



MERS IRA Fee Disclosure Statement

This Fee Disclosure Statement is intended to provide the Individual Retirement Account (IRA) owner with the fees and costs associated with the establishment of, and participation in, the MERS IRA.

1. Administrative Fees

MERS IRA charges no annual account fee.

Administrative costs include MERS Operating Costs of 0.15% and Custody and Recordkeeping Costs of 0.13%. Both of these are included as part of the Total Annual Operating Expense in the table following, along with any Investment Management Costs that vary by fund.

MERS IRA charges no investment transfer fees

2. Total Annual Operating Expense

The MERS IRA takes advantage of MERS pooled assets of more than \$11 billion. As a result, the MERS IRA funds qualify for significant price reductions on investment management fees through the use of separate accounts; reductions individual investors probably would not be eligible for on their own.

Following is a table of investment management by fund of the MERS investment menu.

FUND NAME	TOTAL ANNUAL OPERATING EXPENSE ¹	COST per \$1,000
Retirement Income Fund	0.38%	\$3.80
2010 Retirement Strategy	0.38%	\$3.80
2015 Retirement Strategy	0.39%	\$3.90
2020 Retirement Strategy	0.39%	\$3.90
2025 Retirement Strategy	0.39%	\$3.90
2030 Retirement Strategy	0.39%	\$3.90
2035 Retirement Strategy	0.39%	\$3.90
2040 Retirement Strategy	0.39%	\$3.90
2045 Retirement Strategy	0.39%	\$3.90
2050 Retirement Strategy	0.39%	\$3.90
2055 Retirement Strategy	0.39%	\$3.90
2060 Retirement Strategy	0.39%	\$3.90
2065 Retirement Strategy	0.36%	\$3.60
MERS Total Market Portfolio ³	0.56%	\$5.60
MERS Global Stock Portfolio	0.55%	\$5.50
MERS Capital Appreciation Portfolio	0.49%	\$4.90
MERS Established Market Portfolio	0.50%	\$5.00
MERS Balanced Income Portfolio	0.51%	\$5.10
MERS Capital Preservation Portfolio	0.49%	\$4.90
MERS Diversified Bond Portfolio	0.52%	\$5.20
Large Cap Stock Index	0.33%	\$3.30
Mid Cap Stock Index	0.33%	\$3.30
Small Cap Stock Index	0.33%	\$3.30
International Stock Index	0.36%	\$3.60
Emerging Market Stock	0.57%	\$5.70
Real Estate Stock	0.38%	\$3.80
Bond Index	0.35%	\$3.50
High Yield Bond	0.48%	\$4.80
Short-Term Income	0.33%	\$3.30

Before you make any decision to move money into any new retirement plan or IRA, you should research the applicable surrender fees, mortality and expense risk fees, administrative fees and investment management fees, as well as the initial investment requirements.

3. Trade Restrictions

The MERS Total Market Portfolio charges 2.00% on amounts withdrawn within 90 days of each contribution.

MERS IRA Disclosure Statement

The Municipal Employees' Retirement System of Michigan operates under the authority of the Municipal Employees Retirement Act, MCL 38.1501 et seq. Effective August 15, 1996, the legislature amended the retirement act and granted the Board of the Municipal Employees' Retirement System the power to establish all Retirement System provisions, including additional programs not limited to Defined Benefit and Defined Contribution programs. The MERS Board adopted these Plans, and the 457 Plan pursuant to Section 401 of the Internal Revenue Code of 1986, as now in effect or as hereafter amended (the "Code").

MERS adopted a deemed IRA program (the "MERS IRA") under the Defined Benefit and Defined Contribution Plan and the 457 Plan, pursuant to Section 408(q) of the Code that meet the requirements of a traditional IRA under Section 408 and a Roth IRA under Section 408A of the Code.

This Disclosure Statement is in accordance with Section 408 of the Code and other federal laws created by the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), the Job Creation and Worker Assistance Act of 2002 and the Pension Protection Act of 2006. To acquaint you with the basic rules and tax considerations concerning the MERS IRA, the Plan is providing you with this Disclosure Statement as required by regulations of the Internal Revenue Service.

The purpose of the MERS IRA is to allow you to enjoy tax benefits while building a fund for your retirement and for the support of your beneficiaries after your death.

A. Revocation of Account

You may revoke your MERS IRA within seven (7) days after the account has been established by hand delivering or mailing a written notice to Plan. Your MERS IRA account is established as of the date shown on the written confirmation that we send to you. If you revoke your MERS IRA by mail, the notice must be postmarked by the seventh day after the account has been established. Upon receipt of your revocation, we will refund any amounts you have given us, without adding any earnings or deducting any fees or other charges. If you cancel your MERS IRA within the 7-day period, the Plan's record-keeper is still required to report the contribution on Form 5498 (except for transfers) and the revoked distribution on Form 1099-R. To revoke the account, send your written request, using this format, to:

Alerus Retirement and Benefits
3001 Coolidge Rd., Ste 105, East Lansing, MI 48823
Attention: MERS of Michigan IRA

The notice should read as follows:

I hereby elect to revoke my MERS IRA.

Account Number _____

Established on _____

Signature _____ Date _____

Printed Name _____

B. Statutory Requirements

A deemed IRA must satisfy certain requirements of the Code. The Directed Bank Trustee, Alerus, incorporates those requirements. The Code requires that the MERS IRA be governed by a written document. No investment may be made in life insurance contracts or in collectibles. Your interest in the MERS IRA must be non-forfeitable at all times.

C. Deemed IRA

The MERS IRA is a deemed IRA in accordance with Section 408(q) of the Code. The provisions establishing the MERS IRA are incorporated into the 401(a) Plan Document and the 457 Plan Document in the following sections set forth below. A copy of the 401(a) Plan Document and the 457 Plan Document are available on the Plan's Website at www.mersofmich.com or by calling (800) 767-6377.

401(a) Plan Document Provisions (as of September 1, 2020)

ARTICLE VIII – ESTABLISHMENT OF DEEMED IRAS.

Sec. 94. Establishment of Accounts.

- (1) The System shall establish Deemed IRAs on behalf of participants who choose to make voluntary employee contributions and/or rollover contributions pursuant to this Article. The System shall establish a separate account for the voluntary employee contributions and rollover contributions to a Deemed Traditional IRA and/or Deemed Roth IRA of a participant and any earnings properly allocable to such contributions, and maintain separate recordkeeping with respect to each such Deemed IRA. Each Deemed IRA is established for the exclusive benefit of the participant and/or his or her beneficiaries.
- (2) In accordance with IRC 408 and 408A, a participant may also establish a Deemed IRA for the benefit of his or her spouse (a "spousal IRA"), provided that the participant and his or her spouse file a joint tax return. The spousal IRA will be a Deemed IRA that is established in the name of the spouse. The employee or former employee who is eligible to be a participant in the Deemed IRAs must establish a Deemed IRA in his or her own name prior to the establishment of a spousal IRA. Once established by the participant, the spouse's rights and benefits under the spousal IRA will be subject to the terms of this Article in the same way as a Deemed IRA established in the name of a participant.

Sec. 95. Trust; Trustee.

