

GREEK CATHOLIC UNION OF THE U.S.A.
(Insurer)
DISCLOSURE STATEMENT FOR ROTH INDIVIDUAL RETIREMENT ANNUITY (IRA)
UNDER SECTION 408(A) OF THE INTERNAL REVENUE CODE

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2. GENERAL

- (a) This Disclosure Statement explains what you should know about your Roth IRA and is a general review of the federal income tax laws applicable to it. Roth IRAs are intended to help individuals in preparation for their retirement, and are subject to many restrictions imposed by the Internal Revenue Code. Consequently, please read the following information carefully.
- (b) References: This Disclosure Statement refers to the Annuitant (for whom an individual retirement annuity is established) as "you or your" and the Insurer as "we, us, or our".
- (c) Contract: The word contract refers to an annuity contract or certificate.

3. DISCLOSURE

- (a) The contract has been approved as to form for use as a Roth IRA by the Internal Revenue Service.
- (b) The Internal Revenue Service approval is a determination only as to form of the annuity contract, and does not represent a determination of the merits of the annuity contract.
- (c) In the event that you revoke the annuity contract, pursuant to the procedure described in this notice, you are entitled to a return of the entire amount of the consideration paid by you for the annuity contract without adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value.
- (d) Further information can be obtained from any district office of the Internal Revenue Service and from the IRS publication *Tax Information on Individual Retirement Arrangements* (publication 590).
- (e) The above disclosures are a non-technical restatement and summary of certain provisions of the Internal Revenue Code which may affect your Roth IRA. This is not a legal document. Your legal rights and obligations are governed by the Internal Revenue Code and Regulations and your contract.

- (f) If our organization is merged with another organization (or comes under the control of any Federal or State agency) or if our entire organization (or any portion which includes your Roth IRA) is bought by another organization, that organization (or agency) shall automatically become the issuer of your Roth IRA annuity contract.
- (g) We will amend the endorsement from time to time in order to comply with the provisions of the Internal Revenue Code, regulations, or revenue rulings to maintain qualification of this Contract as a Roth Individual Retirement Annuity under Section 408A of the Code. Any such amendment is subject to the prior approval of the state in which it is delivered. You have the right to refuse to accept any amendment. If the amendment in order to comply with the Code is not accepted, your Roth IRA will no longer meet the requirements of Section 408A of the Code and will no longer qualify as an approved Roth IRA.
- (h) Your Roth IRA is established for your exclusive benefit or for the benefit of your beneficiaries.
- (i) Your interest in your Roth IRA is nonforfeitable.
- (j) Your Roth IRA is nontransferable except to the Insurer on surrender or settlement.
- (k) Restrictions: Neither you nor any beneficiary may sell, transfer, or pledge any interest in your Roth IRA in any manner whatsoever, except as provided by law.
- (l) Separate records will be maintained for the interest of each individual. We shall furnish annual calendar year reports concerning the status of the annuity.
- (m) No part of the Roth IRA will be invested in life insurance contracts.
- (n) Any refund of premiums (other than those attributable to excess contributions) will be applied by us, before the close of the calendar year following the year of the refund, toward the payment of future premiums or the purchase of additional benefits.

4. RIGHT TO REVOKE

YOU ARE ENTITLED TO REVOKE THE CONTRACT WITHIN TEN DAYS OF THE DATE OF ITS PURCHASE IF FOR ANY REASON YOU ARE NOT SATISFIED WITH IT. UPON REVOCATION, YOU ARE ENTITLED TO A RETURN OF THE ENTIRE AMOUNT OF THE CONSIDERATION PAID BY YOU FOR THE CONTRACT. THE NOTICE OF REVOCATION SHALL BE IN WRITING AND MAY BE MAILED OR DELIVERED TO THE INSURER OR TO THE PERSON WHOSE NAME, ADDRESS, AND TELEPHONE NUMBER ARE GIVEN BELOW. IF THE NOTICE IS MAILED, IT SHALL BE DEEMED MAILED ON THE DATE OF POSTMARK (OR IF SENT BY CERTIFIED OR REGISTERED MAIL, THE DATE OF CERTIFICATION OR REGISTRATION) IF IT IS DEPOSITED IN THE MAIL IN THE UNITED STATES IN AN ENVELOPE OR OTHER APPROPRIATE WRAPPER, FIRST CLASS POSTAGE PREPAID, PROPERLY ADDRESSED.

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5. REGULAR CONTRIBUTIONS

The **maximum regular contribution limit** to a Roth IRA is the lesser of 100% of your compensation or \$3,000 for any taxable year beginning in years 2002 through 2004, \$4,000 for any taxable year beginning in years 2005 through 2007, and \$5,000 for any taxable year beginning in 2008 and 2009. If you are 50 or older by the close of the respective taxable year, you may make additional catch-up contributions to your Roth IRA. The maximum additional contribution is \$500 for years 2002 through 2005, and \$1,000 for years 2006-2009. After 2009 the maximum Roth IRA annual contribution limit will be indexed for cost of living adjustment in \$500 intervals. Your total contributions including catch-up contributions cannot exceed your compensation. You may contribute money to a Traditional IRA and a Roth IRA, but the total contribution to all IRAs cannot exceed the maximum regular contribution limit. Note: Roth IRA contributions are made with after-tax dollars (i.e., they cannot be taken as a deduction on your income taxes). We will accept only cash contributions.

You may be entitled to set up and/or make contributions to your Roth IRA if you earn compensation at some time during the year and meet the compensation, income, and filing status rules described below. It does not matter whether or not you are an active participant in any other retirement plan.

For 2008, if you are a single filer with modified Adjusted Gross Income (AGI) of *\$101,000* or less, you can contribute up to the maximum regular contribution limit per year; but this amount diminishes and gradually falls to zero for adjusted gross income ranging from *\$101,000* to *\$116,000*. *For 2008*, if you are married with modified AGI of *\$159,000* or less combined and filing jointly, you can contribute up to the maximum regular contribution limit per year for yourself and your spouse. The amount for married couples filing jointly phases out from *\$159,000* to *\$169,000*.

For 2009, for married couples filing tax jointly, the range is between *\$166,000* to *\$176,000*. The amount for a married individual filing separately phases out from \$0 to \$10,000. *For single head of household*, the AGI phase out range is between *\$105,000* to *\$120,000*. After 2009, the range will be subject to the cost of living adjustment. Contributions to a Roth IRA can continue to be made even after you reach age 70 1/2.

The regular contribution cannot exceed compensation as described hereinafter.

