American Life

ROTH INDIVIDUAL RETIREMENT ANNUITY DISCLOSURE STATEMENT

This disclosure statement explains the rules governing a Roth IRA. The term IRA will be used in this disclosure statement to refer to a Roth IRA (under Internal Revenue Code Section (IRC Sec.) 408A) unless specified otherwise.

RIGHT TO REVOKE YOUR ROTH IRA

You have the right to revoke your Roth IRA within seven days of the receipt of the disclosure statement. If revoked, you are entitled to a full return of the Premium you made to your Roth IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the Issuer at the address listed on the application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your Roth IRA, please call the Issuer at the telephone number listed on the application.

REQUIREMENTS OF A ROTH IRA

A. **Cash Premiums** – Your Premium must be in cash, unless it is a rollover or conversion Premium.

B. **Maximum Premium** – The total amount you may contribute to a Roth IRA for any taxable year cannot exceed the lesser of 100 percent of your Compensation or $6,000 for 2021 and 2022, and $6,500 for 2023, with possible cost-of-living adjustments each year thereafter. If you also maintain a Traditional IRA (i.e., an IRA subject to the limits of IRC Secs. 408(a) or 408(b)), the maximum Premium to your Roth IRAs is reduced by any Premiums you make to your Traditional IRAs. Your total annual Premium to all Roth IRAs and Traditional IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your Compensation.

C. **Premium Eligibility** – You are eligible to make a regular Premium to your Roth IRA, regardless of your age, if you have Compensation and your MAGI is below the maximum threshold. Your Roth IRA Premium is not limited by your participation in an employer-sponsored retirement plan, other than a Traditional IRA.

D. **Catch-Up Premiums** – If you are age 50 or older by the close of the taxable year, you may make an additional Premium to your Roth IRA. The maximum additional Premium is $1,000 per year.

E. **Nonforfeitability** – Your interest in your Roth IRA is nonforfeitable.

F. **Commingling Assets** – The assets of your Roth IRA cannot be commingled with other property except in a common trust fund or common investment fund.

G. **Life Insurance** – No portion of your Roth IRA may be invested in life insurance contracts.

H. **Refund of Premiums** – Any refund of Premiums must be applied 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.

I. **Collectibles** – You may not invest the assets of your Roth IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in IRC Sec. 408(m)(3)) are also permitted as Roth IRA investments.

J. **Beneficiary Payouts** – Your Designated Beneficiary is determined based on the Beneficiaries designated as of the date of your death, who remain your Beneficiaries as of September 30 of the year following the year of your death. If you die,

If your spouse is your sole Designated Beneficiary, he or she must elect either option (a) or (b) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year life expectancy payments would be required to begin. Your Designated Beneficiaries, other than a spouse who is the sole Designated Beneficiary, must elect either option (a) or (b) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in acordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of your death. Generally, if your spouse is the Designated Beneficiary, distributions need not commence until December 31 of the year you would have attained the RMD age requirement, if later. If a Beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no Designated Beneficiary of your Roth IRA for purposes of determining the distribution period. If there is no Designated Beneficiary of your Roth IRA, the entire Roth IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

A spouse who is the sole Designated Beneficiary of your entire Roth IRA will be deemed to elect to treat your Roth IRA as his or her own by either (1) making Premiums to your Roth IRA or (2) failing to timely remove a required minimum distribution from your Roth IRA. Regardless of whether or not the spouse is the sole Designated Beneficiary of your Roth IRA, a spouse Beneficiary may roll over his or her share of the assets to his or her own Roth IRA.

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If your Beneficiary fails to remove a required minimum distribution after your death, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your Beneficiary must file IRS Form 5329 along with his or her income tax return to report and remit any additional taxes to the IRS.

INCOME TAX CONSEQUENCES OF ESTABLISHING A ROTH IRA

A. **Premiums Not Deducted** – No deduction is allowed for Roth IRA Premiums, including transfers, rollovers, and conversion Premiums.

B. **Premium Deadline** – The deadline for making a Roth IRA Premium is your tax return due date (not including extensions). You may designate a Premium as a Premium for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar-year taxpayer and you make your Roth IRA Premium on or before your tax filing deadline, your Premium is considered to have been made for the previous tax year if you designate it as such.
If you are a member of the Armed Forces serving in a combat zone, hazardous duty area, or contingency operation, you may have an extended Premium deadline of 180 days after the last day served in the area. In addition, your Premium deadline for a particular tax year is also extended by the number of days that remained to file that year's tax return as of the date you entered the combat zone. This additional extension to make your Roth IRA Premium cannot exceed the number of days between January 1 and your tax filing deadline, not including extensions.

