

March 1, 2020

IMPORTANT TAX NOTICE – REQUIRED MINIMUM DISTRIBUTION – SECURE ACT AMENDMENT

Dear Directed IRA Client:

The Internal Revenue Service (IRS) requires that your Individual Retirement Account (IRA) custodian send you a notice to remind you that you must take a required minimum distribution (RMD) from your IRA account each year no later than December 31st, however pursuant to IRS Notice 2020-6 the Internal Revenue Service has provided regulatory relief due to the SECURE Act 2020 that was enacted on December 20, 2019.

If you were 70 ½ by December 31, 2019, the deadline for the first RMD is delayed until April 1st following the calendar year in which you reach age 70 ½. You must withdraw subsequent RMD amounts by year-end for each respective year. Therefore, if you reached age 70 ½ by December 31, 2019, you must take your 2019 required distribution no later than April 1, 2020, and then you must withdraw your 2020 required distribution no later than December 31, 2020.

SECURE Act Amendment

If you will attain the age of 70 ½ AFTER December 31, 2019, you are not required to take RMD until you reach the age of 72.

If you will attain the age of 72 in year 2020, the deadline for the first RMD is delayed until April 1st following the calendar year in which you reach age 72. You must withdraw subsequent RMD amounts by year-end for the respective year. Therefore, if you reach age 72 by December 31, 2020, you must take your 2020 required minimum distribution no later than April 1, 2021, and you must withdraw your 2021 required distribution no later than December 31, 2021.

Calculating your RMD. RMD calculations are based on the Fair Market Value (FMV) of the account for the previous year ending, December 31, 2019. If the FMV of your account has not been updated as of December 31, 2019, you must have one prepared by a qualified, independent third-party. Upon Request to our Customer Service Department at 800-818-1322 or clients@directedira.com, we will calculate the required minimum distribution amount and provide it to you.

RMD for multiple IRAs. IRS rules require that you calculate the required minimum distribution based on all the IRAs you own. You may figure this separately for each IRA you own and aggregate the required amounts, and then take the total amount from any one or more for your IRAs (pursuant to Notice 88-38).

Reporting to the IRS. We are required to report annually to the IRS on Form 5498 that a distribution is required for this account. Any distributions you receive in a tax year will be reported as income to you on Form 1099-R, which we will mail to you by the end of the following January.

Penalty. Note that you may be subject to a non-deductible federal excise tax penalty if you do not satisfy the RMD requirement. The penalty is 50% of any RMD amount that should have been withdrawn for a tax year but was not.

Additional Information. If you have any questions regarding your account, please call our Customer Service Department. We cannot give you tax or legal advice, but we will carry out your instructions concerning withdrawals. Instructions for distributions and any withholding you may elect will continue until you contact us to request a change. *In the absence of instructions from you, we will make no distributions to you.* If you have questions about the effect of distributions on your tax situation, we recommend that you consult with a professional tax or legal advisor.