

INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-A under section 408(a) of the Internal Revenue Code.

FORM (Rev. April 2017)

The Depositor named on the application is establishing a Traditional individual retirement account under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian named on the application has given the Depositor the disclosure statement required by Regulations section 1.408-6.

The Depositor has assigned the custodial account the sum indicated on the application.

The Depositor and the Custodian make the following agreement:

ARTICLE I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k) or a recharacterized contribution described in section 408A(d)(6), the Custodian will accept only cash contributions up to \$5,500 per year for tax years 2013 through 2017. For individuals who have reached the age of 50 by the end of the year, the contribution limit is increased to \$6,500 per year for tax years 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

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

ARTICLE III

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

ARTICLE IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the Depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The Depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiary.
3. If the Depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
 - (a) If the Depositor dies on or after the required beginning date and:
 - (i) the designated beneficiary is the Depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as

determined in the year of the spouse's death and reduced by one for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

- (ii) the designated beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by one for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
- (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by one for each subsequent year.

- (b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with paragraph (i) below or, if elected or there is no designated beneficiary, in accordance with paragraph (ii) below.

- (i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the Depositor's death. If, however, the designated beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with paragraph (ii) below if there is no such designated beneficiary.

- (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.

4. If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the account.
5. The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
 - (a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the Depositor reaches age 70½, is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the Depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.

- (b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).
- (c) The required minimum distribution for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
6. The owner of two or more Traditional IRAs may satisfy the minimum distribution requirements described above by taking from one Traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

ARTICLE V

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.
2. The Custodian agrees to submit to the Internal Revenue Service (IRS) and depositor the reports prescribed by the IRS.

ARTICLE VI

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

ARTICLE VII

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

ARTICLE VIII

- 8.01 **Definitions** – In this part of this agreement (Article VIII), the words “you” and “your” mean the inherited IRA owner. The words “we,” “us,” and “our” mean the Custodian. The words “inherited IRA owner” mean the individual establishing this inherited IRA with either a direct rollover contribution from an eligible inherited employer-sponsored retirement plan or a transfer from an inherited IRA. The word “Code” means the Internal Revenue Code, and “regulations” means the Treasury regulations.
- 8.02 **Notices and Change of Address** – Any required notice regarding this inherited IRA will be considered effective when we send it to the intended recipient at the last address that we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.
- 8.03 **Representations and Responsibilities** – You represent and warrant to us that any information you have given or will give us with respect to this agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be proper under this agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, if we receive ambiguous directions regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We will not be responsible for losses of any kind that may result from

your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for any penalties, taxes, judgments, or expenses you incur in connection with your inherited IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings, or this agreement.

We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this agreement (e.g., attorney-in-fact, executor, administrator, investment manager), but we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We will not be responsible for losses of any kind that may result from directions, actions, or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act by your authorized agent.

You will have 60 days after you receive any documents, statements, or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements, or other information. If you do not notify us within 60 days, the documents, statements, or other information will be deemed correct and accurate, and we will have no further liability or obligation for such documents, statements, other information, or the transactions described therein.

By performing services under this agreement we are acting as your agent. You acknowledge and agree that nothing in this agreement will be construed as conferring fiduciary status upon us. We will not be required to perform any additional services unless specifically agreed to under the terms and conditions of this agreement, or as required under the Code and the regulations promulgated thereunder with respect to inherited IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs, and expenses, including attorney's fees arising from or in connection with this agreement.

To the extent written instructions or notices are required under this agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations including, but not limited to, electronic communication.

- 8.04 **Disclosure of Account Information** – We may use agents and/or subcontractors to assist in administering your inherited IRA. We may release nonpublic personal information regarding your inherited IRA to such providers as necessary to provide the products and services made available under this agreement, and to evaluate our business operations and analyze potential product, service, or process improvements.
- 8.05 **Service Fees** – The fees of Neuberger Berman Investment Advisers LLC and the Custodian in connection with the establishment, operation, and termination of the account shall be established and communicated to the Depositor from time to time. We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) for maintaining your inherited IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your inherited IRA. All such fees, together with any expenses (including but not limited to fees for legal services and taxes of any kind levied or assessed with respect to the account) relating to the account, shall be collected from the cash available in the account or from the proceeds of shares sold at our discretion for this purpose, unless the Depositor, with Neuberger Berman Investment Advisers LLC's and the Custodian's consent, pays such fees and expenses by separate check. We reserve the right to charge any additional fee after

giving you 30 days' notice. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this inherited IRA.