Spousal IRA. If you and your spouse file a joint federal income tax return, you may make a Spousal IRA contribution, even if your spouse has not received compensation during the tax year. The combined annual contributions to all your and your spouse's IRAs, including Roth IRAs, is the lesser of 100% of your combined compensation or \$6,000 for years 2002-2004, \$8,000 for years 2005-2007, and \$10,000 for 2008 and thereafter with the possibility of cost of living increases. If your spouse is 50 or over, you may make additional catch-up contributions to your spouse's IRA up to \$500 for years 2002-2005, up to \$1,000 for year 2006 and after. However, the contribution to each IRA is not allowed to exceed the individual contribution limit.

Adjusted Gross Income. Adjusted gross income (AGI) is the amount reported on Form 1040. AGI includes taxable social security and railroad retirement benefits, and the application of the passive activity loss rules of Code Sec. 469.

However, for purposes of the Roth IRA rules, the following are included in AGI to determine **modified AGI**.

- (a) the exclusion for interest on U.S. savings bonds used to pay higher education expenses (series EE bonds shown in IRS Form 8815),
- (b) the exclusion for employer-provided adoption assistance expenses (shown on IRS Form 8839), and
- (c) the exclusion for foreign earned income.

The above exclusions must be added back to AGI to get modified AGI if they are taken on Form 1040.

In addition, for purposes of the Roth IRA rules, the following are **excluded** from AGI to determine modified AGI:

- (a) amounts included in income by reason of a rollover or conversion to a Roth IRA and
- (b) the deduction for a contribution to a regular IRA.

Amounts that appear on Form 1040 for these items should be subtracted from AGI to get modified AGI for Roth purposes.

Modified Adjusted Gross Income (MAGI). For purposes of determining modified AGI, an individual's modified AGI for a taxable year is defined in Code Sec. 408A(c)(3)(C)(i) and does not include any amount included in adjusted gross income as a result of a rollover from a non-Roth IRA (a "conversion").

- (a) The maximum regular contribution is phased out ratably between certain levels of modified adjusted gross income ("modified AGI," defined below) in accordance with the following table:

Regular contribution limit. If (a) and/or (b) below apply, the maximum regular contribution that can be made to all the individual's Roth IRAs for a taxable year is the smaller amount determined under (a) or (b).

<u>Filing Status</u> <u>2008</u>	<u>Full Contribution</u> <u>Modified AGI</u>	<u>Phase-out Range</u>	<u>No Contribution</u>
Single or Head of Household	\$101,000 or less	Between \$101,000 and \$116,000	\$116,000 or more
Joint Return or or Qualifying Widow(er)	\$159,000 or less	Between \$159,000 and \$169,000	\$160,000 or more
Married-Separate Return	\$0	Between 0 and and \$10,000	\$10,000 or more

If the individual's modified AGI for a taxable year is in the phase-out range, the maximum regular contribution determined under this table for that taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200.

For 2009, the above ranges will be increased to \$105,000 to \$120,000 for single or head of household to \$166,000 to \$176,000 for married filing jointly or qualified widow(er). For married filing separately, the range remains \$0 - \$10,000. After 2009, the range is subject to cost of living adjustment.

- (b) If the individual makes regular contributions to both Roth and non-Roth IRAs for a taxable year, the maximum regular contribution that can be made to all the individual's Roth IRAs for that taxable year is reduced by the regular contributions made to the individual's non-Roth IRAs for the taxable year.

Compensation. For purposes of contributions, compensation is defined as wages, salaries, professional fees, or other amounts derived from or received for personal services actually rendered (including, but not limited to commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, and bonuses) and includes earned income, as defined in Code Sec. 401(c)(2) (reduced by the deduction the self-employed individual takes for contributions made to a self-employed retirement plan). For purposes of this definition, Code Sec. 401(c)(2) shall be applied as if the term trade or business for purposes of Code Sec. 1402 included service described in subsection (c)(6). Compensation does not include amounts derived from or received as earnings or profits from property (including but not limited to interest and dividends) or amounts not includible in gross income. Compensation also does not include any amount received as a pension or annuity or as deferred compensation. The term "compensation" shall include any amount includible in the individual's gross income under Code Sec. 71 with respect to a divorce or separation instrument described in subparagraph (A) of Code Sec. 71(b)(2). In the case of a married individual filing a joint return, the greater compensation of his or her spouse is treated as his or her own compensation, but only to the extent that such spouse's compensation is not being used for purposes of the spouse making a contribution to a Roth IRA or a nondeductible contribution to a non-Roth IRA.

Time of Contribution. You can make contributions to your IRA for a year at any time during the year or by the due date for filing your return for that year, not including extensions. For most people, this will be April 15 of each year.

If you contribute an amount to your IRA between January 1 and April 15, you should tell the sponsor which year the contribution is for. If you do not tell the sponsor which year it is for, the sponsor can assume, for reporting to the IRS, that the contribution is for the year the sponsor received it.

You can file your return claiming an IRA contribution before you actually make the contribution. You must, however, make the contribution by the due date of your return not including extensions.

Recharacterization. A regular contribution to a non-Roth IRA may be recharacterized pursuant to the rules in Code Sec. 1.408A-5 of the final regulations as a regular contribution to a Roth IRA, subject to the limitations applicable to the regular contributions described earlier.

Excess Contributions. Regular contributions which exceed the allowable maximum are treated as excess contributions. Excess contributions to a Roth IRA are subject to a 6% penalty tax. The tax is applied separately to an individual's Roth IRAs and other IRAs. Excess contributions are the total of:

- (a) Amounts contributed for the tax year to a Roth IRA (other than a qualified rollover contribution) that exceed the contribution limit for the year, plus
- (b) Any excess contribution to a Roth IRA for the preceding tax year reduced by the sum of any distributions made from the Roth IRA for the tax year and the contribution limit for the year minus contributions to the Roth IRA for the year.

Rollover or conversion contributions if improperly rolled over or contributed, would be treated as an excess contribution and thus would be subject to the penalty tax.

If a penalty tax is incurred, the account holder must file Form 5329 (Additional Taxes Attributable to Qualified Retirement Plans (Including IRAs), Annuities, and Modified Endowment Contracts) for that year.

Avoiding the excess contribution penalty tax. Individuals can avoid the 6% penalty tax if they withdraw the excess contribution and any earnings attributed to the contribution on or before the due date (including extensions) of their tax return for the year. However, the earnings will be included in the account holder's gross income for the year and will be subject to the 10% early withdrawal penalty if the account holder is under age 59 1/2.

Alternatively, excess contributions for one year may be carried forward and reported in the next year to the extent that the excess, when aggregated with your Traditional IRA contribution (if any) for the subsequent year, does not exceed the maximum amount for that year. The 6% excise tax will be imposed on excess contributions in each year until they are removed.

6. ROLLOVERS (CONVERSION) AND SPECIAL CONTRIBUTIONS

Part or all of the assets from one Roth IRA may be rolled over to another Roth IRA. In addition, part or all of the assets of a Traditional IRA may be rolled over or converted to a Roth IRA. Strict limitations may apply to such rollovers and you should seek competent tax advice regarding these restrictions.

