

January 2016

Dear IRA account holder,

Internal Revenue Service (IRS) rules require annual distributions from your Individual Retirement Account (IRA) when you reach age 70½. Baird offers many options to help you comply with this requirement.

Beginning in the year you reach age 70½, and every year thereafter, you must withdraw a minimum amount from your IRA – the Required Minimum Distribution (RMD). Based on your birth date, our records indicate that you are subject to this distribution requirement. To determine the minimum amount you must withdraw from your IRA in 2016, your account balance on December 31, 2015, is divided by a life expectancy factor found in IRS tables. Baird will perform this calculation for you, and the amount of the RMD will be reported on the last page of your Baird Client Statement. Failure to withdraw sufficient funds may subject you to an IRS penalty of 50% of the amount not withdrawn. You may withdraw more than the minimum amount without penalty. You may satisfy this distribution requirement with a withdrawal from your Baird IRA or from an IRA you hold at another financial institution. The IRS requires us to report all accounts that are subject to the RMD.

Deadlines

- If you reach age 70½ in 2016, the deadline for satisfying the 2016 requirement is March 31, 2017. If you defer your 2016 distribution until 2017, keep in mind that your 2017 RMD must also be satisfied on or before December 29 in that year.
- If you were 70½ prior to 2016, the deadline to take your RMD is December 30, 2016.

Distribution options

Please note: If you currently have a withholding election on file with us, you have the right to change this withholding election at any time by completing an updated IRA Distribution form. Please contact your Financial Advisor for additional information.

Baird has several options available to make the distribution process easy and convenient for you:

- You can take your own distributions using checks through Baird checkwriting.
- You can contact Baird each year to request your annual distribution.
- You can request that a check be automatically sent to you each year for the required amount.
- Baird can transfer cash or other assets to satisfy the required amount from your IRA into another non-IRA account you hold with Baird.
- You can establish a series of periodic payments or transfers to be made throughout the year.

Please contact your Baird Financial Advisor to discuss your desired distribution method and to obtain any necessary authorization forms. If you intend to defer your distributions until later in the year, please let us know as soon as possible how you would like to receive the distributions. This will allow us to take the appropriate steps to help you withdraw the proper amount and avoid any IRS penalties.

Sincerely,

Robert W. Baird & Co. Incorporated