

SUMMARY OF RULES AFFECTING THIS FORM

INTRODUCTION

Listed below are all of the payment options available to the beneficiaries if each beneficiary has a separate account by September 30 of the calendar year after the IRA owner's death. A beneficiary has a separate account either by being the only beneficiary of the IRA on this date or by the credit union segregating the beneficiary's portion of the IRA in a subaccount for the beneficiary by this date.

OPTIONS FOR IRA OWNER'S SPOUSE

All spouses. The IRA owner's spouse has the following payment options. The default payment if the spouse does not make a payment election is option 3 if the owner died during or after his or her 69½ year; if the owner was younger, it is option 4 with payments beginning in the owner's 70½ year.

1. **Direct transfer** to the spouse's own traditional IRA.
2. **Lump-sum payment.**
3. **Payments over the spouse's life expectancy.** The spouse's life expectancy is redetermined each year for the spouse's age on his or her birthday during the year of payment.

Death before April 1 of 71½ year. If the IRA owner died before April 1 of his or her 71½ year (the calendar year in which the owner reaches age 71½), then the spouse has the following additional options:

4. **Delayed payments over spouse's life expectancy.** This option is only available if the IRA owner died during or before his or her 68½ year (the calendar year in which the owner reaches age 68½). The delayed payments are computed in the same way they are under option 3.
5. **Delayed lump-sum payment.**
6. **Payments over five years.**

Death on or after April 1 of 71½ year. If the IRA owner died on or after April 1 of his or her 71½ year (the calendar year in which the owner reaches age 71½), then the spouse has the following additional option:

7. **Payments over the IRA owner's life expectancy.** The owner's life expectancy is determined for the age the owner would have attained in the year of death, and this period is reduced by one year to compute the payments for the year after death. It is further reduced by one year for each subsequent year.

Under payment options 3, 4, or 7, the owner's spouse can either receive payments over the applicable life expectancy (which results in the smallest possible payments) or over a shorter time period. Check either A or B, and if you check B also fill in the number of years over which you want payments.

Qualified trust for spouse. The direct transfer option is NOT available to a trust. A qualified trust has all of the other options available to the spouse if two conditions are met: (a) the trustee files the Qualified Trust Certification Form with the credit union by October 31 of the year after the IRA owner's death, and (b) the trust is for the sole benefit of the spouse (the trustee completes the sole benefit certification near the bottom of the Qualified Trust Certification Form). If only the first condition is met, then the trust has the options available to a non-spouse human beneficiary.

OPTIONS FOR NON-SPOUSE HUMAN BENEFICIARIES

All human beneficiaries. All human beneficiaries other than the spouse have the following payment options. If a beneficiary does not make a payment election, the default payment is option 3.

2. **Lump-sum payment.**
3. **Payments over the beneficiary's life expectancy.** The beneficiary's life expectancy is determined for the beneficiary's age on his or her birthday in the year following

the owner's death, and this period is reduced by one year for each subsequent year.

5. **Delayed lump-sum payment.**
6. **Payments over five years.**

Death on or after April 1 of 71½ year. If the IRA owner died on or after April 1 of his or her 71½ year (the calendar year in which the owner reaches age 71½), then the beneficiaries have the following additional option:

7. **Payments over the IRA owner's life expectancy.** The owner's life expectancy is determined for the age the owner would have attained in the year of death, and this period is reduced by one year to compute the payments for the year after death. It is further reduced by one year for each subsequent year.

Under payment options 3 or 7, the beneficiary can either receive payments over the applicable life expectancy (which results in the smallest possible payments) or over a shorter time period. Check either A or B, and if you check B also fill in the number of years over which you want payments.

Qualified trust. If the beneficiary is a qualified trust and the trustee files the Qualified Trust Certification Form with the credit union by October 31 of the year after the IRA owner's death, then the trust can choose from those options that would have been available if a human beneficiary had been named. The age of the oldest primary beneficiary of the qualified trust is used to determine periodic payments over a life expectancy or to determine the longest term certain.

OPTIONS FOR NON-HUMAN BENEFICIARIES

Death before April 1 of 71½ year. If the IRA owner died before April 1 of his or her 71½ year (the calendar year in which the owner reaches age 71½), then non-human beneficiaries have the following options. The default payment is option 5, with payment in the fifth year after the death.

2. **Lump-sum payment.**
5. **Delayed lump-sum payment.**
6. **Payments over five years.**

7. **Payments over the IRA owner's life expectancy.** The owner's life expectancy is determined for the age the owner would have attained in the year of death, and this period is reduced by one year to compute the payments for the year after death. It is further reduced by one year for each subsequent year.

Under option 7, the beneficiary can either choose payments over the owner's life expectancy (which results in the smallest possible payments) or over a shorter time period. Check either A or B, and if you check B also fill in the number of the number of years over which you want payments.

Death on or after April 1 of 71½ year. If the IRA owner died before April 1 of the year in which the owner would have attained age 71½, then non-human beneficiaries have the following options. The default payment is option 7.

2. **Lump-sum payment.**
7. **Payments over the IRA owner's life expectancy.** The owner's life expectancy is determined for the age the owner would have attained in the year of death, and this period is reduced by one year to compute the payments for the year after death. It is further reduced by one year for each subsequent year.

Under option 7, the beneficiary can either choose payments over the owner's life expectancy (which results in the smallest possible payments) or over a shorter time period. Check either A or B, and if you check B also fill in the number of the number of years over which you want payments.