8.06 Restrictions on Contributions to the Inherited IRA – Your inherited IRA may receive multiple rollover contributions from inherited qualified retirement plans, 403(a) annuity plans, 403(b) tax-sheltered annuity plans, or 457(b) governmental deferred compensation plans, or multiple transfers from inherited Traditional IRAs. In order to combine these inherited retirement assets in the same inherited IRA, you must have inherited the assets from the same owner and they must have been subject to the same beneficiary payment elections and calculation methods as under the receiving inherited IRA. You may not make regular contributions to this inherited IRA.

8.07 Investment of Amounts in the Inherited IRA – You have exclusive responsibility for and control over the investment of the assets of your inherited IRA. All transactions will be subject to any and all restrictions or limitations, direct or indirect, that are imposed by our fund prospectuses; any and all applicable federal regulations; our policies and practices; and this agreement. If, and for as long as, a balance remains in the account following the death of the Depositor, the designated beneficiary shall succeed to the Depositor's rights and responsibilities regarding the selection of investments in the account and shall thereafter be deemed "the Depositor" for purposes of the investment and management of the account. Where there is more than one beneficiary, unless separate accounts are set up for each beneficiary, all of them must identify to the Custodian the single beneficiary who shall succeed to the Depositor's rights and responsibilities in this regard.

Neither Neuberger Berman Investment Advisers LLC nor the Custodian shall have any duty to question the instructions of a Depositor regarding the investment of the account, or to advise the Depositor as to the purchase, retention, or sale of the shares held in the account. None of Neuberger Berman Investment Advisers LLC, the Custodian, or any of their employees, directors, agents, or affiliates shall be liable for any loss resulting from the Depositor's management and control of the account. We will have no discretion to direct any investment in your inherited IRA. We assume no responsibility for rendering investment advice with respect to your inherited IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your inherited IRA.

If the Depositor fails to provide investment instructions for any contribution, or if the Custodian deems the instructions unclear, the Custodian may return all or a portion of the contribution or hold it uninvested, without liability for interest or for loss of income or appreciation, pending its receipt of instructions or clarification.

All shares held by the Custodian for the account shall be registered in the name of the Custodian or of its nominee, with or without identifying the Depositor. The Custodian shall deliver to the Depositor, or cause to be delivered, all notices, prospectuses, financial statements, proxies, and proxy soliciting materials related to the shares held in the account. The Custodian shall vote the shares in the account in accordance with instructions given by the Depositor. However, if the Depositor fails to provide instructions on how to vote the shares in the account, the Custodian shall vote the undirected shares in the same proportion as shares are voted considering all shares of the fund for which instructions are received.

All amounts credited to the Depositor's account shall be invested by the Custodian in accordance with the following provisions:

All amounts in the account shall be invested at all times only in shares of one or more funds, except to the extent certain amounts are held from time to time in cash pending investment, distribution, or application to charges.

The fund or funds into which the initial contribution is to be invested shall be designated by the Depositor on the application. Each subsequent contribution shall be invested in accordance with written instructions provided by the Depositor with the contribution.

By instructing the Custodian to invest assets of the account in shares of a particular fund, the Depositor represents that he or she has received and reviewed the current prospectus for that fund.

From time to time the Depositor may instruct the Custodian to liquidate some or all of the shares of any fund held in the account, and to invest the proceeds in shares of another fund. Such instructions shall be given in writing, electronically or by telephone in accordance with such procedures as are set forth in the fund's prospectus or as may be determined by the fund and Neuberger Berman Investment Advisers LLC from time to time.

All dividends and capital gain distributions received in cash by the account on shares of a fund shall be reinvested in additional shares of that fund, if available. Where the holder of shares may elect to receive any such distribution either in shares or cash, the Custodian shall elect to receive it in shares.

If the Depositor fails to respond to communications from Neuberger Berman Investment Advisers LLC mailed to the Depositor's last known address as provided to Neuberger Berman Investment Advisers LLC, or if Neuberger Berman Investment Advisers LLC has received evidence from an appropriate judicial or administrative authority that the Depositor is incompetent, Neuberger Berman Investment Advisers LLC will continue to invest the Depositor's account pursuant to the last instructions from the Depositor. Instructions received from the Depositor after Neuberger Berman Investment Advisers LLC has received evidence issued from an appropriate judicial or administrative authority that the Depositor is incompetent will be disregarded; however, Neuberger Berman Investment Advisers LLC will comply with instructions of the Depositor's court-appointed guardian or other legal administrator of the Depositor's affairs.

