

Why should I consider naming a charity as beneficiary of my IRA?

When you name one or more charities as the beneficiary of your IRA (or Qualified Plans) *the charity(ies) pay no income tax when they receive distribution of the assets.*

If you name your spouse or other individuals as beneficiary, the income tax will have to be paid, unless they in turn name one or more charities to receive the assets at their death. If they do not name any charities, then their estate or non-charitable beneficiaries *will* have to pay the income tax.

Does CTC manage funds for self-directed IRAs?

Most individuals who use CTC as trustee of their IRA accounts do so in order to take advantage of having someone else manage their investments. Covenant Trust Company does accept self-directed IRAs; however these accounts are charged the same fee as fully managed IRA accounts.

How do I get the process started?

- Contact our IRA Administrator, Christine Peterson, at 800-483-2177 or 847-583-3242; or via the IRA section of our website, www.CovenantTrust.com.
- If this is to be a direct rollover or transfer, you will be asked to send a copy of the latest statement from the assets you will be using to fund this IRA account.

What happens next?

Once we have received your information, we will prepare an IRA Simplifier form and send it to you for signature. For Direct Rollovers and transfers, we will review the statement copy to verify the assets are eligible for transfer.

Where can I find more information about retirement planning?

See "Planning Your Retirement" at www.CovenantTrust.com

Information contained in this brochure is for purposes of information and education only, and is not intended as either tax or legal advice. Consult your personal tax and/or legal advisor for specific information.

Q & A ABOUT

IRA ACCOUNTS

AT COVENANT TRUST COMPANY



IRA



 **COVENANT TRUST COMPANY®**
your financial services partner

trustee services • asset management • retirement planning • legacy planning

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QUESTIONS AND ANSWERS

ABOUT IRA ACCOUNTS AT

COVENANT TRUST COMPANY®

What types of IRA accounts does Covenant Trust Company (CTC) manage?

Covenant Trust Company serves as trustee for both Traditional IRA accounts and Roth IRA accounts.

Does CTC accept transfers and rollovers into IRA accounts?

Yes. CTC will accept funds rolled over from a Qualified Plan such as a 401(k) or 403(b), or make a transfer from an existing IRA account.

Is there a minimum amount?

No.

Is there a maximum amount?

No.

What are the advantages of having CTC serve as trustee of my IRA?

- As trustee of your IRA account(s), CTC provides professional investment of IRA assets.
- CTC is committed to servicing each account with individualized attention. Based on a questionnaire dealing with your goals and needs, plus your comfort level with various types of investments, a portfolio allocation for your managed IRA account is tailored for your particular situation.
- One or more IRA accounts can serve as part of your overall legacy plan, and provide options for using charitable beneficiaries with your IRA to offset other taxation issues.
- While Covenant Trust Company does charge a fee for managing IRA accounts, the aggregate of all fee-based CTC accounts within a family is used to calculate the fee. This can save you significant dollars in fee expense.
- At the appropriate time, CTC will provide information on your Required Minimum Distribution (RMD).

How does CTC invest IRA assets?

CTC makes an initial portfolio allocation recommendation based on your completed IRA Investment Questionnaire (see above). Once you sign off on the recommendation, assets are invested in the same core funds that CTC uses for all its managed accounts.

What is the fee for having CTC manage an IRA account?

Fees can be billed directly to the IRA account on a quarterly basis. You may ask to receive a bill and pay separately if you wish. Fees are charged on the market value of the assets as follows:

First \$300,000.....8 tenths of 1 percent per year

Next \$700,000.....6 tenths of 1 percent per year

Over \$1,000,0003½ tenths of 1 percent per year

- Fee calculation will be based on the aggregate of all fee-based CTC accounts within a family.
- Fees are subject to change.
- There may be a per-transaction fee for special services such as electronic wiring of funds to a bank.

This fee schedule effective July 1, 2005.
Covenant Trust Company reserves the right to change the stated fees at any time.

