Inherited IRA Adoption Agreement

This Adoption Agreement may only be used by a beneficiary in conjunction with the inheritance of a Traditional, Rollover or SEP IRA plan. A New Account Application must accompany this form to establish a new IRA Account.

ACCOUNT INFORMATION - REQUIRED

Reset Form

Axos Clearing LLC, custodian for the IRA of:

Account Title (Name of this account)	Account Number

Original Owner's Information: Name:		
SSN	Date of Birth	Date of Death

FOR SPECIFIC BENEFICIARY PROVISIONS, PLEASE REFER TO THE APPLICABLE SECTIONS OF THE PLAN AGREEMENT AND THE DISCLOSURE STATEMENT.

- THE TOTAL ALLOCATION OF ALL PRIMARY BENEFICIARIES MUST EQUAL 100%
- THE TOTAL OF ALL CONTINGENT BENEFICIARIES MUST EQUAL 100%
- TO DESIGNATE YOUR ESTATE AS YOUR BENEFICIARY, WRITE IN "ESTATE". "PER WILL" DESIGNATIONS ARE NOT ACCEPTABLE
- IF NO BENEFICIARY IS NAMED, THE BENEFICIARY PROVISIONS OUTLINED IN THE PLAN AGREEMENT WILL APPLY.
- IF YOU OUTLIVE A BENEFICIARY AND YOU WANT THAT SHARE TO GO TO HIS/HER DESCENDANTS, CHECK PER STIRPES

DESIGNATION OF BENEFICIARY

I designate that upon my death, the assets in this account be paid to the beneficiaries named below. The interest of any beneficiary that predeceases me terminates completely, and the percentage share of any remaining beneficiaries will be increased on a pro rata basis. If no beneficiaries are named, my estate will be my beneficiary.

○ PRIMARY ○ CONTINGENT ☐ PER STIRPES	SHARE %	BENEFICIARY'S NAME		SOCIAL SECURITY NUMBER/TAX ID	DATE OF BIRTH
		RELATIONSHIP	REL CODE	ADDRESS	
○ PRIMARY ○ CONTINGENT ☐ PER STIRPES	SHARE %	BENEFICIARY'S NAME		SOCIAL SECURITY NUMBER/TAX ID	DATE OF BIRTH
		RELATIONSHIP	REL CODE	ADDRESS	
○ PRIMARY ○ CONTINGENT ☐ PER STIRPES	SHARE %	BENEFICIARY'S NAME		SOCIAL SECURITY NUMBER/TAX ID	DATE OF BIRTH
		RELATIONSHIP	REL CODE	ADDRESS	
○ PRIMARY ○ CONTINGENT ☐ PER STIRPES	SHARE %	BENEFICIARY'S NAME		SOCIAL SECURITY NUMBER/TAX ID	DATE OF BIRTH
		RELATIONSHIP	REL CODE	ADDRESS	
○ PRIMARY ○ CONTINGENT ☐ PER STIRPES	SHARE %	BENEFICIARY'S NAME		SOCIAL SECURITY NUMBER/TAX ID	DATE OF BIRTH
		RELATIONSHIP	REL CODE	ADDRESS	

SPOUSAL CONSENT

Spousal consent must be completed if the spouse is not the sole primary beneficiary.

CURRENT MARITAL STATUS (Required)

○ **I Am Not Married** – I understand that if I become married in the future, I should review the requirements for spousal consent.

○ **I Am Married** – I understand that if I choose to designate primary beneficiary other than or in addition to my spouse, my spouse should sign below.

I am the spouse of the above-named IRA owner. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Because of the important tax consequences of giving up my interest in this IRA, I have been advised to see a tax professional. I hereby give the IRA owner my interest in the assets or property deposited in this IRA and consent to the beneficiary designation indicated above. I assume full responsibility for any adverse consequences that may result

Signature of Spouse	Print Name	Date
×		

SIGNATURES – IMPORTANT PLEASE READ BEFORE SIGNING

I understand the eligibility requirement for the type of Inherited IRA deposits I am making and I state that I do qualify to make the deposit I have reviewed and understand the 5305-A Custodial Account Adoption Agreement and Disclosure Statement provided to me. I understand that the terms and conditions which apply to this Inherited IRA are contained in this Axos Clearing LLC Individual Retirement Custodial Account Adoption Agreement. I agree to be bound by those terms and conditions. All information provided by me is true and correct and may be relied upon by the Custodian. Within seven days from the date I open this Inherited IRA I may revoke it without penalty by mailing or delivering a written notice to the Introducing Broker Dealer and/or Axos Clearing Custodian.

