



QCDs Beyond FAQs: A Deeper Look at the Charitable IRA Rollover

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I. INTRODUCTION

Qualified charitable distributions (also known as charitable IRA rollovers, and referred to throughout this paper as QCDs) were first introduced in the Pension Protection Act of 2006, and limped along for a number of years with extensions (sometimes retroactively) until being made permanent under the Protecting Americans from Tax Hikes Act of 2015. They are particularly appealing because they provide a tax benefit even if the donor does not itemize his deductions. And on the surface they seem simple – request a payment go directly from the plan administrator to a qualifying charity. However, unlike the quote attributed to Albert Einstein (“The definition of genius is taking the complex and making it simple”) anything that involves the tax code seems to be the opposite. . . taking something simple and making it complex. There are nuances to these types of gifts that should be understood, to help both charities and donors avoid pitfalls.

It should be noted, though, that there is a fine line between providing the donor charitable giving information – sometimes tax and even legal in nature – and staying in the role of a gift officer and not becoming the donor’s financial advisor. While a gift officer might provide general rules, it is important for her to encourage (and even implore) the donor to consult professional advisors to ensure the information provided is relevant for their personal financial situation.

II. IRA GENERAL INFORMATION

Most of the money in IRAs comes from rollovers from workplace savings plans, such as a 401(k) or 403(b). Other sources are IRAs established by individuals without access to a workplace plan, or employees who may contribute to an IRA in addition to whatever plan is offered by their employer. The dollar value of individuals’ IRAs can vary widely, and some may feel they need every bit of it to support themselves in retirement. But for others of retirement age (even if not actually retired) their IRA may well be viewed as a discretionary supplement (to pensions, social security, and other investments); and if they are making charitable gifts the IRA may be the ideal source. To appreciate the appeal and benefits of QCDs, let’s review some of the tax implications of lifetime gifts from IRAs:

A. Withdrawals subject to income taxes *and* penalties

Withdrawals from a traditional IRA account prior to age 59 ½ are subject to income taxes and to a 10% penalty of the amount withdrawn. If the account owner itemizes deductions, in most cases she will be able to avoid income taxes on the amount withdrawn and contributed to charity but will still have to pay the 10% penalty. If she does not itemize deductions, then there will be no corresponding income tax charitable deduction to offset the taxes due on the amount withdrawn. A transfer of IRA assets directly from the IRA account to a charity is a taxable withdrawal from the account. It is difficult to conceive of a situation where it would be advisable for a donor under age 59 ½ to use IRA assets to make a gift to charity.

Example: Elaine, age 55, withdraws \$20,000 from her IRA account to make a class gift to her alma mater in a campaign. The \$20,000 is added to Elaine’s gross income. Elaine, who itemizes her deductions, can deduct her \$20,000 gift but will owe the IRS \$2,000 as an early withdrawal penalty, for which there is no tax advantage.

Example: Elaine, rather than withdrawing \$20,000 from her IRA account, has \$20,000 transferred directly to her alma mater. The result will be the same as above. IRS will

consider Elaine as having withdrawn \$20,000 from her IRA and then she made a gift to her alma mater.

B. Withdrawals subject to income taxes only

The tax treatment of withdrawals between ages 59 ½ and 72 are much like withdrawals prior to age 59 ½, except there is no penalty for an early withdrawal. There is no IRS requirement for any withdrawals from an IRA account during this age period. Withdrawals during this period will be added to gross income and subject to income tax. If the donor elects to itemize deductions, charitable gifts of IRA withdrawals can be deducted, though there are significantly fewer itemizers since the standard deduction was increased under the *Tax Cuts and Jobs Act of 2017*. However, an individual between 70 ½ and 72 is still eligible to make a QCD.

Example: Anne and Bill, spouses who are ages 65 and 68, respectively, have recently downsized and moved into a rental community. They wish to make a significant contribution to a favorite charity supporting historic preservation. Anne withdraws \$18,000 from her IRA account. The \$18,000 is added to their gross income and will be taxed. Since Anne and Bill no longer itemize their deductions (in 2020 the standard deduction for those married filing jointly is \$24,800), Anne and Bill will not be able to offset their \$18,000 gift to charity with a corresponding income tax charitable deduction.

Here, Anne is not yet old enough to qualify for the qualified charitable distribution; but if she were, she could have requested the \$18,000 as a QCD to her favorite charity and the amount would not have been added to their gross income. Individuals may still want to make a QCD even before they are required to take withdrawals.

C. Age 72 and older

Once an IRA account owner reaches age 72, they must start taking withdrawals from their IRA account (and from other tax qualified retirement plans, but not from a Roth IRA) for what are known as required minimum distributions (RMD). Note that the age for commencement of RMDs was increased from 70 ½ to 72 under the SECURE Act, discussed later in this paper. Individuals who turned 70 ½ prior to 2020 must continue to take RMDs, although RMDs were waived for 2020 as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES).

The amount of the RMD is determined by an IRS Uniform Lifetime Table. The first distribution must take place in the year the account owner turns 72, or by April 1 of the year thereafter. RMDs must be taken annually in all subsequent years. The amount distributed from the IRA account is added to gross income and taxable to the account owner. If the account owner fails to withdraw the required amount of the RMD in any year, the penalty imposed by IRS is 50% of the shortfall. Not all donors need their RMD to supplement living expenses, but they must still withdraw their entire RMD. For these donors, a QCD presents an opportunity to make a tax-free gift to charity.

D. Potential financial issues faced by IRA account owners 72 and older

Required minimum distributions, like all withdrawals from IRA accounts, are added to the account owner's gross income and become subject to income taxes. Once all sources of income are determined the adjusted gross income (AGI) is calculated. The AGI factors into calculations that may have a financial impact on the donor, such as eligibility for, and imposition of taxes on,

some federal benefits. The AGI is also a key component in calculating how much of a donor's charitable contributions can be deducted in a year. Examples of how the AGI impacts the taxpayer follow.

- (1) *Social Security* – The greater the AGI the more of the individual's Social Security income becomes subject to tax.
- (2) *Medical expenses* – The taxpayer's AGI is the basis for computing the deductibility of medical expenses.
- (3) *Roth IRA contributions* - Eligibility for contributions to a Roth IRA are determined by a modified AGI calculation.
- (4) *Medicare premiums* - Part B premiums can rise significantly as AGI increases.
- (5) *Charitable contribution deductions* – For donors who itemize, charitable contributions of cash can be deducted up to 60% of AGI (30% of AGI for gifts of long-term appreciated assets), with the ability to carry forward any unused deduction for up to five additional years. A donor who wishes to make a large charitable gift may not be able to deduct the entire amount of the gift in one tax year. The CARES Act, mentioned above, increases the limit in 2020 to 100% of AGI for cash contributions to public charities (not donor advised funds, supporting organizations or private foundations).

III. QCDs: THE BASICS

There are several requirements that must be met in order to have a valid QCD, set forth in Internal Revenue Code Section 408(d)(8).

Account owner

The IRA account owner must be 70 ½ or older at the time of the QCD transfer. It is not enough if the IRA account owner turns 70 ½ in the year of the gift. The donor must be 70 ½ *when making the gift*. (This age limit remains unchanged, despite the increase on the age limit for RMDs to 72.)

Amount of QCD

The maximum amount of QCD gifts that can be excluded from gross income in a year is \$100,000, per IRA owner. Spouses can each make QCD gifts from their respective IRA accounts of up to \$100,000 per spouse per year. But if an individual has multiple IRAs, the \$100,000 is an aggregate across all of them, not per IRA.

One of the tax benefits of a QCD is that it counts toward the donor's required minimum distribution. Once the account owner reaches age 72, he must take an RMD each year, regardless of whether he needs those funds for living expenses. Using a QCD allows him to meet the RMD requirement while reducing (or eliminating, if the QCD is for the entire amount of the RMD) the amount included in his gross income – appealing for anyone, but particularly for an individual who does not need the income from the RMD, but would have to take it to avoid the penalty.

Two examples involving QCDs and RMDs:

(1) *RMD & QCD working together.*

Mary turned age 75 last year and had \$500,000 in an IRA account. She no longer itemizes her deductions, so Mary does not get a direct tax benefit from her charitable gifts. According to the Uniform Lifetime Table, Mary's RMD for last year was \$21,834. Mary did not need all her RMD for living expenses and did a QCD to her church for \$10,000 and another for \$2,000 to a local food bank. Her \$12,000 of QCDs were deducted from her RMD requirement, and Mary withdrew from her IRA the \$9,834 balance of her RMD, which was added to her income and subject to tax. Her \$12,000 of QCD gifts were not included in her income and were thus tax-free.

(2) *RMD then QCD.*

In 2019 Tim, age 80, had \$750,000 in an IRA. His RMD was \$40,107. At the start of the year Tim took his entire RMD for a luxury trip he and his wife had long planned. In the summer, Tim learned that his alma mater was looking to hit a campaign goal and received a request to help with a gift. Tim made an \$80,000 QCD gift to his alma mater. Since Tim had already withdrawn his RMD, the QCD gift could not count towards it. The \$41,107 was added to his taxable income. However, the QCD gift was still permissible and Tim did not pay income taxes on that withdrawal. **Note:** This example might have played out differently in 2020, since RMDs were waived under the CARES Act, and IRS Notice 2020-51 allows RMDs already taken in 2020 to be repaid back to the retirement account until August 31.

IRA account only

A QCD must be made from an IRA account only. Ongoing Simplified Employee Plans (SEPs) and Savings Incentive Match Plans for Employees (SIMPLE plans), 401(k), and 403(b) plans do not qualify. A rollover IRA or inherited IRA both qualify for QCD gifts provided IRS rules are otherwise met.