- (1) Separate Trust. Deemed IRAs established pursuant to this Article shall be held in a trust separate from the trust established under the System to hold contributions other than Deemed IRA contributions. In any event, the trust shall satisfy the applicable requirements of IRC 408 and IRC 408A, which requirements are set forth in sections 99 and 100.
- (2) Trustee. The System shall designate a trustee for the Deemed IRAs, which shall be a bank as defined in IRC 408(n), or an entity that has received approval to serve as a nonbank trustee or nonbank custodian pursuant to Treasury Regulation 1.408-2(e).

Sec. 96. Procedures for Deemed IRAs.

Except as specifically provided by this Article or by IRC 408 or IRC 408A or by applicable Treasury Regulations, all procedural provisions of this Plan Document shall apply to the Deemed IRAs.

Sec. 97. Reporting Duties.

The trustee shall be subject to the reporting requirements of IRC 408(i) with respect to all Deemed IRAs that are established and maintained by the System.

Sec. 98. Qualified Reservist Distributions.

A participant who receives a qualified reservist distribution as defined in IRC 72(t)(2)(G)(iii) may, at any time during the two-year period beginning on the day after the end of his active duty period, make one or more contributions to a Deemed Traditional IRA or Deemed Roth IRA under this Article in an aggregate amount not to exceed the amount of his qualified reservist distribution, provided the contribution otherwise meets the requirements to be a voluntary employee contribution. The annual dollar limitations otherwise applicable to Deemed Traditional IRAs or Deemed Roth IRAs shall not apply to any contribution made pursuant to the preceding sentence.

Sec. 99. Deemed Traditional IRA Requirements.

- (1) Maximum Annual Contributions.
 - (a) The System will accept voluntary employee contributions as cash contributions only. Such contributions are limited to \$5,500 for the 2018 tax year, adjusted annually thereafter for cost-of-living increases. For a participant who will reach the age of 50 before the close of the Plan Year, this contribution limit is increased to \$6,500 for the 2018 tax year, adjusted annually thereafter for cost-of-living increases. Voluntary employee contributions may be further limited by IRC 219. These contribution limits do not apply in the case of a

- rollover contribution as described in IRC 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a “simplified employee pension plan” as described in IRC 408(k), or a recharacterized contribution as described in IRC 408A(d)(6).
- (b) If this is an inherited IRA within the meaning of IRC 408(d)(3)(C), no contributions will be accepted.
- (2) Investment Limitations.
- (a) No part of the trust funds allocable to a Deemed Traditional IRA may be invested in collectibles (within the meaning of IRC 408(m)) except as otherwise permitted by IRC 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.
- (b) No part of the trust funds will be invested in life insurance contracts.
- (c) No contributions will be accepted under a SIMPLE IRA plan established by any employer pursuant to IRC 408(p). Also, no transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, a traditional IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the 2-year period beginning on the date the individual first participated in that employer’s SIMPLE IRA plan.
- (3) Minimum Required Distributions.
- (a) Notwithstanding any provision of this Plan Document to the contrary, the distribution of the participant’s interest in the account shall be made in accordance with the requirements of IRC 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference. The required minimum distributions calculated for this Deemed Traditional IRA may be withdrawn from another traditional IRA of the participant in accordance with Q&A-9 of Treasury Regulation 1.408-8. For an inherited IRA within the meaning of IRC 408(d)(3)(C), the preceding sentence and paragraphs (b), (c) and (d) below do not apply.
- (b) The entire value of the Deemed IRA of the participant for whose benefit the Deemed IRA is maintained will commence to be distributed no later than the first day of April following the calendar year in which such participant or beneficiary attains age 70½ (if the participant attains age 70½ on or before December 31, 2019), or age 72 (if the participant attains age 70½ after December 31, 2019) (the “required beginning date”) over (i) the life of such participant or the lives of such participant and his or her designated beneficiary, or (ii) a period certain not extending beyond the life expectancy of such participant, or the joint and last survivor expectancy of such participant and his or her designated beneficiary.
- (c) The amount to be distributed each year, beginning with the calendar year in which the participant attains age 70½ (if the participant attains age 70½ on or before December 31, 2019), or age 72 (if the participant attains age 70½ after December 31, 2019) and continuing through the year of death, shall not be less than the quotient obtained by dividing the value of the Deemed IRA (as determined under subsection (g)) as of the end of the preceding year by the distribution period in the Uniform Lifetime Table in Q&A-2 of Treas. Reg. § 1.401(a)(9)-9 of the Income Tax Regulations, using the participant’s age as of his or her birthday in the year. However, if the participant’s sole designated beneficiary is his or her surviving spouse and such spouse is more than 10 years younger than the participant, then the distribution period is determined under the Joint and Last Survivor Table in Q&A-3 of Treas. Reg. § 1.401(a)(9)-9, using the ages as of the participant’s and spouse’s birthdays in the year.
- (d) The required minimum distribution for the year the participant attains age 70½ (if the participant attains age 70½ on or before December 31, 2019), or age 72 (if the participant attains age 70½ after December 31, 2019) can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
- (e) Death On or After Required Beginning Date. For a participant who dies before January 1, 2022, if the participant dies on or after the required beginning date, the remaining portion of his or her interest will be distributed at least as rapidly as follows:
- (i) If the designated beneficiary is someone other than the participant’s surviving spouse, the remaining interest will be distributed over the remaining life expectancy of the designated beneficiary, with such life expectancy determined using the beneficiary’s age as of his or her birthday in the year following the year of the participant’s death, or over the period described in subsection (iii) below if longer.
- (ii) If the participant’s sole designated beneficiary is the participant’s surviving spouse, the remaining interest will be distributed over such spouse’s life expectancy or over the period described in subsection (iii) below if longer. Any interest remaining after such spouse’s death will be distributed over such spouse’s remaining life expectancy determined using the spouse’s age as of his or her birthday in the year of the spouse’s death, or, if the distributions are being made over the period described in subsection (iii) below, over such period.
- (iii) If there is no designated beneficiary, or if applicable by operation of subsections (i) or (ii) above, the remaining interest will be distributed over the participant’s remaining life expectancy determined in the year of the participant’s death.
- (iv) The amount to be distributed each year under subsections (i), (ii), and (iii) above, beginning with the calendar year following the calendar year of the participant’s death, is the quotient obtained by dividing the value of the Deemed IRA as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Q&A-1 of Treas. Reg. § 1.401(a)(9)-9. 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 or participant’s age in the year specified in subsections (i), (ii), and (iii) above and reduced by 1 for each subsequent year.
- (f) Death Before Required Beginning Date. For a participant who dies before January 1, 2022, if the participant dies before the required beginning date, his or her entire interest will be distributed at least as rapidly as follows:
- (i) If the designated beneficiary is someone other than the participant’s surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the participant’s death, over the remaining life expectancy of the designated beneficiary, with such life expectancy determined using the age of the beneficiary as of his or her birthday in the year following the year of the participant’s death, or, if elected, in accordance with subsection (iii) below. If this is an inherited IRA within the meaning of IRC 408(d)(3)(C) established for the benefit of a nonspouse designated beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under IRC 402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the nonspouse designated beneficiary may elect to have distributions made under this subsection (i) if the transfer is made no later than the end of the year following the year of death.
- (ii) If the participant’s sole designated beneficiary is the participant’s surviving spouse, the entire interest will be distributed, starting

by the end of the calendar year following the calendar year of the participant's death (or by the end of the calendar year in which the participant would have attained age 70½ (if the participant would have attained age 70½ on or before December 31, 2019), or age 72 (if the participant would have attained age 70½ after December 31, 2019), if later), over such spouse's life expectancy, or, if elected, in accordance with subsection (iii) below. If the surviving spouse dies before distributions are required to begin, 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 subsection (iii) below. If the surviving spouse dies after distributions are required to begin, any remaining interest will be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.