I assume full responsibility for

- Determining that I am eligible for an IRA each year I make a contribution
- Ensuring that all contributions I make are within the limits set forth by the tax laws, and
- The tax consequences of any contributions (including rollover contributions) and distributions.

Signature of Inherited IRA Owner	Print Name	Date (mm/dd/yyyy)
×		
Signature of Custodian	Print Name	Date (mm/dd/yyyy)
×		

Below are applicable elections when determining what relationship codes to use when setting up an inherited IRA account. Please take note that Axos Clearing does not maintain, nor monitor, these relationship codes. It is up to the client and their financial advisor to determine the most appropriate relationship to code for a beneficiary. Axos Clearing is unable to advise which relationship code to use.

REL Code	Description
B	This beneficiary is taking distributions on the IRA or Qualified Plan of the deceased account holder. The system will use the Single Life Expectancy table to calculate the applicable life expectancy to be used in the calculation of the minimum distribution requirement.
C	This non-designated beneficiary is taking distributions on the IRA or Qualified Plan of the deceased account holder. The system will use the Single Life Expectancy table to calculate the applicable life expectancy to be used in the calculation of the minimum distribution requirement.
D	This successor beneficiary has an original non-designated beneficiary that died after 12/31/19. This beneficiary has elected the 10-year remainder (for an account with the account holder's death after 12/31/19). The life expectancy factor will default to 1.
E	This successor beneficiary has an original beneficiary that died before 1/1/20. This beneficiary is taking distributions on the IRA or Qualified Plan of the deceased account holder. The system will use the Single Life Expectancy table to calculate the applicable life expectancy to be used in the calculation of the minimum distribution requirement.
F	This beneficiary has elected the five-year distribution option. The life expectancy factor will default to **1**.
G	This is a successor beneficiary to a pre-Secure Act designated beneficiary account where the original beneficiary was taking Single Life Expectancy payments and the original owner died before 1/1/2020. The successor beneficiary is subject to the 10-year rule and must take annual Required Minimum Distributions (RMDs) that are a continuation of the original beneficiary's life expectancy RMD schedule.
H	This beneficiary is a non-designated beneficiary and has elected the five-year distribution option. The life expectancy factor will default to 1.
I	This is an eligible designated beneficiary taking distributions on the IRA or Qualified Plan of the deceased account holder. The system will use the Single Life Expectancy table to calculate the applicable life expectancy to be used in the calculation of the minimum distribution requirement.
J	This beneficiary is taking distributions on the IRA or Qualified Plan of the deceased account holder. The system will use the Joint Life Expectancy table along with the date of birth of the beneficiary, the date of birth of the descendant, and the beginning date from the **BEG-DATE** field on the **Individual Beneficiary** screen to calculate the applicable life expectancy factor, which will be used to calculate the minimum distribution requirement. The factor will be decreased by 1 for every year past the beginning date.
K	This beneficiary is a minor child of the original owner for an IRA account. The system will calculate the beneficiary's minimum distribution requirements with the Single Life Expectancy table and the current minimum distribution requirement, which is based on the current value of the account.
L	This successor beneficiary has an original beneficiary that died after 12/31/19. This beneficiary has elected the 10-year distribution option (for an account with the account holder's death after 12/31/19). The life expectancy factor will default to 1.
M	This beneficiary is a minor who is designated as a beneficiary for an IRA account The system will calculate the beneficiary's minimum distribution requirements with the Single Life Expectancy table and the current minimum distribution requirement, which is based on the current value of the account.
N	This is a successor beneficiary to a post-Secure Act original beneficiary account where the original beneficiary was taking Single Life Expectancy payments and the original owner died after 12/31/2019. This beneficiary type does not reset the 10-year payment distribution and continues where the original beneficiary left off, taking RMDs each year from the original beneficiaries beginning date.
O	This beneficiary is not the spouse of the account holder. The system will use the Minimum Distribution Incidental Benefit table along with the date of birth of the beneficiary and the date of birth of the account holder to calculate the applicable life expectancy to be used in the calculation of the minimum distribution requirement.

