



# SEP IRA APPLICATION

P.O. Box 3587, Albuquerque, NM 87190 • Toll Free: 1-800-529-3951 • Local: 505-514-0539 • Fax: 505-792-6096 • help@IRASTC.com

## PART 1. IRA OWNER

Name First/MI/Last \_\_\_\_\_

Physical Address \_\_\_\_\_

County \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Mailing Address \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Primary Phone Number \_\_\_\_\_

Alternate Phone Number \_\_\_\_\_

Social Security Number \_\_\_\_\_

Date of Birth \_\_\_\_/\_\_\_\_/\_\_\_\_

Email Address \_\_\_\_\_

Assigned Account Number \_\_\_\_\_

## PART 2. IRA CUSTODIAN AND FEE ELECTIONS

Name: SPECIALIZED TRUST COMPANY

Address: P.O. Box 3587, Albuquerque, NM 87190

Physical Address: 6100 Indian School NE, Suite 215

Albuquerque, NM 87110

### ANNUAL FEE

☐ Standard ☐ Roth Component

☐ Specialized Black

### ACTIVATION FEE

☐ Concierge Activation

(recommended)

☐ Standard Activation

\_\_\_\_\_ I have reviewed the STC Fee Schedule

Initial

\* Standard Activation is the default if no election is made.

\* Premium Gold Annual Fee is the default if no election is made.

Total Fees Due Today \$ \_\_\_\_\_

Tracking Code \_\_\_\_\_

Referral Code \_\_\_\_\_

## PART 3. HOW WOULD YOU LIKE TO PAY YOUR FEES?

Please select how you would like to pay your activation and first annual fee: ☐ Deduct From My Account ☐ Charge My Credit Card

I have read and understand the Self-Directed Account Agreement regarding the credit card charge and I authorize the credit card payment by Specialized Trust Company (STC) for fees to establish the IRA account. Not limited to but including Activation Fee, Annual Fee and any special service fee.

Card Type: ☐ Master Card ☐ Visa ☐ Discover ☐ American Express

Name on Card \_\_\_\_\_ Card Number \_\_\_\_\_

Billing Address For Card \_\_\_\_\_ Expiration Date \_\_\_\_\_

City/State/Zip \_\_\_\_\_ Card Security Code (CSC) \_\_\_\_\_

Please select how you would like to pay for all subsequent fees: ☐ Deduct From My Account ☐ Charge the Credit Card on File

## PART 4. CONTRIBUTION INFORMATION

☐ This is a credit card contribution

We will charge this contribution amount to the card listed above.

☐ I am mailing a personal check

Activation fees must be paid by credit card if you select this option.

Contribution Amount \_\_\_\_\_

Contribution Date \_\_\_\_\_

Contribution is for Year \_\_\_\_\_

Rollover Amount \_\_\_\_\_

Transfer Amount \_\_\_\_\_

Please make checks payable to:  
Specialized Trust Company  
Custodian FBO "Your Name",  
SEP IRA

CONTRIBUTION TYPE Select one

☐ 1. Regular Includes catch-up contributions

☐ 2. Transfer Direct movement of assets from a Traditional IRA, SEP IRA, or SIMPLE IRA into this SEP IRA

☐ 3. Rollover Rollover from a Traditional, SEP, SIMPLE, or other qualified plan into this SEP IRA.

By selecting this transaction, I irrevocably designate this contribution as a rollover.

IF YOU ARE 70½ OR OLDER THIS YEAR, COMPLETE THE FOLLOWING, IF APPLICABLE

Checking any of the following will adjust your required minimum distribution.

- ☐ This is a rollover or transfer of assets removed last year. Date of Removal \_\_\_\_\_
- ☐ This is a transfer from my deceased spouse's Traditional IRA and the assets were removed from the IRA in any year after death. The value of my portion of my deceased spouse's IRA on December 31 of last year \_\_\_\_\_.
- ☐ This is a recharacterization of a conversion or taxable retirement plan rollover to a Roth IRA made last year.