If any funds in which the Depositor invests is dissolved, the Custodian shall provide the Depositor with 30 days written notice of such dissolution. If the Depositor fails to provide investment instructions to the Custodian within the 30 day notice period prior to the dissolution, Neuberger Berman Investment Advisers LLC shall invest those amounts in a money market or similar fund available at that time, in the Depositor's IRA account awaiting investment instructions from the Depositor. The Custodian shall notify the Depositor of any such action by sending a transaction confirmation to the Depositor's last known address. Neuberger Berman Investment Advisers LLC shall be held harmless for any financial loss incurred by the Depositor due to this action.

8.08 Successor Beneficiaries – If a beneficiary survives the Depositor but then dies before receiving his or her entire interest in the account, the remaining portion shall be distributed to that beneficiary's estate except as otherwise provided (i) in the Depositor's beneficiary designation or (ii) in a supplementary designation filed by the spouse beneficiary after the Depositor's death. Each inherited IRA beneficiary designation form that you file with us will cancel all previous designations. The consent of a successor beneficiary will not be required for you to revoke a successor beneficiary designation. In no event will the successor beneficiary be able to extend the distribution period beyond that required for you.

8.09 **Required Minimum Distributions** – You are required to take minimum distributions from your inherited IRA. The options available to you as a beneficiary of a deceased plan participant or deceased IRA owner are described in Article IV, section three.

8.10 **Termination of Agreement, Resignation, or Removal of Custodian** – The Custodian may resign at any time upon at least 30 days' written notice to the Depositor, and may be removed by the Depositor at any time upon at least 30 days' written notice to the Custodian. Upon such resignation or removal, the Depositor shall appoint a successor custodian to serve under this or a successor custodial agreement, provided that any successor custodian must satisfy the requirements of Section 408(a)(2) of the Code.

Upon the Custodian's receipt of a successor custodian's acceptance of its appointment, the Custodian shall transfer the assets of the account together with copies of all relevant records. However, the Custodian may reserve such portion of the account as it believes appropriate for payment of all fees, expenses, and other liabilities which are properly chargeable against the account.

After the Custodian has transferred the assets of the account (less any reserved portion) to the successor custodian, it shall be relieved of all further duties and liability with respect to this agreement and the account, and shall not be liable for any acts or omissions of any successor custodian.

If you do not complete a transfer of your inherited IRA within 30 days from the date we send the resignation notice to you, we have the right to transfer your inherited IRA assets to a successor inherited IRA trustee or custodian that we choose in our sole discretion, or we may pay your inherited IRA to you in a single sum. We will not be liable for any actions or failures to act on the part of any successor trustee or custodian, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this agreement is terminated, we may charge to your inherited IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to one or more of the following.

- Any fees, expenses, or taxes chargeable against your inherited IRA
- Any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your inherited IRA

8.11 **Successor Custodian** – If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion that includes your inherited IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your inherited IRA, but only if it is the type of organization authorized to serve as an inherited IRA trustee or custodian.

8.12 **Amendments** – We have the right to amend this agreement at any time. Any amendment we make to comply with the Code and related regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we send the amendment, you notify us in writing that you do not consent.

8.13 **Withdrawals or Transfers** – The Custodian shall pay such amounts to the Depositor or beneficiary as he or she shall request by written, electronic or telephonic instructions to the Custodian from time to time. However, the Custodian shall not be required to make any payments in the absence of instructions from the Depositor specifying the occasion for the distribution and the manner of payment, except where the Custodian is specifically

directed by any court order, in which case the Custodian shall make payment as directed under such court order. The order must specify the beneficiary to whom, the amount, and manner in which payments will be made. The method of distribution must be specified in writing or in any other method acceptable to us.

