

TRUSTEED IRAs

Combining the Tax Benefits of an IRA & the Flexibility of a Trust

*Professional Investment Management | Protection for Your Beneficiary
Incapacity Planning | Tax Planning to Maximize Tax Savings | Probate Avoidance*



Take Control of Your IRA with a Trusteed IRA



MEMBERS TRUST COMPANY
Owned by America's Credit Unions

TRUSTEED IRAS

From Members Trust Company

To create a lasting legacy, you may need more than an IRA and a simple will. Members Trust Company is at the forefront of Trusteed IRA solutions. A Trusteed IRA combines the tax benefits of an IRA account with the flexibility and control of a trust, providing maximum control over how the assets are passed on to future generations.

Typically, a named IRA beneficiary has unrestricted rights to withdraw any and all funds from an IRA. In the past, with a standard custodial account, a separate IRA trust would have to be drafted to exert more control over IRA assets after death. Now, thanks to the Trusteed IRA, you can control the timing and the amounts of distributions from your IRA accounts for multiple generations – all through a single account that combines an IRA and a trust.

By opening a Trusteed IRA with Members Trust Company, you can provide protection for your beneficiaries, avoid guardianship and probate proceedings, incorporate your IRA into a comprehensive estate plan and ensure that your IRA assets are professionally managed and invested on a fiduciary basis.

Solutions to Match Your Goals

Trusteed IRAs offer the tax advantages of an IRA with the flexibility and control of a trust. Members Trust Company can assist you in crafting a Trusteed IRA to meet your needs in the following circumstances:

YOUR GOALS	Members Trust Company Solution
Create a comprehensive estate plan with IRAs	Members Trust Company can work with you and your attorney using the Trusteed IRA to develop a comprehensive estate plan.
Control who receives your IRA assets, in what amounts and when	A Trusteed IRA allows you to customize who receives your IRA assets as well as the timing, amounts and how often. This can be especially helpful if you are concerned about the financial sophistication of your heirs.
Provide your current spouse and children from a prior marriage	A Trusteed IRA allows you to name a spouse as beneficiary to receive both income and/or principal distributions at the discretion of Members Trust Company based on a health, education, maintenance and support standard with the children of the prior marriage named as remainder beneficiaries. After the death of the Trusteed IRA owner, these remainder beneficiary designations cannot be changed by the surviving spouse.
Incapacity planning and consistent professional management without the costs and complication of court appointments	If you become incapacitated, Members Trust Company as trustee of your Trusteed IRA may pay bills, make any RMDs and continue the administration and investment management of your IRA. This avoids the expensive process of guardianship or the risk that often arises with the use of a durable power of attorney. This continuity will continue after death.
Maximize estate tax savings	Selections on your Trusteed IRA beneficiary designation form may enable you to reduce federal estate taxes. Additionally, disclaimers by a spouse can be utilized to take advantage of unused portions of your estate tax exemption.
Extend tax advantages by implementing stretch IRA benefits	A Trusteed IRA allows you to roll over from a 401(k) or other qualified retirement plans and enables you to preserve the tax advantages of these vehicles and pass them on to succeeding generations. Members Trust Company can make the “stretch” under terms that you specify, so that IRA assets can continue to grow tax-deferred or tax-free, depending on the type of IRA.
Provide for beneficiaries with special needs	Members Trust Company can help you structure your beneficiary designations to meet the unique needs and circumstances of each beneficiary.
Find a professional corporate trustee to manage assets	Members Trust Company can act as your professional corporate trustee and provide consistent financial management of your IRA and other assets.

Trusteed IRAs: Specific Situations for Powerful Planning Opportunities

Spendthrift Protection for Beneficiaries

Trusteed IRAs can help make sure your savings last, even where you may have account beneficiaries that have not exhibited the financial maturity to manage large sums of money. With a Trusteed IRA, you may restrict the payouts to the beneficiaries so that they cannot demand a withdrawal of all the funds or close the IRA. You can also elect to terminate these restrictions upon the heirs reaching a certain age. The Trusteed IRA can provide you with an estate planning tool without the cost of a separate conduit trust.

