

Responding To A Member's Request

Summary:

Each time that you open a traditional IRA for a member, follow the same basic steps to ensure that the member's needs are being met and that you are complying with all IRS requirements. Below is a checklist of these steps.

Responding to a Member's Request:

Step 1: Ask questions.

- A. Can the member contribute to the IRA? You may want to review this briefly with the member and offer information (for example, refer to the disclosure statement that is part of the enrollment packet) if the member seems unsure.

Even though the member is responsible for determining whether contributions or transfers can be made to an IRA, a few minutes of discussion may prevent having to later correct a mistake.

- B. Should a new IRA be opened? If the member already has an IRA at your credit union, a new IRA should only be opened if necessary. *For more information about the reasons to open a new IRA, see section 302.*

Step 2: Describe IRA investment options.

Step 3: Have the member complete and sign an IRA application. For an explanation of the IRA application, *see section 303.*

Step 4: Review the IRA application for accuracy. (If this is a new credit union member, verify the information per the USA PATRIOT Act.)

Step 5: Sign and date the application on behalf of the credit union.

Step 6: Tear out and file the white copy of the application.

Step 7: Give the member a copy of the completed application, the remainder of the enrollment packet (containing the IRA agreement and disclosure statement), a Truth in Savings disclosure, and applicable financial projection tables. *For an explanation of the IRA agreement and disclosure statement, see section 303. For an explanation of the Truth-in-Savings disclosure, see section 303. For an explanation of financial projection tables, see section 202 and section 303.*

Step 8: Encourage the member to read the enrollment packet. The IRA agreement and disclosure statement included in the enrollment packet contain important information about administration of the IRA.

We recommend that the member set up the IRA first and then review these materials. The member has seven calendar days after receiving the

disclosure statement to revoke the IRA without paying any penalties. *For more information about revoking an IRA, see section 306.*

Step 9: Complete your processing. After the member leaves, process the application. The processing of a new IRA depends on the administrative systems your credit union uses. The two most common processing steps are as follows:

- Set up the investment account for the IRA on your computer.
- Enter the new IRA owner on the 70½ reminder system.

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