A QCD can also be made from a Roth IRA, but Roth IRA distributions in most cases are tax-free and there is no required minimum distribution, making it difficult to see why a Roth IRA would be used for a QCD. Perhaps the only time a QCD from a Roth IRA would be advantageous from a tax perspective is if the Roth IRA were in existence for less than five years and there has been growth in the Roth IRA assets. In such a case, any withdrawals attributed to the appreciation would be taxable.

Charity recipients

The QCD must be made to an eligible organization – generally a 501(c)(3), or public, charity. Supporting organizations, private foundations, and donor advised funds do not qualify.

Distribution directly to charity

The QCD must be made directly from the IRA administrator to the charity. It is permissible for the IRA administrator to issue a check payable to the charity and mail the check to the IRA account owner, for transmittal to the charity. A QCD from an IRA checkbook where the account owner writes a check to the charity and mails or delivers the check qualifies if all other IRS requirements have been met.

No quid pro quo

To meet the requirement for a QCD the entire contribution must be allowable as a charitable deduction and neither the donor nor any other party is able to receive any benefit in exchange for the

gift. In short, there can be no quid pro quo. If any benefit is provided, such as gala or charity auction tickets, the entire QCD fails to qualify for QCD tax treatment.

Example:

Elaine lives for the opera. She makes a gift each year of \$3,000 to her local opera company. In exchange for her gift Elaine receives a ticket to the opera company gala that has a value of \$250. This year Elaine waited to make her gift until she turned 70 ½, having learned about the QCD. Elaine does a QCD to the opera company for \$3,000 and the opera company sends Elaine her ticket for the gala. Elaine's QCD violates the IRS rule that the entire QCD gift must be tax deductible to qualify as a QCD. Since that is not the case here, Elaine's entire QCD of \$3,000 is disqualified. Instead, she has a \$3,000 taxable withdrawal from her IRA, and a charitable deduction of \$2,750 (amount of the gift less the value of the gala ticket).

Note that a similar restriction exists for gifts made from Donor Advised Funds (DAF). In Notice 2017-73, the IRS spells out its position that tickets to an event would be more than an "incidental benefit." The Notice further highlights the IRS view that the restriction applies even to a situation where the DAF distribution covers only the deductible portion of the ticket cost while the donor separately pays the non-deductible portion – the thought process is that the benefit would not be available but for the DAF distribution.

Income tax charitable deduction

The donor *cannot* take an income tax charitable deduction for a QCD gift. Instead, the distribution is excluded from the donor's taxable income – a much better result, particularly for donors that take the standard deduction rather than itemizing.

The exclusion from income as opposed to a charitable deduction might also enable a donor to make a larger gift. Whereas the charitable deduction is generally limited as a percentage of the donor's adjusted gross income, such a limitation does not apply to QCD gifts. (While the CARES Act provides for cash contributions in 2020 to public charities at 100% of AGI, the limits are otherwise currently 60% of AGI for cash gifts and 30% of AGI for appreciated assets owned for at least one year.) Provided the QCD gift does not exceed \$100,000 in any tax year, and that the other requirements for making a QCD gift are met, the QCD gift is not limited by the donor's AGI.

Substantiation

The IRS substantiation requirement must be met for QCDs. The charity must send a contemporaneous written acknowledgment for the QCD gift for \$250 or more which must state that no goods or services were provided in return for the contribution. The written acknowledgment for a QCD would necessarily differ from the gift receipt sent for a non-QCD gift as the gift is not coming from the donor, but from an IRA account. (See Appendix 1 for a sample contemporaneous written acknowledgment for a QCD gift).

Legally binding pledge

A QCD can satisfy a legally binding pledge.

IV. SECURE ACT: EFFECT ON QCDs

On December 20, 2019, the “Setting Every Community Up for Retirement Enhancement” Act, aka the SECURE Act, was signed into law and went into effect on January 1, 2020. The SECURE Act includes several provisions that affect QCDs. Did it, as one article headlined, “ruin a perfectly good QCD?” Let’s take a look:

RMD starting age increased from 70½ to 72.

The age at which the owner of an IRA must start taking required minimum distributions was increased from 70½ to 72. IRA owners who turn 70½ in 2020 or later can accumulate assets tax-free in their IRAs for an additional one-and-a-half years before they must start taking minimum distributions. This rule change also applies to 401(k)s and other qualified retirement plans.

The minimum age for making QCDs from an IRA remains 70½. So, there now will be an 18-month period during which fulfilling an RMD will not be an incentive for a donor to make a QCD. (As noted previously, the CARES Act eliminated the RMD requirement in 2020.) Nevertheless, for donors who take the standard deduction rather than itemize, using QCDs to make charitable gifts will remain the most tax-efficient way to make gifts once they reach 70½. Encouraging such gifts even absent an RMD highlights that the QCD is not tied to, nor limited by, the RMD amount. For donors who opt not to make QCDs until they must take an RMD, the delay may result in larger IRA balances and thus larger RMDs, which may lead to larger QCDs once they start.

No age limit on certain IRA contributions

There is no longer an age limit on making deductible contributions to an IRA for IRA owners who continue to work beyond age 70½. This change will enable these IRA owners to accumulate greater amounts in their IRAs. These additions will not necessarily translate into larger QCDs, however. Deductible amounts that an IRA owner contributes after reaching age 70½ will reduce the amount of a QCD that can be excluded from the donor’s income.

For example, if the donor of a \$50,000 QCD has contributed \$20,000 to her IRA since turning 70½ (and taken a tax deduction for the contribution), only \$30,000 of the QCD will be excludable from her taxable income. The donor will be able to itemize the other \$20,000 as a charitable deduction, but due to deduction limitations and other factors, this deduction may not completely offset the \$20,000 of additional taxable income. Donors in this scenario may want to keep their QCDs at or below their RMD so as not to increase their income more than they have to. If the donor makes no further IRA contributions and makes another \$50,000 QCD in a subsequent year, all \$50,000 will be excludable from her taxable income because she included the \$20,000 in her income previously.

Now, let’s alter the facts in our example so the donor has made a total of \$50,000 in post-70 ½ contributions to her IRA (and claimed a tax deduction for that amount). Now, she is ready to make a QCD of \$20,000. Under the SECURE Act provision, she cannot exclude any of the \$20,000 from income; instead, it will be considered a taxable distribution, but with a charitable deduction of the same amount. Whether it turns out as a tax neutral event will depend on whether the additional income has any other consequences for her. And, she still has \$30,000 in post-70 ½ contributions that have not been tapped; until she has made QCDs that in total exceed the amount of those contributions, the QCDs will not be tax-free distributions. Obviously, the elimination of the contribution age limit

complicates the decision to make QCDs for IRA owners who continue to make deductible contributions to their IRAs when older than 70½.

Maybe more than you want to know: It could be further complicated if the donor elects (by filing Form 8606 with the IRS) not to claim a deduction for her IRA contributions. Not claiming the deduction would avoid having to reduce the excluded income of the QCD. It also creates a situation where the donor has some funds in her IRA that are taxable (those for which she claimed a deduction) and some funds that are not taxable. (This can also occur if an individual does not meet the requirements to make tax-deductible contributions and instead makes post-tax contributions.) QCD withdrawals are taken first from funds that would be taxable while RMDs are taken pro rata from taxable and non-taxable. If a donor is making QCDs from an IRA account holding both taxable and non-taxable funds, she should rely on her tax advisor to be sure these are being tracked correctly. This is not something the gift officer should offer advice on.

“Stretch” IRA curtailed for many non-spouses

When a deceased owner’s IRA is inherited by a non-spouse who is more than 10 years younger than the deceased, no longer can the new owner “stretch out” distributions over her life expectancy. Instead, the new owner must empty the inherited IRA within 10 years, paying taxes accordingly. The owner can take distributions any way she wants as long as she withdraws all funds within 10 years. Owners of IRAs inherited prior to 2020 are grandfathered; they can continue to take distributions over their life expectancies. All these same rules apply to 401(k)s, 403(b)s, and other qualified retirement plans. The limiting of the “stretch” IRA will discourage many IRA owners from passing on their IRAs to children or other loved ones who are subject to the 10-year rule. For charitably-minded IRA owners, the elimination of the old “stretch” IRA creates an additional incentive to make their gifts via QCDs, drawing down IRA balances and leaving other assets more intact for heirs. This minimizes the income tax paid on the IRA funds. Alternatively, or additionally, donors may choose to designate what is left in their IRA (or other qualified plan) at death to charity. Doing so will avoid income tax on the IRA funds because charities are tax-exempt and provide heirs with funds on which they will not need to pay income tax.

MARKETING QCDs

Assuming the age requirement is met, the QCD is ideally suited for donors who do not need their required minimum distribution for living expenses, and who will no longer be itemizing their deductions. Since it was doubled under the 2017 tax cut, it is expected that around 90% of taxpayers will be taking the standard deduction. Donors who are renting, living in a continuing care community, or who own their home but no longer have a mortgage are likely to no longer be itemizing. A QCD can also benefit a donor who wants to make a charitable gift that exceeds the adjusted gross income limitation for taking the entire charitable deduction in the year of the gift. QCD gifts are not subject to the AGI limitation for deducting charitable gifts. The tax benefit of QCDs for non-itemizers is a prime message for marketing; on the other hand, the discussion of AGI limits more commonly arises in individual donor conversations rather than being included in a marketing piece.

The key point in the marketing of QCDs is the importance of doing so on a consistent, recurrent basis. Despite QCDs being around for almost 14 years, charities continue to receive first time gifts from donors in their mid-70s and older who are just discovering the QCD. While to those in the fundraising profession the gift seems well established and known, many individuals continue to be unaware of it.

In addition, each year a new group becomes “eligible” for the QCD as they turn 70 ½. Even though they may have seen your QCD messaging in the past it may not have registered and they may not have remembered when it would become an option for them. It is essential to market QCDs regularly, to inform and attract the attention of the ever-expanding pool of prospects for such a gift.