- (iii) If there is no designated beneficiary, or if applicable by operation of subsections (i) or (ii) above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Participant's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under subsection (ii) above).
- (iv) The amount to be distributed each year under subsections (i) and (ii) above is the quotient obtained by dividing the value of the Deemed IRA as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Q&A-1 of Treas. Reg. § 1.401(a)(9)-9. 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 subsections (i) and (ii) above, and reduced by 1 for each subsequent year.
- (g) Death Before Entire Interest Distributed. For a participant who dies on or after January 1, 2022, his or her entire interest will be distributed will be distributed at least as rapidly as follows:
 - (i) If to a beneficiary who is not a designated beneficiary, the participant's entire interest must be distributed by the end of the fifth calendar year following the year of the participant's death.
 - (ii) If to a designated beneficiary, the participant's entire interest must be distributed by the end of the tenth calendar year following the year of the participant's death
 - (iii) If to an eligible designated beneficiary, the participant's entire interest may be paid over life or life expectancy of such eligible designated beneficiary beginning in the year following the year of the participant's death, except that, if the eligible designated beneficiary is the surviving spouse of the participant:
 - (A) the date on which the distributions are required to begin hereunder shall not be earlier than the date on which the participant would have attained age 70½ (if the participant would have attained age 70½ on or before December 31, 2019), or age 72 (if the participant would have attained age 70½ after December 31, 2019), and
 - (B) Any interest remaining after such spouse's death will be distributed over such spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death or, if the distributions are being made over the spouse's life expectancy, over such

period.

- (iv) An eligible designated beneficiary who is a child of the participant who has not reached the age of majority shall cease to be an eligible designated beneficiary as of the date the individual reaches majority, and any remainder of the portion of the individual's interest to which subsection (iii) applied shall be distributed within 10 years after such date.
- (v) After the death of an eligible designated beneficiary, any remaining interest must be distributed by the end of the tenth calendar year following the year of the death of the eligible designated beneficiary.
- (vi) The term "designated beneficiary" means any individual designated as a beneficiary by the participant. The term "eligible designated beneficiary" means, with respect to any participant, any designated beneficiary who is:
 - (A) the surviving spouse of the participant,
 - (B) subject to subsection (C) below, a child of the participant who has not reached majority (within the meaning of IRC 401(a)(9)(F)),
 - (C) disabled (within the meaning of IRC 72(m)(7)),
 - (D) a chronically ill individual (within the meaning of IRC 7702B(c)(2), except that the requirements of subparagraph (A)(i) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature), or
 - (E) an individual not described in any of the preceding subclauses who is not more than 10 years younger than the participant.

The determination of whether a designated beneficiary is an eligible designated beneficiary shall be made as of the date of death of the participant.
- (h) The "value" of the IRA includes the amount of any outstanding rollover, transfer and recharacterization under Q&As-7 and -8 of Treas. Reg. § 1.408-8.
- (i) To the extent permitted under IRC 408(q) and the Treasury Regulations, if the sole designated beneficiary is the participant's surviving spouse, the spouse may elect to treat the Deemed IRA as his or her own Deemed IRA. This election will be deemed to have been made if such surviving spouse makes a contribution to the Deemed IRA or fails to take required distributions as a beneficiary.
- (j) Notwithstanding anything herein to the contrary, the minimum distribution requirements are waived for calendar year 2020, pursuant to Section 2203 of the Coronavirus Aid, Relief and Economic Security Act of 2020. This waiver applies to 2019 required minimum distribution that were required to be made by April 1, 2020 (if not already made in 2019), and to 2020 required minimum distributions that are required to be made by April 1, 2021. For purposes of determining the amount of required minimum distributions made after 2020, an individual's required beginning date shall be determined without regard to this 2020 waiver. If all or any portion of a distribution during 2020 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under IRC 408(a)(6) had applied during 2020, such distribution shall not be treated as an eligible rollover distribution any purpose.
- (4) Nonforfeitable. The interest of a participant or beneficiary in the balance in his or her Deemed Traditional IRA is nonforfeitable at all times.
- (5) No commingling. The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund within the meaning of IRC 408(a)(5).

Sec. 100. Deemed Roth IRA Requirements.

(1) Maximum Annual Contributions.

- (a) **Maximum Permissible Amount.** Except in the case of a qualified rollover contribution (as defined in subsection (g) below) or a recharacterization (as defined in subsection (f) below), no contribution will be accepted unless it is in cash and the total of such contributions to all the participant's Roth IRAs for a taxable year does not exceed the applicable amount (as defined in subsection (b) below), or the participant's compensation (as defined in subsection (h) below), if less, for that taxable year. The contribution described in the previous sentence that may not exceed the lesser of the applicable amount or the participant's compensation is referred to as a "regular contribution." Contributions may be limited under subsections (b) through (d) below.
- (b) **Applicable Amount.** The applicable amount is determined below, unless otherwise limited by IRC 219:
 - (i) If the participant is under age 50, the applicable amount is \$5,500 for the 2018 tax year, adjusted annually thereafter for cost-of-living increases.
 - (ii) If the participant is age 50 or older or will reach the age of 50 by the close of the Plan Year, the applicable amount is \$6,500 for the 2018 tax year, adjusted annually thereafter for cost-of-living increases.
- (c) **Regular Contribution Limit.** If subsections (b)(i) and/or (ii) apply, the maximum regular contribution that can be made to all the participant's Roth IRAs, including a Deemed Roth IRA, for a taxable year is the lesser amount determined under (i) or (ii) below.
 - (i) The maximum regular contribution is phased out ratably between certain levels of modified adjusted gross income ("modified AGI," as defined in IRC 408A(c)(3)(C)(i)). If the participant's modified AGI for a taxable year is in the phase-out range, the maximum regular contribution determined by the applicable table published by the IRS for that taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200.
 - (ii) If the participant makes regular contributions to both Roth IRAs and traditional IRAs for a taxable year, the maximum regular contribution that can be made to all the participant's Roth IRAs (including a Deemed Roth IRA) for that taxable year is reduced by the regular contributions made to the participant's traditional IRAs for the taxable year.
- (d) **SIMPLE IRA Limits.** No contributions will be accepted under a SIMPLE IRA plan established by any employer pursuant to IRC 408(p). Also, no transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, a traditional IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the 2-year period beginning on the date the individual first participated in that employer's SIMPLE IRA plan.
- (e) **Inherited IRA.** If this is an inherited IRA within the meaning of IRC 408(d)(3)(C), no contributions will be accepted.
- (f) **Recharacterization.** A regular contribution to a traditional IRA may be recharacterized pursuant to Treas. Reg. § 1.408A-5 as a regular contribution to this Deemed Roth IRA, subject to the limits in subsection (c) above.
- (g) **Qualified Rollover Contribution.** A "qualified rollover contribution" is a rollover contribution of a distribution from an eligible retirement plan described in IRC 402(c)(8)(B). If the distribution is from an IRA, the rollover must meet the requirements of IRC 408(d)(3), except the one-rollover-per-year rule of IRC 408(d)(3)(B) does not apply if the distribution is from a traditional IRA. If the distribution is from an eligible retirement plan other than an IRA, the rollover must meet the requirements of IRC 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10),

408(d)(3) or 457(e)(16), as applicable. A qualified rollover contribution also includes (i) and (ii) below.

