

Pentagon Federal Credit Union

MEMBER'S INSTRUCTIONS FOR IRA ACCOUNT DISTRIBUTION

SECTION I. MEMBER INFORMATION

Member's Name _____ Member No. _____

Date of Birth _____ Social Security No. _____

SECTION II. DISTRIBUTION ELECTION

Will you take your required minimum *annual distribution (RMD)* from your PFCU account?

- YES (*complete remainder of this form*)
- NO, I will take my RMD from an IRA at a different institution I understand it is my responsibility to ensure I receive the required minimum distribution each year.

Payments are to be made as follows (*check only one of A., B., C., D. or E.*)

- A. Uniform Lifetime Table (if selected, would you like us to provide you an RMD calculation? YES NO)
- B. Over the joint life expectancy of myself and my spouse beneficiary (Requirements must be met for this option. Please refer to section V, Joint and Last Survivor Table. If this option is selected, you must complete form # 732: Designation of Beneficiary.)
- C. The entire balance in a single sum. (skip to Section III, *Disburse my payments as follows:)
- D. Equal distributions over a period of _____ years
- E. Specific distribution amount of \$ _____

SECTION III. PAYMENT FREQUENCY INSTRUCTIONS

Make payments:

- Monthly, beginning with the first business day of the month of _____
- Quarterly, beginning with the first business day of the month of (select one) January April July October
- Annually, beginning with the first business day of the month of December April
- Note:** Annual distributions are processed December 1st. The April 1st option is available only if you are taking a delayed distribution (applies to the first distribution year only).

Disburse my payment(s) as follows:

- Add to my PenCheck[®] Account No. _____
- Add to my Money Market Savings Account No. _____
- Add to my Regular Share Account No. _____
- Send a check to me.

SECTION IV. TAX INSTRUCTIONS

You have the option of having federal income tax withheld (10% of the withdrawal). Please check the appropriate box below. (EXCEPTION: If your residence address is outside the United States, or if you have not provided us with an address, we are required to withhold 10% of all withdrawals.)

Do you want federal income tax withheld from your distributions? Yes No

You may be subject to tax penalties under the estimated tax payment rules if your payments of estimated tax and withholding, if any, are not adequate.

SECTION V. DISTRIBUTION ELECTION FACTS

The Internal Revenue Service (IRS) requires mandatory distributions to be calculated using one of two methods. You may select the Uniform Lifetime method or Joint and Last Survivor method. A brief explanation is provided below as well as a sample calculation based on a \$100,000 IRA balance.

Important Note: *If multiple primary beneficiaries are named, the beneficiary with the shortest life expectancy will be used in calculating your required mandatory distribution. The age and relationship of the beneficiary determines which calculation table is used.*

Uniform Lifetime Table: Is used to calculate lifetime required distributions by IRA owners whose spouse is their sole designated beneficiary and is not more than 10 years younger OR the spouse is not the sole designated beneficiary.

***Joint and Last Survivor Table:** Is used only for lifetime distributions and only when the spouse is the designated beneficiary and is more than 10 years younger.

For example, an IRA owner who is 71 and has an IRA balance of \$100,000:

Uniform Lifetime Table: The required minimum distribution amount would be \$3773.58.

Joint and Last Survivor Table: The required minimum distribution amount would be \$3676.47.

Note: This is based on receiving your first distribution by your required beginning date.

If you have IRAs at several different financial institutions or companies, IRS rules permit you to take the mandatory distribution from each IRA or the total amount of the mandatory distribution from a single IRA. To avoid possible IRS penalties, your total mandatory distribution for each year must equal the individually calculated mandatory distribution for each IRA.

You may change your beneficiary at any time, however, you must complete PFCU form 732: Designation of Beneficiary (If you submit a new beneficiary form, it supersedes prior selections.) Any change is not valid until received by PFCU.

SECTION VI. SIGNATURE

If I have elected to take my RMD from another institution this election will remain in effect until I notify PFCU.

I understand that the plan I select shall be used to calculate a distribution from my IRA. If I have selected payment over joint life expectancy, I agree to complete PFCU FORM 732: Designation of Beneficiary. Furthermore, I must notify Pentagon Federal immediately in the event of the death of my designated primary beneficiary. I understand that the payment plan selected is irrevocable, to the extent the payout period may not be extended, and will continue as long as funds are available or until my death. I can change or terminate this plan upon written notice to PFCU.

I release Pentagon Federal Credit Union from any and all liability, loss or penalty which may result from the processing of this request.

Member's Signature

Date

Daytime Telephone Number