

## Truth-in-Savings Disclosure and Income Tax Withholding Notice - IRA Account

**Rate Information:** The interest rate for this account is determined at the discretion of the Board of Directors and is based on the term selected and the rate tier for the amount deposited. The current rates may be obtained at any UMCU branch location, on the UMCU website ([www.umcu.org](http://www.umcu.org)), or by contacting the Member Service Phone Center at 800-968-8628.

The interest rate designated on your IRA Contract will be paid on your entire balance and the rate will not change during the term of the Certificate.

**Minimum Balance Requirement:** The minimum balance to open An IRA account is \$500.00. The minimum balance to open an IRA account with the designated interest rate and annual percentage yield is the minimum amount for the designated rate tier.

**Minimum Balance to Obtain the Disclosure Annual Percentage Yield:** The annual percentage yield is based on the assumption that there are no withdrawals of principal or interest prior to maturity. Any withdrawal prior to maturity will reduce earnings.

**Compounding and Crediting:** Interest will be compounded and credited into this account monthly.

**Balance computation method:** Interest is calculated using the daily balance method, which applies a daily periodic rate to the balance in the account each day.

**Accrual of interest on noncash deposits:** Interest will begin to accrue on the business day you deposit noncash items (for example, checks) into your account.

**Time Requirements:** Your account will mature in the time period designated on your IRA Contract.

**Early Withdrawal Penalty:** A 90 day interest penalty will be imposed for the withdrawal of any of the original amount prior to maturity. The penalty may be deducted from the principal amount and is separate from IRS penalties, if any. There are certain circumstances, such as periodic distribution arrangement or the death or incompetence of an owner, where we may waive or reduce this penalty.

**Automatically renewable account:** Your account will automatically renew at maturity. Each renewal term for this account will be the same as the original term, unless instructed otherwise. Unless we tell you otherwise in writing, the interest rate will be the same as we offer on new IRA accounts on the maturity date which have the same term, minimum balance and other features as the original IRA account. You will have a grace period of five business days after the maturity date to withdraw the funds without being charged an early withdrawal penalty. You may also prevent renewal if you withdraw the funds in the account at maturity or within the grace period or we receive notice from you before maturity of your intention not to renew.

**Final maturity:** If your account is not renewed, the funds in the account will be paid directly to you.

**Deposit limitations:** In any tax year, you may deposit up to the IRS limit for contributions or 100% of earned income (whichever is less). Certain income limitations may apply. You may deposit as often as you like, so long as the total deposited for the tax year does not exceed the above limit. Deposits made by automatic transfer, payroll deduction, or other electronic means will be designated for the CURRENT tax year.

**Withdrawal limitations:** You may make withdrawals from your account before maturity; however, an early withdrawal penalty may apply as described above. Withdrawal of principal or interest may be subject to IRS penalties as described in the custodial agreement and disclosure statement.

**Income Tax Withholding:** Withdrawals from your IRA are subject to federal and state income tax withholding, unless you elect no withholding. You may change your withholding election by notifying us at any time prior to your receipt of a payment.

Withholding from IRA payments, when combined with other withholding, MAY relieve you from payment of estimated income taxes. However, your withholding election does not affect the amount of income tax you pay. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are insufficient.

**Insurance:** The University of Michigan Credit Union is federally insured by the National Credit Union Administration.