P	This beneficiary has elected to receive near-equal Required Minimum Distribution (RMD) payments over a 10-year period. The system will calculate the RMD schedule using the prior year-end evaluation divided by the number of years remaining in the 10-year distribution period.
R	This beneficiary will collect distributions based on the life expectancy of the beneficiary. The system will use the Single Life Expectancy table to calculate the applicable life expectancy to be used in the calculation of the minimum distribution requirement. The life expectancy factor used will be recalculated each year.
S	This beneficiary is the spouse of the account holder and is less than 10 years younger than the account holder. The system will use the Minimum Distribution Incidental Benefit table along with the date of birth of the beneficiary and the date of birth of the account holder to calculate the applicable life expectancy to be used in the calculation of the minimum distribution requirement.
T	This beneficiary has elected the 10-year distribution option (for an account with the account holder's death after 12/31/19), in conjunction with the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act). The life expectancy factor will default to **1**.
U	This beneficiary is a non-eligible designated beneficiary required to take distributions in years 1 through 9 on the 10-year distribution option on the IRA or Qualified Plan of the deceased account holder, in conjunction with the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act). The system will use the Single Life Expectancy table to calculate the applicable life expectancy of the beneficiary to be used in the calculation of the minimum distribution requirement in year 1. The year 1 factor will be reduced each year through year 9.
Y	This beneficiary is the spouse of the account holder and is more than 10 years younger than the account holder. The system will use the Joint Life Expectancy table to calculate the applicable life expectancy to be used in the calculation of the minimum distribution requirement.
Z	This beneficiary is the spouse of the account holder and will collect distributions based on the life expectancy of the beneficiary. The system will use the Single Life Expectancy table to calculate the applicable life expectancy to be used in the calculation of the minimum distribution requirement. The life expectancy factor used will be recalculated each year.

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 –** 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. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your inherited IRA at our discretion. 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.

Any brokerage commissions attributable to the assets in your inherited IRA will be charged to your inherited IRA. You cannot reimburse your inherited IRA for those commissions.

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 charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs, and usages of any exchange, market, or clearing house where the transaction is executed; our policies and practices; and this agreement. After your death, your successor beneficiaries will have the right to direct the investment of your inherited IRA assets, subject to the same conditions that applied to you during your lifetime under this agreement (including, without limitation, Section 8.03 of this article). 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. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we will have the right to hold any uninvested amounts in cash, and we will have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your inherited IRA unless you provide timely written directions acceptable to us.

You will select the investment for your inherited IRA assets from those investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for inherited IRAs (e.g., term share accounts, passbook accounts, certificates of deposit, money market accounts). We may in our sole discretion make available to you additional investment offerings, which will be limited to publicly traded securities, mutual funds, money market instruments, and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

8.08 **Successor Beneficiaries –** We may allow you, if permitted by state law, to name successor beneficiaries for your inherited IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. 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. If you do not designate a successor beneficiary, your estate will be the successor beneficiary. In no event will the successor beneficiary be able to extend the distribution period beyond that required for you.

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

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 –** Either party may terminate this agreement at any time by giving written notice to the other. We can resign as custodian at any time effective 30 days after we send written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your inherited IRA to another financial organization. If you do not complete a transfer of your inherited IRA within 30 days from the date we send the 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

If we are a nonbank custodian required to comply with Regulations section 1.408-2(e) and we fail to do so or we are not keeping the records, making the returns, or sending the statements as are required by forms or regulations, the IRS may require us to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your inherited IRA to you in cash or property if the balance of your inherited IRA drops below the minimum balance required under the applicable investment or policy established.