PART 5. BENEFICIARY DESIGNATION

I designate that upon my death, the assets in this account be paid to the beneficiaries named below. The interest of any beneficiary that predeceases me terminates completely, and the percentage share of any remaining beneficiaries will be increased on a pro rata basis. If no beneficiaries are named, my estate will be my beneficiary.

- ☐ I elect not to designate beneficiaries at this time and understand that I may designate beneficiaries at a later date.

**PRIMARY BENEFICIARIES** *The total percentage designated must equal 100%.*

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_

Tax ID (SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_

Tax ID (SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_

Tax ID (SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_

Tax ID (SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

**CONTINGENT BENEFICIARIES** *The total percentage designated must equal 100%.) (The balance in the account will be payable to these beneficiaries if all primary beneficiaries have predeceased the IRA owner.*

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_

Tax ID (SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_

Tax ID (SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_

Tax ID (SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_

Tax ID (SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

- ☐ Check here if additional beneficiaries are listed on an attached addendum. Total number of addendums attached to this IRA \_\_\_\_\_

## PART 6. ACCOUNT SECURITY CODE

### 4-DIGIT SECURITY CODE

\_\_\_\_\_

### THE UNDERSIGNED AGREES TO BE BOUND BY THE TERMS AND

CONDITIONS OF THE SPECIALIZED TRUST COMPANY SELF-DIRECTED ACCOUNT AGREEMENT. THE UNDERSIGNED AGREES TO KEEP THE REQUESTED SECURITY CODE CONFIDENTIAL.

## PART 7. SPOUSAL CONSENT

*Spousal consent should be considered if either the trust or the residence of the IRA owner is located in a community or marital property state.*

### CURRENT MARITAL STATUS

- ☐ **I Am Not Married** – I understand that if I become married in the future, I should review the requirements for spousal consent.
- ☐ **I Am Married** – I understand that if I choose to designate a primary beneficiary other than or in addition to my spouse, my spouse should sign below.

### CONSENT OF SPOUSE

I am the spouse of the above-named IRA owner. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Because of the important tax consequences of giving up my interest in this IRA, I have been advised to see a tax professional. I hereby give the IRA owner my interest in the assets or property deposited in this IRA and consent to the beneficiary designation indicated above. I assume full responsibility for any adverse consequences that may result.

\_\_\_\_\_  
Printed Name of Account Holder

\_\_\_\_\_  
Date (mm/dd/yyyy)

\_\_\_\_\_  
Signature of Spouse

\_\_\_\_\_  
Date (mm/dd/yyyy)

\_\_\_\_\_  
Signature of Witness *Optional*

\_\_\_\_\_  
Date (mm/dd/yyyy)

## OPTIONAL: HOW DID YOU HEAR ABOUT US?

- ☐ Investor Event \_\_\_\_\_
- ☐ Referral \_\_\_\_\_
- ☐ Internet Search or Ad \_\_\_\_\_
- ☐ Other \_\_\_\_\_

## PART 8. SIGNATURES

**Important:** Please read before signing.

I understand the eligibility requirements for the type of IRA deposit I am making, and I state that I do qualify to make the deposit. I have received a copy of the IRA Application, the 5305-A Custodial Account Agreement, the Financial Disclosure, and the Disclosure Statement. I understand that the terms and conditions that apply to this IRA are contained in this Application and the Custodial Account Agreement. I agree to be bound by those terms and conditions. Within seven days

from the date I open this IRA I may revoke it without penalty by mailing or delivering a written notice to the **custodian**.

I assume complete responsibility for

- determining that I am eligible for an IRA each year I make a contribution,
- ensuring that all contributions I make are within the limits set forth by the tax laws, and
- the tax consequences of any contributions (including rollover contributions) and distributions.