Another consideration is when might be the best time of year for your QCD marketing message to go out. With respect to people who may be using the QCD to satisfy all or part of their required minimum distribution, it may be beneficial to communicate both early in the year and in the fall. Some people, knowing that they must take an RMD, will do so early in the year so that they have the funds available to them as needed or for whatever they may plan throughout the year. Other people will leave their funds in the account as long as possible, trying to maximize investment returns; this is particularly true of people who don’t need the RMD for living expenses but are taking it out solely because they have to. Note that while the messaging might be different in 2020, given that RMDs are waived, a fall mailing still makes sense as for donors wishing to make a gift the QCD may remain the most tax-smart way to do so.

Other marketing opportunities relate to the fact that the QCD messaging is aligned with tax savings and the benefit of the tax-free withdrawal. A mailer mid to late spring can tie-in to the frustration people may be feeling about not being able to itemize and receive a tax benefit from their charitable gifts; that can be contrasted with the tax benefits of the QCD that do not require itemizing. Also because of the connection with income taxes, a change in tax law (which of late seems to be quite frequently) provides the opportunity to inform your donor about applicable changes related to charitable giving and then tie in the QCD – either by noting how it is affected by the changes and/or noting how it remains a tax-beneficial option.

When it comes to content the “attention grabber” generally focuses on the QCD as a tax-smart gift or on the RMD deadline (e.g. “No longer itemizing?”). A message sent post-tax season might note that though tax time is over it is not too late to save. With more limited space, a postcard or email will highlight key requirements (age 70 ½, payment direct to a public charity, \$100,000 maximum) and key benefits (distribution is not taxable, counts towards the RMD). Donors are directed to a link to the website and given contact information for a gift officer as ways to obtain more information. A newsletter could get into more detail, perhaps mentioning how to initiate such a gift or addressing potential end of year time considerations (both discussed further on in this paper).

As a result of the coronavirus many charities switched messaging or put their planned giving marketing temporarily on hold. In lieu of stand-alone pieces, one strategy has been to include the QCD message in other communications vehicles, such as an organization magazine or newsletter. One way to sell this idea is to highlight that the QCD is really an outright gift and something that all gift officers should be talking about, and that the message should be included in annual fund material as well. Because the gift comes out of retirement assets, and in that sense is tied with estate and tax planning, it is a focus of gift planners. But the tax-advantaged nature of the gift – and the relative ease of making it – makes it a popular way for donors to make their annual gift. Thus, a charity should look to be as expansive as possible with the channels used to market this gift.

Finally, it is important to recognize that the various tax law changes (both permanent and temporary) in 2020 may have added complexities to an individual’s situation that did not exist in prior years. Most marketing pieces contain some language directing donors to consult with their financial or tax advisor.

For at least the remainder of 2020 this should be emphasized, with donors being strongly encouraged to consult with their advisors about how recent tax changes may affect them.

VI. INITIATING A QCD

In the early days of QCDs, donors often looked to charities for suggested language for requesting such a distribution from their IRA administrator. However, once the QCD was made permanent most plan administrators created their own forms and/or procedures for executing a QCD. Rather than offer template letters, charities would better serve their donors by using language such as this when promoting QCDs: “Your IRA administrator can help you make a qualified charitable distribution from your IRA. Be aware that many administrators require you to use their QCD distribution form and comply with other requirements.”

While some firms restrict access to their forms to existing customers, a survey of those that make their forms publicly available seems to indicate the forms for requesting a QCD fall into two broad categories:

Qualified Charitable Distribution Request Forms

Many firms make use of forms specifically designed to request only a QCD. See Appendices 2 and 3 for examples from Fidelity and John Hancock. These forms have various titles, but generally very clearly include the term “Qualified Charitable Distribution” (another reason to use that phrasing, rather than IRA rollover, when discussing/marketing these gifts to donors). A search of the forms section of the plan administrator’s website or a call to the customer service department will locate the appropriate paperwork to begin a QCD transfer. While the forms in this category are easy to find, they can differ in their procedural requirements.

A particularly cumbersome procedure is the need in some instances for a medallion signature guarantee, often where the donor is asking for the QCD to be sent to an alternate address (such as your charity). The signature guarantee differs from a notarization and can be difficult to obtain; not all branches of financial institutions provide the service, and the individual seeking it must generally already be a customer. To avoid the need for the signature guarantee, the donor should be able to have the administrator send the check made out to your charity to the donor. The donor can then send the check to your charity. This still fulfills the requirement that a QCD go “directly” to the charity from the IRA

Combined Required Minimum Distribution/Qualified Charitable Distribution Forms

Some firms combine the request for making a QCD on the same form used for making a required minimum distribution. See Appendices 4 and 5 for examples from Schwab and Voya. The fact that the form serves multiple purposes can make them a bit more complex, as RMD instructions are more complicated than those for a QCD. Given the form’s broader usage, it is not surprising that a reference to a QCD is not included in the title; instead, they typically reference “requesting” or “electing” a required minimum distribution. As with the stand alone QCD forms, the administrator may require a Medallion Signature Guarantee. Also, as with the single-purpose form, the donor can

avoid the signature guarantee requirement by having the QCD check made out to the charity sent to the customer's address on file.

Since this is a multi-purpose form, there are additional questions, including whether the customer wants to have taxes withheld, and the desired frequency and method of distribution. It can sometimes be difficult to find where the request is made for a QCD. The Schwab form is 10 pages and does not have a specific box to check for a QCD. Instead a charity may "make a charitable donation" by entering the name of the charity as the payee when requesting a third-party distribution. This is a particularly cautious approach, with directions for the individual to talk to their advisor to see if the distribution is eligible as a qualified charitable distribution. The Voya form is shorter (2 pages) and includes a specific box to be checked for a QCD distribution.

Regardless of the form to be used, if not completed correctly the distribution may well be done in a way that causes it to fail as a QCD. In that case, the donor has a taxable distribution from his IRA, and receives a charitable deduction. While such a situation could end up a wash, the fact that the donor's income increased may have other tax implications. Avoid any temptation to help your donors complete the form or answer questions on the process – steer them to the plan administrator (as frustrating as that might be for them) or to their advisor. You do not want to be in a position where your guidance – whether correctly or incorrectly followed – resulted in an unintended distribution.

VII. YEAR-END QCD – A TAX TRAP

For an individual electing to make a QCD in full or partial satisfaction of their RMD, it is critically important that the QCD be completed within the intended year or the donor could face a penalty for failure to satisfy the RMD requirement. How the QCD is delivered can affect when the gift is considered complete.

The QCD must go directly from the IRA administrator to the charity. There are several ways that can happen. The IRA administrator can make a check payable to the charity and mail it directly to the charity. The IRA administrator can make a check payable to the charity and mail it to the account owner, who can then either forward the check to the charity or hand deliver it. And some IRA administrators have issued check books to the IRA account owner allowing the account owner to write checks on her IRA account. It is permissible for the account owner to write a check payable to the charity and mail the check to the charity. That will meet the requirements for a QCD.

The mailbox rule is irrelevant for QCD gifts. The postmark date on the envelope is not the gift date insofar as the IRA administrator is concerned. The critical date is when the IRA administrator makes the distribution from the IRA account, as that is what the administrator will report on the Form 1099-R. If the administrator is issuing the check and sending it to the charity, in most cases the administrator removes the funds from the IRA account when issuing the check and that is what will be reported on Form 1099-R.

Example:

Rick, age 78, realizes on December 15 that he has not taken his full RMD for the current year. He obtains the form from his IRA administrator to initiate a QCD to support his local animal

shelter. Rick mails the QCD form to his IRA administrator on December 19. The administrator processes Rick's QCD request on December 23 and mails the check to the animal shelter on December 26. The animal shelter receives the check on January 2 and deposits the check on January 5. If the IRA administrator removed the funds from Rick's IRA account on December 23 when it processed Rick's QCD request, then the gift counts toward Rick's RMD for the year the gift was processed. The fact that the hospital deposited the check in the following year does not matter.

The bigger issue with the gift date is when the donor has his own IRA checkbook and mails a check to the charity in late December. Even though the check may arrive at the charity at the end of December, if charity staff is on vacation and doesn't deposit the check until January, the IRA administrator will remove the funds from the IRA account in January. If the donor had anticipated that the QCD was to count toward his RMD in the previous tax year, that is not going to happen, and the donor may find himself subject to a 50% penalty of the shortfall of his RMD.

Example:

Rick has been issued a checkbook to write checks on his IRA account. On December 26 Rick writes a check to his local animal shelter and promptly deposits the check in the mail, intending the check to qualify as a QCD gift and to count toward his RMD, which he has not completely taken this year. The check is received by the animal shelter on December 28 and is deposited on December 30. Rick's IRA custodian does not withdraw the funds from Rick's IRA account until January 3, which is when the distribution is deemed made to the animal shelter. The gift will not count as a QCD in the year Rick intended but will count in the year in which the IRA administrator removed the funds from Rick's IRA account. Since Rick had not taken his full required minimum distribution for the year he intended for the QCD, Rick will pay a penalty to IRS for 50% of the shortfall.

While of course ultimately this is the donor's issue, a charity should do whatever it can to help avoid such a situation. Certainly, if a gift officer is notified near year-end that a QCD is coming it would be advisable to find out where the check is coming from (direct from the plan administrator or via the donor) and discuss the possible pitfalls. The problem is that often the charity does not know the gift is coming.

Marketing pieces on QCDs can be used to remind donors of the importance of not waiting until the last minute to complete such gifts, particularly if the QCD will be satisfying the minimum distribution requirement. Later year marketing might also stress the importance of letting the charity know a gift is coming and from where. You may also want to proactively reach out to donors who have a pattern of making QCD gifts late in the year – or to donors who have consistently made such gifts but not yet in a given year – with a reminder on the timing issue.