A SIMPLE IRA cannot be designated as a Roth IRA. Thus, the annual contributions to the SIMPLE IRA must be made to a Traditional IRA and not to a Roth IRA. However, even though a SIMPLE IRA is a type of Traditional IRA, special rules apply to rollovers from SIMPLE IRAs. Within the first two years after an individual commenced participating in a SIMPLE IRA plan of an employer, any transfers to a non-SIMPLE IRA are considered to be distributions, which are subject a 25% excise tax, and a contribution to the other IRA that does not qualify as a rollover contribution. After the expiration of the two year period, amounts in a SIMPLE IRA can be converted to a Roth IRA on the same terms as a conversion from a Traditional IRA.

A simplified employee pension (SEP) cannot be designated as a Roth IRA. This means that contributions to the SEP must be made to a Traditional IRA and not a Roth IRA. However, once the SEP contributions are placed in a Traditional IRA, such amounts can be rolled over or converted to a Roth IRA on the same terms as an amount in any Traditional IRA.

No amount can be transferred directly from an education IRA to a Roth IRA. Such a transfer would constitute a distribution from the education IRA and a regular contribution to the Roth IRA and not a qualified rollover contribution to the Roth IRA.

Qualified Rollover Contributions. A rollover from a non-Roth IRA, with the exceptions stated above, may be made to a Roth IRA. This is known as a qualified rollover.

A rollover from a non-Roth IRA cannot be made to a Roth IRA for the year the amount is distributed from the non-Roth IRA if

- (a) the individual is married and files a separate return,
- (b) the individual is not married and has modified AGI in excess of \$100,000, or
- (c) the individual is married and together the individual and individual's spouse have modified AGI in excess of \$100,000.

For purposes of the preceding sentence, a husband and wife are not treated as married for a taxable year if they have lived apart at all times during that taxable year and file separate returns for the taxable year.

Limits on Rollovers. A qualified rollover contribution must meet the general IRA rollover rules of Code Sec. 408(d)(3). Thus the following rules apply:

- (a) The rollover must be paid into the Roth IRA not later than the 60th day after the day on which the individual receives the distribution from the Traditional IRA.
- (b) Part of a distribution may be rolled over.
- (c) Rollover treatment is denied for any amount received by an individual from an "inherited IRA" other than a surviving spouse.
- (d) A distribution that is required under the minimum distribution rules cannot be rolled over. Thus, an individual who has attained age 70 1/2 and is required to take a minimum distribution from his or her Traditional IRA cannot roll that distribution into a Roth IRA. If a minimum distribution is required for a year, the first dollars distributed during that year are treated as consisting of the required minimum distribution until an amount equal to the required distribution for that year has been distributed.

Roth Conversion Limit. For tax years beginning after December 31, 2009, the \$100,000 AGI limit and filing status requirement to convert to a Roth IRA is eliminated. For conversions in 2010, taxable amounts attributable to a conversion will be included in income ratably in 2011 and 2012 unless the taxpayer elects to recognize it all in 2010.

Eligibility to roll over or convert amounts from a non-Roth IRA to a Roth IRA depends on the individual's adjusted gross income as modified as explained previously, as well as the exceptions as to type of IRA noted above.

The conversion of a non-Roth IRA to a Roth IRA is treated as a rollover distribution from the non-Roth IRA to the Roth IRA. Thus, for purposes of these rules, conversions and rollovers are treated the same.

A conversion may be distinguished from a rollover in that the individual does not actually take a distribution. For instance, an individual may make a conversion by simply notifying the IRA trustee or the issuer of an annuity contract. Or, a conversion may be made via a trustee-to-trustee transfer.

Only one rollover per year is allowed from one Roth IRA to another Roth IRA, but a rollover from a non-Roth IRA to a Roth IRA does not count toward the once-a-year rule.

Certain Employer Bankruptcies Allow Special Catch Up Contributions. If you were an employee of a company that was bankrupted as a result of an indictment or conviction and you were a participant of the company's 401(k) Plan for at least six months prior to the company's filing of bankruptcy and the company matched at least 50% of your salary deferral, you may be qualified to contribute an additional catch up contribution of up to \$3,000 each year in 2006 through 2009. If you are qualified to make this special catch up contribution, and if you make a special catch up contribution, you can no longer make the regular catch up contribution in the same year.

Rollovers from Qualified Retirement Plans. Effective for distributions occurring after December 31, 2007, the Pension Protection Act of 2006 allows certain distributions of pretax assets from employer sponsored plans (for example, 401(a), 403(b), and 457(b) governmental plans) may be eligible for rollover directly into your Roth IRA, subject to the restrictions and taxation that applies to conversions from a traditional IRA to a Roth IRA, including the applicable adjusted gross income limit for conversions.

Rollovers of Designated Roth Account. Roth salary reduction account distributed from a 401(k) cash or deferred arrangement or 403(b) tax-sheltered annuity may be rolled into your Roth IRA. The period that the rolled over funds were in the employer-sponsored plan do not count toward the determination of the 5 year period in the Roth IRA. However, if an individual had established a Roth IRA in a year prior to the rollover, the 5 year period for determining qualified distributions from the Roth IRA, which began with the first contribution to that Roth IRA, would also apply to any funds subsequently rolled over from an employer-sponsored plan.

Inherited/Beneficiary Rollover Roth IRA. Beginning in 2007, if you are an eligible non-spouse beneficiary who inherited a distribution from a qualified retirement plan, you may directly rollover the inherited assets into an inherited Roth IRA subject to the rules applying to an inherited account and subject to the beneficiary distribution requirements.

Military death gratuities and servicemembers' group life insurance (SGLI) payments. If you received a military death gratuity or SGLI payment with respect to a death from injury that occurred after October 6, 2001, you may roll over some or all of the amount received to your Roth IRA. For more information please refer to 2008 IRS Publication 590.

Health Savings Account Transfer. Beginning in 2007 you will be allowed a one-time, tax-free transfer from a Roth IRA to use toward your annual Health Savings Account contribution. Eligible individuals may make an irrevocable one-time, tax-free "qualified Health Savings Account funding distribution" from a Roth IRA and move it directly into a Health Savings Account, subject to strict requirements. The Health Savings Account funding distribution must be directly transferred from the Roth IRA custodian or trustee to the Health Savings Account custodian or trustee. The amount of the transfer cannot exceed the maximum Health Savings Account contribution limit for the year that the amount is transferred. The deposited amount is counted toward the individual's total Health Savings Account annual contribution limit.