C. **Tax Credit for Premiums** – You may be eligible to receive a tax credit for your Roth IRA Premiums. This credit may not exceed $1,000 in a given year. You may be eligible for this tax credit if you are
- age 18 or older as of the close of the taxable year,
- not a dependent of another taxpayer, and
- not a full-time student.

The credit is based upon your income (see chart below), and will range from 0 to 50 percent of eligible Premiums. In order to determine the amount of your Premiums, add all of the Premiums made to your Roth IRA and reduce these Premiums by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your Premiums that do not exceed $2,000.

2017 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
$1 – 37,000	$1 – 27,750	$1 – 18,500	50
$37,001 – 40,000	$27,750 – 30,000	$18,501 – 20,000	20
$40,001 – 62,000	$30,001 - 46,500	$20,001 – 31,000	10
Over $62,000	Over $46,500	Over $31,000	0

2018 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
$1 – 38,000	$1 – 28,750	$1 – 19,000	50
$38,001 – 41,000	$28,750 – 30,750	$19,001 – 20,500	20
$41,001 – 63,000	$30,751 - 46,500	$20,501 – 31,500	10
Over $63,000	Over $47,250	Over $31,501	0

2019 Adjusted Gross Income			Applicable Percentage
Joint Return	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

2020 Adjusted Gross Income			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
$1-39,000	$1-29,250	$1-19,500	50
$39,001-42,500	$29,251-31,875	$19,501-21,250	20
$42,501-65,000	$31,876-48,750	$21,251-32,500	10
Over $65,000	Over $48,750	Over $32,500	0

2021 Adjusted Gross Income			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
$1-39,500	$1-29,625	$1-19,750	50
$39,501-43,000	$29,626-32,250	$19,751-21,500	20
$43,001-66,000	$32,251-49,500	$21,501-33,000	10
Over $66,000	Over $49,500	Over $33,000	0

2022 Adjusted Gross Income			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
$1-41,000	$1-30,750	$1-20,500	50
$41,001-44,000	$30,751-33,000	$20,501-22,000	20
$44,001-68,000	$33,001-51,000	$22,001-34,000	10
Over $68,000	Over $51,000	Over $34,000	0

2023 Adjusted Gross Income			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
$1-43,500	$1-32,625	$1-21,750	50
$43,501-47,500	$32,626-35,625	$21,751-23,750	20
$47,501-73,000	$35,626-54,750	$23,751-36,500	10
Over $73,000	Over $54,750	Over $36,500	0

*Adjusted gross income (AGI) includes foreign earned income and income from Guam, America Samoa, North Mariana Islands, and Puerto Rico. AGI limits are subject to cost-of-living adjustments each year.

D. **Excess Premiums** – An excess Premium is any amount that is contributed to your Roth IRA that exceeds the amount that you are eligible to contribute. If the excess is not corrected timely, an additional penalty tax of six percent will be imposed upon the excess amount. The procedure for correcting an excess is determined by the timeliness of the correction as identified below.

1. **Removal Before Your Tax Filing Deadline.** An excess Premium may be corrected by withdrawing the excess amount, along with the earnings attributable to the excess, before your tax filing deadline, including extensions, for the year for which the excess Premium was made. An excess withdrawn under this method is not taxable to you, but you must include the earnings attributable to the excess in your taxable income in the year in which the contribution was made. The six percent excess contribution penalty tax will be avoided.

2. **Removal After Your Tax Filing Deadline.** If you are correcting an excess Premium after your tax filing deadline, including extensions, remove only the amount of the excess Premium. The six percent excess contribution penalty tax will be imposed on the excess Premium for each year it remains in the Roth IRA. An excess withdrawal under this method is not taxable to you.

3. **Carry Forward to a Subsequent Year.** If you do not withdraw the excess Premium, you may carry forward the Premium for a subsequent tax year. To do so, you under-contribute for that tax year and carry the excess Premium amount forward to that year on your tax return. The six percent excess contribution penalty tax will be imposed on the excess amount for each year that it remains as an excess Premium at the end of the year.