Charities should also be cognizant of checks written from IRAs near year-end, and not delay in depositing. Typically, transactions clear quickly (a few days), but a checkbook QCD deposited in the waning days of December might not be posted to the donor's IRA that year.

IX. QCD FOR CGA?

It is not currently possible to fund a split interest gift such as a charitable gift annuity or a charitable remainder trust with a QCD, given the “no benefit” requirement. There continue to be efforts to provide for a direct, tax-free transfer from an IRA for a gift annuity (or a charitable remainder trust), with the most recent iteration being the Legacy IRA Act that was introduced in both the House and Senate in 2019. Unfortunately, neither bill has proceeded beyond referral to the applicable committee; if not enacted before Congress adjourns this year, the bills would have to be reintroduced after the next congressional term begins in 2021.

It is possible, however, to fund a gift annuity during a donor’s lifetime with IRA assets, though not without making a taxable withdrawal. The charitable deduction from funding the CGA may, however, help to offset some of the taxes due as a result of withdrawing funds from the IRA account.

Case Study

Cindy, age 75, wants to make a gift to her local art museum. A gift officer has presented Cindy with an illustration for a \$100,000 charitable gift annuity. Cindy’s assets are mostly invested in her IRA account, but the volatility in the stock market has been making Cindy uneasy. She decides to withdraw \$100,000 from her IRA account to fund a CGA. Cindy will pay income taxes on the \$100,000 she withdraws from her IRA, though because she still itemizes she partially offsets the taxes with the charitable deduction she will receive. With the IRA withdrawal Cindy will be in a marginal tax bracket of 24%.

Withdrawal from IRA	\$100,000
Funding for CGA	\$100,000
CGA annuity rate	5.4%
Charitable deduction	\$43,459 (0.8% IRS discount rate)
Income taxes on IRA withdrawal	\$24,000 (\$100,000 x 24% tax bracket)
Tax savings	\$10,430 (\$43,459 x 24% tax bracket)
Net taxes Cindy must pay	\$13,570 (\$24,000 - \$10,430)

X. BLENDED GIFTS INCLUDING QCDs

IRA assets present unique opportunities for blended gift plans. A donor can use QCD gifts for outright giving, coupled with testamentary gifts from IRA or other tax qualified retirement accounts.

A. Case study – Funding a \$1M research project

Frank, age 77, has been a loyal donor to a university hospital that has been responsible for groundbreaking research. Frank wants to make a significant gift to further research for the disease that caused his wife’s death. Frank has committed to a \$1M gift. Frank is unwilling to fund the entire gift during his lifetime, concerned that he might outlive his assets. However, he would like to see the research proceed while he is alive. The hospital research department will start the research when funding reaches \$250,000 and a commitment to receive another \$250,000 over the next five years. The gift plan worked out by the hospital development staff is:

<u>Year 1</u>	
Cash	\$ 50,000
Stock	\$100,000
QCD	<u>\$100,000</u>
Rec'd in Year 1	\$250,000 (research program begins)
<u>Years 2-5</u>	
QCD gifts (legally binding pledge)	<u>\$250,000</u> (varying annual QCDs depending on RMD)
Total lifetime funding	\$500,000
<u>Gifts to be rec'd at death</u>	
5% CRUT funding	\$300,000 (remainder value unknown)
IRA Beneficiary	<u>\$200,000</u>
Total projected funding	\$1,000,000
Testamentary will back-up	Formula clause – if total funding does not reach \$1M, assets to come from Frank's estate

The remainder value from the charitable remainder trust cannot be definitively determined at the time of funding. Also, Frank's IRA account may not have \$200,000 at the time of his death. Therefore, Frank's will has a clause that to the extent the hospital does not realize \$1M from these gifts, Frank's estate is to make up the difference. A skilled estate planning attorney should implement this plan.

B. Case study – Funding a \$250,000 endowed scholarship

Marsha and Alex, spouses who are ages 73 & 75, respectively, want to fund an endowed scholarship at their alma mater, where they met. Marsha has an IRA worth \$500,000. Alex has an IRA worth \$300,000. They have minimal other savings for retirement but have strong pension income. They have \$400,000 equity in their home, which they plan to sell in the next two years. They no longer itemize their deductions. The gift plan worked out by their alma mater development office in consultation with their financial advisor is as follows.

QCD from Marsha IRA	\$ 75,000 (payable over 5 years)
QCD from Alex IRA	\$ 25,000 (payable over 5 years)
Pledge due within 5 years	<u>\$ 50,000</u> (from sale of house)
Gifts during lifetime	\$ 150,000
Beneficiary designation Marsha IRA	\$ 75,000
Beneficiary designation Alex IRA	<u>\$ 25,000</u>
TOTAL GIFT	\$ 250,000

XI. SUMMARY

The QCD is already a popular way for donors to make their charitable gifts. With fewer individuals now itemizing, the number of QCD gifts should continue to grow given their tax-advantaged nature and ease of completion. However, for gift officers it is important to not lose sight of the nuances of the gift. Helping avoid unintended tax consequences leads to happy donors – which usually leads to more gifts!

APPENDIX 1

Sample Contemporaneous Written Acknowledgement from Charity to Donor

[Charity Letterhead]

[Date]

[Donor Name]
[Donor Address]

Dear [Donor]:

Thank you for your gift in the amount of \$_____ from your Individual Retirement Account. I am writing to acknowledge that [Charity] received your gift directly from your plan administrator and that it is your intention for your gift to qualify as a qualified charitable distribution from your IRA, as provided for in Section 408(d)(8) of the Internal Revenue Code of 1986, as amended.

In that connection, [Charity] is qualified under Section 170(b)(1)(a) of the Internal Revenue Code, your gift was not transferred to either a donor advised fund or a supporting organization as described in Section 509(a)(3) of the Internal Revenue Code, and no goods or services were provided to you in exchange for your contribution.

Please retain this letter with your important tax documents and provide a copy to your tax preparer.

Thank you again for your generous contribution to our organization.

Sincerely,

[Name]
[Title]



Qualified Charitable Distribution—IRA One-Time Withdrawal

Use this form to make a one-time, tax-reportable Qualified Charitable Distribution (“QCD”) from a Traditional, Rollover, Roth, inactive SEP, inactive SIMPLE, or Inherited IRA. Do NOT use this form for Fidelity Retirement Plan accounts, annuities, nonretirement accounts, or for any IRA-to-IRA transfer. Also, do NOT use this form to purchase an investment in your IRA. Go to [Fidelity.com/forms](https://www.fidelity.com/forms) to find the appropriate form. Not available to nonresident aliens due to tax-withholding requirements. Type on screen or fill in using CAPITAL letters and black ink. If you need more room for check requests, make a copy of the relevant page, or you may attach an Excel spreadsheet with this form if cash is already available in your IRA. Please include the charity name, charity address (if applicable), and the amount for each charity.

Helpful to Know

- It is your responsibility to ensure that your IRA distributions comply with IRS rules. All transactions made using this form are reported to the IRS as an IRA distribution. You may want to consult a tax advisor as such distribution generally results in taxable income to you.
- If you are making withdrawals from more than one IRA, you must complete a separate form for each account. Note: The maximum total distribution amount that can be requested via this form is \$100,000.
- For mutual funds, note that:
 - Withdrawals could trigger redemption or transaction fees (see the applicable fund prospectus).
 - If a fund is closed to new investors, you will not be able to purchase new shares of the fund in the future if you draw your fund balance down to zero.
- If you want to withdraw the value of individual securities, ETFs, and certain non-eligible mutual funds (such as closed-end funds), you must sell them in advance and withdraw them as cash.
- All sales initiated by this form are charged at rep-assisted processing commission levels. If you want online commissions, please place the trade online and then distribute from cash in Section 2.
- To allow adequate time for processing, return this form no later than November 30 or March 1, as applicable. Fidelity cannot assume responsibility for making your distribution by the April 1 IRS deadline for your initial required minimum distribution (RMD) or the December 31 deadline for subsequent year RMDs.
- If you elect to keep instructions on file and a signature guarantee is not provided, the instructions will not be added for future use and you will not be notified.
- In the event that the check is returned due to an incorrect address, we may attempt to send the check out to the correct address. If we are unsuccessful, the funds will be escheated. In all cases, if a check is returned due to an incorrect address, we will remove your standing instructions and you will need to submit a new request with the correct address.

Important to Know About QCDs

- You MUST be age 70½ or older on the date of the distribution.
- A QCD will count toward satisfying any RMDs. If you have an automatic withdrawal plan established and you would like to reduce any remaining payments by the distribution amount requested on this form, please complete Section 3. To allow time for processing updates to your automatic withdrawal plan, please submit this form at least 14 days in advance of your next payment date.
- QCDs are federally tax free and are limited to the amount that would otherwise be taxed as ordinary income. State tax rules may vary.
- The maximum annual exclusion per individual is \$100,000. Note: The aggregate amount of deductible IRA contributions you make to your IRA after you turn 70½ will reduce the amount of the QCD that is not includible in your gross income.
- As a QCD is not subject to tax withholding, tax withholding will not be applied to this request.
- The distribution must be made payable directly to the qualified charity by the custodian.
- The charity must qualify as a 501(c)(3) organization and be eligible to receive tax-deductible contributions.
- Certain charities do not qualify: sponsoring charities of donor-advised funds, private foundations, and supporting organizations.
- Any QCD from an Inherited IRA or Inherited Roth IRA will be reported as a death distribution on your 1099-R. A QCD from any type of non-inherited IRA will be reported as a normal distribution.
- Please consult a tax advisor to discuss this option and for state-specific guidance.
- Each check will be made payable to the qualified charity, and list your name as donor. **Note: You should follow up with the charity directly for a receipt of your donation.**

1. Account Owner

This phone number may be used if we have questions, but will not be used to update your account information.