Notwithstanding Article IV, Distributions from the account shall be made solely in cash or in shares, and shall be made only in one of the following forms:

- (a) A single lump sum or number of shares which represents the entire balance in the account.
- (b) A sum or number of shares specified by the Depositor or beneficiary which represents less than the entire balance in the account.
- (c) A payment, made at regular monthly, quarter-annual, semi-annual, or annual intervals, of a sum calculated by the Custodian in accordance with the Depositor's election to have the account distributed over a period certain not greater than his or her life expectancy, or the joint life and last survivor expectancy of the Depositor and his or her designated beneficiary.

The account shall not be distributable in any form of annuity contract or obligation; if the Depositor or beneficiary desires an annuity, he or she shall remove the desired amount from the account and transfer it to an insurer in exchange for the desired annuity.

The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, including but not limited to possible early distribution penalty taxes, surrender charges, and withholding requirements.

8.14 **Transfers From Other Plans** – We can receive amounts transferred to this inherited IRA from the trustee or custodian of another inherited Traditional IRA. In addition, we can accept rollovers of eligible rollover distributions from inherited employer-sponsored retirement plans as permitted by the Code. We reserve the right not to accept any transfer or rollover.

8.15 **Liquidation of Assets** – We have the right to liquidate assets in your inherited IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against your inherited IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree to not hold us liable for any adverse consequences that result from our decision.

8.16 **Restrictions on the Fund** – Neither you nor any successor beneficiary may sell, transfer, or pledge any interest in your inherited IRA in any manner whatsoever, except as provided by law or this agreement.

The assets in your inherited IRA will not be responsible for the debts, contracts, or torts of any person entitled to distributions under this agreement.

8.17 **What Law Applies** – This agreement shall be construed, administered, and enforced in accordance with the laws of the State of Missouri, subject to any superseding Federal law or regulation.

If any part of this agreement is held to be illegal or invalid, the remaining parts will not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this agreement will be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

GENERAL INSTRUCTIONS

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

PURPOSE OF FORM

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

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

For more information on IRAs, including the required disclosures the Custodian must give the Depositor, see 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 section 408(n), or any person who has the approval of the IRS to act as custodian.

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

TRADITIONAL IRA FOR NONWORKING SPOUSE

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

Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse.

SPECIFIC INSTRUCTIONS

Article IV – Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the Depositor reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met.

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

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR INHERITED IRA

You have the right to revoke your inherited IRA within seven days of the receipt of the disclosure statement. If revoked, you are entitled to a full return of the contribution you made to your inherited IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Custodian at the address listed on the application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your inherited IRA, please call the Custodian at the telephone number listed on the application.

REQUIREMENTS OF AN INHERITED IRA

- A. **Form of Contribution** – Your contribution must be either a rollover contribution from an eligible inherited employer-sponsored retirement plan or a transfer contribution from an inherited Traditional IRA. Your rollover or transfer contribution may be in cash and/or property.
- B. **Contribution Restrictions** – You may not make regular contributions to your inherited IRA.
- C. **Nonforfeitable** – Your interest in your inherited IRA is nonforfeitable.
- D. **Eligible Custodians** – The Custodian of your inherited IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- E. **Commingling Assets** – The assets of your inherited IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- F. **Life Insurance** – No portion of your inherited IRA may be invested in life insurance contracts.
- G. **Collectibles** – You may not invest the assets of your inherited IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in IRC Sec. 408(m)(3)) are also permitted as inherited IRA investments.
- H. **Required Minimum Distributions** – You are required to take minimum distributions from your inherited IRA at certain times in accordance with Treasury Regulation 1.408-8. The calculation of the required minimum distribution (RMD) is based, in part, on determining the original owner's designated beneficiary. A designated beneficiary is determined based on the beneficiaries designated as of the date of the original owner's death, who remain beneficiaries as of September 30 of the year following the year of the original owner's death. Any payment elections you either made or defaulted to under an inherited retirement plan or IRA generally carry over to this inherited IRA. Below is a summary of the inherited IRA distribution rules.

1. **Death of Original Owner Before January 1, 2020** – If the original IRA owner or employer-sponsored retirement plan participant died
 - (a) on or after the original owner's required beginning date, distributions must be made to you over the longer of your single life expectancy, or the original owner's remaining life expectancy. If the original owner's designated beneficiary was not an individual or qualified trust as defined in the Treasury

regulations, the original IRA or employer-sponsored retirement plan will be treated as having no designated beneficiary for purposes of determining the distribution period. If there is no designated beneficiary of the original IRA or employer-sponsored retirement plan, distributions will commence using the original owner's single life expectancy, reduced by one in each subsequent year.