- (i) All or part of a military death gratuity or service members' group life insurance ("SGLI") payment may be contributed if the contribution is made within 1 year of receiving the gratuity or payment. Such contributions are disregarded for purposes of the one-rollover-per-year rule under IRC 408(d)(3)(B).
 - (ii) All or part of an airline payment (as defined in § 125 of the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA"), Pub. L. 110-458) received by certain airline employees may be contributed if the contribution is made within 180 days of receiving the payment.
- (h) **Compensation.** For purposes of subsection (a) above, 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 IRC 401(c)(2) (reduced by the deduction the self-employed individual takes for contributions made to a self-employed retirement plan) or such other income as set forth in IRC 219(f). For purposes of this definition, IRC 401(c)(2) shall be applied as if the term trade or business for purposes of IRC 1402(c) (6) included service. 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 (determined without regard to IRC 112). Compensation also does not include any amount received as a pension or annuity or as deferred compensation. 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 an IRA contribution. The term "compensation" also includes any differential wage payments as defined in IRC 3401(h)(2).
- ### (2) Investment Limitations.
- (a) No part of the trust funds allocable to a Deemed Roth IRA may be invested in collectibles (within the meaning of IRC 408(m)) except as otherwise permitted by IRC 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.
 - (b) No part of the trust funds will be invested in life insurance contracts.
- ### (3) Distributions Before Death.
- No amount is required to be distributed prior to the death of the participant for whose benefit the account was originally established. If this is an inherited IRA within the meaning of IRC 408(d)(3)(C), this paragraph does not apply.
- ### (4) Distribution Upon Death.
- (a) Notwithstanding any provision of this Deemed Roth IRA to the contrary, the distribution of the participant's interest in the account shall be made in accordance with the requirements of IRC 408(a)(6), as modified by IRC 408A(c)(5), and the regulations thereunder, the provisions of which are herein incorporated by reference.
 - (b) For a participant who dies before January 1, 2022, his or her entire interest will be distributed at least as rapidly as follows:
 - (i) If the designated beneficiary is someone other than the participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the participant's death, over the remaining life expectancy of the designated beneficiary, with such life expectancy determined using the age of the beneficiary as of his or her birthday in the year following the year of the participant's death, or, if elected, in accordance with subsection (iii) below. If this is an inherited IRA within the meaning of IRC 408(d)(3)(C)

established for the benefit of a nonspouse designated beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under IRC 402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the nonspouse designated beneficiary may elect to have distributions made under this subsection (i) if the transfer is made no later than the end of the year following the year of death.

- (ii) If the participant's sole designated beneficiary is the participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the participant's death (or by the end of the calendar year in which the participant would have attained age 70½ (if the participant would have attained age 70½ on or before December 31, 2019), or age 72 (if the participant would have attained age 70½ after December 31, 2019), if later), over such spouse's life expectancy, or, if elected, in accordance with subsection (iii) below. If the surviving spouse dies before distributions are required to begin, 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 subsection (iii) below. If the surviving spouse dies after distributions are required to begin, any remaining interest will be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.
 - (iii) If there is no designated beneficiary, or if applicable by operation of subsections (i) or (ii) above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the participant's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under subsection (ii) above).
 - (iv) The amount to be distributed each year under subsections (i) and (ii) is the quotient obtained by dividing the value of the Deemed Roth IRA as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Q&A-1 of Treas. Reg. § 1.401(a)(9)-9. 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 subsections (i) and (ii) and reduced by 1 for each subsequent year.
- (c) For a participant who dies on or after January 1, 2022, his or her entire interest will be distributed at least as rapidly as follows:
- (i) If to a beneficiary who is not a designated beneficiary, the participant's entire interest must be distributed by the end of the fifth calendar year following the year of the participant's death.
 - (ii) If to a designated beneficiary, the participant's entire interest must be distributed by the end of the tenth calendar year following the year of the participant's death.
 - (iii) If to an eligible designated beneficiary, the participant's entire interest may be paid over life or life expectancy of such eligible designated beneficiary beginning in the year following the year of the participant's death, except that, if the eligible designated beneficiary is the surviving spouse of the participant:
 - (A) the date on which the distributions are required to begin hereunder shall not be earlier than the date on which the participant would have attained age 70½ (if the participant would have attained age 70½ on or before December 31, 2019), or age 72 (if the participant would have attained age 70½ after December 31, 2019), and
- (B) Any interest remaining after such spouse's death will be distributed over such spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death or, if the distributions are being made over the spouse's life expectancy, over such period.
- (iv) An eligible designated beneficiary who is a child of the participant who has not reached the age of majority shall cease to be an eligible designated beneficiary as of the date the individual reaches majority, and any remainder of the portion of the individual's interest to which subsection (iii) applied shall be distributed within 10 years after such date.
 - (v) After the death of an eligible designated beneficiary, any remaining interest must be distributed by the end of the tenth calendar year following the year of the death of the eligible designated beneficiary.
 - (vi) The term "designated beneficiary" means any individual designated as a beneficiary by the participant. The term "eligible designated beneficiary" means, with respect to any participant, any designated beneficiary who is:
 - (A) the surviving spouse of the participant,
 - (B) subject to subsection (C) below, a child of the participant who has not reached majority (within the meaning of IRC 401(a)(9)(F)),
 - (C) disabled (within the meaning of IRC 72(m)(7)),
 - (D) a chronically ill individual (within the meaning of IRC 7702B(c)(2), except that the requirements of subparagraph (A)(i) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature), or
 - (E) an individual not described in any of the preceding subclauses who is not more than 10 years younger than the participant.
- The determination of whether a designated beneficiary is an eligible designated beneficiary shall be made as of the date of death of the participant.
- (d) The "value" of the Deemed Roth IRA includes the amount of any outstanding rollover, transfer and recharacterization under Q&As-7 and -8 of Treas. Reg. § 1.408-8.
 - (e) If the sole designated beneficiary is the participant's surviving spouse, the spouse may elect to treat the Deemed Roth IRA as his or her own Deemed Roth IRA. This election will be deemed to have been made if such surviving spouse makes a contribution to the Deemed Roth IRA or fails to take required distributions as a beneficiary.
 - (f) The required minimum distributions payable to a designated beneficiary from this Deemed Roth IRA may be withdrawn from another IRA the beneficiary holds from the same decedent in accordance with Q&A-9 of Treas. Reg. § 1.408-8.
 - (g) Notwithstanding anything herein to the contrary, the minimum distribution requirements are waived for calendar year 2020, pursuant to Section 2203 of the Coronavirus Aid, Relief and Economic Security Act of 2020. This waiver applies to 2019 required minimum distribution that were required to be made by April 1, 2020 (if not already made in 2019), and to 2020 required minimum distributions that are required to be made by April 1, 2021. For purposes

of determining the amount of required minimum distributions made after 2020, an individual's required beginning date shall be determined without regard to this 2020 waiver. If all or any portion of a distribution during 2020 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under IRC 408(a)(6) (as modified by 408A(c)(5)) had applied during 2020, such distribution shall not be treated as an eligible rollover distribution any purpose.