Name		Fidelity IRA Account Number			
Social Security or Taxpayer ID Number		Daytime Phone		Extension	

Form continues on next page. ►►

2. Distribution Method All checks will be made payable to the qualifying charity(ies). If you have multiple charities and cash is already available, you may also attach an Excel spreadsheet with this form. Please include the charity name, charity address (if applicable), and the amount for each charity.

If this form directs Fidelity to sell shares of any mutual funds, be aware that you cannot control the timing of when your positions are sold, nor can you cancel or suspend your order once we have received and accepted this form. If you want to better control the timing of your liquidating transaction, you should direct the sale of the positions online or through a Fidelity representative before submitting this form. If you withdraw all assets from your source account, that account will be closed.

You must obtain a Medallion signature guarantee in Section 4 if sending the check(s) directly to the qualified charity address(es) AND your TOTAL distribution amount is greater than \$30,000, if the address on the account has been changed within the past 10 days, or if you elect to keep instructions on file for future use.

Indicate where you would like your check to be sent:

Check one. **1** Send to YOUR address on file. Do NOT provide charity address with this option. Default if no option is chosen.

Send to the charity address provided below.

Keep this charity and address on file to be used for future payments **▷ Medallion signature guarantee required.**

Available ONLY for brokerage accounts. **▶**

Qualified Charity Name		Total Check Amount	
		\$	
For Benefit Of/Attention	Qualified Charity Address <i>Leave address fields blank if mailing check to your address.</i>		
City	State/Province	ZIP/Postal Code	Country

Indicate the position(s) from which the above check should be distributed:

Distribute entirely from the core cash and any Fidelity money market funds in your brokerage account.

Liquidate and distribute from these funds in the amount listed:

Fund Name/Number	Amount
	\$
Fund Name/Number	Amount
	\$

All funds listed must be held in the account listed in Section 1. If no selection is made, withdrawals will be made from the core position.

Indicate where you would like your check to be sent:

Check one. **2** Send to YOUR address on file. Do NOT provide charity address with this option. Default if no option is chosen.

Send to the charity address provided below.

Keep this charity and address on file to be used for future payments **▷ Medallion signature guarantee required.**

Available ONLY for brokerage accounts. **▶**

Qualified Charity Name		Total Check Amount	
		\$	
For Benefit Of/Attention	Qualified Charity Address <i>Leave address fields blank if mailing check to your address.</i>		
City	State/Province	ZIP/Postal Code	Country

Indicate the position(s) from which the above check should be distributed:

Distribute entirely from the core cash and any Fidelity money market funds in your brokerage account.

Liquidate and distribute from these funds in the amount listed:

Fund Name/Number	Amount
	\$
Fund Name/Number	Amount
	\$

All funds listed must be held in the account listed in Section 1. If no selection is made, withdrawals will be made from the core position.

Distribution Method continues on next page. **▶▶**





3 Indicate where you would like your check to be sent:

- Check one. Send to YOUR address on file. Do NOT provide charity address with this option. Default if no option is chosen.
 Send to the charity address provided below.
 Keep this charity and address on file to be used for future payments ▷ Medallion signature guarantee required.

Available ONLY for brokerage accounts. ▶

Qualified Charity Name		Total Check Amount	
		\$	
For Benefit Of/Attention	Qualified Charity Address Leave address fields blank if mailing check to your address.		
City	State/Province	ZIP/Postal Code	Country

Indicate the position(s) from which the above check should be distributed:

- Distribute entirely from the core cash and any Fidelity money market funds in your brokerage account.
 Liquidate and distribute from these funds in the amount listed:

All funds listed must be held in the account listed in Section 1. If no selection is made, withdrawals will be made from the core position.

Fund Name/Number	Amount
	\$
Fund Name/Number	Amount
	\$

Indicate where you would like your check to be sent:

- Check one. **4** Send to YOUR address on file. Do NOT provide charity address with this option. Default if no option is chosen.
 Send to the charity address provided below.
 Keep this charity and address on file to be used for future payments ▷ Medallion signature guarantee required.

Available ONLY for brokerage accounts. ▶

Qualified Charity Name		Total Check Amount	
		\$	
For Benefit Of/Attention	Qualified Charity Address Leave address fields blank if mailing check to your address.		
City	State/Province	ZIP/Postal Code	Country

Indicate the position(s) from which the above check should be distributed:

- Distribute entirely from the core cash and any Fidelity money market funds in your brokerage account.
 Liquidate and distribute from these funds in the amount listed:

All funds listed must be held in the account listed in Section 1. If no selection is made, withdrawals will be made from the core position.

Fund Name/Number	Amount
	\$
Fund Name/Number	Amount
	\$

Form continues on next page. ▶▶



3. Automatic Withdrawal Plan Adjustment

If you are enrolled in an automatic withdrawal plan and would like the plan to be reduced by the distribution amount on this form for this year only, please check the box below. To allow time for processing updates to your automatic withdrawal plan, please submit this form at least 14 days in advance of your next payment date.

- Reduce your current automatic withdrawal plan by the total requested withdrawal amount on this form
 - ▷ This option only applies to an automatic withdrawal plan in which Fidelity is calculating the RMD for you.

4. Signature and Date

By signing below, you:

- Authorize and request the custodian for the Fidelity IRA, Fidelity Management Trust Company and its agents, affiliates, employees, or successor custodians (Fidelity) to withdraw the amount(s) indicated in Section 2 of this form.
- Acknowledge that non-Roth IRA distributions will generally be taxed as ordinary income.
- Acknowledge that distributions from a Roth IRA that are attributable to earnings may be taxed as ordinary income unless certain conditions are met.
- Acknowledge that Fidelity is not responsible for changes in the value of assets that may occur during the distribution process.
- Acknowledge that the withdrawal requested satisfies the requirements under Internal Revenue Code Section 408(d)(8) and that no tax withholding will be applied.
- Indemnify Fidelity from any liability in the event that you fail to meet any IRS requirement.
- Confirm that you are a U.S. person or have a U.S. tax-filing requirement.

A Medallion signature guarantee is required:

- to send a check to an alternate address and your total distribution amount is greater than \$30,000, unless you have instructions already on file.
- if the address on the account has been changed within the past 10 days.
- if you elect to keep instructions on file for future use.

If the form is completed at a Fidelity Investor Center, the Medallion signature guarantee is not required. You can get a Medallion signature guarantee from most banks, credit unions, and other financial institutions. **A notary seal/stamp is NOT a Medallion signature guarantee.**

Note: If you elect to keep instructions on file and a signature guarantee is not provided, the instructions will not be added for future use and you will not be notified.

	PRINT OWNER NAME
SIGN	OWNER SIGNATURE
	X
DATE	DATE MM/DD/YYYY
	X

MEDALLION SIGNATURE GUARANTEE

<p>Did you sign the form? Send the ENTIRE form to Fidelity Investments.</p> <p>Questions? Go to Fidelity.com/qcd or call 800-343-3548.</p>	<p>Regular mail Attn: Retirement Distributions Fidelity Investments PO Box 770001 Cincinnati, OH 45277-0035</p>	<p>Overnight mail Attn: Retirement Distributions Fidelity Investments 100 Crosby Parkway KC1B Covington, KY 41015</p>
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On this form, "Fidelity" means Fidelity Brokerage Services LLC and its affiliates. Brokerage services are provided by Fidelity Brokerage Services LLC, Member NYSE, SIPC. 754304.12.0 (01/20)





Qualified Charitable Distribution (QCD)

Introduction

Instructions

Use this form to make a qualified charitable distribution (QCD) from your traditional IRA or Roth IRA.

- The distribution check must be made payable directly to the charitable organization.
- The \$100,000 limit is the aggregate amount of the qualified distributions made from all of your IRAs.
- Amounts withdrawn over your RMD or allotted penalty-free amount (including interest) may be subject to withdrawal charges. Please review your prospectus and/or contract/certificate for further details regarding the impact of withdrawals.
- Please confirm that the organization you designate is eligible to receive QCDs, as John Hancock is not responsible for making this determination.
- John Hancock may furnish a copy of this document to the named organization. Please retain a copy for your own records and contact the charitable organization directly for a gift receipt.
- Consult with your own tax professional if you have any questions about this or any other tax matter.

Questions about this form?

1-800-344-1029

Contact us:

FAX 1-617-663-3160



See the end of this document for return instructions

1. Information About You

Owner:

Contract Number _____ Phone Number _____ Date of Birth (MM/DD/YYYY) _____

Name (First) _____ (MI) _____ (Last) _____

Address (Street) _____ City _____ State _____ Zip _____

Financial Representative's Name (if applicable) _____ Financial Representative's Phone Number _____

2. Qualified Charitable Distribution Instructions

Please make a direct charitable distribution from my John Hancock Individual Retirement Account. I hereby request that the organization named below memorialize my name and address (see Section 1) as the donor of record in connection with this transfer.

Please withdraw the following amount (select one):

Required Minimum Distribution (RMD) amount for the current year (this option is not available to Roth IRAs or RMDs already distributed).

Other amount (not to exceed \$100,000.00): \$ _____

Legal Name of Charity/TIN _____ Phone Number _____ Attention _____

Address (Street) _____ City _____ State _____ Zip _____

3. Authorization

I hereby certify the information on this form is correct and accurate. I also authorize John Hancock to make the withdrawal in accordance with my designation as noted and to provide a copy of this form to the organization named in Section 2. By signing below, I understand that this request is subject to all the terms and conditions of the contract/certificate and prospectus. I also understand that once this distribution is made and released by John Hancock, it will not be reinstated to this contract/certificate. I direct John Hancock to make the disbursement in accordance with the designation on this form. Furthermore, I certify that the Social Security/Taxpayer Identification Number of the organization identified in Section 2 of this form is correct, and I confirm that the organization is eligible to receive QCDs. I acknowledge that any withdrawal or full surrender of my annuity contract/certificate may result in a surrender charge and that I may lose certain benefits if I withdraw/surrender my contract and that this contract does not have a reinstatement provision. I also certify that this distribution is in accordance with the provisions of the Tax Increase Prevention Act of 2014 and Sec. 408(d)(8) of the Internal Revenue Code of 1986, as amended.