Rollover of Airline Payments. If you are a qualified airline employee, you may contribute any portion of an airline payment you receive to a Roth IRA. The contribution must be made within 180 days from the date you received the payment, or before June 23, 2009, whichever is later. The contribution will be treated as a qualified rollover contribution and the modified AGI limits that generally apply to Roth IRA rollovers do not apply to airline payments. The rollover contribution is included in income to the extent it would be included in income if it were not part of the rollover contribution. Also, any reduction in the airline payment amount on account of employment taxes shall be disregarded when figuring the amount you can contribute to your Roth IRA. For more information please refer to IRS Publication 590 (2008) or IRS Form 8935.

Exxon Valdez Settlement Income Relief. If you are a qualified taxpayer and you received settlement income, you can contribute all or part of the amount received to an eligible retirement plan which includes a traditional or Roth IRA. The amount contributed cannot exceed \$100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior tax years) or the amount of qualified settlement income received during the tax year. Contributions for the year can be made until the due date for filing your return, not including extensions. For more information, please refer to IRS Publication 590 (2008).

7. TAX CONSEQUENCES OF ROLLOVERS AND CONVERSIONS

After 1998, if amounts in a non-Roth IRA are rolled over or converted to a Roth IRA, the taxpayer must include in gross income any amount that would have been includible as taxable income (deductible contributions plus earnings) if the distribution had not been part of a qualified rollover contribution. However a non-deductible contribution is not includible in gross income as a result of conversion and the 10% early withdrawal tax does not generally apply.

Conversion of periodic payments from non-Roth IRA. An individual is permitted to convert a non-Roth IRA to a Roth IRA even if he or she is receiving substantially equal periodic payments from the non-Roth IRA. The conversion amount itself is not subject to the 10% early withdrawal penalty, and the conversion amount is not treated as a distribution for purposes of determining whether a modification in the payments has occurred. However, if the original series of payments does not continue to be distributed as substantially equal periodic payments after the conversion, the series of payments will have been modified. If this modification occurs within five years of the first payment or prior to the individual becoming disabled or attaining age 59 1/2, the holder will become subject to the early withdrawal penalty.

10% Premature withdrawal tax. Amounts converted from a non-Roth IRA to a Roth IRA are not subject to the 10% additional tax on early withdrawals, as noted above. However, where amounts are retained from the non-Roth IRA and not properly converted (for example, where amounts are used to pay the taxes due on the conversion):

- (a) the total taxable portion of the amount retained is included in income in the year it was distributed from the non-Roth IRA and
- (b) the taxable portion of the retained amount is subject to the 10% premature withdrawal tax if the individual is under age 59 1/2.

8. RECHARACTERIZING CONTRIBUTIONS

Generally, if an individual makes a contribution to one type of IRA for a tax year and then transfers the contribution (or a portion of the contribution) in a trustee-to-trustee transfer to another type of IRA, the individual can elect to treat the contribution as having been made to the transferee IRA (and not to the transferor IRA). This transfer must be made on or before the due date (including extensions) of the taxpayer's federal income tax return for the tax year for which the original contribution was made. Any transfer of contributions must be accompanied by any net income allocable to the contribution. Also, such transfers are permitted only if no election was allowed with respect to the contribution to the transferor plan.

The IRS refers to these transfers as "recharacterized contributions". The law authorizing Roth IRAs provides a mechanism by which a taxpayer may correct or "undo" an erroneous transfer. Such a circumstance could arise if a taxpayer makes a transfer from a Traditional IRA to a Roth IRA early in a tax year and then discovers by the end of the year that his modified AGI has exceeded the \$100,000 limit, rendering him ineligible to make the conversion. Recharacterization of contributions provides a remedy for just such an individual. A taxpayer can make a recharacterization of a Roth IRA contribution for any reason. Tax-free rollovers from non-Roth IRA to non-Roth IRA, SIMPLE IRA contributions, and SEP IRA contributions, however, may not be recharacterized.

Effect of recharacterization. A contribution made to the first (transferor) IRA that is being recharacterized as a contribution to the second (transferee) IRA is treated as having been originally contributed to the second IRA on the same date and (in the case of a regular contribution) for the same tax year that the contribution was made to the first IRA. Thus, for example, no deduction would be allowed for a contribution to the first IRA and any net income transferred with the recharacterized contribution is treated as earned in the second IRA and not the first IRA.

Notification requirements. Recharacterizing contributions is an election by the annuitant. Once the transfer is made, the election cannot be revoked.

An individual makes the recharacterization election by notifying, on or before the date of the transfer, both the trustee or issuer of the first (transferor) IRA and the trustee or issuer of the second (transferee) IRA. The modification election must include the following information:

- (a) the type and amount of the contribution to the first IRA that is to be recharacterized;
- (b) the date on which the contribution was made to the first IRA and the year for which it was made;
- (c) a direction to the trustee or issuer of the IRA to make a trustee-to-trustee transfer of the amount of the contribution and the net income allocable to the contribution to the trustee or issuer of the second IRA; and ;
- (d) the name of the trustee or issuer of the first IRA and the trustee or issuer of the second IRA and any additional information needed to make the transfer.

9. DIVORCED INDIVIDUALS

IRA transferred as a result of divorce. If an interest in a Roth IRA is transferred from your spouse or former spouse to you by a divorce or separate maintenance decree or a written document related to such a decree, the interest in the Roth IRA, starting from the date of the transfer, is treated as your Roth IRA.

Transfer methods. If you are required to transfer some or all of the assets in a Roth IRA to your spouse or former spouse, there are two commonly used methods that you can use to make the transfer. The methods are:

- (a) Changing the name on the Roth IRA, or
- (b) Making a direct transfer of Roth IRA assets.

10. DISTRIBUTIONS

Roth IRAs are not subject to minimum required distribution rules during the annuitant's lifetime. No amount is required to be distributed prior to the death of the individual for whose benefit the Roth IRA was originally established.

Also, the incidental death benefit rule of Code Sec. 401(a) does not apply to Roth IRAs. The incidental death benefit rule provides that death benefits payable to a beneficiary must be "incidental" to the primary purpose of providing retirement benefits to the annuitant. A Roth IRA owner can leave all the funds in the annuity to his or her survivors and distribute nothing to himself or herself.

An individual required to receive minimum distributions from his or her non-Roth IRA cannot choose to take the amount of the minimum distribution from a Roth IRA as a substitute.

Special Waiver of Required Minimum Distributions for 2009. The Required Minimum Distribution according to beneficiary's life expectancy that were normally required are waived for 2009. For the situation that upon the death of a Roth IRA owner, the entire interest must be distributed by the end of the calendar year of the fifth anniversary of death, the "five year" period will disregard year 2009. For example, if a Roth IRA owner died in 2007, the total interest must be distributed by the end of year 2013 instead of 2012.