- (b) before the original owner's required beginning date, the entire amount remaining in the account will, at your election, either
 - (i) be distributed by December 31 of the year containing the fifth anniversary of the original owner's death, or
 - (ii) be distributed over your remaining life expectancy.

If the original IRA owner's or participant's spouse is the sole designated beneficiary, he or she must elect either option (i) or (ii) by the earlier of December 31 of the year containing the fifth anniversary of the original owner's death, or December 31 of the year life expectancy payments would be required to begin. A designated beneficiary of the original owner, other than a spouse who is the sole designated beneficiary, must elect either option (i) or (ii) by December 31 of the year following the year of the original owner's death. If no election is made, the distribution will be calculated in accordance with option (ii). In the case of distributions under option (ii), distributions must commence by December 31 of the year following the year of the original owner's death. Generally, if the original owner's spouse is the designated beneficiary, distributions need not commence until December 31 of the year the original owner would have attained age 70½ if the original owner was born before July 1, 1949, age 72 if the original owner was born on or after July 1, 1949, but before January 1, 1951, age 73 if the original owner was born on or after January 1, 1951, but before January 1, 1960, and age 75 if the original owner was born on or after January 1, 1960, if later.

If the original owner's designated beneficiary is not an individual or qualified trust as defined in the Treasury regulations, the original IRA or employer-sponsored retirement plan will be treated as having no designated beneficiaries for purposes of determining the distribution period. If there is no designated beneficiary of the original IRA or employer-sponsored retirement plan, the entire inherited IRA must be distributed by December 31 of the year containing the fifth anniversary of the original owner's death.

If you have inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan and have either elected or defaulted to payments under the five-year rule, you may change to a life expectancy payment election if, by December 31 of the year following the year of the original owner's death, you remove a life expectancy-based payment before rolling over the remaining assets to your inherited IRA.

2. **Death of IRA Owner On or After January 1, 2020** – As a beneficiary your options for payment will differ depending on whether you are an eligible designated beneficiary, a designated beneficiary, or a nonperson beneficiary, and the timing of the IRA owner's death. The options described below assume that separate accounting for the inherited IRA is established by December 31 of the year following the year of the IRA owner's death. If separate accounting is not established by this date, your options may be further limited,

and payments may be accelerated. You should consult with your tax professional or attorney for a determination of your distribution options and payment calculations.

Designated Beneficiary. A designated beneficiary is an individual who is a beneficiary specified under the IRA. Certain see-through trusts may also qualify as a designated beneficiary under the IRA for purposes of determining available payment options and distribution calculations. For purposes of determining the RMD due after the IRA owner's death, a designated beneficiary is determined based on the beneficiaries designated as of the date of the IRA owner's death, who remain beneficiaries as of September 30 of the year following the year of the IRA owner's death.

Eligible Designated Beneficiary. An eligible designated beneficiary is any designated beneficiary who, as of the date of the IRA owner's death, is one of the following:

- the IRA owner's surviving spouse,
- the IRA owner's child who has not reached age 21,
- a disabled individual (a physician must determine that the impairment can be expected to result in death or to be of long, continued, and indefinite duration),
- an individual who is not more than 10 years younger than the IRA owner, or
- a chronically ill individual (the individual must have been certified by a licensed health care practitioner that, as of the date of the certification, the individual is someone who
 1. is unable to perform (without substantial assistance from another individual) at least two activities of daily living for an indefinite period that is reasonably expected to be lengthy in nature due to a loss of functional capacity,
 2. has a level of disability similar to the level of disability described above requiring assistance with daily living based on a loss of functional capacity, or
 3. requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment).

(a) Death Before the IRA Owner's Required Beginning Date.

Designated Beneficiary. The entire amount remaining in the account will generally be distributed by December 31 of the year containing the tenth anniversary of the IRA owner's death unless the beneficiary is an eligible designated beneficiary, or there is no designated beneficiary for purposes of determining a distribution period. This 10-year rule is not subject to an annual distribution requirement.

Eligible Designated Beneficiary. If the beneficiary is an eligible designated beneficiary, the beneficiary may choose to distribute the entire amount remaining in the account by using either the:

- (i) 10-year rule: This option requires a total distribution of the entire account by December 31 of the year containing the tenth anniversary of the IRA owner's death. No annual payment is required under this option.
- (ii) Life expectancy payment option: Annual payments taken over the remaining life expectancy of the eligible designated beneficiary.