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 –** All requests for withdrawal or transfer will be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing or in any other method acceptable to us. 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 is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this agreement, the law of our domicile will govern.

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.

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. **Nonforfeitability –** 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.

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.

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 $105,000 (for 2024) or $108,000 (for 2025) per year and have these distributions paid directly to certain charitable organizations. This amount is subject to possible cost-of-living adjustments each year beginning in tax year 2025. A qualified charitable distribution also includes a one-time charitable distribution of up to $50,000 to a split interest entity (i.e., charitable gift annuity, charitable remainder unitrust, and charitable remainder annuity trust). 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.

IRA INHERITED IRA FINANCIAL DISCLOSURE

The term IRA *will be used below to mean Traditional IRA or Roth IRA, unless otherwise specified.*

The financial organization should complete the financial disclosure using Method I, Method II, or Method III. *If the growth of the inherited IRA can reasonably be projected, use either Method I or Method II. The account values projected using Method I or Method II must be reduced by all applicable fees and penalties. If annual fees are assessed, such as an annual service fee, use Method II. If no projection of growth of the inherited IRA can reasonably be shown, use Method III.*

METHOD I Growth can be projected *(Do not use Method I if an annual fee is charged. Instead, use Method II for financial projections.)*

Your Age on Your Birth Date This Year__________ Length of Time Deposit *(If applicable)* ________________________

The charts below give projections of the value of your inherited IRA by showing the amount available at the end of each year. These projections assume an interest rate of .25%, compounded annually. If you have invested your inherited IRA in a time deposit, a loss-of-earnings penalty may be charged against a withdrawal before maturity. A transaction fee may also apply to your inherited IRA.

The Rollover or Transfer chart assumes that a one-time deposit of $1,000 is made on the first day of the first year.

Indicate the projected account value for each of the years, taking into consideration any applicable loss of earnings penalty or other fees assessed if the inherited IRA owner received a distribution at the end of the year for which the projection is being made. First, circle the year-end projected inherited IRA value that is applicable for each of the first five years. Next, circle the applicable inherited IRA value for the years in which the inherited IRA owner will attain ages 60, 65, and 70.