\_\_\_\_\_  
Signature of Account Holder (must be physical/wet Signature)

\_\_\_\_\_  
Date (mm/dd/yyyy)

\_\_\_\_\_  
Signature of Witness *Optional*

\_\_\_\_\_  
Date (mm/dd/yyyy)

\_\_\_\_\_  
Signature of Custodian

\_\_\_\_\_  
Date (mm/dd/yyyy)

# About The SEP Plan

## What is a SEP plan?

A simplified employee pension (SEP) plan is a type of retirement plan which allows you, the employer, to provide an important benefit to your employees (including yourself if you perform services for the business). An “employer” may be a sole proprietor, partnership, or corporation. Amounts you contribute for your employees under the SEP plan are deposited into your employees’ IRAs.

## What are the benefits of a SEP plan?

SEP plan contributions you make to your own IRA and your employees’ IRAs are tax deductible to you, the employer. If SEP plan contributions are made to a Traditional IRA, all earnings are tax-sheltered, meaning the earnings are not taxed until they are withdrawn from the Traditional IRA. Roth employer contributions are taxable to the employee when received, and the earnings can be withdrawn tax free if certain requirements are met. In addition, a SEP plan helps you attract and retain quality employees while you help meet the increasing need for financial security at retirement.

## Must I contribute to a SEP plan each year?

Each year you may decide if you want to make a SEP plan contribution. You may contribute up to 25 percent of each eligible employee’s compensation or \$40,000 (\$69,000 for 2024 and \$70,000 for 2025, this amount is subject to cost-of-living adjustments), whichever is less. You may decide to make no contribution at all.

You may allow participants the choice of receiving an employer contribution as a Roth employer contribution or a pre-tax employer contribution. Roth employer contributions are taxable to the Participant in the year they are deposited to the participant’s Roth SEP IRA.

All contributions made under the plan must be deposited into each eligible employee’s IRA. Once deposited all normal IRA rules apply.

## When are contributions due?

You have until the due date for filing your business’ tax return (plus extensions) to fund your SEP plan.

## Must I include all employees?

You may set eligibility criteria, such as age, service, and compensation requirements. You do not need to make SEP plan contributions for your employees unless they have satisfied such criteria.

## Is a SEP plan difficult to maintain?

SEP plans are easy to maintain. Unlike qualified retirement plans, SEP plans do not require any complex plan reporting. You simply deduct SEP plan contributions on your tax return and notify employees of the contributions. If your SEP plan allows Roth employer contributions, you must generate IRS Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, to reflect the taxable amount of Roth employer contributions received by an employee.

## Summary

If you are interested in establishing a SEP plan, consult your tax and legal advisors for guidance in selecting the plan features which best suit your business needs. Once you are ready to adopt a SEP plan, refer to the enclosed instructions for completing these documents and properly establishing your plan.

# SEP Plan Adoption Instructions

The following instructions are designed to assist you in setting up your SEP plan. They are not intended as a substitute for guidance from your tax or legal advisor.

## STEPS TO FOLLOW:

Step 1. Complete the “Employer Eligibility Checklist” below.

### Employer Eligibility Checklist

The following questions are designed to help you, the employer, along with your attorney or tax advisor, determine if you are eligible to adopt a SEP plan. Answer the following questions:

- | YES                      | NO                       |   |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | A. Are you the owner of a business or a person authorized by a business to establish a SEP plan?<br><i>If the answer to Question A is no, STOP. You are not eligible to establish a 5305-SEP.<br/>If the answer to Question A is yes, go to Question B.</i>                 |
| <input type="checkbox"/> | <input type="checkbox"/> | B. Do you currently have a defined contribution plan?<br><i>If the answer to Question B is yes, STOP. You are not eligible to establish a 5305-SEP.<br/>If the answer to Question B is no, go to Question C.</i>  |
| <input type="checkbox"/> | <input type="checkbox"/> | C. Do you use the services of leased employees (within the meaning of Internal Revenue Code Section 414(n))?<br><i>If the answer to Question C is yes, STOP. You are not eligible to establish a 5305-SEP.<br/>If all eligibility criteria are satisfied, go to Step 2.</i> |

Step 2. Complete and sign the 5305-SEP agreement and the Additional SECURE 2.0 Plan Provisions Employer Election Form. Retain these forms for your records.