Qualified Charitable Distribution (QCD). If you are at least age 70 1/2, you may make contributions up to \$100,000 per year directly from your Roth IRA to tax deductible charitable organizations. If you are married filing joint return, your spouse can also have QCD up to \$100,000. This QCD may be excludible from your gross income if you have proper records and receipts. This provision applies to 2008 and 2009 only, unless extended by U.S. Congress. For more information, please refer to IRS Publication 590 (2008).

Distributions Before Death.

No amount is required to be distributed prior to the death of the individual for whose benefit the contract was originally established.

Distributions Upon Death.

- (a) Notwithstanding any provision of this IRA to the contrary, the distribution of the individual's interest in the IRA shall be made in accordance with the requirements of Code Section 408(b)(3), as modified by Section 408(c)(5), and the regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are not made in the form of an annuity on an irrevocable basis (except for acceleration), then distribution of the interest in the IRA (as determined under section (c)) must satisfy the requirements of Code Section 408(a)(6), as modified by Section 408A(c)(5), and the regulations thereunder, rather than the distribution rules in paragraphs (b), (c), (d), and (e) below:

- (b) Upon the death of the individual, his or her entire interest will be distributed at least as rapidly as follows:
- (i) If the designated beneficiary is someone other than the individual's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the individual's death, over the remaining life expectancy determined using the age of the beneficiary as of his or her birthday in the year following the year of the individual's death, or, if elected, in accordance with paragraph (b)(iii) below.
 - (ii) If the individual's sole designated beneficiary is the individual's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the individual's death (or by the end of the calendar year in which the individual would have attained age 70 1/2, if later), over such spouse's life, or if elected, in accordance with paragraph (b)(iii) below. If the surviving spouse dies before required distributions commence to him or her, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's designated beneficiary's remaining life expectancy determined using such beneficiary's age as of his or her birthday in the year following the death of the spouse, or if elected, will be distributed in accordance with paragraph (b)(iii) below. If the surviving spouse dies after required distributions commence to him or her, any remaining interest will continue to be distributed under the option chosen.
 - (iii) If there is no designated beneficiary, or if applicable by operation of paragraph (b)(i) or (b)(ii) above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the individual's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin in paragraph (b)(ii) above).
 - (iv) Life expectancy is determined using the Single Life Table in Q&A-1 of Section 1.401(a)(9)-9 of the Income Tax Regulations. If distributions are being made to a surviving spouse as the sole designated beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the beneficiary's age in the year specified in paragraph (b)(i) or (ii) and reduced by 1 for each subsequent year.
- (c) The "interest" in the IRA includes the amount of any outstanding rollover, transfer, and recharacterization under Q&As-7 and – 8 of Section 1.408-8 of the Income Tax Regulations and the actuarial value of any other benefits provided under the IRA, such as guaranteed death benefits.
- (d) For purposes of paragraph (b)(ii) above, required distributions are considered to commence on the date distributions are required to begin to the surviving spouse under such paragraph. However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an annuity contract meeting the requirements of Section 1.401(a)(9)-6T of the Temporary Income Tax Regulations, then required distributions are considered to commence on the annuity starting date.
- (e) If the sole designated beneficiary is the individual's surviving spouse, the spouse may elect to treat the Roth IRA as his or her own Roth IRA. This election will be deemed to have been made if such surviving spouse makes a contribution to the Roth IRA or fails to take required distributions as a beneficiary.

Heartland Disaster Relief. If you have suffered economic loss due to severe storms, tornadoes, and flooding due to your principal residence being in the Midwestern states, you may be eligible to receive distributions from your Roth IRA or other qualified plans on a tax favored basis up to a total of \$100,000. The distribution must be made after the dates of the disaster(s) that caused your losses but before January 1, 2010. Please refer to IRS Publication 4492-B for more information. The distribution is exempted from 10% early withdrawal penalty; it may be spread over three years for income tax purpose and you may pay back to a Roth IRA as a direct rollover to avoid income tax within three years instead of the regular 60 days requirement.

Penalty for Violating Minimum Distribution Rules. As a Roth IRA owner, you are not required to take minimum distribution from your Roth IRA after age 70 1/2. However, upon your death, your beneficiary with exception to your spouse beneficiary, is required to receive required minimum distributions as reported in the above section regarding "Distribution Upon Death". If a Roth IRA beneficiary fails to make minimum required distributions or if the beneficiary withdraws an amount that is less than the minimum required distribution for the year, the difference between the actual distribution and the minimum distribution is subject to a **50%** excise tax.

An individual required to receive minimum distributions from his or her own Traditional or SIMPLE IRA cannot choose to take the amount of the minimum distributions from any Roth IRA instead. Similarly, an individual required to receive minimum distributions from a Roth IRA cannot choose to take the amount of the minimum distribution from a Traditional or SIMPLE IRA instead. In addition, an individual required to receive minimum distributions as a beneficiary under a Roth IRA can only satisfy the minimum distributions for one Roth IRA by distributing from another Roth IRA if the Roth IRAs were inherited from the same decedent.

Qualified Distributions. To be a qualified distribution, the distribution must satisfy a five year holding period and must be one of four qualifying types of distributions. Both requirements must be met in order to be a qualified distribution.

To satisfy the five year holding period, a Roth IRA distribution may not be made before the end of the five tax year period beginning with the first tax year for which the individual made a contribution (or the individual's spouse made a contribution) to the Roth IRA.

Each Roth IRA holder has one five year holding period that begins with the year for which a regular, rollover, or conversion contribution is first made to a Roth IRA. A subsequent conversion will not start the beginning of a new five year period. The five year holding period is not redetermined when the Roth IRA owner dies. Because of the requirement of a five year holding period, no qualified distributions can occur before tax years beginning in 2003.

In addition to satisfying the five year holding period, a qualified distribution must be:

- (a) made on or after the date on which an annuitant attained age 59 1/2; or
- (b) made to a beneficiary (or the individual's estate) on or after the annuitant's death, or
- (c) made to the annuitant because of the annuitant's disability; or
- (d) a distribution to pay for "qualified first-time home buyer expenses".

Distributions Because of Disability. A person is considered disabled if he or she is unable to engage in "substantial gainful activity" by reason of any medically determinable physical or mental impairment which can be expected to be of long-continued and indefinite duration or result in death.

"Substantial gainful activity" means the activity which the individual customarily engaged in prior to the disability, or a comparable activity. In determining whether the individual's impairment makes him or her unable to engage in substantial gainful activity, the IRS looks to the nature and severity of the impairment.

Distributions Because of First-Time Home Buyer Expenses. "Qualified first-time home buyer distributions" are withdrawals up to \$10,000 during the individual's lifetime that are used within 120 days of withdrawal to buy, build, or rebuild a "first" home that is the principal residence of the individual, his or her spouse, or any child, grandchild, or ancestor of the individual or spouse. Acquisition costs include any usual or reasonable settlement, financing, or other closing costs.