ROLLOVER OR TRANSFER

FINANCIAL PROJECTIONS WITH .25% RATE OF INTEREST

NUMBER OF YEARS	ACCOUNT VALUE	1 MONTH PENALTY	3 MONTH PENALTY	6 MONTH PENALTY	AMOUNT AFTER FEES AND PENALTIES
1	$1,002.50	$1,002.29	$1,001.87	$1,001.25	
2	1,005.01	1,004.80	1,004.38	1,003.75	
3	1,007.52	1,007.31	1,006.89	1,006.26	
4	1,010.04	1,009.83	1,009.41	1,008.78	
5	1,012.56	1,012.35	1,011.93	1,011.30	
6	1,015.09	1,014.88	1,014.46	1,013.83	
7	1,017.63	1,017.42	1,017.00	1,016.36	
8	1,020.18	1,019.96	1,019.54	1,018.90	
9	1,022.73	1,022.51	1,022.09	1,021.45	
10	1,025.28	1,025.07	1,024.64	1,024.00	
11	1,027.85	1,027.63	1,027.20	1,026.56	
12	1,030.42	1,030.20	1,029.77	1,029.13	
13	1,032.99	1,032.78	1,032.35	1,031.70	
14	1,035.57	1,035.36	1,034.93	1,034.28	
15	1,038.16	1,037.95	1,037.51	1,036.87	
16	1,040.76	1,040.54	1,040.11	1,039.46	
17	1,043.36	1,043.14	1,042.71	1,042.06	
18	1,045.97	1,045.75	1,045.32	1,044.66	
19	1,048.58	1,048.37	1,047.93	1,047.27	
20	1,051.21	1,050.99	1,050.55	1,049.89	
21	1,053.83	1,053.61	1,053.17	1,052.52	
22	1,056.47	1,056.25	1,055.81	1,055.15	
23	1,059.11	1,058.89	1,058.45	1,057.79	
24	1,061.76	1,061.54	1,061.09	1,060.43	
25	1,064.41	1,064.19	1,063.75	1,063.08	
26	1,067.07	1,066.85	1,066.41	1,065.74	
27	1,069.74	1,069.52	1,069.07	1,068.40	
28	1,072.41	1,072.19	1,071.74	1,071.07	
29	1,075.10	1,074.87	1,074.42	1,073.75	
30	1,077.78	1,077.56	1,077.11	1,076.44	
31	1,080.48	1,080.25	1,079.80	1,079.13	
32	1,083.18	1,082.95	1,082.50	1,081.82	
33	1,085.89	1,085.66	1,085.21	1,084.53	
34	1,088.60	1,088.37	1,087.92	1,087.24	
35	1,091.32	1,091.10	1,090.64	1,089.96	
36	1,094.05	1,093.82	1,093.37	1,092.68	
37	1,096.79	1,096.56	1,096.10	1,095.42	
38	1,099.53	1,099.30	1,098.84	1,098.15	
39	1,102.28	1,102.05	1,101.59	1,100.90	
40	1,105.03	1,104.80	1,104.34	1,103.65	
41	1,107.80	1,107.56	1,107.10	1,106.41	
42	1,110.57	1,110.33	1,109.87	1,109.18	
43	1,113.34	1,113.11	1,112.65	1,111.95	
44	1,116.12	1,115.89	1,115.43	1,114.73	
45	1,118.92	1,118.68	1,118.22	1,117.52	
46	1,121.71	1,121.48	1,121.01	1,120.31	
47	1,124.52	1,124.28	1,123.81	1,123.11	
48	1,127.33	1,127.09	1,126.62	1,125.92	
49	1,130.15	1,129.91	1,129.44	1,128.73	
50	1,132.97	1,132.74	1,132.26	1,131.56	
51	1,135.80	1,135.57	1,135.09	1,134.38	
52	1,138.64	1,138.41	1,137.93	1,137.22	
53	1,141.49	1,141.25	1,140.78	1,140.06	
54	1,144.34	1,144.11	1,143.63	1,142.91	
55	1,147.20	1,146.97	1,146.49	1,145.77	
56	1,150.07	1,149.83	1,149.35	1,148.64	
57	1,152.95	1,152.71	1,152.23	1,151.51	
58	1,155.83	1,155.59	1,155.11	1,154.39	
59	1,158.72	1,158.48	1,158.00	1,157.27	
60	1,161.62	1,161.37	1,160.89	1,160.16	
61	1,164.52	1,164.28	1,163.79	1,163.07	
62	1,167.43	1,167.19	1,166.70	1,165.97	

ADDITIONAL FINANCIAL DISCLOSURE INFORMATION

The account values shown are projections based on many assumptions. They are not guaranteed, but depend upon many factors, including the interest rates and terms of future funding instruments.

We may charge you fees in connection with your inherited IRA. If we do not charge these fees now, we may do so in the future after giving you notice. If you do not pay these fees separately, they may be paid from the assets of your inherited IRA.

CURRENT FEES

______________________________ $______________

______________________________ $______________

______________________________ $______________

______________________________ $______________

______________________________ $______________

______________________________ $______________

METHOD II Growth can be projected

The financial projections below show the amount that would be available if you were to withdraw your inherited IRA assets at the indicated times. These projections are based on the following assumptions.

ROLLOVER OR TRANSFER

This projection assumes a one-time $1,000 deposit is made on the first day of the first year.

Your Age on Your Birth Date in Contribution Year ____________________

Investment Instrument ____________________

Length of Time Deposit ____________________

Rate of Interest ____________________ %

Compounding Method ____________________

FINANCIAL PROJECTIONS

Number of Years in Inherited IRA Program	Total Accumulation of Inherited IRA Dollars	Amount After Fees and Penalties
1 Year	$____________	$____________
2 Years	$____________	$____________
3 Years	$____________	$____________
4 Years	$____________	$____________
5 Years	$____________	$____________

End of the Year You Reach Age	Total Accumulation of Inherited IRA Dollars	Amount After Fees and Penalties
60	$____________	$____________
65	$____________	$____________
70	$____________	$____________

ADDITIONAL FINANCIAL DISCLOSURE INFORMATION

The account values shown are projections based on many assumptions. These projections have been reduced by any applicable fees. They are not guaranteed, but depend upon many factors, including the interest rates and terms of future funding instruments.

