contribution to your Roth 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-employment, payments made to individuals pursuing graduate or post-doctoral study or research and Difficulty of Care Payments.

Contributions can continue to be made to a Roth IRA at any age as long as the requirements of earned income are met.

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.

EARLY DISTRIBUTIONS FROM A ROTH IRA

The earnings portion of distributions made prior to the end of the five-year holding period, or which fail to meet the criteria as outlined in "Taxation of Roth IRA Distributions," is subject to ordinary income taxes. The earnings portion of the distribution is also subject to the 10% penalty tax on early distributions unless one of the following exceptions applies to the distribution:

4. Used specifically for deductible medical expenses which exceed 10% of your adjusted gross income, or
11. The distribution is in aggregate \$5,000 or less and is taken within the 1 year period beginning on the date on which a child of the individual is born or adopted as defined in section 72(t)(2) of the *Internal Revenue Code*.

ROTH IRA DISTRIBUTION DUE TO DEATH OF AN IRA OWNER WHEN THE DATE OF DEATH IS ON OR PRIOR TO DECEMBER 31st, 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 31st, 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 unmarried, the distribution will be made to your estate. 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 31st of the calendar year that contains the tenth anniversary of your death. If you have no designated beneficiary by September 30th 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 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 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 31st 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 unmarried, the distribution will be made to your estate.

Traditional and Roth Individual Retirement Account (IRA) Combined Disclosure Statement

The following information is the Disclosure Statement required by federal tax regulations. You should read this Disclosure Statement, the Custodial Account Agreement and the prospectuses for the mutual funds in which your Individual Retirement Account ("IRA") contributions will be invested. The rules governing IRAs are subject to change. You should consult Internal Revenue Service ("IRS") *Publication 590* or the IRS's website *irs.gov* for updated rules and requirements:

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 expressly disclaims 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.

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 period 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.

REQUIRED FEDERAL INCOME TAX WITHHOLDING ON ESCHEATED TRADITIONAL IRA ACCOUNTS

Effective as of January 1, 2020, for any Traditional IRA Account that becomes dormant and subject to escheatment under state unclaimed property law, the Internal Revenue Service requires reporting of the amount escheated on IRS *Form 1099R* and income tax withholding at the time of escheatment to the state. You agree and authorize the Custodian to liquidate sufficient assets in your custodial account to provide for the withholding to the IRS. The Custodian will remit withholding to the IRS in accordance with any prior withholding election. If you have not made a prior withholding election, the Custodian will remit withholding at a rate of ten percent (10%).

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:

1. The date
2. A statement that you elect to revoke your IRA
3. Your IRA account number
4. The date your IRA was established
5. 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 *Forms 1099-R* and *5498*.

CONTRIBUTIONS

For 2020, the maximum allowable contribution to your IRAs (deductible, non-deductible and Roth) is the lesser of (a) \$6,000 or (b) 100% of your earned income. If you are submitting a prior-year contribution, the limit was set at \$6,000.

Age 50 or above catch-up contributions – For those who have attained the age of 50 before the close of the taxable year, the annual IRA contribution limit is increased by \$1,000.

For tax years after 2020, the above limits may be subject to IRS cost-of-living adjustments, if any. Please read the *Traditional and Roth Individual Retirement Account (IRA) Combined Disclosure Statement* carefully or consult IRS *Publication 590* or a qualified tax professional for more information about eligibility requirements and contribution restrictions.

Making an IRA contribution on behalf of your spouse – If you have earned compensation, are married and file a joint federal income tax return, you may make an IRA contribution on behalf of your working or non-working spouse. The total annual contribution limit for both IRAs may not exceed the lesser of the combined compensation of both spouses or the annual IRA contribution limits as set forth by the IRS. Contributions made on behalf of a spouse must be made to a separate IRA account established by your spouse.

Any contribution made to your IRA will be treated as a contribution for the year it is received, unless the contribution is made between January 1 and the April 15 postmark deadline and you have identified the contribution as a prior-year contribution.

- » **TRADITIONAL IRA CONTRIBUTION RESTRICTION** – Effective as of January 1, 2020, the maximum age of 70 ½ for traditional IRA contributions has been repealed. Beginning in 2020, IRA owners who have reached age 70 ½, or older, may make a contribution, provided they have earned income for the year. This change does not allow owners over the age of 70 ½ to make a 2019 or prior contribution, however.
- » **ROTH IRA CONTRIBUTION** – There is no age restriction for contributions to a Roth IRA, as long as the requirements of earned income are met.

