RMDs From Your Traditional IRA After Age 70½

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Q1  Why do I have to take money from my Traditional IRA?
Federal tax laws require that all Traditional IRA owners who have attained age 70½ receive IRA distributions each year. Our records indicate that you are subject to this requirement in 2019 and each subsequent year, until you have received all of the assets in your IRA. The IRS refers to the minimum amount that you must receive from an IRA as a required minimum distribution (RMD).

Q2  May I take my RMDs for all of my Traditional IRAs from just one Traditional IRA?
Yes. But the RMD from each of your Traditional IRAs must be calculated separately. To use this approach, you either have to compute the RMD for each IRA yourself, or ask each financial organization at which you have a Traditional IRA to compute it for you. You must total these RMDs and ensure that you receive this total from one or more of your Traditional IRAs.

Q3  Do I have to receive a Traditional IRA RMD in 2019?
You have until December 31, 2019, to receive the RMD for 2019. An IRA owner who does not receive payments at least equal to the RMD for the year is subject to a 50 percent excess accumulation penalty tax on the amount not taken by the deadline. Payment of this penalty tax does not reduce the income taxes due on the assets if they are distributed later.
**Q4** If I am already receiving regular payments from my Traditional IRA, do I still need to complete the Post-70½ Payment Election form?

Yes. The enclosed form will provide us with information to assist you in meeting the RMD requirement for your IRA.

If you want to receive your RMD in the same months that you are currently receiving payments, select the earliest month in 2019 that you would receive a payment under that schedule. For example, if you are receiving semi-annual payments in June and December, select June 2019 as your start date. Or, if you are receiving monthly payments, select January 2019 as your start date (even if it is already past that date).

**Q5** What is the smallest amount I can receive from my Traditional IRA?

Your RMD is based on the IRA balance and your age, so the RMD amount is different for each IRA. You can receive the minimum amount by selecting payment option 5, RMD payments, on the Post-70½ Payment Election form. Each January we will provide you with an estimate of the RMD for that year.

**Q6** Why are there so many payment options?

Our policy is to offer you as many payment options as are available under the law, which allows you to select the best option for your situation.

**Q7** Once I choose a payment option, may I change it later?

Yes.
Q8 How do I change my payment option?
Contact a financial organization representative and ask to complete a Traditional IRA Periodic Payment Change form.

Q9 How do I change my withholding election?
Contact a financial organization representative and ask to complete a Traditional IRA Periodic Payment Change form.

Q10 What if I want to withdraw money in addition to my RMD?
You may withdraw additional amounts from your IRA at any time. Contact a financial organization representative and ask to complete a Traditional IRA Withdrawal Authorization form. Ask the representative whether additional withdrawals will alter the payment schedule selected to meet your RMD for the year.

Q11 Does my Traditional IRA continue to earn dividends or interest after I start receiving payments?
That depends on the terms of the investments you have chosen for your IRA. Refer to those terms or contact a financial organization representative for further information.

Q12 May I change my Traditional IRA investments once I start receiving payments?
You may change investments at any time, except as limited by the terms of your IRA investment contracts.
Q13 May I still roll over or transfer my IRA assets to another financial organization once I start taking payments?

Yes. You may roll over or transfer the remaining assets in your IRA, except as limited by the terms of your IRA investment contracts. You may not roll over your RMD.

Q14 Does my beneficiary designation affect the payment options available to me?

No. The payment options available for RMDs are not affected by your beneficiary designation or by the fact that you have not designated beneficiaries. Your beneficiary designation can affect your RMD amount, however, if your spouse is more than 10 years younger than you. If your spouse is more than 10 years younger than you and is the only primary beneficiary of the IRA during the entire year, the RMD amount will be based on the joint life expectancy of you and your spouse, resulting in a smaller RMD. If a trust for the sole benefit of your spouse is named as the primary beneficiary of your IRA, the trust must meet certain requirements for the joint life expectancy to be used for calculating your RMD payments. Ask a financial organization representative for a Qualified Trust Certification for Determining Death Benefit RMD form.

Q15 How do I change the beneficiary for my Traditional IRA?

Contact a financial organization representative for assistance in obtaining and completing an IRA Beneficiary Designation form.

Q16 Whom can I contact for more information about choosing a payment option?

Contact a financial organization representative or a competent tax advisor for further information.
Option 1
IRA Owner Responsible for Payments

If you choose payment option 1 in section B of the *Post-70½ Payment Election* form, you will be responsible for calculating and receiving the RMD for your IRA. If you have only one Traditional IRA, be sure to withdraw at least the RMD amount by the deadline. If you have two or more Traditional IRAs, you can take each RMD from each IRA, or you can add together the RMDs for each IRA and receive the total from one or more of your Traditional IRAs by the deadline. The deadline is December 31, 2019, for the 2019 RMD, and December 31 of each subsequent year for each year’s RMD.