You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

E. **Tax-Deferred Earnings** – The investment earnings of your Roth IRA are not subject to federal income tax as they accumulate in your Roth IRA. In addition, distributions of your Roth IRA earnings will be free from federal income tax if you take a qualified distribution, as described below.

F. **Taxation of Distributions** – The taxation of Roth IRA distributions depends on whether the distribution is a qualified distribution or a nonqualified distribution.

1. **Qualified Distributions.** Qualified distributions from your Roth IRA (both the Premiums and earnings) are not included in your income. A qualified distribution is a distribution that is made after the expiration of the five-year period beginning January 1 of the first year for which you made a Premium to any Roth IRA (including a conversion from a Traditional IRA or a rollover from an employer-sponsored retirement plan), and is made on account of one of the following events.
    - Attainment of age 59½
    - Disability
    - First-time homebuyer purchase
    - Death

   For example, if you made a Premium to your Roth IRA for 2010, the five-year period for determining whether a distribution is a qualified distribution is satisfied as of January 1, 2015.

2. **Nonqualified Distributions.** If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income and, if you are under age 59½, may be subject to an early distribution penalty tax. However, when you take a distribution, the Premiums you deposited annually to any Roth IRA and any military death gratuity or Service Members' Group Life Insurance (SGLI) payments that you rolled over to a Roth IRA, will be deemed to be removed first, followed by conversion and employer-sponsored retirement plan rollover Premiums made to any Roth IRA on a first-in, first-out basis. Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual Premiums, rollovers of your military death gratuity or SGLI payments, and your conversions and employer-sponsored retirement plan rollovers.

G. **Income Tax Withholding** - Any nonqualified withdrawal of earnings from your Roth IRA may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your Roth IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.

H. **Early Distribution Penalty Tax** - If you are under age 59½ and receive a nonqualified Roth IRA distribution, an additional early distribution penalty tax of 10 percent generally will apply to the amount includible in income in the year of the distribution. If you are under age 59½ and receive a distribution of conversion amounts or employer-sponsored retirement plan rollover amounts within the five-year period beginning with the year in which the conversion or employer-sponsored retirement plan rollover occurred, an additional early distribution penalty tax of 10 percent generally will apply to the amount of the distribution. The additional early distribution penalty tax of 10 percent generally will not apply if one of the following exceptions apply. **1) Death.** After your death, payments made to your Beneficiary are not subject to the 10 percent early distribution penalty tax. **2) Disability**. If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration. **3) Substantially equal periodic payments.** You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your Beneficiary. You must continue these payments for the longer of five years or until you reach age 59½. **4) Unreimbursed medical expenses.** If you take payments to pay for unreimbursed medical expenses that exceed a specified percentage of your adjusted gross income, you will not be subject to the 10 percent early distribution penalty tax. For further detailed information and effective dates you may obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS. The medical expenses may be for you, your spouse, or any dependent listed on your tax return. **5) Health insurance premiums.** If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your Roth IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax. **6) Higher education expenses.** Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax. **7) First-time homebuyer.** You may take payments from your Roth IRA to use toward qualified acquisition costs of buying or building a principle residence. The amount you may take for this reason may not exceed a lifetime maximum of $10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution. **8) IRS levy.** Payments from your Roth IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax. **9) Qualified reservist distributions.** If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your Roth IRA during the active duty period are not subject to the 10 percent early distribution penalty tax.

You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes or to claim a penalty tax exception.

I. **Required Minimum Distributions** – You are not required to take distributions from your Roth IRA (as required for Traditional and savings incentive match plan for employees of small employers (SIMPLE) IRAs). However, your Beneficiaries generally are required to take distributions from your Roth IRA after your death. See the section titled Beneficiary Payouts in this disclosure statement regarding Beneficiaries' required minimum distributions.

J. **Rollovers and Conversions** – Your Roth IRA may be rolled over to another Roth IRA of yours, may receive rollover Premiums, or may receive conversion Premiums, provided that all of the applicable rollover or conversion rules are followed. Rollover is a term used to describe a movement of cash or other property to your Roth IRA from another Roth IRA, or from your employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan. Conversion is a term used to describe the movement of Traditional IRA or SIMPLE IRA assets to a Roth IRA. A conversion generally is a taxable event. The general rollover and conversion rules are summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

1. **Roth IRA-to-Roth IRA Rollovers.** Assets distributed from your Roth IRA may be rolled over to the same Roth IRA or another Roth IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper Roth IRA-to-Roth IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days. Roth IRA assets may not be rolled over to other types of IRAs (e.g., Traditional IRA, SIMPLE IRA), or employer-sponsored retirement plans.