We may charge you an annual service fee or other fees in connection with your inherited IRA. If we do not charge these fees now, we may do so in the future after giving you notice. If you do not pay these fees separately, they may be paid from the assets of your inherited IRA.

CURRENT FEES

____________________	$____________
____________________	$____________
____________________	$____________
____________________	$____________
____________________	$____________
____________________	$____________

METHOD III Growth cannot be projected

The value of your inherited IRA will be dependent solely upon the performance of any investment instrument used to fund your inherited IRA. Therefore, no projection of the growth of your inherited IRA can reasonably be shown or guaranteed.

Terms and conditions of the inherited IRA that affect your investment are listed below.

INVESTMENT OPTIONS

You may direct the investment of your funds within this inherited IRA into any investment instrument offered by or through the Custodian. The Custodian will not exercise any investment discretion regarding your inherited IRA, as this is solely your responsibility.

FEES

There are certain fees and charges connected with your inherited IRA investments. These fees and charges may include the following.

- Sales Commissions
- Investment Management Fees
- Distribution Fees
- Set Up Fees
- Annual Maintenance Fees
- Surrender or Termination Fees

To find out what fees apply, refer to the investment prospectus or contract.

There may be certain fees and charges connected with the inherited IRA itself. *(Select and complete as applicable.)*

- ☐ Annual Service Fee $____________________
- ☐ Transfer Fee $____________________
- ☐ Rollover Fee $____________________
- ☐ Termination Fee $____________________
- ☐ Other *(Explain)* ____________________

____

We reserve the right to change any of the above fees after notice to you, as provided in your inherited IRA agreement.

EARNINGS

The method for computing and allocating annual earnings (e.g., interest, dividends) on your inherited IRA will differ based on the nature and issuer of the investments chosen. Refer to the investment prospectus or contract for the methods used for computing and allocating annual earnings.

OTHER

Other terms or conditions that apply to your inherited IRA include the following.

TAX EXEMPT AND GOVERNMENT ENTITIES DIVISION

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

JUN 26 2019

Axos Clearing, LLC
Attn.: Mr. Jeffrey N. Sime, President
1200 Landmark Center, Suite 800
Omaha, NE 68102

Re: Axos Clearing, LLC; EIN: 77-0616239
Nonbank Trustee or Custodian Status

Dear Mr. Sime:

This letter responds to your letter dated March 25, 2019, concerning a change to your nonbank custodian application. Your nonbank custodian application was approved, pursuant to section 1.408-2(e) of the Income Tax Regulations (Regulations) on December 15, 2014. Our approval letter authorized COR Clearing, LLC (Applicant) to act as a passive or non-passive trustee or custodian of Archer MSAs established under section 220 of the Internal Revenue Code; health savings accounts described in section 223; plans qualified under section 401; section 403(b)(7) custodial accounts; individual retirement accounts (IRAs) established under sections 408, 408A, and 530; and eligible deferred compensation plans described in section 457(b).

Your March 25, 2019, letter and attached correspondence informed this office that the Applicant changed its name from COR Clearing, LLC to Axos Clearing, LLC. Your letter did not notify of us any other changes that would affect the continuing accuracy of your application.

We have updated our files and no further action will be taken. Please note that this letter does not constitute a determination as to whether the Applicant satisfies the requirements of section 1.408-2(e) of the Regulations.

Thank you for writing to us about this matter. If you have any questions, please contact Roz Ferber (Badge No. 1000221499) at (202) 317-8724.