DESCRIPTION OF AVAILABLE OPTIONS FOR YOUR CONTRIBUTIONS

The assets in your custodial account will be invested in accordance with instructions communicated by you (or following your death, by your beneficiary) or by your (or following your death, by your beneficiary's) authorized agent. Account contributions may be invested in shares of one or more mutual funds made available to you in connection with this IRA account (the "Mutual Funds") or in other investments that are eligible for investment under section 408(a) of the *Internal Revenue Code* and that are acceptable to the Custodian as investments under the *Traditional and Roth Individual Retirement Account (IRA) Application and Adoption Agreement*.

Mutual Fund investments: An investment in any of the Mutual Funds involves investment risks, including possible loss of principal. In addition, growth in the value of your Mutual Funds is neither guaranteed nor protected due to the characteristics of a mutual fund investment. Detailed information about the shares of each Mutual Fund available to you for investment of your IRA contributions must be furnished to you in the form of a prospectus. The method for computing and allocating annual earnings is set forth in the prospectus. (See the section of each prospectus entitled "Dividends") The prospectus also sets forth the costs and expenses you incur by being invested in a particular Mutual Fund; such costs and expenses reduce any yield you might obtain from the Mutual Funds. (See the section of the prospectus entitled "Expense Table" and the sections referred to therein.) For further information regarding expenses, earnings and distributions of a particular Mutual Fund, see that Mutual Fund's financial statements, prospectus and/or statement of additional information.

In Article VIII, Section 23 of the TRADITIONAL IRA CUSTODIAL ACCOUNT AGREEMENT and Article IX, Section 23 of the ROTH IRA CUSTODIAL ACCOUNT AGREEMENT (“Sections 23”), both of which constitute an important part of the APPLICATION AND ADOPTION AGREEMENT, you authorize the Custodian to act in its discretion for your benefit in situations where assets in your custodial account are liquidated and the Custodian has not received instructions from you in a timely manner regarding the disposition of such proceeds or where the only instructions received from you cannot reasonably or practicably be carried out. For example, a Mutual Fund may take actions which result in that Mutual Fund, or in your investment in that Mutual Fund, being involuntarily liquidated. The Mutual Fund or the prospectus for that Mutual Fund may direct that the proceeds of the liquidation be placed in an asset not available to you under the APPLICATION AND ADOPTION AGREEMENT or provide solely that the cash or other property resulting from the liquidation be distributed directly to shareholders. If the Custodian does not receive timely instructions from you that it can reasonably and practicably carry out (for example, in-kind property distributed by the Mutual Fund may not be a permissible asset for your IRA), then in both Sections 23 you authorize the Custodian to exercise its discretion in acting on your behalf, including taking such actions as placing the proceeds in a money market mutual fund, an FDIC-insured bank account or money market account, distributing the proceeds to you or holding the proceeds uninvested. Other examples may exist involving different liquidation circumstances and different restrictions or limitations regarding the disposition of the proceeds. The Custodian expressly disclaims any liability for any action taken or omitted under the authority of either Section 23, unless the *Internal Revenue Code* or regulations implementing the *Internal Revenue Code* require otherwise.

BENEFICIARY DESIGNATIONS

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.

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 survives 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 IRA. If you do not have a surviving spouse at the time of your death, your estate will become the beneficiary of your IRA. 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).

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.

SPOUSAL PROVISIONS

In accordance with federal regulations, where an individual is lawfully married to another individual, 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.

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.

HEALTH SAVINGS ACCOUNT (“HSA”) FUNDING DISTRIBUTION

You are allowed a one-time, tax-free transfer from an IRA (other than a SEP or SIMPLE IRA) to use toward your annual Health Savings Account (“HSA”) contribution. Eligible individuals may make an irrevocable one-time, tax-free “qualified HSA funding distribution” from an IRA and move it directly into an HSA, subject to strict requirements. The HSA funding distribution must be directly transferred from the IRA custodian or trustee to the HSA custodian or trustee. The amount of the transfer cannot exceed the maximum HSA contribution limit for the year that the amount is transferred. The deposited amount is counted toward the individual’s total HSA annual contribution limit.