Step 3. If you have employees, provide a completed copy of your entire agreement 5305-SEP to each eligible employee. If the plan allows for Roth employer contributions, have all eligible employees complete and sign a Pre-Tax/Roth Employer Contribution Election Form.

Step 4. Make sure all eligible employees have established a Traditional IRA or Roth SEP IRA with a financial organization.

Financial Organization Name \_\_\_\_\_  
Address \_\_\_\_\_  
City/State/Zip code \_\_\_\_\_

Form <b>5305-SEP</b> (Rev. December 2004) Department of the Treasury Internal Revenue Service	<b>Simplified Employee Pension-Individual Retirement Accounts Contribution Agreement</b> (Under section 408(k) of the Internal Revenue Code)	OMB No. 1545-0499 <b>Do not file</b> with the Internal Revenue Service
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\_\_\_\_\_ makes the following agreement under section 408(k) of the Internal Revenue Code and the instructions to this form.  
(Name of employer)

**Article I – Eligibility Requirements** (check applicable boxes – see instructions)

The employer agrees to provide discretionary contributions in each calendar year to the individual retirement account or individual retirement annuity (IRA) of all employees who are at least \_\_\_\_\_ years old (not to exceed 21 years old) and have performed services for the employer in at least \_\_\_\_\_ years (not to exceed 3 years) of the immediately preceding 5 years. This simplified employee pension (SEP) ☐ includes ☐ **does not** include employees covered under a collective bargaining agreement, ☐ includes ☐ **does not** include certain nonresident aliens, and ☐ includes ☐ **does not** include employees whose total compensation during the year is less than \$450\*.

**Article II – SEP Requirements** (see instructions)

The employer agrees that contributions made on behalf of each eligible employee will be:

- A. Based only on the first \$205,000\* of compensation.
- B. The same percentage of compensation for every employee.
- C. Limited annually to the smaller of \$41,000\* or 25% of compensation.
- D. Paid to the employee's IRA trustee, custodian, or insurance company (for an annuity contract).

**SIGNATURE Important: Please read before signing:**

- I certify that:
1. I am authorized to establish this SEP plan on behalf of the employer and the employer is eligible to establish this SEP plan.
  2. In determining its eligibility to adopt this SEP plan, the employer has relied solely upon the advice of its own advisors.
  3. The employer agrees not to hold the financial organization responsible for any income tax liabilities it may suffer as a result of being found ineligible to establish this SEP plan.

_____ Name of Adopting Employer	_____ Date Signed
<b>X</b> _____ Authorized Signature for Employer	_____ Title

*\*For 2005 and later years, this amount is subject to annual cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS Web Site at [www.irs.gov](http://www.irs.gov).*

## Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

### Purpose of Form

Form 5305-SEP (Model SEP) is used by an employer to make an agreement to provide benefits to all eligible employees under a simplified employee pension (SEP) described in section 408(k).

**Do not** file Form 5305-SEP with the IRS. Instead, keep it with your records.

For more information on SEPs and IRAs, see **Pub. 560**, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans), and **Pub. 590**, Individual Retirement Arrangements (IRAs).

### Instructions to the Employer

**Simplified employee pension.** A SEP is a written arrangement (a plan) that provides you with an easy way to make contributions toward your employees' retirement income. Under a SEP, you can contribute to an employee's traditional individual retirement account or annuity (traditional IRA). You make contributions directly to an IRA set up by or for each employee with a bank, insurance company, or other qualified financial institution. When using Form 5305-SEP to establish a SEP, the IRA must be a Model traditional IRA established on an IRS form or a master or prototype traditional IRA for which the IRS has issued a favorable opinion letter. You may **not** make SEP contributions to a Roth IRA or a SIMPLE IRA. Making the agreement on Form 5305-SEP does not establish an employer IRA described in section 408(c).