The Blended Family

Trusteed IRAs allow you to name your surviving spouse as the primary beneficiary but restrict the distributions to income and RMDs while allowing Members Trust Company as Trustee to use discretion to make principal distributions for his or her benefit based on the health, education, maintenance and support standard. Children from the prior marriage are named as the successor beneficiaries. After the death of the IRA owner, the remainder beneficiary designations are irrevocable and may not be changed by the surviving spouse. Essentially, the Trusteed IRA can act as a marital trust to provide support to the surviving spouse while the remaining balance is then paid to the children.

Avoidance of Guardianship & Probate

With a Custodial IRA, your incapacity as the IRA owner would require your family members to petition a court for a guardianship appointment unless a durable power of attorney is in place. Members Trust Company, acting as Trustee of the Trusteed IRA with investment discretion during your incapacity, can invest your IRA assets, ensure RMDs are made and pay your routine bills. This avoids the expensive process of a guardianship or the risk that often arises with the use of a durable power of attorney. The Trusteed IRA allows the account owner to name contingent and remainder beneficiaries to avoid probate of the IRA in the event a primary beneficiary predeceases the account owner.

Implement a Stretch Trusteed IRA

You can roll over your 401(k) or other qualified retirement plan into a Trusteed IRA and preserve the tax advantages of these vehicles for future beneficiaries. With a typical IRA, the named beneficiary has unrestricted rights to withdraw any and all funds from an IRA. If this happens, there is a taxable event. With a Trusteed IRA distributions can be regulated among your beneficiaries, allowing assets to continue to grow tax-deferred or tax-free, depending on the type of IRA. Thus, you can stretch the tax benefits of these qualified assets beyond your lifetime. You can also allow Members Trust Company as Trustee to use discretion to make principal distributions for health, education, maintenance and support.



Should You Consider a Trusteed IRA Roth to Maximize Tax Savings?

You also have the option to roll your IRA, 401(k) or other qualified plan asset into a Trusteed Roth IRA.

The Main Advantages of a Trusteed Roth IRA include:

- Federal (and possibly state) income tax-free accumulation of earnings
- RMDs are not required during the original owner's lifetime. This allows funds to remain in the account and accumulate income tax free earnings

Considerations for a Conversion:

You should always consult your tax advisor before converting funds to a Trusteed Roth IRA, and generally consider the following factors:

Timing:

- With a conversion to a Roth, you pay federal income taxes now on the conversion amount, but none on any future earnings as long as when withdrawals are taken, a five-year aging period has been met and you are age 59½ or over, disabled, or deceased.
- Generally, conversion may not make sense if your time horizon is less than five years, because if you have not met the five-year aging requirement, any withdrawals are subject to a 10% penalty.

Tax Planning:

- If you think your tax rate will be higher in retirement than it is today, you may want to consider a Roth IRA conversion.
- If your taxable income is lower this year than in a typical year, or if you have accounts that have lost value, you may want to consider a Roth IRA conversion because you may pay less in taxes.
- If you plan to leave your assets to your beneficiaries, consider conversion because they may not have to pay federal taxes on that money.
- If you expect the value of IRA assets to greatly appreciate in the future, you can potentially make tax-free withdrawals later.

Cost:

- You will have to pay income taxes now on any conversion, and you should analyze whether you have the resources to pay income taxes on the conversion from assets outside your IRA

Opening a Trusteed IRA with Members Trust Company

Members Trust company is a leading provider of trust, investment and wealth management services. Our network of offices spans across the country. You will benefit from the personal service of a local trust liaison officer as well as our team of professionals in our corporate headquarters who hold the highest industry designations like CFA®, CFP® and JD as well as years of experience.