NON-SPOUSE BENEFICIARIES OF EMPLOYER PLANS

Eligible non-spouse beneficiary distributions from an employer’s retirement plan can be directly rolled over into a beneficiary/inherited IRA. To accomplish the direct rollover, the plan administrator must distribute the benefit payable to the trustee or Custodian and mail it directly to the receiving institution. If the distribution is paid directly to the non-spouse beneficiary, a rollover will not be permitted.

The beneficiary/inherited IRA account must be registered in both the non-spouse beneficiary’s name and the decedent’s name. A non-spouse beneficiary may include a trust beneficiary that meets the special “look through” rules under the IRS regulations. Non-qualified trusts, estates or charities are not eligible for the direct rollover provision.

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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.

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's website *irs.gov* under the term "Retirement Savings Contributions Credit" or "Saver's Credit".

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 (IRAs)*.

PROHIBITED TRANSACTIONS

If you or your beneficiary engages in any prohibited transaction as described in the *Internal Revenue Code* section 4975(c) (such as any sale, exchange, borrowing or leasing of any property between you and your 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 *Publication 590* 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 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.

FEES AND CHARGES

There is an annual custodial maintenance fee for each IRA account as set forth on the application. The Custodian may also charge a service fee in connection with any distribution from your IRA.

ESTATE TAX

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

INCOME TAX WITHHOLDING

The Custodian is required to withhold federal income tax from any taxable distribution from your IRA at the rate of 10% unless you choose not to have tax withheld. You may elect out of withholding by advising the Custodian in writing, prior to the distribution, that you do not want tax withheld from the distribution. This election may be made on any distribution request form provided by the Custodian. If you do not elect out of tax withholding, you may direct the Custodian to withhold an additional amount of tax in excess of 10%.

State income tax withholding may also apply to distributions from your IRA account when federal income tax is withheld. Please contact your tax advisor or state tax authority for information about your state's income tax withholding requirements.

Also, as noted above, effective as of January 1, 2020, for any Traditional IRA Account that becomes dormant and subject to escheatment under state unclaimed property law, the Internal Revenue Service requires reporting of the amount escheated on IRS *Form 1099R* and income tax withholding at the time of escheatment to the state. You agree and authorize the Custodian to liquidate sufficient assets in your custodial account to provide for the withholding to the IRS. The Custodian will remit withholding to the IRS in accordance with any prior withholding election. If you have not made a prior withholding election, the Custodian will remit withholding at a rate of ten percent (10%).

ADDITIONAL INFORMATION

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).

For more detailed information, you may obtain IRS *Publication 590, Individual Retirement Arrangements (IRAs)* from any district office of the IRS or by calling 1-800-TAX-FORM.

FILING WITH THE IRS

Contributions to your IRA must be reported on your tax return (*Form 1040* or *1040-A* and *Form 8606* for non-deductible Traditional IRA contributions) for the taxable year contributed. If you are subject to any of the federal penalty taxes due to excess contributions, premature distributions or missed RMDs, you must file IRS *Form 5329*.

Traditional Individual Retirement Account Disclosure

You have opened an Individual Retirement Account ("IRA"), which is a Traditional or SEP IRA for the exclusive benefit of you and your beneficiaries, created by a written instrument (the "Custodial Account Agreement"). The following requirements apply to your IRA:

1. Contributions, transfers and rollovers may be made only in "cash" by check, draft or other form acceptable to the Custodian.
2. 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.
3. No part may be invested in life insurance contracts.
4. Your interest must be non-forfeitable.
5. The assets of the custodial account may not be mixed with other property except in a common investment fund.
6. You must begin receiving distributions from your account no later than:
 - i. April 1 of the year following the year in which you attain age 70½; if you attained age 70 ½ in or prior to 2019 (those owners born on or prior to June 30, 1949).
 - ii. April 1 of the year following the year in which you attain age 72; if you attain age 70 ½ in or after 2020 (those owners born on or after July 1, 1949).
 - iii. and distributions must be completed over a period that is not longer than the joint life expectancy of you and your beneficiary.