   You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

2. **Traditional IRA-to-Roth IRA Conversions.** If you convert to a Roth IRA, the amount of the conversion from your Traditional IRA to your Roth IRA will be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible Premiums). Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution penalty tax. If you are subject to required minimum distributions, you must remove your required minimum distribution before converting your Traditional IRA.

3. **SIMPLE IRA-to-Roth IRA Conversions.** You are eligible to convert all or any portion of your existing SIMPLE IRA into your Roth IRA, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. The amount of the conversion from your SIMPLE IRA to your Roth IRA will be treated as a distribution for income tax purposes and is includible in your gross income. Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution penalty tax. If you are subject to required minimum distributions, you must remove your required minimum distribution before converting your SIMPLE IRA.

4. **Rollovers of Roth Elective Deferrals.** Roth elective deferrals distributed from a 401(k) cash or deferred arrangement, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan, may be rolled into your Roth IRA.

5. **Employer-Sponsored Retirement Plan-to-Roth IRA Rollovers.** You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer- sponsored retirement plan to your Roth IRA. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan unless it is a required minimum distribution, hardship distribution, part of a certain series of substantially equal periodic payments, corrective distributions of excess contributions, excess deferrals, excess annual additions and any income allocable to the excess, deemed loan distribution, dividends on employer securities, or the cost of life insurance coverage. If you are a spouse, nonspouse, or qualified trust beneficiary who has inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, you may be eligible to directly roll over the assets to an inherited Roth IRA. The inherited Roth IRA is subject to the beneficiary distribution requirements.

   If you are conducting an indirect rollover, your eligible rollover distribution generally must be rolled over to your Roth IRA not later than 60 days after you receive the distribution. In the case of a plan loan offset due to plan termination or severance from employment, the deadline for completing the rollover is your tax return due date (including extensions) for the year in which the offset occurs. Although the rollover amount generally is included in income, the 10 percent early distribution penalty tax will not apply to rollovers from eligible employer-sponsored retirement plans to a Roth IRA or inherited Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution penalty tax.

6. **Beneficiary Rollovers from 401(k), 403(b), or 457(b) Eligible Governmental Plans Containing Roth Elective Deferrals.** If you are a spouse, nonspouse, or qualified trust beneficiary of a deceased 401(k), 403(b), or 457(b) eligible governmental deferred compensation plan participant who had made Roth elective deferrals to the plan, you may directly roll over the Roth elective deferrals and their earnings to an inherited Roth IRA. The Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements.

7. **Rollovers of Military Death Benefits.** If you receive or have received a military death gratuity or a payment from the SGLI program, you may be able to roll over the proceeds to your Roth IRA. The rollover Premium amount is limited to the sum of the death benefits or SGLI payment received, less any such amount that was rolled over to a Coverdell education savings account. Proceeds must be rolled over within one year of receipt of the gratuity or SGLI payment for deaths occurring on or after June 17, 2008. Any amount that is rolled over under this provision is considered nontaxable basis in your Roth IRA.

8. **Qualified HSA Funding Distribution.** If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free qualified HSA funding distribution from your Roth IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans.

9. **Rollovers of Settlement Payments from Bankrupt Airlines.** If you are a qualified airline employee who has received a qualified airline settlement payment from a commercial airline carrier under the approval of an order of a federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007, you are allowed to roll over any portion of the proceeds into your Roth IRA within 180 days after receipt of such amount, or by a later date if extended by federal law. For further detailed information and effective dates you may obtain IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), from the IRS website at www.irs.gov.

10. **Rollovers of Exxon Valdez Settlement Payments.** If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to $100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including extensions) for the year in which the qualified settlement income is received to make the rollover Premium. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.

11. **Rollover of IRS Levy.** If you receive a refund of eligible retirement plan assets that had been wrongfully levied, you may rollover the amount returned up to the tax return due date for the year in which the money was returned

12. **Written Election.** At the time you make a rollover or conversion to a Roth IRA, you must designate in writing to the Issuer your election to treat that Premium as a rollover or conversion. Once made, the election is irrevocable

K. **Transfer Due to Divorce** – If all or any part of your Roth IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's Roth IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another Roth IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Roth IRA to another.