- (5) Rollovers Into Deemed Roth IRA. Upon any distribution event pursuant to which a participant, a spouse beneficiary, or a spousal alternate payee would be permitted to have all or any portion of the participant's account that qualifies as an eligible rollover distribution rolled over into another eligible retirement plan, such participant, spouse beneficiary, or spousal alternate payee may elect to have the portion of such eligible rollover distribution that is not attributable to contributions to the Deemed Roth IRA directly rolled over into a separately maintained account within his or her Deemed Roth IRA. Any such amounts will be included in gross income as if the distribution had been made to such participant, surviving spouse beneficiary, or spousal alternate payee.
- (6) Nonforfeitable. The interest of a participant or beneficiary in the balance in his or her Deemed Roth IRA is nonforfeitable at all times.
- (7) No Commingling. The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund within the meaning of IRC 408(a)(5).

Sec. 101. Distribution Rights.

- (1) A participant may elect to receive a distribution of his or her Deemed IRA(s) at any time, subject to the minimum distribution requirements applicable to a Deemed Traditional IRA before the participant's death under section 101(3).
- (2) A participant may elect to receive a distribution in any form of payment permitted under section 58 of the Plan Document.

Sec. 102. Beneficiaries.

- (1) Upon the death of a participant, the primary beneficiar(ies) or contingent beneficiar(ies), if any, nominated by the participant may apply for and receive the accumulated balance of the deceased participant's Deemed IRA(s), on forms prescribed by the System with all documentation that the System may require.
- (2) To designate a beneficiary or beneficiaries, a participant shall file a written designation form provided by the System with the System based on procedures established by the Retirement Board.
- (3) If the participant dies without a designated beneficiary, the benefit shall be paid in the following order of priority:
 - (a) The surviving spouse of the participant.
 - (b) If none, the individual designated by the participant with respect to another benefit provided by this Plan with respect to benefits accrued by the deceased participant with the same participating employer.
 - (c) If none, the individual designated by the participant with respect to another Plan benefit administered by MERS with respect to benefits accrued by the deceased participant with the same participating employer.
 - (d) If none, surviving children of the participant in equal shares.
 - (e) If none, surviving parents of the participant in equal shares.
 - (f) If none, the participant's estate.
 - (g) If none, the individual(s) identified as entitled to a share of the participant's property in a sworn Affidavit of Decedent's Successor for Delivery of Certain Assets Owned by Decedent with respect to

the participant, in accordance with MCL §§ 700.3983-700.3984, in proportion to the shares identified on that form.

- (4) Notwithstanding anything in this Plan Document to the contrary, distributions to participants and beneficiaries shall not commence later nor in an amount that is less than required by IRC Section 401(a)(9).
- (5) With respect to a spouse for whom a participant has established a spousal IRA, the beneficiary provisions of this section (with the exception of subsections (3)(b) and (3)(c)) shall apply to the spouse with respect to the spousal IRA as if the spouse were the participant.

Sec. 103. Transfers of Deemed IRAs Pursuant to Divorce.

Pursuant to a decree of divorce or separate maintenance or a written instrument incident to such a decree, the plan administrator may approve a direct transfer of all or a portion of a participant's interest in his or her Deemed IRA to a separate individual retirement account or individual retirement annuity owned by such participant's spouse or former spouse. The plan administrator shall establish reasonable procedures for determining the status of any such decree or written instrument and for effectuating transfer in accordance with IRC 408(d)(6).

Sec. 104. Construction.

Notwithstanding any other sections which may be added or incorporated, the provisions of this Article and this sentence will be controlling with respect to each Deemed Traditional IRA and Deemed Roth IRA created under the System. Any additional sections inconsistent with the Internal Revenue Code, the Treasury Regulations, and other published guidance will be invalid.

Article XXV – Deemed IRA

25.1. Applicability and effective date. This Article XXV shall be effective June 1, 2018.

25.2. Deemed IRAs.

- (a) A Participant may make Voluntary Employee Contributions and Rollover Contributions to a Deemed IRA under the Plan. The Plan shall establish a separate Account for the Voluntary Employee Contributions to a Deemed Traditional IRA and/or Deemed Roth IRA of a Participant and any earnings properly allocable to such contributions, and maintain separate recordkeeping with respect to each such Deemed IRA. Each Deemed IRA is established for the exclusive benefit of the Participant and/or his or her Beneficiaries.
- (b) In accordance with Code §§ 408 and 408A, a Participant may also establish a Deemed IRA for the benefit of his or her spouse (a “spousal IRA”), provided that the Participant and his or her spouse file a joint tax return. The spousal IRA will be a Deemed IRA that is established in the name of the spouse. The Employee or former Employee who is eligible to be a Participant in the Deemed IRAs must establish a Deemed IRA in his or her own name prior to the establishment of a spousal IRA. Once established by the Participant, the spouse’s rights and benefits under the spousal IRA will be subject to the terms of this Article in the same way as a Deemed IRA established in the name of a Participant.

25.3. Procedures for Deemed IRAs. Except as specifically provided by this Article XXV or by Code §§ 408 or 408A or by applicable Treasury Regulations, all procedural provisions of this Plan shall apply to the Deemed IRAs.

25.4. Reporting Duties. The Trustee shall be subject to the reporting requirements of Code § 408(i) with respect to all Deemed IRAs that are established and maintained under the Plan.

25.5. Qualified Reservist Distributions. A Participant who receives a qualified reservist distribution as defined in Code § 72(t)(2)(G)(iii) may, at any time during the two-year period beginning on the day after the end of his active duty period, make one or more contributions to a Deemed Traditional IRA or Deemed Roth IRA under this Article in an aggregate amount not to exceed the amount of his qualified reservist distribution, provided the contribution otherwise meets the requirements to be a voluntary employee contribution. The annual dollar limitations otherwise applicable to Deemed Traditional IRAs or Deemed Roth IRAs shall not apply to any contribution made pursuant to the preceding sentence.

25.6. Establishment of Deemed IRAs. Deemed IRAs established pursuant to this Article shall be held in a trust separate from the Trust established under the Plan to hold contributions other than Deemed IRA contributions. In any event, the Trust shall satisfy the applicable requirements of Code §§ 408 and 408A, which requirements are set forth in subsections 25.7 and 25.8.

25.7. Deemed Traditional IRA Requirements.

(a) **Maximum Annual Contributions.**

- (1) The Administrator will accept Voluntary Employee Contributions as cash contributions only. Such contributions are limited to \$5,500 for the 2018 tax year, adjusted annually thereafter for cost-of-living increases. For a Participant who will reach the age of 50 before the close of the Plan Year, this contribution limit is increased to \$6,500 for the 2018 tax year, adjusted annually thereafter for cost-of-living increases. Voluntary Employee Contributions may be further limited by Code § 219. These contribution limits do not apply in the case of a rollover contribution as described in Code §§ 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an Employer contribution to a “simplified employee pension plan” as described in Code § 408(k) or a recharacterized contribution as described in Code § 408A(d)(6).
- (2) If this is an inherited IRA within the meaning of §408(d)(3)(C), no

contributions will be accepted.