SIGN
HERE


Signature of Owner

Today's Date (MM/DD/YYYY)


Submission Instructions


Please enclose and mail to:


 **National Contracts**
John Hancock Annuities
Service Center
PO Box 55444
Boston, MA 02205-5444


 **New York Contracts**
John Hancock Annuities
Service Center
PO Box 55445
Boston, MA 02205-5445

 **All Contracts
Overnight Deliveries**
John Hancock Annuities
Service Center
30 Dan Road, STE. 55444
Canton, MA 02021-2809

 **Questions:**
1-800-344-1029

 **Questions (NY Contracts):**
1-800-551-2078

 **To fax this form:**
1-617-663-3160

 **www.jhannuities.com**



Your account at your fingertips
Register at www.jhannuities.com.



Request a Required Minimum Distribution From Your Schwab IRA

Page 1 of 8

Schwab.com 1-800-435-4000 (inside the U.S.) +1-415-667-8400 (outside the U.S.) 1-888-686-6916 (multilingual services)

When to use this form:

- Complete this form if you wish to take a Required Minimum Distribution (RMD) from your account. (Do not use this form for Inherited RMD's. Use the Request an IRA Distribution Form.)
- If you want to take a distribution from your IRA and will not reach RMD age before the end of this year, please use the Request an IRA Distribution Form. Or you can request a distribution online at Schwab.com.
- If you would like Schwab to calculate your RMD, make the appropriate selection in Section 2. Or you can calculate it yourself at schwab.com/yourrmd.
- If you are a nonresident alien, a 30% tax withholding rate will apply unless you reside in a country with a lower treaty rate and submit a valid IRS Form W-8BEN. Contact us to find out if a lower tax treaty rate applies.

Although an RMD amount must be calculated individually for each IRA, you can take your RMD from any IRA or a combination of all of your IRAs.

Please Remember To:

- Include the frequency of your distribution in Section 5.
- Tell us where to send your distribution in Section 6.
- Attach a voided check to establish Schwab MoneyLink® (if applicable).
- Complete, sign, and date this form using blue or black ink and return it to Schwab.
- For current-year distributions, Schwab must receive your form by December 1 to ensure year-end completion.
- **If you need to sell securities to complete a cash distribution, please do so before submitting this distribution form. You may place your trades on schwab.com at a discounted commission rate or call us at 1-800-435-4000 to place your trades with a broker. If your IRA is enrolled in a managed product, contact your service provider for the appropriate form.**

1. Tell Us About Yourself

We respect your privacy. Schwab will use the information you provide to process your request. Read about Schwab's privacy policy at schwab.com/privacy.

Schwab Individual Retirement Account (IRA) Number

Account Holder Name *First*

Middle

Last

Social Security Number

Daytime Telephone Number

Extension

2. Tell Us About This RMD Request

List the tax year for which you are requesting an RMD. Current tax year applies unless otherwise indicated. Distribution will be reportable to the IRS in the tax year processed.

Tax Year (yyyy)

Please select one of the following options.

- Calculate and distribute my RMD amount.
- Distribute the following amount that I have determined. (If you select this option, proceed to Section 5.)

If you elect to have taxes withheld, tell us if the amount is a gross or net amount. If no selection is made, gross is the the default selection.

\$ _____

Amount

- Before taxes are removed (gross distribution)
- After taxes are removed (net distribution)
- Close the account and distribute all funds in the account. (If you select the option to distribute all funds and close the account, proceed to Section 6.)

3. Help Us Determine Your Life Expectancy Factor

Schwab usually calculates your RMD based on your life expectancy using the Uniform Life Expectancy Table, which can be found in IRS Publication 590-B at irs.gov. We'll use the Joint Life Expectancy Table if your sole primary beneficiary is your spouse and is more than 10 years younger than you.

Is your spouse the sole primary beneficiary of your IRA and more than 10 years younger than you?

- No** (If you answer "No" to this question, proceed to Section 4.)
- Yes** (If you answer "Yes" to this question, joint life expectancy applies. Please provide your date of birth and your spouse's name and date of birth.)

Your Date of Birth (mm/dd/yyyy)

Spouse's Name First

Middle

Last

Spouse's Date of Birth (mm/dd/yyyy)

4. Help Us Determine Whether a Fair Market Value Adjustment Is Required (Optional)

Check any of the following situations that apply to you, and fill in the necessary information.

- If you transferred your IRA to Schwab in the current calendar year and have not yet taken an RMD, indicate the fair market value of that IRA as of December 31 of last year.** To help determine the fair market value, review the December 31 statement from the firm at which your IRA was previously held.

\$ _____

Amount

- If you withdrew funds from any IRA, either at or outside of Schwab, after November 1 of the previous calendar year and rolled them into the IRA identified in Section 1 in the current calendar year within 60 days, indicate the amount of the rollover.**

\$ _____

Amount

5. Select the Frequency of Your Distribution

Check either Option A or B. For IRAs enrolled in Schwab Managed Portfolios™, Windhaven® Strategies, or ThomasPartners® Strategies, you may choose either Option A2 for recurring distributions or Option B for a one-time distribution.

If you select the recurring distribution option, enter the date you would like your distributions to begin and select a frequency. If you are enrolled in Schwab Managed Portfolios, Windhaven Strategies, or ThomasPartners Strategies, you may only select "Annually" and should then specify a date under Option 2.

- A. Recurring Distribution. This distribution frequency is available for cash distributions only.**
- 1. Distribute my RMD periodically beginning on the date below, and continue until I instruct otherwise.**

Date (mm/dd/yyyy)

Frequency:

- Annually** **Last business day of each month**
- Twice per year** **Monthly on: ____ (dd)**
- Quarterly** **Every two months**
- Weekly**

In order for us to process a recurring distribution, you must ensure there is sufficient cash available in your account on the date of your recurring distribution. Place any sale orders before the date of your recurring distribution by calling 1-800-435-4000 or visiting Schwab.com.

2. For IRAs in Schwab Managed Portfolios™, Windhaven® Strategies, or ThomasPartners® Strategies only:

Distribute my RMD annually on the date I select below, and continue annual distributions until I instruct otherwise. (Choose one date.)

- January 20
 May 20
 August 20
 November 20

If you unenroll from your Schwab Managed Portfolios, Windhaven Strategies, or ThomasPartners Strategies account prior to the date of your recurring distribution, you must ensure that funds are available in your account on the date of the recurring distribution in order to distribute the RMD amount.

Unless otherwise indicated below, Schwab will distribute your available cash balance prior to calculating the number of shares to distribute in kind. For IRAs enrolled in Schwab Managed Account Services™ other than Windhaven Strategies or ThomasPartners Strategies, you must choose Option B for a one-time distribution.

Schwab will determine the number of shares to be moved in order to meet your RMD based on the intraday or closing price of the security on the day we process your distribution.

- B. One-Time Distribution.** This distribution frequency is available for distributions of cash and/or securities. This distribution will be processed when we receive this form. Schwab is not able to distribute assets each year if you are requesting a recurring distribution. This option is only available for a one-time distribution. If multiple securities are requested, copy and submit additional pages as needed.
- Check this box if you do not want Schwab to distribute your available cash balance prior to calculating the number of shares to distribute in kind. If you check this box and the value of the security indicated is insufficient to cover the full distribution amount, Schwab will distribute your available cash balance in your account only to the extent necessary to satisfy the amount of your RMD request.
- Distribute the security listed below.** Unless otherwise indicated above, if there is an insufficient cash balance available to satisfy this one-time RMD request, I authorize Schwab to distribute enough shares of the security to enable me to satisfy my RMD.

Security Name

Trading Symbol

If you need to sell securities to complete a cash distribution, please do so before submitting this distribution form. You may place your trade on schwab.com at a discounted commission rate or call us at 1-800-435-4000 to place your trade with a broker. If your IRA is enrolled in a managed product, contact your service provider for the appropriate form.

6. Select the Method of Distribution

Complete only those sections that apply.

Distribution to a Schwab brokerage or bank account. Check box A and enter your account number below to transfer your RMD to your Schwab account.

Distributions paid to third parties. If this distribution is paid directly to a third party, you acknowledge and agree that you, as the account holder, are solely responsible for any adverse tax consequences, and you agree to indemnify and hold harmless Schwab from and against all losses, costs, liabilities, and expenses that may arise as a result of Schwab following the directions you provide on this form.

If you choose Option A, add your account number and skip to Section 7.

A. Transfer my RMD to a Schwab Bank High Yield Investor Checking® or a Schwab brokerage account.

- 1. High Yield Investor Checking account**

 Schwab Bank High Yield Investor Checking Account Number

- 2. Brokerage account**

 Schwab Brokerage Account Number

If you choose Option B, please check Box 1, 2, or 3 and then complete the associated sections, if applicable.

B. Mail my distribution.

- 1. Make payable to the account holder and mail to the address listed on my Schwab IRA.**
- 2. Make payable to the account holder and mail to the following address:**

Address <i>(P.O. boxes may be used here.)</i>	City
State	Zip Code

If you want a memo printed on your check, enter it here.

Memo *(Optional; 24-character limit)*

If you would like to make a charitable donation, enter the name of the charity as payee and select "Mail to my home address." This will ensure you are able to obtain a receipt from the charity for your tax records. Talk to your tax advisor to see if your distribution is eligible for a qualified charitable distribution (QCD).