L. **Recharacterizations** – If you make a Premium to a Traditional IRA and later recharacterize either all or a portion of the original Premium to a Roth IRA along with net income attributable, you may elect to treat the original Premium as having been made to the Roth IRA. The same methodology applies when recharacterizing a Premium from a Roth IRA to a Traditional IRA. For tax years beginning before January 1, 2018, if you have converted from a Traditional IRA to a Roth IRA, or rolled over an eligible employer-sponsored retirement plan to a Roth IRA, you may recharacterize the conversion along with net income attributable back to a Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year for which the original Premium was made or conversion or rollover completed. However, effective for tax years beginning after December 31, 2017, you may not recharacterize a Roth IRA conversion or an employer-sponsored retirement plan rollover.

LIMITATIONS AND RESTRICTIONS

A. Spousal Roth IRA – If you are married and have Compensation, you may make a Premium to a Roth IRA established for the benefit of your spouse, regardless of whether or not your spouse has Compensation. You must file a joint income tax return for the year for which the Premium is made.

B. The amount you may contribute to your Roth IRA and your spouse's Roth IRA is the lesser of 100 percent of your combined eligible Compensation or $11,000 for 2017 and 2018. This amount may be increased with cost-of-living adjustments each year. However, you may not contribute more than the individual Premium limit to each Roth IRA. Your Premium may be further limited if your MAGI falls within the minimum and maximum thresholds.

C. If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional Premium to your spouse's Roth IRA. The maximum additional Premium is $1,000 per year.

D. Gift Tax – Transfers of your Roth IRA assets to a

Beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.

E. Special Tax Treatment – Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to Roth IRA distributions.

F. Prohibited Transactions – If you or your Beneficiary engage in a prohibited transaction with your Roth IRA, as described in IRC Sec. 4975, your Roth IRA will lose its tax-deferred or tax-exempt status, and you generally must include the value of the earnings in your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your Roth IRA. (1) Taking a loan from your Roth IRA (2) Buying property for personal use (present or future) with Roth IRA assets (3) Receiving certain bonuses or premiums because of your Roth IRA.

G. Pledging – If you pledge any portion of your Roth IRA as collateral for a loan, the entire balance of the IRA as of January 1 will be deemed distributed and may be included in income if it represents a taxable portion of the Roth IRA (i.e., earnings) for that year.

OTHER

A. **IRS Plan Approval** – The Endorsement used to establish this Roth IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

B. **Additional Information** – For further information on Roth IRAs, you may wish to obtain IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), or Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), by calling 1-800-TAX-FORM, or by visiting www.irs.gov on the Internet.

C. **Important Information About Procedures for Opening a New IRA** – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an IRA. Therefore, when you open a Roth IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

D. **Qualified Reservist Distributions** – If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your Roth IRA or retirement plan, you may recontribute those amounts to a Roth IRA generally within a two-year period from your date of return.

E. **Qualified Charitable Distributions** – If you are age 70½ or older, you may take tax-free Roth IRA distributions of up to $100,000 per year and have these distributions paid directly to certain charitable organizations. Special tax rules may apply. For further detailed information and effective dates you may obtain IRS Publication 590 B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

F. **Disaster Related Relief** – If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, certain IRS designated disasters), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your Roth IRA. Qualified disaster relief may include penalty-tax free early distributions made during specified timeframes for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more. For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related Roth IRA transactions, you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

American Life

ROTH IRA CONVERSION REQUEST FORM

IRA CONVERSION FROM ANOTHER INSTITUTION TO AN AMERICAN LIFE ROTH IRA

Use this form to convert a traditional, SEP or SIMPLE (after the required two year holding period) Individual Retirement Account ("IRA") from another custodian or trustee to an American Life Roth IRA. This form is not intended for initiating conversions from employer sponsored plans; 401(k) or 403(b) plans (contact your plan's administrator for instructions).

Beginning in 2010, there are no eligibility requirements for converting a traditional, SEP or SIMPLE IRA into a Roth IRA under the Tax Increase Prevention and Reconciliation Act of 2006 ("TIPRA"). You should consult your tax advisor or the Internal Revenue Service (IRS) web site www.irs.gov for more information.