(b) **Investment Limitations.**

- (1) No part of the trust funds allocable to a Deemed Traditional IRA may be invested in collectibles (within the meaning of Code § 408(m)) except as otherwise permitted by Code § 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.
- (2) No part of the trust funds will be invested in life insurance contracts.
- (3) No contributions will be accepted under a SIMPLE IRA plan established by any Employer pursuant to Code § 408(p). Also, no transfer or rollover of funds attributable to contributions made by a particular Employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, a traditional IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the 2-year period beginning on the date the individual first participated in that Employer’s SIMPLE IRA plan.

(c) **Minimum Required Distributions.**

- (1) Notwithstanding any provision of this Plan to the contrary, the distribution of the Participant’s interest in the account shall be made in accordance with the requirements of Code § 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference. The required minimum distributions calculated for this Deemed Traditional IRA may be withdrawn from another traditional IRA of the Participant in accordance with Q&A-9 of Treas. Reg. § 1.408-8. For an inherited IRA within the meaning of Code § 408(d)(3)(C), the preceding sentence and paragraphs (2), (3) and (4) below do not apply.
- (2) The entire value of the Deemed IRA of the Participant for whose benefit the Deemed IRA is maintained will commence to be distributed no later than the first day of April following the calendar year in which such Participant or Beneficiary attains age 70½ (if the Participant or Beneficiary attains age 70½ on or before December 31, 2019), or age 72 (if the Participant or Beneficiary attains age 70½ after December 31, 2019) (the “required beginning date”) over (a) the life of such Participant or the lives of such Participant and his or her designated Beneficiary, or (b) a period certain not extending beyond the life expectancy of such Participant, or the joint and last survivor expectancy of such Participant and his or her designated Beneficiary.
- (3) The amount to be distributed each year, beginning with the calendar year in which the Participant attains age 70½ (if the Participant attains age 70½ on or before December 31, 2019), or age 72 (if the Participant attains age 70½ after December 31, 2019) and continuing through the year of death, shall not be less than the quotient obtained by dividing the value of the Deemed IRA (as determined under subsection 25.7(c)(7)) as of the end of the preceding year by the distribution period in the Uniform Lifetime Table in Q&A-2 of Treas. Reg. § 1.401(a)(9)-9 of the Income Tax Regulations, using the Participant’s age as of his or her birthday in the year. However, if the Participant’s sole designated Beneficiary is his or her surviving spouse and such spouse is more than 10 years younger than the Participant, then the distribution period is determined under the Joint and Last Survivor Table in Q&A-3 of Treas. Reg. § 1.401(a)(9)-9, using the ages as of the Participant’s and spouse’s birthdays in the year.
- (4) The required minimum distribution for the year the Participant attains age 70½ (if the Participant attains age 70½ on or before December 31, 2019), or age 72 (if the Participant attains age 70½ after December 31, 2019) can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
- (5) **Death On or After Required Beginning Date.** For a Participant who dies before January 1, 2022, if the Participant dies on or after the required beginning date, the remaining portion of his or her interest

will be distributed at least as rapidly as follows:

- (A) If the designated Beneficiary is someone other than the Participant's surviving spouse, the remaining interest will be distributed over the remaining life expectancy of the designated Beneficiary, with such life expectancy determined using the Beneficiary's age as of his or her birthday in the year following the year of the Participant's death, or over the period described in subsection 25.7(c)(5)(C) below if longer.
 - (B) If the Participant's sole designated Beneficiary is the Participant's surviving spouse, the remaining interest will be distributed over such spouse's life expectancy or over the period described in subsection 25.7(c)(5)(C) below if longer. Any interest remaining after such spouse's death will be distributed over such spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death, or, if the distributions are being made over the period described in subsection 25.7(c)(5)(C) below, over such period.
 - (C) If there is no designated Beneficiary, or if applicable by operation of subsections 25.7(c)(5)(A) or (B) above, the remaining interest will be distributed over the Participant's remaining life expectancy determined in the year of the Participant's death.
 - (D) The amount to be distributed each year under subsections 25.7(c)(5)(A), (B), and (C), beginning with the calendar year following the calendar year of the Participant's death, is the quotient obtained by dividing the value of the Deemed IRA as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Q&A-1 of Treas. Reg. § 1.401(a)(9)-9. 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 or Participant's age in the year specified in subsections 25.7(c)(5)(A), (B), and (C) and reduced by 1 for each subsequent year.
- (6) Death Before Required Beginning Date. For a Participant who dies before January 1, 2022, if the Participant dies before the required beginning date, his or her entire interest will be distributed at least as rapidly as follows:
- (A) If the designated Beneficiary is someone other than the Participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death, over the remaining life expectancy of the designated Beneficiary, with such life expectancy determined using the age of the Beneficiary as of his or her birthday in the year following the year of the Participant's death, or, if elected, in accordance with subsection 25.7(c)(6)(C) below. If this is an inherited IRA within the meaning of Code § 408(d)(3)(C) established for the benefit of a nonspouse designated beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under § 402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the nonspouse designated beneficiary may elect to have distributions made under this subsection 25.7(c)(6)(A) if the transfer is made no later than the end of the year following the year of death.
 - (B) If the Participant's sole designated beneficiary is the Participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant's death (or by the end of the calendar year in which the Participant would have attained age 70½ (if the Participant would have attained age 70½ on or before December 31, 2019), or age 72 (if the Participant would have attained age 70½ after December 31, 2019), if later), over such spouse's life expectancy, or, if elected, in accordance with subsection 25.7(c)(6)(C) below. If the surviving spouse dies before distributions are required to begin, 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 subsection 25.7(c)(6)(C) below. If the surviving spouse dies after distributions are required to begin, any remaining interest will be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.
 - (C) If there is no designated Beneficiary, or if applicable by operation of subsections 25.7(c)(6)(A) or (B) above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Participant's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under subsection 25.7(c)(6)(B) above).
 - (D) The amount to be distributed each year under subsections 25.7(c)(6)(A) and (B) is the quotient obtained by dividing the value of the Deemed IRA as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Q&A-1 of Treas. Reg. § 1.401(a)(9)-9. 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 subsections 25.7(c)(6)(A) and (B) and reduced by 1 for each subsequent year.
- (7) Death Before Entire Interest Distributed. For a Participant who dies on or after January 1, 2022, his or her entire interest will be distributed at least as rapidly as follows:
- (A) If to a beneficiary who is not a Designated Beneficiary, the Participant's entire interest must be distributed by the end of the fifth Calendar Year following the year of the Participant's death.
 - (B) If to a Designated Beneficiary, the Participant's entire interest must be distributed by the end of the tenth Calendar Year following the year of the Participant's death.
 - (C) If to an Eligible Designated Beneficiary, the Participant's entire interest may be paid over life or Life Expectancy of such Eligible Designated Beneficiary beginning in the year following the year of the Participant's death, except that, if the Eligible Designated Beneficiary is the surviving spouse of the Participant:
 - (i) the date on which the distributions are required to begin hereunder shall not be earlier than the date on which the Participant would have attained age 70½ (if the Participant would have attained age 70½ on or before December 31, 2019), or age 72 (if the Participant would have attained age 70½ after December 31, 2019), and
 - (ii) Any interest remaining after such spouse's death will be distributed over such spouse's remaining Life Expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death or, if the distributions are being made over the spouse's Life Expectancy, over such period.
 - (D) An Eligible Designated Beneficiary who is a child of the Participant who has not reached the age of majority shall cease to be an Eligible Designated Beneficiary as of the date the individual reaches majority, and any remainder of the portion of

the individual's interest to which subsection (C) applied shall be distributed within 10 years after such date.