Sincerely yours,

Ada M. Perry

Ada M. Perry, Acting Manager
Employee Plans Technical Group 1

IRS Approval Letter

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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEC 15 2014

COR Clearing, LLC
1200 Landmark, Suite 400
Omaha, NE 68102

EIN: 77-0616239

Ladies and Gentlemen:

In a letter dated December 9, 2013, your authorized representative requested a written notice of approval that COR Clearing, LLC (Applicant) may act as a passive or non-passive nonbank trustee or nonbank custodian for medical savings accounts established under section 220 of the Internal Revenue Code (Code), nonbank trustee or custodian for health savings accounts established under section 223, a nonbank trustee or custodian for plans qualified under section 401 and accounts described in section 403(b)(7), nonbank trustee or custodian of individual retirement arrangements (IRAs) established under sections 408, 408A, and 530, and as a nonbank custodian of eligible deferred compensation plans described in section 457(b).

Section 220(d)(1)(B) of the Code (dealing with Archer MSA (medical savings accounts)) provides, in pertinent part, that the trustee of a medical savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Q&A-10 of Notice 96-53, 1996-2 C.B. 219 provides, in pertinent part, that persons other than banks, insurance companies, or previously approved IRA trustees or custodians may request approval to be a trustee or custodian in accordance with the procedures set forth in section 1.408-2(e) of the Income Tax Regulations (Regulations).

Section 223(d)(1)(B) of the Code provides, in pertinent part, that the trustee of a health savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Section 223(d)(4)(E) provides, in general, that rules similar to section 408(h) (dealing with custodial accounts) also apply to health savings accounts.

Section 401(f)(1) of the Code provides that a custodial account shall be treated as a qualified trust under this section if such custodial account would, except for the fact it is not a trust, constitute a qualified trust under this section. Section 401(f)(2) provides that

COR Clearing, LLC
EIN: 77-0616239

the custodian must be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will hold the assets will be consistent with the requirements of section 401 of the Code. Section 401(f) also provides that in the case of a custodial account treated as a qualified trust, the person holding the assets of such account shall be treated as the trustee thereof.

Section 403(b)(7)(A) of the Code requires, in part, that for amounts paid by an employer to a custodial account to be treated as amounts contributed to an annuity contract for his employee, the custodial account must satisfy the requirements of section 401(f)(2). That section also requires, in order for the amounts paid by an employer to be treated as amounts contributed to an annuity contract for his employee, that the amounts are to be invested in regulated investment company stock to be held in the custodial account, and under the custodial account no such amounts may be paid or made available to any distributee before the employee dies, attains age 59 ½, has a severance from employment, becomes disabled (within the meaning of section 72(m)(7)), or in the case of contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(5)(D)), encounters financial hardship.

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

Section 408(h) of the Code provides that a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which the person will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an IRA described in section 408(a). Section 408(h) also provides that, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section 408A of the Code provides, in general, that a Roth IRA shall be treated in the same manner as an individual retirement plan. Section 7701(a)(37)(A) defines an individual retirement plan as an individual retirement account described in section 408(a).

Section 530(b)(1)(B) of the Code (dealing with Coverdell education savings accounts) requires that the trustee of such an account be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which that person will administer the trust will be consistent with the requirements of this section or who has so demonstrated with respect to any individual retirement plan.

COR Clearing, LLC
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Section 530(g) of the Code (dealing with Coverdell education savings accounts) provides that a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 408(n)) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which he will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an account described in section 530(b)(1). For purposes of title 26, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section 457(g) of the Code (dealing with eligible deferred compensation plans) provides, in relevant part, that plan assets and income must be held in trust. Section 457(g)(3) provides that custodial accounts and contracts described in section 401(f) shall be treated as trusts under rules similar to the rules under section 401(f). Section 1.457-8(a)(3) provides, in pertinent part, that for purposes of the trust requirements of section 457(g)(1), a custodial account will be treated as a trust if the custodian is a bank, as described in section 408(n), or a person who meets the nonbank trustee requirements of paragraph (a)(3)(ii)(B) of this section, and the account meets the requirements of paragraphs (a)(1) and (2) of this section, other than the requirement that it be a trust. Paragraph (a)(3)(ii)(B) provides that the custodian of a custodial account may be a person other than a bank only if the person demonstrates to the satisfaction of the Commissioner that the manner in which the person will administer the custodial account will be consistent with the requirements of sections 457(g)(1) and (3). To do so, the person must demonstrate that the requirements of section 1.408-2(e)(2)-(6) of the Regulations, relating to nonbank trustees, are met.