TRADITIONAL IRA ELIGIBILITY

You are permitted to make a regular contribution to your traditional IRA, if you receive compensation for such taxable year. For tax year 2019 and prior, contributions were not allowed for any year in which or after you attained age 70 ½. 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. The amount which 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; your marital status; and your tax filing status.

TRADITIONAL IRA INCOME TAX DEDUCTION

Your contribution to a Traditional IRA may be deductible on your federal income tax return. However, there is a phase-out of the IRA deduction if you are an active participant in an employer-sponsored retirement plan. The IRA deduction is reduced proportionately as adjusted gross income increases. Adjusted gross income levels are subject to change each year. Please consult Internal Revenue Service ("IRS") *Publication 590* for calculating your deductible contribution as it pertains to individual income and employer-sponsored retirement plan circumstances. Your contributions in excess of the permitted deduction will be considered non-deductible contributions.

A deductible IRA contribution can be made to your spouse's IRA even if you are an active participant in an employer-sponsored retirement plan if your joint adjusted gross income for the tax year does not exceed the limits as set forth by the IRS. The IRA deduction is reduced proportionately as your joint adjusted gross income increases.

TRADITIONAL IRA TAXATION AND ROLLOVERS

The income of your IRA is not taxed until the money is distributed to you. Distributions are taxable as ordinary income when received, except the amount of any distribution representing non-deducted contributions or the return of an excess contribution is not taxed.

RESTRICTION ON INDIRECT (60-DAY) ROLLOVERS

An IRA Participant 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, a Participant 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. For more information, please visit the IRS's website *irs.gov* using the search term "IRA One-Rollover-Per-Year Rule." You must contact the receiving institution to initiate a trustee-to-trustee transfer.

In general, you may "roll over" a distribution from another IRA, an eligible rollover distribution from your employer's qualified plan, or distributions from certain tax-deferred annuities or accounts. If a distribution is rolled over (i.e., deposited into your IRA within 60 calendar days), the amount rolled over is not taxable. The IRS strictly enforces the 60-day time limit. You may roll over a portion of a distribution, in which case the remainder will be subject to tax. The IRS requires 20% of any distribution from your employer's qualified plan to be withheld for federal income tax unless your distribution is transferred (as a direct rollover) to an eligible retirement plan such as another qualified plan or IRA.

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LATE ROLLOVER CONTRIBUTIONS

The 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 the course of 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*. For more information and a list of qualifying events, please visit the IRS's website irs.gov using the search term "Revenue Procedure 2016-47".

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.

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 any amount representing the return of non-deducted contributions is not taxed. The 10% penalty tax on early distributions does not apply to conversion amounts unless an amount attributable to a conversion is distributed from the 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*). The rules regarding conversions to Roth IRAs are complex, and you should consult a professional tax advisor prior to a conversion.

RECHARACTERIZATION OF A ROTH IRA CONVERSION IS NOW PROHIBITED (Correction Process)

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".

Prior to January 1, 2018, you could correct a Roth IRA conversion made in error by recharacterizing the conversion back to a Traditional IRA, SEP or SIMPLE IRA. The recharacterization had to take place prior to the due date, including extensions, for filing your federal income tax return for the tax year in which the conversion was originally made. According to the IRS, you can recharacterize a Roth IRA conversion that took place in tax year 2017, provided that the recharacterization is completed by October 15, 2018. For more information, please visit the IRS's website irs.gov using the search term "IRA FAQs – Recharacterization of Roth Rollovers and Conversions".

RECHARACTERIZING TRADITIONAL IRA CONTRIBUTIONS

If you are eligible to contribute to a Roth IRA, all or part of a contribution you make to your Traditional IRA, along with allocable earnings or losses, may be recharacterized and treated as if made to your Roth IRA on the date the contribution was originally made to your Traditional IRA. Recharacterization of a contribution is irrevocable and must be completed on or before the due date, including extensions, for filing your federal income tax return for the tax year for which the contribution was originally made.

A recharacterized contribution is reported as a distribution from the first IRA (IRS *Form 1099-R*) and a recharacterization contribution to the second IRA (IRS *Form 5498*) for the tax year in which the recharacterization occurs. The rules regarding recharacterization are complex, and you should consult a professional tax advisor prior to any recharacterization. A recharacterization form is available from the Custodian and should be used for all recharacterization requests.