- (E) After the death of an Eligible Designated Beneficiary, any remaining interest must be distributed by the end of the tenth Calendar Year following the year of the death of the Eligible Designated Beneficiary.
- (F) The term "Designated Beneficiary" means any individual designated as a beneficiary by the Participant. The term "Eligible Designated Beneficiary" means, with respect to any Participant, any Designated Beneficiary who is:
 - (i) the surviving spouse of the Participant,
 - (ii) subject to subsection (iii) below, a child of the Participant who has not reached majority (within the meaning of IRC 401(a)(9)(F)),
 - (iii) disabled (within the meaning of IRC 72(m)(7)),
 - (iv) a chronically ill individual (within the meaning of IRC 7702B(c)(2), except that the requirements of subparagraph (A)(i) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature), or
 - (v) an individual not described in any of the preceding subclauses who is not more than 10 years younger than the Participant.

The determination of whether a Designated Beneficiary is an Eligible Designated Beneficiary shall be made as of the date of death of the Participant.

- (7) The "value" of the IRA includes the amount of any outstanding rollover, transfer and recharacterization under Q&As-7 and -8 of Treas. Reg. § 1.408-8.
- (8) To the extent permitted under Code § 408(q) and the Treasury Regulations, if the sole designated beneficiary is the Participant's surviving spouse, the spouse may elect to treat the Deemed IRA as his or her own Deemed IRA. This election will be deemed to have been made if such surviving spouse makes a contribution to the Deemed IRA or fails to take required distributions as a Beneficiary.
- (9) Notwithstanding anything herein to the contrary, the minimum distribution requirements are waived for calendar year 2020, pursuant to § 2203 of the Coronavirus Aid, Relief and Economic Security Act of 2020. This waiver applies to 2019 required minimum distribution that were required to be made by April 1, 2020 (if not already made in 2019), and to 2020 required minimum distributions that are required to be made by April 1, 2021. For purposes of determining the amount of required minimum distributions made after 2020, an individual's required beginning date shall be determined without regard to this 2020 waiver. If all or any portion of a distribution during 2020 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under Code § 408(a)(6) had applied during 2020, such distribution shall not be treated as an eligible rollover distribution any purpose.
- (d) Nonforfeitable. The interest of a Participant or Beneficiary in the balance in his or her Deemed Traditional IRA is nonforfeitable at all times.
- (e) No Commingling. The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund within the meaning of Code § 408(a)(5).

25.8. Deemed Roth IRA Requirements.

(a) Maximum Annual Contributions.

- (1) Maximum Permissible Amount. Except in the case of a qualified

rollover contribution (as defined in subsection 25.8(a)(7) below) or a recharacterization (as defined in 25.8(a)(6) below), no contribution will be accepted unless it is in cash and the total of such contributions to all the Participant's Roth IRAs for a taxable year does not exceed the applicable amount (as defined in 25.8(a)(2) below), or the Participant's compensation (as defined in 25.8(a)(8) below), if less, for that taxable year. The contribution described in the previous sentence that may not exceed the lesser of the applicable amount or the Participant's compensation is referred to as a "regular contribution." Contributions may be limited under subsections (2) through (6) below.

- (2) Applicable Amount. The applicable amount is determined below, unless otherwise limited by Code § 219:
 - (A) If the Participant is under age 50, the applicable amount is \$5,500 for the 2018 tax year, adjusted annually thereafter for cost-of-living increases.
 - (B) If the Participant is age 50 or older or will reach the age of 50 by the close of the Plan Year, the applicable amount is \$6,500 for the 2018 tax year, adjusted annually thereafter for cost-of-living increases.
- (3) Regular Contribution Limit. If subsections 25.8(a)(3)(A) and/or (B) apply, the maximum regular contribution that can be made to all the Participant's Roth IRAs, including a Deemed Roth IRA, for a taxable year is the lesser amount determined under (A) or (B) below.
 - (A) The maximum regular contribution is phased out ratably between certain levels of modified adjusted gross income ("modified AGI," as defined in Code § 408A(c)(3)(C)(i)). If the Participant's modified AGI for a taxable year is in the phase-out range, the maximum regular contribution determined by the applicable table published by the IRS for that taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200.
 - (B) If the Participant makes regular contributions to both Roth IRAs and traditional IRAs for a taxable year, the maximum regular contribution that can be made to all the Participant's Roth IRAs (including a Deemed Roth IRA) for that taxable year is reduced by the regular contributions made to the Participant's traditional IRAs for the taxable year.
- (4) SIMPLE IRA Limits. No contributions will be accepted under a SIMPLE IRA plan established by any Employer pursuant to Code § 408(p). Also, no transfer or rollover of funds attributable to contributions made by a particular Employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, a traditional IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the 2-year period beginning on the date the individual first participated in that Employer's SIMPLE IRA plan.
- (5) Inherited IRA. If this is an inherited IRA within the meaning of Code § 408(d)(3)(C), no contributions will be accepted.
- (6) Recharacterization. A regular contribution to a traditional IRA may be recharacterized pursuant to Treas. Reg. § 1.408A-5 as a regular contribution to this Deemed Roth IRA, subject to the limits in subsection 25.8(a)(3) above.
- (7) Qualified Rollover Contribution. A "qualified rollover contribution" is a rollover contribution of a distribution from an eligible retirement plan described in Code § 402(c)(8)(B). If the distribution is from an IRA, the rollover must meet the requirements of Code § 408(d)(3), except the one-rollover-per-year rule of Code § 408(d)(3)(B) does not apply if the distribution is from a traditional IRA. If the distribution is from an eligible retirement plan other than an IRA, the rollover must meet the requirements of Code §§ 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16), as applicable. A qualified rollover contribution also includes (A) and (B) below.
 - (A) All or part of a military death gratuity or service members'

group life insurance (“SGLI”) payment may be contributed if the contribution is made within 1 year of receiving the gratuity or payment. Such contributions are disregarded for purposes of the one-rollover-per-year rule under Code § 408(d)(3)(B).