3. Make payable to a third party.

Payee

- Mail to my home address.**
- Mail to the following address** *(Not available for QCDs):*

Street Address	City
State	Zip Code

If you want a memo printed on your check, enter it here.

Memo *(Optional; 24-character limit)*

Check this box for overnight delivery.

- Use overnight delivery.** *(Fees may apply.)*

If you choose Option C, you may be charged a wire transfer fee. Call 1-800-435-4000 for details. Outgoing wire transfers are only available for one-time distributions and not for recurring distributions.

C. Wire funds.

To give us time to process your request for a wire, we must receive your request prior to 2:30 p.m. ET on the date of the proposed wire. Fax your wire request to 1-877-553-7692.

If you would like to make future wire requests by telephone, check the "Standing instructions" box and provide the bank account information. See the sample check on the next page for instructions on how to locate your ABA Transit Routing Number and account number.

- Standing instructions.**

Bank Name	
Bank Routing Number (ABA)	Account Number at Destination Bank
Name(s) on Destination Bank Account	
City and State of Residence of Account Holder at Destination Bank	

For Further Credit Account Number (if applicable)

For Further Credit Name(s)

For Further Credit Address (P. O. boxes may be used here.)

City

State

Zip Code

D. Transfer funds to another bank account through electronic funds transfer or Schwab MoneyLink®.

If you already have Schwab MoneyLink set up for this IRA, please enter the bank name and the account number of the linked account.

Use the existing MoneyLink instructions on file for my account.

Bank Name

Account Number

Set up new MoneyLink bank account information. By enrolling in Schwab MoneyLink, you are establishing a standing authorization to request electronic funds transfers from your Schwab IRA to an account at another U.S. financial institution specified below (collectively, the "MoneyLink Service").

Schwab Bank or Other Financial Institution Information

Your Other Financial Institution must be a U.S. financial institution and an Automated Clearing House (ACH) member. You may not transfer funds to financial institutions outside the territorial jurisdiction of the U.S. Enter the information requested below for the account where you want your distribution payments electronically transferred.

If you would like to set up MoneyLink, please enter information for the bank account you want to use. MoneyLink transfers are limited to a maximum of \$100,000 per transaction.

Bank Name

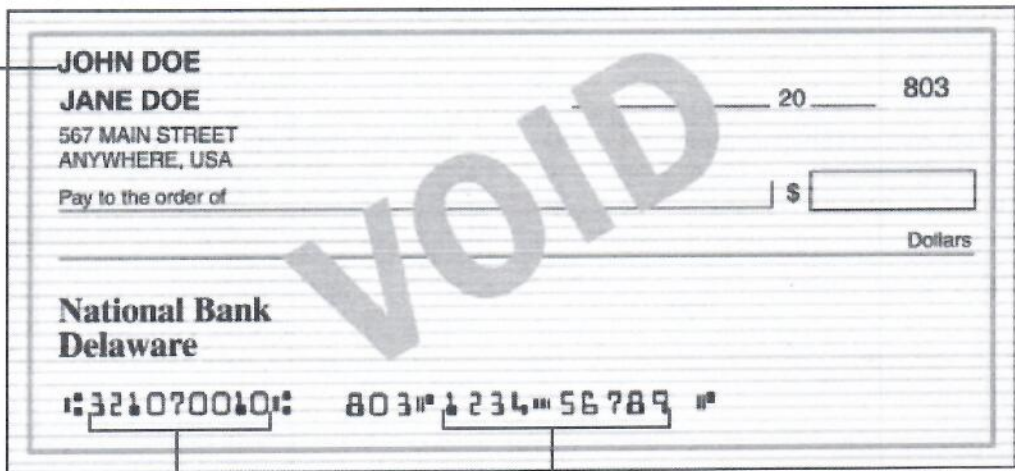
Account Number

Account type:

- Personal checking account
- Personal savings account

Please attach your voided check here. For savings accounts, attach a preprinted deposit slip.

Name must be preprinted and unaltered.



ABA Transit Routing Number

Account Number

If your account doesn't have checks or if you don't have access to your checks, you can provide proper documentation using one of the methods below.

Alternative acceptable documentation:

- A deposit/withdrawal slip.
- An account statement from a bank or broker-dealer reflecting the account registration and number.
- A preprinted form (direct deposit form) from the Other Financial Institution that includes the account title, account number, account type, and ABA Transit Routing Number.
- A letter from the Other Financial Institution, on its letterhead and signed by an officer, that includes the account title, account number, account type, and ABA Transit Routing Number. For organization accounts, this letter should include the names of the authorized account signers.

Check this box if you would like to terminate existing MoneyLink instructions.

Terminate existing instructions for:

Bank Name

Account Number

7. Withhold Taxes From Your Distribution

Distributions from your IRA (excluding those from Roth IRAs) are generally subject to federal (and possibly state) income tax. Even if you elect in writing not to have federal and/or state income tax withheld, you are liable for payment of federal and state income taxes, if applicable, on the taxable portion of your distribution. You may also be subject to tax penalties under the estimated tax payment rules if your withholding and payment of estimated tax, if any, are not adequate. For more information, see IRS Publication 590-B.

Your tax withholding election will remain in effect on all distributions from this IRA until you change or revoke it. You may change or revoke your tax withholding election at any time by submitting your request to Schwab.

Note:

- U.S. citizens who are foreign residents are subject to a 10% minimum withholding rate and cannot opt out of withholding.
- Nonresident aliens are subject to a 30% tax withholding rate and must submit a valid IRS Form W-8BEN to obtain an available reduced tax treaty rate.

A. Federal Income Tax Withholding

Schwab is required to withhold 10% from your gross distribution for payment of federal income tax unless you choose not to have federal income tax withheld. You may elect not to have withholding apply to your distribution by selecting the option below, and signing and dating this form. If you elect not to have withholding apply to your distribution, or if you do not have enough tax withheld, you may be responsible for payment of estimated taxes. You may also incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

Choose one.

I do not want federal income tax withheld.

I want federal income tax withheld at the rate of _____ %. (Federal tax withholding must be a whole number, at least 10%, and not more than 99% when combined with state income tax withholding.)

B. State Income Tax Withholding

Refer to the State Income Tax Withholding Information sheet for specific information concerning your state's withholding rates.

State income tax withholding from your distribution may be required. In some cases, you may elect not to have withholding apply, or you may elect to increase the rate of withholding. In other cases, state income tax withholding may not be available.

While Schwab makes every effort to obtain information about state tax laws from sources believed to be reliable, Schwab cannot guarantee the accuracy or timeliness of state tax withholding information because state tax laws are subject to constant change and interpretation. We recommend that you contact your tax advisor regarding your tax withholding elections and to answer any questions that you may have.

If you do not make an election, Schwab will apply withholding (if required) at the minimum rate based on the laws for your state of residency as determined by the legal address of record on your account.

Choose one.

I do not want state income tax withheld.

I want state income tax withheld at the rate of _____ %. (State tax withholding must be at least your state's minimum tax rate and not more than 99% when combined with federal income tax withholding.)

Note: If you move between states with differing withholding laws, Schwab will apply withholding (if required) at the rate you provided above or at the minimum rate based on the laws for your new state of residency, whichever is greater.

8. Sign Your Account Authorization

A signature is required below for the Schwab IRA account holder. If establishing MoneyLink, signatures are required below for the Schwab IRA account holder.

A. I authorize Schwab to distribute cash and/or securities from my IRA according to the elections made by me on this form and certify that: (1) Under penalties of perjury, I declare that I have reviewed my elections on this form and, to the best of my knowledge and belief, they are true, correct, and complete and (2) Schwab may rely on my elections and certification without further investigation and inquiry.

For Schwab Managed Portfolios™ or Schwab Managed Account Services™ accounts only:

If my IRA is enrolled in Schwab Managed Portfolios or Schwab Managed Account Services, by signing below, I am requesting that the Money Manager* and Charles Schwab & Co., Inc. ("Schwab") add withdrawal instructions on the account according to the instructions on this form. I understand that at least five business days' notice to Schwab is required for withdrawals from the account and that if I am requesting a cash withdrawal, the Money Manager may liquidate securities to generate sufficient cash to process my withdrawal request. As a result, the account may not perform as well as other accounts managed by the Money Manager.

B. **Schwab MoneyLink® Authorization—Terms for the Schwab IRA Account Holder.** By signing below, I am signing up for Schwab MoneyLink. Terms and conditions for the Schwab MoneyLink Service will be sent to me when this form is processed. Those terms and conditions will govern all Schwab MoneyLink transactions, and my use of Schwab MoneyLink will confirm that I have received, reviewed, and agreed to be bound by these terms and conditions, including, without limit, any amendments, until I cancel this service.

C. **Schwab MoneyLink Authorization—Terms Relating to the Other Financial Institution Account.** I/we authorize Schwab (i) to initiate credit entries to my/our account indicated (the "Other Account") and to credit that account, (ii) to initiate debit entries to the Other Account and to debit that account, and (iii) to initiate reversals to the Other Account of erroneous or duplicate credit or debit entries and to credit or debit such account as appropriate. This authorization will remain in full force and effect until Schwab has received written or verbal notification (by calling 1-800-435-4000) from me (or either of us) of its termination. Schwab must receive this notification in a time and manner so as to give Schwab and the Other Financial Institution a reasonable opportunity to act on it.

This authorization may be terminated by any of the parties at any time by calling 1-800-435-4000.

I represent and warrant that I have the authority, acting individually and without notice to any other account holder, to submit the enrollment request to Schwab as fully and completely as if I were the sole account holder of the Schwab account and the outside account and that all other owners of the account have authorized me to submit this request to Schwab. I hereby agree to indemnify and hold Schwab harmless from and against any loss, claim, damage, or liability arising out of or resulting from any action taken by Schwab in reliance upon this representation and warranty that Schwab in good faith accepts as genuine.