EXCESS CONTRIBUTIONS

Amounts contributed to your Traditional IRA in excess of the allowable limit will 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. The 6% excise tax will not apply if the excess contribution and earnings allocable to it are distributed by your federal income tax return due date, including extensions. 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. The return of earnings may also be subject to the 10% penalty tax on early distributions discussed in the section titled "Early Distributions from a Traditional IRA". 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 that remains in your account.

Earnings will be removed with the excess contribution, if corrected before your federal income tax return due date (including extensions), pursuant to *Internal Revenue Code* section 408(d)(4) and IRS *Publication 590*. The IRS may impose a 10% early distribution penalty on the earnings if you are under age 59½. An 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. If you are subject to a federal penalty tax due to an excess contribution, you must file IRS *Form 5329*.

For the purpose of the excess contribution, we will calculate the net income attributable to that contribution (Net Income Attributable or "NIA") using the method provided for in the IRS Final Regulations for Earnings Calculation for Returned or Recharacterized Contributions. This method calculates the NIA based on the actual earnings and losses of the 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) that are distributed by your federal income tax return due date (including extensions) will be considered corrected, thus avoiding an excess contribution penalty.

EARLY DISTRIBUTIONS FROM A TRADITIONAL IRA

Your receipt or use of any portion of your account (excluding any amount representing a return of non-deducted contributions) before you attain age 59½ is considered an early or premature distribution. The distribution is subject to a penalty tax equal to 10% of the distribution unless one of the following exceptions applies to the distribution:

1. Due to your death, or
2. Made because you are disabled, or
3. Used specifically for deductible medical expenses which exceed 10% of your adjusted gross income, or
4. Used for health insurance cost due to your unemployment, or
5. Used for higher education expenses defined in section 529(e)(3) of the *Internal Revenue Code*, or
6. Used toward the expenses of a first-time home purchase up to a lifetime limit of \$10,000, or
7. Part of a scheduled series of substantially equal periodic payments over your life, or over the joint life expectancy of you and a beneficiary.
If you request a distribution in the form of a series of substantially equal periodic payments, and you modify the payments before five years have elapsed and before attaining age 59½, the penalty tax will apply retroactively to the year payments began through the year of such modification, or
8. Required because of an IRS levy, or
9. The distribution is a Qualified Reservist Distribution.
10. The distribution is in aggregate \$5,000 or less and is taken within the 1 year period beginning on the date on which a child of the individual is born or adopted as defined in section 72(t)(2) of the *Internal Revenue Code*.

The 10% penalty tax is in addition to any federal income tax that is owed at distribution. For more information on the 10% penalty tax and the exceptions listed above, consult IRS *Publication 590*. If you are subject to a federal penalty tax due to a premature distribution, you must file IRS *Form 5329*.

REQUIRED DISTRIBUTIONS FROM A TRADITIONAL IRA

You are required to begin receiving minimum distributions from your IRA by your required beginning date, which is defined as:

- a. April 1 of the year following the year in which you attain age 70½; if you attained age 70½ in or prior to 2019 (those owners born on or prior to June 30, 1949), or
- b. April 1 of the year following the year in which you attain age 72; if you attain age 70½ in or after 2020 (those owners born on or after July 1, 1949)

The year you attain age 70½ or 72, as applicable, is referred to as your "first distribution calendar year." Your required minimum distribution for each year, beginning with the calendar year you attain age 70½ or 72, as applicable, 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 IRS Uniform Lifetime Distribution Period Table). This table assumes you have a designated spouse 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 RMD 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 RMD amount is the prior year-end fair market value (value as of December 31), adjusted for outstanding rollovers, transfers and recharacterizations (that relate to a conversion or failed conversion made in the prior year). You are responsible for notifying the Custodian of any outstanding amounts.

If the amount distributed during a taxable year is less than the minimum amount required to be distributed, you will be subject to a penalty tax equal to 50% of the difference between the amount distributed and the amount required to be distributed. You are responsible for monitoring this schedule from year to year to make sure that you are withdrawing the required minimum amount. If you are subject to a federal penalty tax due to a missed RMD, you must file IRS *Form 5329*.

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 RMD if your spouse was your sole beneficiary, as of the January 1 of the calendar year that contains your required beginning date, and such spouse is more than 10 years younger than you. The RMD for the second distribution calendar year and for each subsequent distribution calendar year must be made by December 31 of each such year. An RMD election form is available from the Custodian.