The Regulations at section 1.408-2(e) contain the requirements with which one must comply in order to act as a custodian, for purposes of sections 220, 223, 401(f), 403(b)(7), 408(a)(2), 408(h), 408A, 457(b) and 530 of the Code. Section 1.408-2(e)(1) requires a person to file a written application with the Commissioner demonstrating that it meets sections 1.408-2(e)(2) through (6) of the Regulations.

Based on all the information submitted to this office and all the representations made in the application, we have concluded that the Applicant meets the requirements of section 1.408-2(e) of the Regulations, and therefore, it is approved to act as a passive or non-passive nonbank trustee or nonbank custodian for medical savings accounts established under section 220 of the Code, nonbank trustee or custodian for health savings accounts established under section 223, a nonbank trustee or custodian for plans qualified under section 401 and accounts described in section 403(b)(7), nonbank trustee or custodian of individual retirement arrangements (IRAs) established under sections 408, 408A, and 530, and as a nonbank custodian of eligible deferred compensation plans described in section 457(b).

COR Clearing, LLC
EIN: 77-0616239

This notice of approval authorizes the Applicant to act as a passive or non-passive custodian. When the Applicant acts as a passive nonbank custodian within the meaning of section 1.408-2(e)(6)(i) of the Regulations, that is, it is authorized only to acquire and hold particular investments specified by the custodial agreement. It may only act as a passive custodian if under the written custodial agreement/trust instrument, it has no discretion to direct investments of the trust (or custodial) funds or any other aspect of the business administration of the trust.

This notice of approval, while authorizing the Applicant to act as a passive or non-passive custodian, does not authorize it to pool accounts in a common investment fund (other than a mutual fund) within the meaning of section 1.408-2(e)(5)(vi) of the Regulations. Section 1.408-2(e)(6)(v) of the Regulations provides that the Applicant may only act as a custodian if it undertakes to act only under trust instruments or custodial agreements that contain a provision to the effect that the grantor is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required, because the Applicant has failed to comply with the requirements of section 1.408-2(e) of the Regulations or is not keeping such records, or making such returns or rendering such statements as are required by forms or Regulations. For example, one such form is Form 990-T for IRAs that have $1000 or more of unrelated business taxable income that is subject to tax by section 511(b)(1) of the Code.

Section 1.408-2(e)(6)(iv) of the Regulations requires the Applicant to notify the Commissioner in writing of any change that affects the continuing accuracy of any representation made in its application. Further, the continued approval of the Applicant to act as a nonbank trustee as provided herein depends upon its continued satisfaction of the criteria set forth in section 1.408-2(e) of the Regulations.

This notice of approval is not transferable to any other entity. An entity that is a member of a controlled group of corporations, within the meaning of section 1563(a) of the Code, may not rely on an approval letter issued to another member of the same controlled group. Furthermore, any entity that goes through an acquisition, merger, consolidation or other type of reorganization may not necessarily be able to rely on the approval letter issued to such entity prior to the acquisition, merger, consolidation or other type of reorganization. Such entity may have to apply for a new notice of approval in accordance with section 1.408-2(e) of the Regulations.

This notice of approval constitutes a determination that the Applicant may act as a passive or non-passive custodian as described herein and does not bear upon its capacity to act as a trustee or custodian under any other applicable law. This is not an endorsement of any investment. The Internal Revenue Service does not review or approve investments.

COR Clearing, LLC
EIN: 77-0616239

This notice of approval is effective as of the date of this letter and will remain in effect until withdrawn by the Applicant or revoked by the Service. Section 1.408-2(e)(7)(i) of the Regulations prohibits the acceptance of any fiduciary account prior to the effective date.

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

If you have any questions, please contact Ms. Danielle Norris (Badge No. 1002853909) at 202-317-8726. Please address all correspondence to SE:T:EP:RA:T1.

Sincerely,

Carlton A. Watkins

Carlton A. Watkins, Manager
Employee Plans Technical Group 1

cc: Barbara R. Van Zomeren, Esq.
Ascensus
415 8th Avenue, NE
Brainerd, MN 56401