In order to be considered a first-time buyer, the individual (and spouse, if married) must not have had an ownership interest in a principal residence during a two year period ending on the date that the new home is acquired.

Under the law, a first home is considered to be "acquired" on the date on which a binding contract is entered into or the date on which the construction or reconstruction begins. If there is a delay or cancellation of the purchase or construction of the first home, the amount of the distribution may be contributed back into a Roth IRA within 120 days of receipt.

Taxation of Qualified Distributions. Qualified distributions from a Roth IRA are not included in the taxpayer's gross income and are not subject to the additional 10% early withdrawal tax.

Taxation of Nonqualified Distributions. Distributions that do not meet the five year holding period or are not made under one of the four specified items as explained earlier are nonqualified distributions and are included in the gross income of the annuitant to the extent they are attributed to earnings on the annuity. There is an ordering rule for purposes of determining what portion of a nonqualified distribution is includible in income, under which distributions are treated as made from contributions first. No portion of a distribution is treated as attributable to earnings, or includible in gross income, until the total of all distributions from the Roth IRA exceeds the amount of contributions.

Early Distribution Penalty. If you are under age 59 1/2 and receive a nonqualified Roth IRA distribution, an additional tax of 10% will apply to the amount includible in income (i.e., the earnings), unless the distribution is made on account of death, disability, a qualified rollover, a direct transfer, the timely withdrawal of an excess contribution; or if the distribution is part of a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your beneficiary. Payments made to pay medical expenses which exceed 7.5% of your adjusted gross income and distributions to pay for health insurance by an individual who has separated from employment and who has received unemployment compensation under a federal or state program for at least 12 weeks are also exempt from the 10% tax. Payments to cover certain qualified education expenses and distributions for first home purchases (up to a lifetime maximum of \$10,000) are exempt from the 10% tax. This additional tax will apply only to the portion of a distribution which is includible in your income.

Any portion of a distribution from a Roth IRA is properly allocable to a qualified rollover contribution and such distribution is made within the 5 taxable year period beginning with the taxable year in which such contribution was made, then Early Distribution Penalty as described above may be applied as if such portion were includible in gross income.

Distributions of excess contributions and earnings allocable to the excess contributions are not considered qualified distributions.

Ordering rules. The law provides "ordering rules" for determining what amounts are withdrawn when a Roth IRA contains both conversion amounts (possibly from different years) and other contributions. Under these rules, regular Roth IRA contributions will be deemed to be withdrawn first, then converted amounts (starting with the amounts first converted). Withdrawals of converted amounts will be treated as coming first from converted amounts that were includible in income. Earnings are treated as withdrawn after contributions.

Methods of Distribution. The cash value of your contract may be distributed according to one or more of the following methods selected by you:

- (a) Total distribution.
- (b) Distribution over a period certain.
- (c) Purchase of a life annuity contract (any guaranteed period for payment may not exceed your life expectancy).
- (d) According to distribution methods provided by the contract held under your Roth IRA plan.

11. TAX CREDITS FOR CONTRIBUTIONS

Tax Credit for Contributions. You may be eligible for up to \$1,000 nonrefundable tax credit for retirement savings contributions into qualified retirement plans such as Traditional IRAs, Roth IRAs, salary deferral (elective contributions) plan such as 401(k), SEP, SIMPLE plan, IRC 403(b) tax-sheltered annuity plan, IRC 457 plan, and voluntary employee contributions. The above contributions for an applicable tax year is reduced by the distributions that you have received from the above mentioned qualified plans during the Testing Period which begins two years before the tax year that you are seeking tax credit and ends on the tax due date including extension. Plan loans deemed as distributions, IRA to Roth IRA conversions, etc. are not considered distributions for reduction here. After above adjustments, up to a maximum of \$2,000 may be used to multiply the applicable percentage to derive the nonrefundable tax credit. The applicable percentage to be used is depending on your adjusted gross income and filing status according to the table below:

Adjusted Gross Income*			
Joint Return	Head of a Household	All other Cases	Applicable Percentage
\$1 – 30,000	\$1 – 22,500	\$1 – 15,000	50
30,001 – 32,500	22,501 – 24,375	15,001 – 16,250	20
32,501 – 50,000	24,376 – 37,500	16,251 – 25,000	10
Over \$50,000	Over \$37,500	Over \$25,000	0

- * Adjusted gross income includes foreign earned income and income from Guam, American Samoa, North Mariana Islands, and Puerto Rico.
- * The above Adjusted gross income limits are subject to cost of living adjustments for tax years beginning after 2006.

You are eligible if you have attained age 18 by the end of the taxable year and are not a full time student or claimed as a dependent on another taxpayer's federal income tax return for the year.

12. OTHER TAX CONSIDERATIONS

No Special Tax Treatment. Qualified distributions from a Roth IRA are tax free. Nonqualified distributions are subject to normal income taxes. It is taxed to the person receiving the distribution as ordinary income. Similarly, you are not entitled to the five year or ten year averaging rule for lump sum distributions available to persons receiving distributions from certain other types of retirement plans.

Gift Transfers. An annuitant's transfer of his or her Roth IRA to another individual by gift constitutes an assignment of the annuitant's rights. As a result, at the time of the gift, the Roth IRA assets are deemed to be distributed to the owner and are treated as no longer held in the Roth IRA.

Tax Withholding. Distributions from Roth IRAs are subject to federal income tax withholding under the rules that apply to non-Roth IRAs. Thus, withholding will apply unless the recipient chooses not to have tax withheld. IRA Form W-4P (Withholding Certificate for Pension or Annuity Payments) is filed when the recipient chooses not to have tax withheld. Of course, since qualified distributions from Roth IRAs are taken free of federal income tax, it will make sense for such recipient to waive withholding.

For nonperiodic distributions from Roth IRAs, tax is withheld at a 10% rate. For periodic distributions, the tax withheld is based on the number of withholding allowances claimed on the Form W-4P withholding certificate. If no withholding certificate is filed, the tax withheld is determined by treating the recipient as a married individual claiming three withholding allowances.

Withholding also applies to conversion from non-Roth IRAs to Roth IRAs.

13. PROHIBITED TRANSACTIONS

If any of the events prohibited by Section 4975 of the Internal Revenue Code (such as any sale, exchange, or leasing of any property between you and your Roth IRA) occurs during the existence of your Roth IRA, your contract will be disqualified and the entire balance in your contract will be treated as if distributed to you as of the first day of the year in which the prohibited event occurs. This "distribution" would be subject to ordinary income tax and, if you were under age 59 1/2 at the time, to the 10% penalty tax on early distributions.

If you or your beneficiary use (pledge) all or any part of your Roth IRA as security for a loan, then the portion so pledged will be treated as if distributed to you or your beneficiary, and will be taxable to you as ordinary income and may be subject to the 10% penalty during the year in which you make such a pledge.

