IRA Disclosure Statement

Introduction

This Disclosure Statement provides important information about Traditional Individual Retirement Accounts ("Traditional IRAs") and Roth Individual Retirement Accounts ("Roth IRAs") offered by Adelphi Stock Brokers Inc. ("Adelphi"). This Disclosure Statement is intended to summarize certain federal income tax rules and operational features applicable to Traditional IRAs and Roth IRAs. It is not a contract. The terms governing your IRA are contained in the Adelphi IRA Custodial Agreement and the Adelphi Customer Agreement, as applicable. You should consult the Internal Revenue Service ("IRS") instructions, publications, and your own tax advisor regarding your specific circumstances.

1. Overview of Traditional and Roth IRAs

Traditional IRAs may permit tax-deductible contributions, depending on your income, tax filing status, and participation in an employer-sponsored retirement plan. Earnings in a Traditional IRA generally grow on a tax-deferred basis, and distributions are generally taxable as ordinary income. Traditional IRAs are generally subject to required minimum distribution ("RMD") rules beginning at age 73.

Roth IRAs are funded with after-tax contributions and therefore do not permit a deduction for contributions. Earnings in a Roth IRA may be distributed tax-free if the distribution is qualified. Qualified distributions generally require that the Roth IRA satisfy the applicable five-year holding period and that the account holder meet a qualifying event, such as attainment of age 59½, death, disability, or a qualified first-time home purchase. Roth IRAs are not subject to RMDs during the account holder's lifetime.

2. Tax Treatment of Contributions and Earnings

Contributions to a Traditional IRA may be deductible in whole or in part, depending on your income, tax filing status, and whether you or your spouse are covered by an employer-sponsored retirement plan. Earnings grow on a tax-deferred basis until distributed. Distributions are generally taxable as ordinary income, except to the extent attributable to any nondeductible contributions.
Contributions to a Roth IRA are not deductible. Earnings grow tax-free, and qualified distributions are tax-free. A distribution from a Roth IRA is generally qualified only if it is made after the applicable five-year period and on or after age 59½, on account of death or disability, or for a qualified first-time home purchase, subject to IRS limitations.

3. Contribution Limits and Eligibility

For tax year 2026, the total contributions you make to all of your Traditional IRAs and Roth IRAs combined cannot exceed:

- $7,500; or
- $8,600 if you are age 50 or older by the end of the tax year; or
- if less, your taxable compensation for the year.

Roth IRA contributions are subject to modified adjusted gross income ("MAGI") limits. If your income exceeds applicable IRS thresholds, your Roth IRA contribution may be reduced or eliminated.

Traditional IRA deductibility may also be reduced or eliminated depending on your income, tax filing status, and participation in an employer-sponsored retirement plan.

These contribution limits are subject to future IRS cost-of-living adjustments.

Contributions for a specific tax year must be made by the filing deadline for that year's tax return, typically April 15 of the following year. If you are married and your spouse has little or no earned income, you may be eligible to contribute to a spousal IRA, provided you file a joint tax return.

4. Withdrawals and Distributions

Distributions from a Traditional IRA are generally taxable as ordinary income. Distributions taken before age 59½ may also be subject to a 10% additional tax unless an exception applies under IRS rules. Exceptions may include certain qualified education expenses, certain medical expenses, disability, death, qualified birth or adoption expenses, and certain first-time home purchase distributions.

Contributions to a Roth IRA may generally be withdrawn at any time without tax or penalty. Earnings withdrawn from a Roth IRA may be subject to income tax and a 10% additional tax unless the distribution is a qualified distribution or another exception applies.

Roth IRA distributions are generally treated as being made in the following order: (1) regular contributions, (2) conversion and rollover contributions, and (3) earnings.

5. Rollovers and Conversions

Assets may be moved between IRAs by direct transfer or rollover, subject to IRS rules. A direct transfer occurs when funds or assets are transferred directly from one custodian or trustee to another. Direct transfers are generally not taxable and are not subject to the once-per-12-month rollover limitation.

A 60-day rollover occurs when you receive a distribution and redeposit it into another IRA within 60 days. IRS rules generally limit you to one such rollover in any 12-month period across all of your IRAs.

Amounts distributed from a Traditional IRA may be converted to a Roth IRA, subject to IRS rules. The taxable portion of the amount converted is generally includible in income for the year of conversion. Roth conversions are irrevocable and may not be recharacterized.

6. Required Minimum Distributions (RMDs)

Traditional IRAs are generally subject to required minimum distribution rules beginning April 1 of the year following the year in which you attain age 73. Failure to take a required minimum distribution may result in an IRS excise tax.

Roth IRAs are not subject to required minimum distributions during the lifetime of the account holder. Beneficiaries of Roth IRAs, however, are subject to post-death distribution rules under applicable law.

7. Beneficiaries and Inheritance

You may designate one or more beneficiaries to receive your IRA after your death. If no valid beneficiary designation is on file, the IRA will generally be payable to your estate. Beneficiary distribution rules depend on the type of beneficiary and the applicable federal tax law in effect at the time of the account holder’s death. In many cases, beneficiaries must withdraw the entire account within 10 years, unless they qualify as an eligible designated beneficiary under IRS rules.

8. Fees and Administration

Your IRA may be subject to custodial fees, account maintenance fees, transaction fees, transfer fees, termination fees, and other charges as disclosed in Adelphi’s applicable fee schedule. The current fee schedule is available upon request.

9. Tax Reporting and Compliance

Adelphi will report IRA activity to you and the IRS as required by law, including by furnishing Form 1099-R for distributions and Form 5498 for contributions, rollovers, conversions, and year-end fair market value reporting, where applicable.

You are responsible for ensuring that your IRA contributions, distributions, rollovers, conversions, and other transactions comply with IRS requirements.

Certain transactions are prohibited under the Internal Revenue Code, including borrowing from your IRA, using IRA assets as collateral, or engaging in certain transactions with disqualified persons. A prohibited transaction may result in disqualification of the IRA and immediate tax consequences

10. Amendments and Termination

This Disclosure Statement may be revised from time to time to reflect changes in federal tax law, IRS guidance, or Adelphi's IRA program features. The most current version will govern on a going-forward basis upon delivery or posting, as permitted by applicable law.

11. Important Notice

This Disclosure Statement is provided for general informational purposes only and does not constitute legal or tax advice.

You should consult your own attorney, accountant, or tax advisor regarding the tax consequences of establishing, contributing to, converting, rolling over, inheriting, or taking distributions from a Traditional IRA or Roth IRA.

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