TRADITIONAL IRA DISTRIBUTIONS DUE TO DEATH OF AN IRA OWNER WHEN THE DATE OF DEATH IS ON OR PRIOR TO DECEMBER 31ST, 2019

If, prior to your death, you have not started to take your required distributions and you have properly designated a beneficiary(ies), the entire value of your 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. However, if your spouse is your sole beneficiary, these distributions are not required to commence until the December 31 of the calendar year you would have attained age 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 31 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 a period not longer than the beneficiary's single life expectancy. These distributions must commence no later than December 31 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. However, the RMD 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 their 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. After 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 31st, 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 unmarried, the distribution will be made to your estate.

TRADITIONAL IRA DISTRIBUTIONS DUE TO DEATH OF AN IRA OWNER WHEN THE DATE OF DEATH IS ON OR AFTER JANUARY 1st, 2020

If you die on or after your required beginning date the required minimum distribution for the year of your death must be distributed to your beneficiary(ies) if it has not otherwise been taken prior to the date of your death. If you have one or more properly designated beneficiaries, all other amounts remaining in your IRA upon your death must be distributed no later than December 31st of the calendar year that contains the tenth anniversary of your death. If you have no designated beneficiary by September 30th of the year following the year in which you die, the entire value of your IRA must be distributed to your beneficiaries by December 31st of the calendar year that contains the fifth anniversary of your death. An exception to the 10-year rule is available for eligible designated beneficiaries who elect in writing no later than 1 year after the owner's 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 Traditional 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 must be distributed no later than the end of the tenth year after the year they reach majority.
- iii. Disabled individuals within the meaning of 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 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 traditional IRA may not take life expectancy distributions; the balance remaining in the account must be distributed by December 31st of the calendar year that contains the tenth anniversary of the death of the beneficiary.

TRADITIONAL IRA IRS-APPROVED FORM

Your Traditional IRA is the IRS's model custodial account contained in IRS *Form 5305-A*. Certain additions have been made in Article VIII of the form. By following the form, your Traditional IRA meets the requirements of the *Internal Revenue Code*. However, the IRS has not endorsed the merits of the investments allowed under the IRA. *Form 5305-A* may also be used by qualifying employers in conjunction with *Form 5305-SEP* to establish a Simplified Employee Pension plan ("SEP") on behalf of employees. If your IRA is part of a SEP, details regarding the plan should also be provided by your employer. IRS *Form 5305-A* cannot be used in connection with SIMPLE or Roth IRAs or Coverdell Education Savings Accounts.

Roth Individual Retirement Account Disclosure

You have opened a Roth Individual Retirement Account ("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 following requirements apply to your Roth IRA:

1. Contributions, transfers and rollovers may be made only in "cash" by check, draft or other form acceptable to the Custodian.
2. 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.
3. No part may be invested in life insurance contracts.
4. Your interest must be non-forfeitable.
5. The assets of the custodial account may not be mixed with other property except in a common investment fund.
6. There is no age limit on contributions as long as you have earned income.
7. Your adjusted gross income must be within the eligibility limits.
8. There are no mandatory withdrawals during your lifetime.

ROTH IRA ELIGIBILITY

You are permitted to make a regular contribution to your Roth 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-employment, payments made to individuals pursuing graduate or post-doctoral study or research and Difficulty of Care Payments.

Contributions can continue to be made to a Roth IRA at any age as long as the requirements of earned income are met.

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.

ROTH IRA INCOME TAX DEDUCTION

Your contribution to a Roth IRA is not deductible on your federal income tax return.

RESTRICTION ON INDIRECT (60-DAY) ROLLOVERS

An IRA Participant 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, a Participant 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. For more information, please visit the Internal Revenue Service's ("IRS's") website irs.gov using the search term "IRA One-Rollover-Per-Year Rule." You must contact the receiving institution to initiate a trustee-to-trustee transfer.

In general, you may "roll over" a distribution from another IRA, an eligible rollover distribution from your employer's qualified plan, or distributions from certain tax-deferred annuities or accounts. If a distribution is rolled over (i.e., deposited into your IRA within 60 calendar days), the amount rolled over is not taxable. The IRS strictly enforces the 60-day time limit. You may roll over a portion of a distribution, in which case the remainder will be subject to tax. The IRS requires 20% of any distribution from your employer's qualified plan to be withheld for federal income tax unless your distribution is transferred (as a direct rollover) to an eligible retirement plan such as another qualified plan or IRA.