To select this payment option, provide the information requested at the top of the *Post-70½ Payment Election* form, check the box in front of payment option 1 in section B, and sign and date the form. Do not complete the rest of the form.

Option 2
Lump-Sum Payment

If you choose payment option 2 in section B of the *Post-70½ Payment Election* form, you will receive the entire balance of your Traditional IRA in one single, lump-sum payment that will close the IRA. You can receive this lump-sum payment any time before December 31, 2019.
If you want to receive your lump-sum payment immediately, please do the following.

1. Do not complete the Post-70½ Payment Election form.

2. Contact a financial organization representative. You will need to complete a Traditional IRA Withdrawal Authorization form to receive your lump-sum payment.

If you do not want to receive your lump-sum payment until a later date, please complete the entire Post-70½ Payment Election form.

**Option 3**

**Payments Over a Specific Number of Years**

If you choose payment option 3 in section B of the Post-70½ Payment Election form, we will compare the time period you select to the time period used by the tax laws to determine the RMD for the IRA. If the time period you select is shorter, we will base the payments on that time period. If the time period you select is longer than that required by the tax laws, we will make payments under payment option 5.

Please complete the entire form and sign it.

**How Your Payments Will Be Calculated**

If you select this payment option, we will calculate your 2019 RMD by dividing your IRA’s adjusted December 31, 2018, balance by the applicable number of years.

**Example:** If you have $10,000 in your Traditional IRA on December 31, 2018, and want to receive payments over five years, you will receive $2,000 for your 2019 payment ($10,000 divided by five years = $2,000).
For each year thereafter, we will calculate your RMD by dividing the prior year’s December 31 IRA balance by the remaining number of years. (If the number of years you indicate is five, then it will be four years for 2020, three years for 2021, and so on.)

See page 9 to estimate your 2019 RMD using this method.

Option 4
Payments of a Specific Amount

If you choose payment option 4 in section B of the Post-70½ Payment Election form, you will receive payments equal to the amount you indicate. These payments will be made according to the frequency you indicate in section D (monthly, quarterly, semi-annually, or annually). The annual amount of these payments must equal or exceed your RMD. If the amount you select is less than the RMD, we will make payments under payment option 5.

Please complete the entire form and sign it.

Option 5
RMDs

If you choose payment option 5 in section B of the Post-70½ Payment Election form, you will receive the RMD each year.

Please complete the entire form and sign it.

How Your Payments Will Be Calculated
Each Traditional IRA RMD is determined by dividing the prior year’s December 31 adjusted IRA balance by a distribution period. For most IRAs, the distribution period is taken from the Uniform Lifetime Table published by the IRS. A portion of that table is on the following page.
If you attain age 71 on your birthday in 2019, the 2019 RMD is determined by dividing the adjusted IRA balance on December 31, 2018, by 26.5. If you attain age 72 in 2019, the adjusted IRA balance is divided by 25.6.

If your spouse will be the only primary beneficiary of the IRA for the entire year and your spouse is more than 10 years younger than you, based on your attained ages in the same year, the distribution period for the IRA is the joint life expectancy of you and your spouse each year. This joint life expectancy is found on the Joint Life Expectancy Table published by the IRS. For example, if in 2019 an IRA owner attains age 71 and the spouse attains age 56, the 2019 RMD is determined by dividing the adjusted IRA balance on December 31, 2018, by 30.1. This would result in a smaller RMD than if the Uniform Lifetime Table was used.

The adjusted IRA balance is the IRA’s balance on December 31 plus the amount received into the IRA in the following year as a rollover or transfer contribution that left the distributing retirement plan or IRA in the prior year. The IRA balance also may need to be adjusted by subtracting the value of any qualifying longevity annuity contracts, if applicable. We will make these adjustments for you.

<table>
<thead>
<tr>
<th>Attained Age in Year</th>
<th>Distribution Period</th>
</tr>
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<tbody>
<tr>
<td>70</td>
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</tr>
<tr>
<td>71</td>
<td>26.5</td>
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<tr>
<td>72</td>
<td>25.6</td>
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<td>73</td>
<td>24.7</td>
</tr>
<tr>
<td>74</td>
<td>23.8</td>
</tr>
</tbody>
</table>
You can estimate your 2019 payment under payment option 3 or payment option 5 by completing the simple calculation below.

\[
\frac{\text{12/31/2018 Adjusted IRA balance}}{\text{Distribution period*}} = \text{Estimated 2019 payment}
\]

*For payment option 5, use the distribution period from the Uniform Lifetime Table on page 8 or contact your financial organization for the complete Uniform Lifetime Table. The distribution period under payment option 3 is the shorter of the period you select or the distribution period from the Uniform Lifetime Table.