Investment in collectibles. If your Roth IRA invests in collectibles, the amount invested is considered distributed to you in the year invested. You may also have to pay the 10% tax on early distributions.

Collectibles include art works, rugs, antiques, metals, gems, stamps, coins, alcoholic beverages and certain other tangible personal property.

Exception. Your Roth IRA may invest only in one, one-half, one-quarter, or one-tenth ounce U.S. gold coins, or one ounce silver coins minted by the Treasury Department.

14. FINANCIAL DISCLOSURE

- (a) It should be noted from the following illustration that discontinuance of premiums and/or surrender of the contract before maintaining it for an extended period of time may result in cash values being less than premiums paid. However, the cash values are guaranteed for the entire period of the contract. The projection of growth which is illustrated is according to the current rate of excess interest declaration but is not guaranteed. Therefore, actual values of your Roth IRA may be more or less than illustrated but reasonable consideration should be given to them when comparing total premiums paid to guaranteed cash values available. The words excess interest earnings include dividends, if any, and the earning rate and terms on the basis of which projections made are stated on this page.
- (b) Particulars of Contract:
- (i) Description of Contract:
 - (ii) Contract Fee (if any)
 - (iii) Basic Premium: The gross premium shown in the contract less the contract fee shown above and the cost of any additional benefit provisions, if any.
 - (iv) Guaranteed Cash Values and the projections of growth are illustrated on the assumption that: [] basic premiums in an amount of \$1,000 were made on the first day of each contract year; or [] a basic single premium in the amount of \$1,000 was made on the first day of the contract year, and no further premium was paid.
 - (v) The Insurer may deduct a withdrawal charge from any amount withdrawn as shown in the contract.
 - (vi) The sales commission to be charged each contract year expressed as a percentage of gross premium which may be made each year is stated below.

Contract Year	Percentage of Gross Annual Premium
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- (vii) Illustration of Guaranteed Values and Projection of Growth:

- (1) Please refer to the attached sheet.
- (2) To determine the cash value at any attained age such as 60, 65, or 70, use the values opposite in the contract year above which corresponds to the difference between the desired attained age and the issue age shown on the schedule page. If the Basic Premium on the schedule page is other than \$1,000, then all values in the table above will apply proportionately on the assumption that the Basic Premiums under the Flexible Premium Annuity contract were made on the first day of each contract year.

The projected values are shown for illustrative purposes to comply with federal regulations.

ILLUSTRATION PER \$1,000 OF BASIC PREMIUM

<u>End of Contract Year</u>	<u>Guaranteed Cash Values</u>	<u>Projection of Growth</u>	<u>End of Contract Year</u>	<u>Guaranteed Cash Values</u>	<u>Projection of Growth</u>
1 \$ 1030	\$ 1040	26	\$2157	\$2772	
2 1061	1082	27	2221	2883	
3 1093	1125	28	2288	2999	
4 1126	1170	29	2357	3119	
5 1159	1217	30	2427	3243	
6 1194	1265	31	2500	3373	
7 1230	1316	32	2575	3508	
8 1267	1369	33	2652	3648	
9 1305	1423	34	2732	3794	
10 1344	1480	35	2814	3946	
11 1384	1539	36	2898	4104	
12 1426	1601	37	2985	4268	
13 1469	1665	38	3075	4439	
14 1513	1732	39	3167	4616	
15 1558	1801	40	3262	4801	
16 1605	1873	41	3360	4993	
17 1653	1948	42	3461	5193	
18 1702	2026	43	3565	5400	
19 1754	2107	44	3671	5617	
20 1806	2191	45	3782	5841	
21 1860	2279	46	3895	6075	
22 1916	2370	47	4012	6318	
23 1974	2465	48	4132	6571	
24 2033	2563	49	4256	6833	
25 2094	2666	50	4384	7107	

Guaranteed Interest Rate in the contract is 3 % per annum. Projection of growth is based on the declared Interest Rate of 4 %.

Information Affecting Your IRA and Your Roth IRA for 2019 & 2018

The following is a summary of recent law changes and an update of certain IRS limitations due to cost of living increases.

You are encouraged to consult a tax advisor with respect to any tax questions to determine how these changes may affect your personal situation.

Contribution Information

Annual IRA and Roth IRA contribution Limit :

Tax Years <u>Up</u>	Annual IRA/Roth Contribution Limit	Combined	
		Annual IRA/Roth Catch-Up Contribution for Age 50 or Older	Maximum Annual IRA Contribution for Age 50 or older (Including Catch- Up)
2019	\$6,000*	\$1,000	\$7,000
2018	\$5,500*	\$1,000	\$6,500

*After 2009 the maximum annual IRA contribution limit will be indexed for cost-of- living in \$500 increments.

Annual IRA Contributions

AGI Limits for Deductible contributions to a Traditional IRA. If you are married to someone who is an active participant but you are not and your tax filing status is married filing jointly, then your Phase-out range is as follows:

Year	Married Taxpayers Filing Joint Returns
2019	\$193,001 - \$203,000
2018	\$189,001 - \$199,000

For "active participants" in an employer-sponsored retirement plan, full deduction is phased out between the following modified AGI limits:

Year	Married Taxpayers	
	Filing Joint Returns	Single Taxpayers
2019	\$103,001 - \$123,000	\$64,001 - \$74,000
2018	\$101,001 - \$121,000	\$63,001 - \$73,000

Year	Married Taxpayers Filing Separately
2019	\$0 - \$10,000
2018	\$0 - \$10,000

AGI Limits for Roth IRA Contributions. Eligibility to make annual Roth IRA contributions is phased out between the following modified AGI limits:

Year	Married Taxpayers	
	Filing Joint Returns	Single Taxpayers
2019	\$193,001 - \$203,000	\$122,001 - \$137,000
2018	\$189,001 - \$199,000	\$120,001 - \$135,000

Year	Married Taxpayers Filing Separately
2019	\$0 - \$10,000
2018	\$0 - \$10,000

Please refer to your IRA Disclosure Statement, or IRS Publication 590, "Individual Retirement Arrangements," to calculate the amount of your contribution if you are subject to the above limits.

Savers Credit for IRA Contributions. This tax credit was originally available for contributions made for taxable years beginning after December 31, 2001, and before January 1, 2007, under EGTRRA. The credit was made permanent under PPA. Also, as a result of PPA, the AGI limits which determine eligibility to receive the tax credit will now be subject to cost-of-living adjustments (COLA).