Send this completed and signed application to:

Regular Mail	Overnight Mail
American Life & Security Corp.	American Life & Security Corp.
P.O. Box 5577	2900 South 70th St. Ste.400
Lincoln, NE 68505	Lincoln, NE 68506

ACCOUNT OWNER INFORMATION

___________________________	______	___________________________
First Name of IRA Account Owner	M.I.	Last Name

_______________________________________	___________________________
Federal Tax Identification or Social Security Number	Home Telephone

TAX WITHHOLDING ELECTION

IRS regulations require the custodian or trustee of your IRA to withhold federal income taxes from the conversion distribution at the rate of 10% unless you elect not to have withholding apply. Withholding will apply to the entire amount of the conversion distribution, including the amount of any nondeductible contributions that may have been made to the IRA. You may not convert any portion of Required Minimum Distributions (RMDs). Please make an election:

☐ I elect NOT TO have federal income tax withheld from this conversion distribution from my traditional IRA. This option is only available for accounts registered with an address in the United States.

☐ I elect TO have 10% federal income tax withheld from this conversion distribution from my traditional IRA.

☐ I elect TO have _____________% federal income tax withheld from this conversion distribution from my traditional IRA. (must be more than 10%)

Important: If you elect to have federal income taxes withheld, you may still invest the entire amount of the conversion distribution into your American Life Roth IRA by using other assets to replace amounts withheld as a prepayment of federal income taxes. Remember, if you use your IRA assets to pay taxes on the conversion distribution amount (either by liquidating additional shares or by not replacing amounts withheld for federal income tax), the IRA assets used to pay those taxes may be considered a premature distribution (if you are under the age of 59½) since they are not being converted into the Roth IRA or rolled over into another IRA and you could also be subject to a 10% early withdrawal penalty.

American Life & Security Corp.
2900 S. 70th St., STE 400
Lincoln, NE 68506
T: 402-489-8266
customerservice@american-life.com
www.american-life.com

CURRENT CUSTODIAN AND ACCOUNT INFORMATION

Current Custodian ______________________ Contact Telephone Number ______________________

Address ______________________ City/State/Zip code ______________________

Account Number ______________________

Amount to Distribute: ☐ Entire Account ☐ Partial Amount: $ ______________________

Type of Account: ☐ Traditional/Rollover IRA ☐ SIMPLE IRA (after the required two year holding period)
☐ SEP IRA

Account Number ______________________

Amount to Distribute: ☐ Entire Account ☐ Partial Amount: $ ______________________

Type of Account: ☐ Traditional/Rollover IRA ☐ SIMPLE IRA (after the required two year holding period)
☐ SEP IRA

For Certificates of Deposit: ☐ Immediately* ☐ At Maturity Date

*If you wish to have certificates of deposit transferred immediately and they have not matured, you may incur a redemption penalty. We cannot accept requests to convert certificates of deposit more than 60 days before their maturity.

RESIGNING CUSTODIAN INSTRUCTIONS

Issue check payable to: “American Life & Security Corp.” (as custodian for the American Life Roth IRA), and include the Participant Name.

SIGNATURE AND AUTHORIZATION

I authorize the current custodian or trustee of my IRA to distribute the amount(s) indicated for the purpose of converting them to a Roth IRA with American Life and to issue a check as indicated below. I understand it is my responsibility to insure the prompt conversion of assets by the current custodian or trustee. I understand that I am solely responsible for all tax consequences and agree that American Life shall not have responsibility for any tax consequences resulting from my instructions. I authorize American Life to process this request on my behalf.
I have read this form and understand and agree to be legally bound by the terms of this form. I also understand that the Custodian, American Life and their agents will rely on my instructions within this form when accepting my conversion contribution. I understand this conversion is irrevocable.

Participant’s Signature ______________________ Date (Month/Day/Year) ______________________

Medallion Signature Guarantee Stamp and Signature (If required by your current custodian or transfer agent): An eligible guarantor is a domestic bank or trust company, securities broker/dealer, clearing agency or savings association that participates in a medallion program recognized by the Securities Transfer Agents Association. The three recognized medallion programs are the Securities Transfer Agents Medallion Program (known as STAMP), Stock Exchanges Medallion Program (SEMP), and the Medallion Signature Program (MSP). A notarization from a notary public is NOT an acceptable substitute for a signature guarantee.