If the IRA owner's spouse is the sole eligible designated beneficiary, he or she must elect either the 10-year rule or life expectancy payments by the earlier of December 31 of the year containing the tenth anniversary of the IRA owner's death, or December 31 of the year the IRA owner would have attained the applicable age for RMDs. If no election is made, distributions will be made in accordance with the life

expectancy payment option. All other eligible designated beneficiaries must elect either the 10-year rule or life expectancy payment option by December 31 of the year following the year of the IRA owner's death. If no election is made by an eligible designated beneficiary, payments will be made using the life expectancy payment option.

A nonspouse eligible designated beneficiary's remaining life expectancy is determined by using the beneficiary's age in the year following the year of the IRA owner's death to determine the factor from the IRS Single Life Expectancy table, reducing it by one in each subsequent year. A spouse beneficiary's remaining life expectancy is determined using the spouse beneficiary's age and the Uniform Lifetime Table each year, as permitted under the Treasury Regulations.

Note that certain trust beneficiaries (e.g., certain trusts for disabled and chronically ill individuals, and certain see-through trusts) may take a distribution of the amount remaining in the account over the remaining life expectancy of the designated beneficiary of the trust. The trustee of the trust is responsible for determining whether the trust is a see-through trust, the trust beneficiary's options, and the minimum payment required for the year. No trust paperwork is required to be provided to the IRA trustee or custodian.

Generally, life expectancy distributions to an eligible designated beneficiary must commence by December 31 of the year following the year of the IRA owner's death. However, if the IRA owner's spouse is the eligible designated beneficiary, distributions need not commence until December 31 of the year the IRA owner would have attained the applicable age for RMDs, if later. The applicable age for RMDs is age 70½ if the IRA owner was born before July 1, 1949; age 72 if the IRA owner was born on or after July 1, 1949, but before January 1, 1951; age 73 if the IRA owner was born on or after January 1, 1951, but before January 1, 1960; and age 75 if the IRA owner was born on or after January 1, 1960. If the eligible designated beneficiary is the IRA owner's minor child, life expectancy payments must begin by December 31 of the year following the year of the IRA owner's death and continue until the child reaches the age of majority (age 21). Once the age of majority is reached, the beneficiary will have 10 years to deplete the account with annual payments continuing each year.

No Designated Beneficiary. If a beneficiary other than a person (e.g., the IRA owner's estate, a charity, or a trust that is not a see-through trust) is named, the IRA owner will be treated as having no designated beneficiary of the IRA for purposes of determining the distribution period. If the IRA owner dies before the IRA owner's required beginning date and there is no designated beneficiary of the IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of the IRA owner's death.

Hypothetical RMD. If the IRA owner's spouse beneficiary is using the ten-year rule and, before the tenth year, chooses to treat the IRA as his or her own or roll over the IRA to his or her own IRA or eligible employer-sponsored retirement plan, a hypothetical RMD may need to be calculated and distributed. This amount is not eligible to roll over or be treated as the spouse's own IRA. If, in the year the spouse is treating the IRA as his or her own IRA or rolling over to his or her own IRA, the spouse beneficiary will attain the applicable age for RMDs or older, the spouse beneficiary must calculate and distribute a hypothetical RMD amount that would have been required had the life expectancy payment option applied instead of the ten-year option. This RMD amount must be calculated and

distributed for each year, beginning with the later of the year the IRA owner or the spouse beneficiary would have attained the applicable age for RMDs and for each year until the year the transaction moving the IRA to the spouse beneficiary's own IRA or plan occurs. The amount is calculated using the spouse beneficiary's life expectancy in those years determined using the Uniform Lifetime Table. For additional information on hypothetical RMD requirements, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at www.irs.gov.

(b) Death On or After the IRA Owner's Required Beginning Date.

Designated Beneficiary. A portion of the account must continue to be distributed annually to the IRA owner's designated beneficiary. The amount of the distribution must be determined using the longer of the IRA owner's single life expectancy in the year of death, reduced by one each year, or the beneficiary's single life expectancy in the year after the year of the IRA owner's death, reduced by one each year. In addition, the account must be depleted by the earlier of December 31 of the year containing the tenth anniversary of the IRA owner's death or December 31 of the year the single life expectancy factor is equal to, or less than, one.