Joint Return	Adjusted Gross Income for 2019		Applicable Percentage
	Head of a Household	All other Cases	
\$1 – 38,500	\$1 – 28,875	\$1 – 19,250	50
38,501 – 41,500	28,876 – 31,125	19,251 – 20,750	20
41,501 – 64,000	31,126 – 48,000	20,751 – 32,000	10
Over \$64,000	Over \$48,000	Over \$32,000	0

Joint Return	Adjusted Gross Income for 2018		Applicable Percentage
	Head of a Household	All other Cases	
\$1 – 38,000	\$1 – 28,500	\$1 – 19,000	50
38,001 – 41,000	28,501 – 30,750	19,001 – 20,500	20
41,001 – 63,000	30,751 – 47,250	20,501 – 31,500	10
Over \$63,000	Over \$47,250	Over \$31,500	0

SEP-IRA Contributions. If you are a participant in a SEP plan offered by your employer, your employer may make annual SEP contributions on your behalf up to the lesser of 25% of compensation, or \$56,000, per participant for 2019 (\$55,000 for 2018). The limit is indexed for cost-of-living adjustments in \$1,000 increments in subsequent years. An employee cannot be excluded if his annual compensation is over \$600. The maximum compensation on which contributions to SEPs and SARSEPs can be based is \$280,000 in 2019 (\$275,000 in 2018), and indexed for cost-of-living adjustments in \$5,000 increments in subsequent years. Elective deferrals to SARSEPs are also subject to the limits more fully described below. Additionally SARSEP participants who reach age 50 by December 31 of the tax year for time corresponding contribution may be able to contribute an additional catch-up contribution, if the plan allows.

Tax Year <u>Up</u>	Annual Elective Deferral Limit	SARSEP Catch-Up Contribution for Participants at Least Age 50 (Including Catch- Up)	Maximum
			Annual Elective Deferral Limit for Participants at Least Age 50 (Including Catch- Up)
2019	\$19,000	\$6,000	\$25,000
2018	\$18,500	\$6,000	\$24,500

Simple IRA Salary Deferral limits are \$13,000 and \$12,500 for 2019, 2018, respectively. Maximum catch up contribution is at \$3,000 and \$3,000 respectively.

Amendment for Disclosure Statements of Traditional IRA, Roth IRA or Simple IRA Annuities

Recently, the Tax Cuts and Jobs Act and the Bipartisan Budget Act were enacted by the President into law. The following information is to include those relevant changes in the new law into your disclosure statement so that your document will be up to date.

Unwinding of conversion (Recharacterization) from Qualified Retirement Plans including IRA to Roth IRA was Repealed. Distributions from Qualified Retirement Plans, including Traditional IRA, or from SEP or Simple IRA account money that have been held for two or more years can be converted into a Roth account or annuity and be treated as Roth contributions by paying income tax on the amount being converted. However, before January 1, 2018, if it was found later such conversion was not desirable, he/she might unwind or undo such conversion by putting back the converted amount, together with any gains or losses attributable to the conversion, back to the previous account or to a traditional IRA as long as this unwinding or “**Recharacterization**” was done before the due date of tax filing, including extension for the tax year the conversion had occurred. However, for tax year beginning after December 31, 2017, unwinding or recharacterization of Roth conversion will not be permitted.

Rollover of IRS Refund of Improper Levy from Qualified Retirement Plans. Beginning in year 2018 and after, if IRS make a refund due to wrongful levy on your qualified plan, including IRA, Simple IRA or Roth IRA, you may deposit the refund into a qualified retirement plan including IRA, Simple IRA or Roth IRA as a direct rollover on or before the tax filing due date without an extension for the year you received the refund. This refund of levy rollover is also applicable to beneficiary(ies) of a deceased owner of a qualified plan, including IRA, Simple IRA or Roth IRA. This kind of rollover does not count toward the one rollover per year limit.

Qualified 2016 Disaster Distributions. A “qualified 2016 disaster distribution” is a distribution from an eligible retirement plan such as an IRA or Simple IRA made on or after January 1, 2016, and before January 1, 2018, to an individual whose principal place of abode at any time during calendar year 2016 was located in a 2016 disaster area according to FEMA and who has sustained an economic loss by reason of the events giving rise to the Presidential disaster declaration. The total amount of the 2016 disaster distribution cannot exceed \$100,000.

Income attributable to a qualified 2016 disaster distribution may be included in income ratably over three years, unless the individual elects not to have ratable inclusion apply. Any portion of a qualified 2016 disaster distribution may, at any time during the three-year period beginning the day after the date on which the distribution was received, be re-contributed. Any amount re-contributed within the three-year period is treated as a rollover and, therefore, is not includible in income.

A qualified 2016 disaster distribution is subject to income tax withholding unless the recipient elects otherwise. The mandatory 20-percent withholding does not apply. If the amount of the qualified disaster distribution is re-contributed to an eligible retirement plan such as an IRA, the individual may file an amended return to claim a refund of the tax attributable to the amount previously included in income. In addition, if a portion of the distribution has not yet been included in income at the time of the contribution, the remaining amount is not includible in income.

Qualified 2016 disaster distributions not subject to 10% early withdrawal penalty. In general, unless an exception applies, withdrawals from qualified plans and IRAs before age 59 1/2 are subject to a 10% penalty in addition to regular taxation. Under the new law, a “qualified 2016 disaster distribution,” defined above, will not be subject to the 10% penalty on early withdrawals from qualified plans and IRAs.

Early Distribution Penalty Exception for Deductible Medical Expense. The Tax Cuts and Jobs Act reduced the threshold for eligible medical expenses that must be exceeded in order to be deductible from 10% of AGI to 7.5 % for years 2017 and 2018. Unless Congress extends the 7.5 % beyond 2018, the 10 % threshold will return in 2019. If you are under age 59 1/2, the amount withdrawn from your qualified retirement account, including IRA, Roth or Simple IRA up to the tax deductible amount is not subject to 10% early distribution penalty whether or not you itemize it as a deduction in your tax return.

Extension to Allow Loan Offset from a Qualified Plan as a Rollover to an IRA or to a Roth or Simple IRA. An employee may take out a participant loan as a function of the value of his/her accrued benefit or account balance in the Plan and is repaid according to a loan schedule deducting from each paycheck until it is paid off. If a plan termination or severance of the employee occurred, the unpaid amount of the loan will be treated as an offset distribution with the tax consequences as an actual distribution. Before the Tax Cuts and Jobs Act, the employee had 60 days to make a contribution equal to the un-repaid amount of the loan into an IRA, or a Simple IRA or a Roth IRA so the unpaid amount could be treated as a roll over. Effective for tax years beginning after December 31, 2017, the 60 days period for the “loan offset” rollover contribution is extended to the Federal Tax filing deadline including extension after the year in which the loan offset occurred.

I, the undersigned, have read and fully understand the above statements.

Dated_____

Annuitant_____

Witness (Agent)_____

Please return this page to GCU with application and retain pages 1-18 for your records.