

RULES AND CONDITIONS APPLICABLE TO IRA CONTRIBUTION ELIGIBILITY

The Individual Retirement Account (IRA) contribution rules are often complex. Therefore, it is important that you read the general rules and conditions listed below, and also consult your tax and legal advisors for assistance. In addition, you may refer to IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, for more information. IRS Publication 590-A is available on the IRS website at www.irs.gov or by calling 800-829-3676 (800-TAX-FORM).

REGULAR CONTRIBUTIONS

You may make a “regular” annual contribution to a Traditional/SEP IRA if you have earned income or other eligible compensation.

Contribution limit. The total amount you may contribute as a regular annual contribution to a Traditional/SEP IRA for any tax year cannot exceed the lesser of the published annual limit, or 100% of your earned income and other eligible compensation. If you also maintain a Roth IRA, the maximum regular annual contribution to your Traditional/SEP IRA is reduced by any regular annual contribution that you made to your Roth IRA.

Contribution timing. You may make a regular annual contribution for the prior year up until your tax filing deadline for that year, not including extensions. Designating a contribution for the prior year is irrevocable.

Catch-up contribution. If you are age 50 or older by the end of the year, you may be eligible to make an additional “catch-up” contribution to your Traditional/SEP IRA for the year.

TRANSFERS

A transfer is a direct trustee-to-trustee movement of assets to your Traditional/SEP IRA from any of your other Traditional/SEP IRAs or Savings Incentive Match Plan for Employees (SIMPLE) IRAs.

Unlimited number. You may perform an unlimited number of trustee-to-trustee transfers to your Traditional/SEP IRA from any of your other Traditional/SEP IRAs or SIMPLE IRAs.

Roth IRA transfer restriction. You may not make a transfer from your Roth IRA to your Traditional IRA.

Two-year SIMPLE IRA restriction. You may not make a transfer from a SIMPLE IRA within two years of your first contribution to your SIMPLE IRA.

ROLLOVERS FROM A TRADITIONAL/SEP IRA OR SIMPLE IRA

A rollover is a distribution, and a subsequent tax-free movement of assets, from any of your Traditional/SEP IRAs or SIMPLE IRAs to your Traditional/SEP IRA.

Timing. If payable to you, the assets you receive from the distributing IRA generally must be deposited into another eligible IRA within 60 calendar days.

Required Minimum Distributions (RMDs). Distributions that represent RMDs paid to you may not be rolled over.

Twelve-month restriction. You generally cannot make an IRA rollover if you have made such a rollover involving any of your IRAs in the preceding 12-month period. The 12 months starts when you receive the IRA distribution, not when the distribution is actually rolled over.

SIMPLE IRA rollover restriction. You may not roll over SIMPLE IRA assets into a Traditional/SEP IRA within two years of the first contribution to your SIMPLE IRA.

ROLLOVERS FROM AN EMPLOYER-SPONSORED RETIREMENT PLAN

You may roll over a distribution from an eligible employer-sponsored retirement plan to your Traditional/SEP IRA. If the distribution is made payable to your IRA custodian, and not to you, it is considered to be a “direct rollover.” **Direct rollovers are not subject to withholding.** An “indirect rollover” occurs when the distribution is made payable directly to you, and then you deposit the funds into an IRA within the allotted 60-day period. **Indirect rollovers are reportable for income tax purposes, and are subject to 20% withholding by the employer-sponsored retirement plan as a prepayment of income taxes.**

Eligible person. You are an eligible person only if you were, or are: (1) a participant in an eligible employer-sponsored retirement plan; (2) the surviving spouse beneficiary of a deceased participant; or (3) an alternate payee (a spouse or former spouse of a plan participant) identified in a qualified domestic relations order (QDRO). A non-spouse beneficiary of a deceased participant may only directly roll over employer-sponsored retirement plan assets to an **Inherited** Traditional IRA.

Eligible plan. A distribution will not be eligible to be rolled over unless the distribution is made from an eligible employer-sponsored retirement plan. Accordingly, a rollover contribution can only be made from one of the following eligible employer-sponsored retirement plans: (1) a qualified retirement plan established under Internal Revenue Code Section (IRC Sec.) 401(a) (e.g., a 401(k), profit-sharing, or money purchase pension plan); (2) an annuity plan established under IRC Sec. 403(a); (3) a tax-sheltered annuity plan established under IRC Sec. 403(b); (4) a governmental deferred compensation plan established under IRC Sec. 457(b); or (5) a federal Thrift Savings Plan.

Ineligible rollover distributions. The following types of distributions from an employer-sponsored retirement plan are ineligible to be rolled over to a Traditional/SEP IRA:

- RMDs
- Distributions that are part of a series of substantially equal periodic payments (made over a single or joint life expectancy, or for a specified period of 10 years or more)
- Hardship distributions
- Returns of 401(k) elective deferrals because of the IRC Sec. 415 allocation limitations
- Returns of excess contributions and excess aggregate contributions from a 401(k) plan
- Returns of excess deferrals (i.e., amounts that exceed the deferral limit)
- Plan loan amounts that are treated as distributions because of a default, or because the loan does not meet the IRC Sec. 72(p) requirements
- Dividends paid on employer securities as described in IRC Sec. 404(k)
- PS 58 costs (associated with life insurance coverage)
- Permissible withdrawals from eligible automatic contribution arrangements (generally, within 90 days of the first automatic contribution)
- Designated Roth IRA account contributions; these contributions may be rolled over only into a Roth IRA
- Other types of distributions may also be ineligible for rollover. Please contact the plan administrator for the distributing plan and/or your tax and legal advisors with questions about a particular distribution

Timing. If payable to you, the distribution you receive from the employer-sponsored retirement plan generally must be deposited into an eligible IRA within 60 calendar days.

SEP EMPLOYER CONTRIBUTIONS

If you are a participant in your employer’s Simplified Employee Pension (SEP) plan, contributions may be made by your employer to your Traditional/SEP IRA.

Contribution limits. Your employer may make SEP contributions to your Traditional/SEP IRA within the published annual limits.

RECHARACTERIZATION

A recharacterization is a procedure to treat all, or a portion, of a regular annual contribution to a Roth IRA as if it had been made to a Traditional/SEP IRA.

Earnings and losses adjustment requirement. A contribution that is recharacterized must be adjusted for earnings and losses.

Timing. The recharacterization deadline is your tax filing deadline for the year of the original transaction, including extensions.