LATE ROLLOVER CONTRIBUTIONS

The 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 the course of 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*. For more information and a list of qualifying events, please visit the IRS's website irs.gov using the search term "Revenue Procedure 2016-47".

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.

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.

MILITARY DEATH GRATUITIES AND SERVICE MEMBERS GROUP LIFE INSURANCE ("SGLI") PAYMENT ROLLOVERS

If you received a military death gratuity or SGLI payment, you may contribute all or part of the amount received to your Roth IRA or to a Coverdell Education Savings Account ("Coverdell ESA"). The contribution is treated as a rollover, except that this type of rollover does not count when figuring the annual limit on the number of rollovers allowed. The amount you can contribute to a Roth IRA or Coverdell ESA under this provision cannot exceed the total amount of such payments that you received because of the death of a person reduced by any part of the amount so received that you have already contributed to a Roth IRA or Coverdell ESA.

ROTH CONVERSIONS

You may convert a Traditional, SEP or SIMPLE (after the required two-year holding period) IRA into a Roth IRA. You may not convert any portion of a required minimum distribution ("RMD"). If a distribution is converted from a Traditional IRA and is deposited to your Roth IRA within 60 calendar days, the amount of the conversion distribution will be taxed as ordinary income, except any amount which represents the return of non-deductible contributions is not taxed. The IRS enforces the 60-day time limit strictly. The 10% penalty for early distributions will not apply to the amount converted if held in your Roth IRA for at least five years and certain other criteria are met. See the section titled "Taxation of Roth IRA Distributions." 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). The rules regarding conversions to Roth IRAs are complex, and you should consult a professional tax advisor prior to a conversion.

EMPLOYER-SPONSORED PLAN CONVERSIONS TO A ROTH IRA

Conversion rollovers from employer-sponsored plans, such as qualified plans and 403(b) plans, to a Roth IRA are permitted.

RECHARACTERIZATION OF ROTH IRA CONVERSION IS NOW PROHIBITED (Correction Process)

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".

Prior to January 1, 2018, you could correct a Roth IRA conversion made in error by recharacterizing the conversion back to a Traditional IRA, SEP or SIMPLE IRA. The recharacterization had to take place prior to the due date, including extensions, for filing your federal income tax return for the tax year in which the conversion was originally made. According to the IRS, you can recharacterize a Roth IRA conversion that took place in tax year 2017, provided that the recharacterization is completed by October 15, 2018. For more information, please visit the IRS's website irs.gov using the search term "IRA FAQs – Recharacterization of Roth Rollovers and Conversions".

RECHARACTERIZING A ROTH IRA CONTRIBUTION

All or part of a contribution you make to your Roth IRA, along with any allocable earnings or losses, may be recharacterized and treated as if made to your Traditional IRA on the date the contribution was originally made to your Roth IRA. All or part of a contribution you make to your Traditional IRA may be recharacterized and treated as if made to your Roth IRA on the date the contribution was originally made to your Traditional IRA. Recharacterization of a contribution is irrevocable and must be completed on or before the due date, including extensions, for filing your federal income tax return for the tax year for which the contribution was originally made.

A recharacterized contribution is reported as a distribution from the first IRA (IRS Form 1099-R) and a recharacterization contribution to the second IRA (IRS Form 5498) for the tax year in which the recharacterization occurs.

EXCESS CONTRIBUTIONS

Amounts contributed to your Roth IRA in excess of the allowable limit will 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. The 6% excise tax on excess contributions will not apply if the excess contribution and earnings allocable to it are distributed by your federal income tax return due date, including extensions. 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. The return of earnings may also be subject to the 10% penalty tax on early distributions. An 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. Consult IRS Publication 590 for more information pertaining to excess contributions. If you make an excess contribution to your Roth 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 that remains in your account.

Earnings will be removed with the excess contribution if corrected before your federal income tax return due date (including extensions), pursuant to Internal Revenue Code section 408(d)(4) and IRS Publication 590. The IRS may impose a 10% early distribution penalty on the earnings if you are under age 59½. If you are subject to a federal penalty tax due to an excess contribution, you must file IRS Form 5329.