Our team can assist you in opening and administering Trusteed IRAs as well as any other wealth management needs you may have.

Your Investments: Why You Should Know the Fiduciary Difference!

Exchange Traded Funds (ETFs)

Since 2004, Members Trust Company has used Exchange Traded Funds (ETFs) in our portfolio design making us one the first trust companies in the United States to recognize the lower cost, diversification and tax efficiency of ETFs. Using ETFs as our primary investment vehicle allows us to implement prudent investment standards, a core guiding principle for us as a fiduciary money manager.

Fiduciary Process That Manages Investment Risk

Members Trust Company offers a fiduciary process to manage investment risk with the goal of delivering a customized investment solution. We want to understand each of our client's unique circumstances and goals that will determine their risk tolerance, cash and income needs, investment time horizon, and tax sensitivity.

Our Investment Team uses these factors to develop an investment strategy for your "ETF Portfolio Advantage" account. Our mutual understanding of your goals, personal situation and the investment plan are reduced to a written document referred to as your personal Investment Policy Statement. This written document will serve as our blueprint to design a portfolio to meet your unique needs and circumstances while managing investment risk over the long term. Then annually or upon notice of change of circumstances, we will meet with you to evaluate whether your personal Investment Policy Statement is currently compatible with your needs and objectives.



Members Trust Company Investment Team



John M. Largent, CFA, CFP®, CAP®, Chief Investment Strategist

John graduated from the University of Arkansas, Sam M. Walton College of Business with a B.S. in Finance and Banking in 1984 and a Master of Business Administration (MBA) degree in 1985. John has earned the prestigious Chartered Financial Analyst®, CFA, designation, the CERTIFIED FINANCIAL PLANNER™ (CFP®), certification and the Chartered Advisor in Philanthropy® (CAP®). He is Past President of CFA Tampa Bay.



Jason Ritzenthaler, CFA, CTFA, Co-Chief Investment Officer

Jason graduated from Florida State University with dual degrees in Finance and Management Information Systems. He earned the prestigious Chartered Financial Analyst®, CFA, designation and the Certified Trust and Financial Advisor, CTFA, certification. Since joining MTC in 2005, Jason has provided analytical research and strategy while co-managing the ETF model portfolios. Jason began his career in Bank of America's Private Bank and is an active member of CFA Institute, CFA Society of Chicago, and the Chicago Council on Global Affairs.



Kate Braddock, CFA, Vice President, Co-Chief Investment Officer

Kate graduated Cum Laude in Economics from the University of Vermont in 1990 and earned her CFA designation in 1996. Kate has over 25 years experience in the financial services industry including positions at Eaton Vance, Putnam, and Janus where her focus was on economic, fixed income and yield curve analysis. Kate served as Assistant Portfolio Manager on the Janus Short-Term bond fund and as senior analyst on their top quartile High-Yield and Flexible Income funds.



Sheldon Reynolds, CFA, Vice President Trust & Investments

Sheldon graduated from Appalachian State University, Walker College of Business where he obtained his BSBA degree. Sheldon serves as Vice President, Trust and Investments, Senior Portfolio Manager and member of the Executive Trust and Investment Committee. He has been a frequent public speaker on various wealth management topics during his 21 year career. Mr. Reynolds has earned the prestigious designation of Chartered Financial Analyst (CFA) and is an active member of the CFA Institute and the CFA North Carolina Society.



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Non-deposit investment products available through Members Trust Company are not deposits of or guaranteed by the trust company, a credit union or credit union affiliate, are not insured or guaranteed by the NCUA, FDIC or any other governmental agency, and are subject to investment risks, including possible loss of the principal amount invested. Members Trust Company, owned and managed by America's Credit Unions, is a special purpose federal savings bank regulated by the Office of the Comptroller of the Currency.

This is for informational purposes only and is not intended to provide legal or tax advice regarding your situation. For legal or tax advice, please consult your attorney and/or accountant.