- (B) All or part of an airline payment (as defined in §125 of the Worker, Retiree, and Employer Recovery Act of 2008 (“WRERA”), Pub. L. 110-458) received by certain airline employees may be contributed if the contribution is made within 180 days of receiving the payment.
- (8) Compensation. For purposes of subsection (1) above, 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 § 401(c)(2) (reduced by the deduction the self-employed individual takes for contributions made to a self-employed retirement plan) or such other income as set forth in IRC 219(f). For purposes of this definition, Code § 401(c)(2) shall be applied as if the term trade or business for purposes of Code § 1402(c)(6) included service. 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 (determined without regard to Code § 112). Compensation also does not include any amount received as a pension or annuity or as deferred compensation. 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 an IRA contribution. The term “compensation” also includes any differential wage payments as defined in Code § 3401(h)(2).
- (b) Investment Limitations.
- (1) No part of the trust funds allocable to a Deemed Roth IRA may be invested in collectibles (within the meaning of Code § 408(m)) except as otherwise permitted by Code § 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.
- (2) No part of the trust funds will be invested in life insurance contracts.
- (c) Distributions Before Death. No amount is required to be distributed prior to the death of the Participant for whose benefit the account was originally established. If this is an inherited IRA within the meaning of Code § 408(d)(3)(C), this paragraph does not apply.
- (d) Distribution Upon Death.
- (1) Notwithstanding any provision of this Deemed Roth IRA to the contrary, the distribution of the Participant’s interest in the Account shall be made in accordance with the requirements of Code § 408(a)(6), as modified by § 408A(c)(5), and the regulations thereunder, the provisions of which are herein incorporated by reference.
- (2) For a Participant who dies before January 1, 2022, his or her entire interest will be distributed at least as rapidly as follows:
- (A) If the designated Beneficiary is someone other than the Participant’s surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant’s death, over the remaining life expectancy of the designated Beneficiary, with such life expectancy determined using the age of the Beneficiary as of his or her birthday in the year following the year of the Participant’s death, or, if elected, in accordance with subsection 25.8(d)(2)(C) below. If this is an inherited IRA within the meaning of Code § 408(d)(3)(C) established for the benefit of a nonspouse designated beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under Code § 402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the nonspouse designated Beneficiary may elect to have distributions made under this subsection 25.8(d)(2)(A) if the transfer is made no later than the end of the year following the year of death.
- (B) If the Participant’s sole designated beneficiary is the Participant’s surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Participant’s death (or by the end of the calendar year in which the Participant would have attained age 70½ (if the Participant would have attained age 70½ on or before December 31, 2019), or age 72 (if the Participant would have attained age 70½ after December 31, 2019), if later), over such spouse’s life expectancy, or, if elected, in accordance with subsection 25.8(d)(2)(C) below. If the surviving spouse dies before distributions are required to begin, 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 subsection 25.8(d)(2)(C) below. If the surviving spouse dies after distributions are required to begin, any remaining interest will be distributed over the spouse’s remaining life expectancy determined using the spouse’s age as of his or her birthday in the year of the spouse’s death.
- (C) If there is no designated Beneficiary, or if applicable by operation of subsections 25.8(d)(2)(A) or (B) above, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Participant’s death (or of the spouse’s death in the case of the surviving spouse’s death before distributions are required to begin under subsection 25.8(d)(2)(B) above).
- (D) The amount to be distributed each year under subsections 25.8(d)(2)(A) and (B) is the quotient obtained by dividing the value of the Deemed Roth IRA as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Q&A-1 of Treas. Reg. § 1.401(a)(9)-9. 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 subsections 25.8(d)(2)(A) and (B) and reduced by 1 for each subsequent year.
- (3) For a Participant who dies on or after January 1, 2022, his or her entire interest will be distributed at least as rapidly as follows:
- (A) If to a beneficiary who is not a Designated Beneficiary, the Participant’s entire interest must be distributed by the end of the fifth Calendar Year following the year of the Participant’s death.
- (B) If to a Designated Beneficiary, the Participant’s entire interest must be distributed by the end of the tenth Calendar Year following the year of the Participant’s death.
- (C) If to an Eligible Designated Beneficiary, the Participant’s entire interest may be paid over life or Life Expectancy of such Eligible Designated Beneficiary beginning in the year following the year of the Participant’s death, except that, if the Eligible Designated Beneficiary is the surviving spouse of the Participant:
- (i) the date on which the distributions are required to begin hereunder shall not be earlier than the date on which the Participant would have attained age 70½ (if the Participant

would have attained age 70½ on or before December 31, 2019), or age 72 (if the Participant would have attained age 70½ after December 31, 2019), and

- (ii) Any interest remaining after such spouse's death will be distributed over such spouse's remaining Life Expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death or, if the distributions are being made over the spouse's Life Expectancy, over such period.
- (D) An Eligible Designated Beneficiary who is a child of the Participant who has not reached the age of majority shall cease to be an Eligible Designated Beneficiary as of the date the individual reaches majority, and any remainder of the portion of the individual's interest to which subsection (iii) applied shall be distributed within 10 years after such date.
 - (E) After the death of an Eligible Designated Beneficiary, any remaining interest must be distributed by the end of the tenth Calendar Year following the year of the death of the Eligible Designated Beneficiary.
 - (F) The term "Designated Beneficiary" means any individual designated as a beneficiary by the participant. The term "eligible designated beneficiary" means, with respect to any Participant, any designated beneficiary who is:
 - (i) the surviving spouse of the Participant,
 - (ii) subject to subsection (iii) below, a child of the Participant who has not reached majority (within the meaning of IRC 401(a)(9)(F)),
 - (iii) disabled (within the meaning of IRC 72(m)(7)),
 - (iv) a chronically ill individual (within the meaning of IRC 7702B(c)(2), except that the requirements of subparagraph (A)(i) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature), or
 - (v) an individual not described in any of the preceding subclauses who is not more than 10 years younger than the participant.

The determination of whether a Designated Beneficiary is an Eligible Designated Beneficiary shall be made as of the date of death of the Participant.

- (4) The "value" of the Deemed Roth IRA includes the amount of any outstanding rollover, transfer and recharacterization under Q&As-7 and -8 of Treas. Reg. § 1.408-8.
- (5) If the sole designated Beneficiary is the Participant's surviving spouse, the spouse may elect to treat the Deemed Roth IRA as his or her own Deemed Roth IRA. This election will be deemed to have been made if such surviving spouse makes a contribution to the Deemed Roth IRA or fails to take required distributions as a Beneficiary.
- (6) The required minimum distributions payable to a designated Beneficiary from this Deemed Roth IRA may be withdrawn from another IRA the Beneficiary holds from the same decedent in accordance with Q&A-9 of Treas. Reg. § 1.408-8.
- (7) Notwithstanding anything herein to the contrary, the minimum distribution requirements are waived for calendar year 2020, pursuant to § 2203 of the Coronavirus Aid, Relief and Economic Security Act

of 2020. This waiver applies to 2019 required minimum distribution that were required to be made by April 1, 2020 (if not already made in 2019), and to 2020 required minimum distributions that are required to be made by April 1, 2021. For purposes of determining the amount of required minimum distributions made after 2020, an individual's required beginning date shall be determined without regard to this 2020 waiver. If all or any portion of a distribution during 2020 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under Code § 408(a)(6) (as modified by Code § 408A(c)(5)) had applied during 2020, such distribution shall not be treated as an eligible rollover distribution any purpose.

- (e) Rollovers Into Deemed Roth IRA. Upon any distribution event pursuant to which a Participant, a spouse Beneficiary, or a spousal alternate payee would be permitted to have all or any portion of the Participant's Account that qualifies as an Eligible Rollover Distribution rolled over into another Eligible Retirement Plan, such Participant, spouse Beneficiary, or spousal alternate payee may elect to have the portion of such Eligible Rollover Distribution that is not attributable to contributions to the Deemed Roth IRA directly rolled over into a separately maintained Account within his or her Deemed Roth IRA. Any such amounts will be included in gross income as if the distribution had been made to such Participant, surviving spouse Beneficiary, or spousal alternate payee.
- (f) Nonforfeitable. The interest of a Participant or Beneficiary in the balance in his or her Deemed Roth IRA is nonforfeitable at all times.
- (g) No Commingling. The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund within the meaning of Code § 408(a)(5).

25.9 Construction. Notwithstanding any other sections which may be added or incorporated, the provisions of this Article XXV and this sentence will be controlling with respect to each Deemed Traditional IRA and Deemed Roth IRA created under the Plan. Any additional sections inconsistent with the Code, the Treasury Regulations, and other published guidance will be invalid.