**When not to use Form 5305-SEP.** Do not use this form if you:

1. Currently maintain any other qualified retirement plan. This does not prevent you from maintaining another SEP.
2. Have any eligible employees for whom IRAs have not been established.
3. Use the services of leased employees (described in section 414(n)).
4. Are a member of an affiliated service group (described in section 414(m)), a controlled group of corporations (described in section 414(b)), or trades or businesses under common control (described in sections 414(c) and 414(o)), unless all eligible employees of all the members of such groups, trades, or businesses participate in the SEP.
5. Will not pay the cost of the SEP contributions. Do not use Form 5305-SEP for a SEP that provides for elective employee contributions even if the contributions are made under a salary reduction agreement. Use Form 5305A-SEP, or a nonmodel SEP.

**Note:** SEPs permitting elective deferrals cannot be established after 1996.

**Eligible employees.** All eligible employees must be allowed to participate in the SEP. An eligible employee is any employee who: **(1)** is at least 21 years old, and **(2)** has performed "service" for you in at least 3 of the immediately preceding 5 years. You can establish less restrictive eligibility requirements, but not more restrictive ones.

Service is any work performed for you for any period of time, however short. If you are a member of an affiliated service group, a controlled group of corporations, or trades or businesses under common control, service includes any work performed for any period of time for any other member of such group, trades, or businesses.

**Excludable employees.** The following employees do not have to be covered by the SEP: **(1)** employees covered by a collective bargaining agreement whose retirement benefits were bargained for in good faith by you and their union, **(2)** nonresident alien employees who did not earn U.S. source income from you, and **(3)** employees who received less than \$450\* in compensation during the year.

**Contribution limits.** You may make an annual contribution of up to 25% of the employee's compensation or \$41,000\*, whichever is less. Compensation, for this purpose, does not include employer contributions to the SEP or the employee's compensation in excess of \$205,000\*. If you also maintain a salary reduction SEP, contributions to the two SEPs together may not exceed the smaller of \$41,000\* or 25% of compensation for any employee.

You are not required to make contributions every year, but when you do, you must contribute to the SEP-IRAs of all eligible employees who actually performed services during the year of the contribution. This includes eligible employees who die or quit working before the contribution is made.

Contributions cannot discriminate in favor of highly compensated employees. Also, you may not integrate your SEP contributions with, or offset them by, contributions made under the Federal Insurance Contributions Act (FICA).

If this SEP is intended to meet the top-heavy minimum contribution rules of section 416, but it does not cover all your employees who participate in your salary reduction SEP, then you must make minimum contributions to IRAs established on behalf of those employees.

**Deducting contributions.** You may deduct contributions to a SEP subject to the limits of section 404(h). This SEP is maintained on a calendar year basis and contributions to the SEP are deductible for your tax year with or within which the calendar year ends. Contributions made for a particular tax year must be made by the due date of your income tax return (including extensions) for that tax year.

**Completing the agreement.** This agreement is considered adopted when:

- IRAs have been established for all your eligible employees;
- You have completed all blanks on the agreement form without modification; and
- You have given all your eligible employees the following information:
  1. A copy of Form 5305-SEP.
  2. A statement that traditional IRAs other than the traditional IRAs into which employer SEP contributions will be made may provide different rates of return and different terms concerning, among other things, transfers and withdrawals of funds from the IRAs.
  3. A statement that, in addition to the information provided to an employee at the time the employee becomes eligible to participate, the administrator of the SEP must furnish each participant within 30 days of the effective date of any amendment to the SEP, a copy of the amendment and a written explanation of its effects.
  4. A statement that the administrator will give written notification to each participant of any employer contributions made under the SEP to that participant's IRA by the later of January 31 of the year following the year for which a contribution is made or 30 days after the contribution is made.