Eligible Designated Beneficiary. If the IRA owner's beneficiary is a nonspouse eligible designated beneficiary, the beneficiary may continue to distribute the amount remaining in the account over the longer of the IRA owner's single life expectancy in the year of death, reduced by one each year, or the beneficiary's single life expectancy in the year after the year of the death, reduced by one each year. Spouse beneficiaries may use the longer of the IRA owner's single life expectancy in the year of death, reduced by one each year, or the spouse beneficiary's life expectancy each year determined by using the Uniform Lifetime Table, as permitted under the Treasury Regulations. A minor child who is the beneficiary must continue the payments annually based upon the beneficiary's single life expectancy in the year after death, reduced by one, and must deplete the account by December 31 of the year the beneficiary attains age 31.

Note that certain trust beneficiaries (e.g., certain trusts for disabled and chronically ill individuals, and certain see-through trusts) may take a distribution of the amount remaining in the account over the longer of the IRA owner's single life expectancy or the remaining life expectancy of the beneficiary of the trust. The trustee of the trust is responsible for determining whether the trust is a see-through trust, the trust beneficiary's options, and the minimum payment required for the year. No trust paperwork is required to be provided to the IRA trustee or custodian.

No Designated Beneficiary. If the IRA owner dies on or after the IRA owner's required beginning date and there is no designated beneficiary of the IRA, distributions will continue to the beneficiary using the IRA owner's single life expectancy in the year of the IRA owner's death, reduced by one in each subsequent year.

Year of Death RMD. If the IRA owner dies before satisfying the RMD amount for the year, to avoid a 25 percent excess accumulation penalty tax a beneficiary must remove the remaining year of death RMD no later than the tax-filing deadline (including extensions thereof) for the taxable year of that beneficiary that begins with or within that calendar year (or, if later, the last day of the calendar year following the year of the IRA owner's death).

(c) Special Rules for Spouse Beneficiaries. A spouse who is the sole eligible designated beneficiary of the IRA owner's entire IRA will be deemed to elect to treat the IRA as his or her own by either (1) transferring it to an IRA in the spouse beneficiary's name, (2) making contributions to the IRA or (3) failing to timely remove an RMD, other than the year of death RMD, from the IRA. Regardless of whether the spouse is the sole eligible designated beneficiary of the IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own IRA or eligible employer-sponsored retirement plan.

If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased IRA owner take total distribution of all IRA assets by December 31 of the year following the year of death.

I. Missed RMD – If you fail to timely remove an RMD, an excess accumulation penalty tax of 25 percent is imposed on the amount of the RMD that should have been taken but was not. If the failure to take an RMD is corrected in a timely manner, the penalty tax is reduced to 10 percent. You must file IRS Form 5329 along with the income tax return to report and remit any additional taxes to the IRS.

The correction window for the reduced penalty begins on the date the penalty tax is imposed and ends the earlier of: (1) the date a notice of deficiency regarding the tax is mailed, (2) the date the tax is assessed, or (3) the last day of the second taxable year beginning after the year in which the tax is imposed.

J. Waiver of 2020 RMD – RMDs and life expectancy payments for beneficiaries were waived for calendar year 2020. If the five-year rule applies to your inherited IRA, the five-year period is determined without regard to calendar year 2020 because of this waiver. For example, if the original IRA owner died in 2019, your five-year period will end in 2025 instead of 2024.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN INHERITED IRA

A. Tax-Deferred Earnings – The investment earnings of your inherited IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

B. Taxation of Distributions – The taxation of inherited IRA distributions depends on whether or not the original IRA owner had ever made nondeductible IRA contributions or after-tax contributions to the employer-sponsored retirement plan. If the original owner had only made deductible IRA contributions or pretax contributions to an employer-sponsored retirement plan, all inherited IRA distribution amounts will be included in income.

If the original owner had ever made nondeductible contributions to any IRA or after-tax contributions to an employer-sponsored retirement plan, the following formula must be used to determine the amount of any inherited IRA distribution excluded from income.

$$\frac{\text{(Aggregate Nondeductible Contributions)} \times \text{(Amount Withdrawn)}}{\text{Aggregate IRA Balance}} = \text{Amount Excluded From Income}$$

NOTE: Aggregate nondeductible contributions include all nondeductible contributions made by the original owner through the end of the year of the distribution that have not previously been withdrawn and excluded from income. Also note that the aggregate IRA balance includes the total balance of all of the original owner's IRAs as of the end of the year of distribution and any distributions occurring during the year.