For the purpose of the excess contribution, we will calculate the net income attributable to that contribution (Net Income Attributable or "NIA") using the method provided for in the IRS Final Regulations for Earnings Calculation for Returned or Recharacterized Contributions. This method calculates the NIA based on the actual earnings 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) that are distributed by your federal income tax return due date (plus extensions) will be considered corrected, thus avoiding an excess contribution penalty.

TAXATION OF ROTH IRA DISTRIBUTIONS

Any distribution, or portion of any distribution, which consists of the return of contributions you made to your Roth IRA is not subject to federal income tax. For federal income tax purposes, contributions are presumed to be withdrawn first, then conversion contributions, then earnings.

Qualified distribution – The earnings on your contributions will not be subject to federal income tax or penalty if the assets being withdrawn have been in your Roth IRA for at least five (5) years (from the first taxable year in which your initial contribution, including rollover or conversion contribution, was made to the Roth IRA) in addition to any one of the following:

1. You have attained age 59½, or
2. Used toward the expenses of a first-time home purchase up to a lifetime limit of \$10,000, or
3. Made because you are disabled, or
4. Due to your death.

Non-qualified distribution – The earnings portion of a distribution made prior to the end of the five-year holding period, regardless of the reason, is considered a non-qualified distribution and is subject to ordinary income tax. The earnings may also be subject to a 10% penalty tax if you are under age 59½, unless an early distribution exception applies. The distribution of amounts attributable to conversion contributions (prior to five years from the tax year of conversion) may be subject to a 10% penalty tax if you are under age 59½, unless an early distribution exception applies. Exceptions to the 10% penalty tax on early distributions are described in the section titled “Early Distributions from a Roth IRA.” If you are subject to a federal penalty tax due to a premature distribution, you must file IRS *Form 5329*.

EARLY DISTRIBUTIONS FROM A ROTH IRA

The earnings portion of distributions made prior to the end of the five-year holding period, or which fail to meet the criteria as outlined in “Taxation of Roth IRA Distributions,” is subject to ordinary income taxes. The earnings portion of the distribution is also subject to the 10% penalty tax on early distributions unless one of the following exceptions applies to the distribution:

1. You have attained age 59½, or
2. Due to your death, or
3. Made because you are disabled, or
4. Used specifically for deductible medical expenses which exceed 10% of your adjusted gross income, or
5. Used for health insurance cost due to your unemployment, or
6. Used for higher education expenses defined in section 529(e)(3) of the *Internal Revenue Code*, or
7. Used toward the expenses of a first-time home purchase up to a lifetime limit of \$10,000, or
8. Part of a scheduled series of substantially equal payments over your life, or over the joint life expectancy of you and a beneficiary. If you request a distribution in the form of a series of substantially equal payments, and you modify the payments before five years have elapsed and before attaining age 59½, the penalty tax will apply retroactively to the year payments began through the year of such modification, or
9. Required because of an IRS levy, or
10. The distribution is a Qualified Reservist Distribution.
11. The distribution is in aggregate \$5,000 or less and is taken within the 1 year period beginning on the date on which a child of the individual is born or adopted as defined in section 72(t)(2) of the *Internal Revenue Code*.

The 10% penalty tax is in addition to any federal income tax that is owed at distribution. For more information on the 10% penalty tax and the exceptions listed above, consult IRS *Publication 590*.

ROTH IRA REQUIRED DISTRIBUTIONS

You are not required to take distributions from your Roth IRA during your lifetime.

ROTH IRA DISTRIBUTION DUE TO DEATH OF AN IRA OWNER WHEN THE DATE OF DEATH IS ON OR PRIOR TO DECEMBER 31st, 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 31st, 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 unmarried, the distribution will be made to your estate. 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 31st of the calendar year that contains the tenth anniversary of your death. If you have no designated beneficiary by September 30th 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 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 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 31st 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 unmarried, the distribution will be made to your estate.

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 *Internal Revenue Code*. However, the IRS has not endorsed the merits of the investments allowed under the Roth IRA. IRS *Form 5305-RA* cannot be used in connection with SEP, SIMPLE or Traditional IRAs or Coverdell ESAs.