If I am the Schwab IRA account holder, my signature below constitutes my agreement with the terms set forth in Section 8A and, if applicable, Section 8B. If I am an account holder of the Other Financial Institution, my signature below constitutes my agreement with the terms set forth in Section 8C. If the Schwab account holder is not an owner on the Outside Financial Institution account, the outside account holder's signature is also required.

X

Signature: Account Holder

Today's Date (mm/dd/yyyy)

Print Name

X

Signature: Other Financial Institution Account Holder (if applicable)

Today's Date (mm/dd/yyyy)

Print Name

*Charles Schwab Investment Management, Inc. (CSIM) is the Money Manager for Schwab Managed Portfolios, Windhaven® Strategies, and ThomasPartners® Strategies.

Charles Schwab & Co., Inc. and Charles Schwab Bank are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Brokerage products are offered by Charles Schwab & Co., Inc., Member SIPC. Deposit and lending products and services are offered by Charles Schwab Bank, Member FDIC and an Equal Housing Lender.

Brokerage Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

9. Return Instructions

- **Upload** online with secure messaging (if you are an existing client and have online access to your account).

1. Go to Schwab.com and log in to your account.
2. Click Message Center (under Service), and then click Upload Document.

- **Fax** to 1-888-526-7252.

- **Bring** to your nearest Schwab branch (visit Schwab.com/branch for locations).

- **Mail** to any of the following addresses:

Regular Mail (West)

Charles Schwab & Co., Inc.
P.O. Box 982600
El Paso, TX 79998-2600

Regular Mail (East)

Charles Schwab & Co., Inc.
P.O. Box 628291
Orlando, FL 32862-8291

Overnight Mail (West)

Charles Schwab & Co., Inc.
1945 Northwestern Dr.
El Paso, TX 79912

Overnight Mail (East)

Charles Schwab & Co., Inc.
1958 Summit Park Dr., Ste. 200
Orlando, FL 32810

Charles Schwab & Co., Inc. and Charles Schwab Bank are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Brokerage products are offered by Charles Schwab & Co., Inc., Member SIPC. Deposit and lending products and services are offered by Charles Schwab Bank, Member FDIC and an Equal Housing Lender.

Brokerage Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

VOYA INVESTMENT MANAGEMENT REQUIRED MINIMUM DISTRIBUTION ELECTION FORM

P.O. BOX 9772

PROVIDENCE, RI 02940

1-800-992-0180

If you currently receive Required Minimum Distribution ("RMD") payments and you do not want to make any changes to the amount or payment schedule, or if you have already satisfied your annual RMD, you **DO NOT** need to complete or return this form. **Note:** Failure to withdraw your RMD amount by the applicable deadline could result in a 50% penalty tax. The penalty tax would be assessed on the difference between the amount that you were required to take and the amount that was actually distributed, if any. Before making any decision regarding your RMD, we urge you to consult your tax advisor or tax attorney.

Name: _____ Phone Number: _____

Social Security Number: _____ - _____ - _____

Date of Birth: ____/____/____
MM DD YY

Type of Account:

 Traditional IRA SEP IRA SIMPLE IRA**DISTRIBUTION ELECTION** – (RMD amounts are calculated on the entire account balance including all of the underlying investments in your IRA.)Account Number: _____ New RMD election (If new account, prior year end balance \$ _____) Change an existing RMD electionDistribute my RMD from: Across all funds proportionately (rounding may occur), or Distribute from fund(s): _____**CALCULATION METHOD**

Your RMD amount is calculated in accordance with Internal Revenue Service ("IRS") regulations. The regulations are explained in IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), which includes the life expectancy tables used to calculate RMD amounts.

Note: Your RMD will be calculated based on the Uniform Lifetime Table, unless the following exception applies to you and you have indicated so by checking the box below.

My sole primary beneficiary is my spouse who is more than 10 years younger than I am. I elect to calculate my RMD based on the Joint and Last Survivor Expectancy Table. Spouse's Date of Birth ____/____/____
MM DD YY

TYPE OF DISTRIBUTION**Single Sum / One-Time Distribution (options): (Note if you were born on or after July 1, 1949 RMD distribution age will be age 72 not 70 1/2)**

Calculate RMD Amount: Calculate and distribute immediately upon receipt of this form my **current year RMD**. I understand that I am responsible for ensuring any future year RMD amounts are satisfied by contacting the Custodian to request subsequent distributions.

Prior year deferred RMD (must be received between January 1st and April 1st) applies only if you attained age 70½ in 2019 and you are electing to also distribute last year's RMD.

Distribute a fixed amount of \$ _____ immediately upon receipt of this form. I understand that I am responsible for ensuring my RMD amounts are satisfied each year and for contacting the Custodian to request any subsequent distributions.

Qualified Charitable Distribution ("QCD") - mark this box if the amount indicated above is a QCD distribution (SEP and SIMPLE IRAs are excluded). Attach a letter of instruction providing the name of the charity(ies), specific allocation(s) and provide the mailing instructions. The amount(s) distributed as a QCD must not exceed \$100,000. Any amounts in excess of the applicable limit will be distributed based on your instructions provided in the section titled **Payment Method** on the next page.

Systematic Distributions (options): (Note if you were born on or after July 1, 1949 RMD distribution age will be age 72 not 70 1/2)

Calculate and distribute my **current year RMD amount for this year and all subsequent years**. I understand that the Custodian will continue to calculate and distribute my RMD amount for all subsequent years until I notify them to discontinue the payments.

Prior year deferred RMD (must be received between January 1st and April 1st) applies only if you attained age 70½ in 2019 and have not satisfied your RMD (onetime exception allowed only for the RMD for the year you turn age 70 ½. By checking this box you are requesting your prior year deferred amount be issued as a single sum distributed immediately upon receipt of this form.

Distribute a **fixed amount of \$ _____** for this year and all subsequent years until I notify you to discontinue payments. I understand that I am responsible for ensuring my RMD amounts are satisfied each year. I also understand that I am responsible for contacting the Custodian to request any adjustments to the fixed dollar amount or frequency.

Important: You must complete **SYSTEMATIC DISTRIBUTION CYCLE** on the following page.

SYSTEMATIC DISTRIBUTION CYCLE

Begin systematic distributions on¹: ____/____/____ Frequency (choose one)²: Monthly Quarterly Semi-Annually Annually
MM DD YY

¹ If this form is received after the date selected it will be processed immediately upon receipt. Future RMD's will be established with date listed.

² If a frequency is not selected, your RMD will be distributed annually on the 20th of the next available month.

PAYMENT METHOD

Based on your selected distribution method, a Medallion Signature Guarantee Stamp may be required. Please refer to your prospectus or call us at the number listed on this form for specific requirements. If a payment method is not selected, your RMD will be issued as a check payable to you and mailed to your address of record. Your payout method will remain in effect until we receive notice from you requesting a change.

- Mail check to my address of record currently on file.
- Purchase into my non-retirement account:
 - Application attached with investment instructions (or)
 - Existing Account Number: _____ Investment Fund(s): _____
- *Transfer funds electronically via ACH (voided check required) (or) *Mail check to:
 - Name of Institution: _____
 - Address: _____
 - _____
 - Routing and Account Number: _____

*Medallion Signature Guarantee is required and may be obtained at your local bank or trust company, securities broker/dealer, clearing agency or savings association.

*The receiving bank account must include your name in the account registration.

FEDERAL TAX WITHHOLDING ELECTION (required)

Distributions from IRAs and qualified retirement plans that are not eligible for rollover are subject to federal income tax withholding unless you affirmatively elect NOT to have withholding apply to such payments. Generally, such distributions are subject to 10% withholding unless you elect to have an additional amount withheld or elect to have no withholding. You may make a withholding election by selecting one of the options below. Your election will remain in effect for any subsequent distributions unless you change or revoke it by providing us with a new election.

Please select one:

- Do not withhold federal income tax. This option is only available for accounts registered with an address in the United States.
- Withhold **10%** federal income tax
- Withhold ____% federal income tax (must be more than 10%)

Federal income tax will be withheld from any distribution subject to the IRS withholding rules if you do not complete and return this election or if you have not previously elected out of withholding. Tax will be withheld on the gross amount of these payments even though you may be receiving amounts that are not subject to withholding because they are excluded from gross income. This withholding procedure may result in excess withholding on the payments.

STATE INCOME TAX WITHHOLDING ELECTION

Your state of residence will determine your state income tax withholding requirements, if any. Those states with mandatory withholding may require state income tax to be withheld from payments if federal taxes are withheld or may mandate a fixed amount regardless of your federal tax election. Voluntary states let individuals determine whether they want state taxes withheld. Some states have no income tax on retirement payments. You may wish to consult with a tax advisor or your state's tax authority for additional information on your state requirements.

- I elect **TO NOT** have state income tax withheld from my retirement account distributions (only for residents of states that do not require mandatory state tax withholding).
- I elect **TO** have the following dollar amount or percentage from my retirement account distribution withheld for state income taxes (for residents of states that allow voluntary state tax withholding).
\$ _____ or ____%

AUTHORIZATION

I certify that I am the Participant authorized to make these elections and that all information provided is true and accurate. I further certify that the Custodian, the Sponsor, or the agent of either of them has given no tax or legal advice to me and shall be indemnified and held harmless, for any tax, legal or other consequences resulting from my election(s). I expressly assume responsibility for any adverse consequences which may arise from the election(s). The Custodian is hereby authorized and directed to distribute funds from my account in the manner requested. I have read and understand and agree to be legally bound by the terms of this form.

X

Participant's Signature (required)

Medallion Signature Guarantee ("MSG") Stamp and Signature – see the prospectus for MSG requirements. A notarization from a notary public is NOT an acceptable substitute for a signature guarantee.

Date

Medallion Signature Guarantee Stamp