- C. **Income Tax Withholding** – Ten percent federal income tax withholding will be applied to a withdrawal from your inherited IRA unless you choose to withhold a different amount or elect not to have withholding apply. We are not required to withhold taxes from any distribution that we reasonably believe is not taxable.
- D. **Early Distribution Penalty Tax** – No 10 percent early distribution penalty tax will apply to the inherited IRA distribution because the distribution is due to the death of the original owner.
- E. **Rollovers and Transfers** – Your inherited IRA may receive multiple rollover contributions from inherited qualified retirement plans, 403(a) annuity plans, 403(b) tax-sheltered annuity plans, or 457(b) governmental deferred compensation plans, or multiple transfers or rollovers (for spouse beneficiaries only) from inherited Traditional IRAs. In order to combine these inherited retirement assets in the same inherited IRA, you must have inherited the assets from the same owner and they must have been subject to the same beneficiary payment elections and calculation methods as under the receiving inherited IRA. Rollover is a term used to describe a tax-free movement of cash or other property to your inherited IRA from a qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan that you have inherited as a beneficiary. The general rollover and transfer rules are summarized below. These transactions are often complex. If you have any questions regarding a rollover or transfer, please see a competent tax advisor.
1. **Traditional IRA-to-Inherited Traditional IRA Transfers.** You may transfer assets you have inherited from a deceased Traditional IRA owner to an inherited IRA. A transfer must be done directly between IRAs. You may not take constructive receipt of the assets in a transfer.
 2. **Traditional IRA and Employer-Sponsored Retirement Plan-to-Inherited IRA Rollovers.** If you are a nonspouse beneficiary or the trustee of an eligible type of trust named as the beneficiary of a deceased employer-sponsored retirement plan participant, you may directly roll over any inherited assets eligible for rollover from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan to an inherited IRA, as permitted by the IRS. If you are a spouse beneficiary, you may either directly or indirectly roll over assets from an eligible inherited employer-sponsored retirement plan to an inherited IRA. Regardless of the method of rollover, the IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.

A distribution from a Traditional IRA inherited by a spouse beneficiary may be rolled over to an inherited IRA within 60 days after the distribution is received and counts toward the limit of rolling over one IRA distribution in a 12-month period.
 3. **Written Election.** At the time you make a rollover to an inherited IRA, you must designate in writing to the Custodian your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.
- D. **Prohibited Transactions** – If you or any successor beneficiary engage in a prohibited transaction with your inherited IRA, as described in IRC Sec. 4975, your inherited IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your inherited IRA. (1) Taking a loan from your inherited IRA (2) Buying property for personal use (present or future) with inherited IRA assets (3) Receiving certain bonuses or premiums because of your inherited IRA.
- E. **Pledging** – If you pledge any portion of your inherited IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

OTHER

- A. **IRS Plan Approval** – Articles I through VII of the agreement used to establish this inherited IRA have been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. **Additional Information** – For further information on IRAs, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, or Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, by calling 800-TAX-FORM, or by visiting www.irs.gov on the Internet.
- C. **Important Information About Procedures for Opening a New Account** – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. Therefore, when you open an inherited IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.
- D. **Qualified Charitable Distributions** – If you are age 70½ or older, you may be eligible to take tax-free inherited IRA distributions of up to \$108,000 (for 2025) or \$111,000 (for 2026) per year and have these distributions paid directly to certain charitable organizations. This amount is subject to possible cost-of-living adjustments each year thereafter. A qualified charitable distribution also includes a one-time charitable distribution of up to \$54,000 (for 2025) or \$55,000 (for 2026) to a split interest entity (i.e., charitable gift annuity, charitable remainder unitrust, and charitable remainder annuity trust). This amount is subject to possible cost-of-living adjustments each year thereafter. Special tax rules may apply. For further detailed information you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at www.irs.gov.

LIMITATIONS AND RESTRICTIONS

- A. **Deduction of Rollovers and Transfers** – A deduction is not allowed for rollover or transfer contributions to an inherited IRA.
- B. **Gift Tax** – Transfers of your inherited IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.
- C. **Special Tax Treatment** – Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to inherited IRA distributions.