Employers who have established a SEP using Form 5305-SEP and have furnished each eligible employee with a copy of the completed Form 5305-SEP and provided the other documents and disclosures described in **Instructions to the Employer and Information for the Employee**, are not required to file the annual information returns, Forms 5500 or 5500-EZ for the SEP. However, under Title I of the Employee Retirement Income Security Act of 1974 (ERISA), this relief from the annual reporting requirements may not be available to an employer who selects, recommends, or influences its employees to choose IRAs into which contributions will be made under the SEP, if those IRAs are subject to provisions that impose any limits on a participant's ability to withdraw funds (other than restrictions imposed by the Code that apply to all IRAs). For additional information on Title I requirements, see the Department of Labor regulation at 29 CFR 2520.104-48.

\*For 2005 and later years, this amount is subject to annual cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS Web Site at [www.irs.gov](http://www.irs.gov).

## Information for the Employee

The information below explains what a SEP is, how contributions are made, and how to treat your employer's contributions for tax purposes. For more information, see Pub. 590.

**Simplified employee pension.** A SEP is a written arrangement (a plan) that allows an employer to make contributions toward your retirement. Contributions are made to a traditional individual retirement account/annuity (traditional IRA). Contributions must be made to either a Model traditional IRA executed on an IRS form or a master or prototype traditional IRA for which the IRS has issued a favorable opinion letter.

An employer is not required to make SEP contributions. If a contribution is made, however, it must be allocated to all eligible employees according to the SEP agreement. The Model SEP (Form 5305-SEP) specifies that the contribution for each eligible employee will be the same percentage of compensation (excluding compensation greater than \$205,000\*) for all employees.

Your employer will provide you with a copy of the agreement containing participation rules and a description of how employer contributions may be made to your IRA. Your employer must also provide you with a copy of the completed Form 5305-SEP and a yearly statement showing any contributions to your IRA.

All amounts contributed to your IRA by your employer belong to you even after you stop working for that employer.

**Contribution limits.** Your employer will determine the amount to be contributed to your IRA each year. However, the amount for any year is limited to the smaller of \$41,000\* or 25% of your compensation for that year. Compensation does not include any amount that is contributed by your employer to your IRA under the SEP. Your employer is not required to make contributions every year or to maintain a particular level of contributions.

**Tax treatment of contributions.** Employer contributions to your SEP-IRA are excluded from your income unless there are contributions in excess of the applicable limit. Employer contributions within these limits will not be included on your Form W-2.

**Employee contributions.** You may make regular IRA contributions to an IRA. However, the amount you can deduct may be reduced or eliminated because, as a participant in a SEP, you are covered by an employer retirement plan.

**SEP participation.** If your employer does not require you to participate in a SEP as a condition of employment, and you elect not to participate, all other employees of your employer may be prohibited from participating. If one or more eligible employees do not participate and the employer tries to establish a SEP for the remaining employees, it could cause adverse tax consequences for the participating employees.

An employer may not adopt this IRS Model SEP if the employer maintains another qualified retirement plan. This does not prevent your employer from adopting this IRS Model SEP and also maintaining an IRS Model Salary Reduction SEP or other SEP. However, if you work for several employers, you may be covered by a SEP of one employer and a different SEP or pension or profit-sharing plan of another employer.

**SEP-IRA amounts—rollover or transfer to another IRA.** You can withdraw or receive funds from your SEP-IRA if, within 60 days of receipt, you place those funds in the same or another IRA. This is called a "rollover" and can be done without penalty only once in any 1-year period. However, there are no restrictions on the number of times you may make "transfers" if you arrange to have these funds transferred between the trustees or the custodians so that you never have possession of the funds.

**Withdrawals.** You may withdraw your employer's contribution at any time, but any amount withdrawn is includible in your income unless rolled over. Also, if withdrawals occur before you reach age 59½, you may be subject to a tax on early withdrawal.

**Excess SEP contributions.** Contributions exceeding the yearly limitations may be withdrawn without penalty by the due date (plus extensions) for filing your tax return (normally April 15), but are includible in your gross income. Excess contributions left in your SEP-IRA after that time may have adverse tax consequences. Withdrawals of those contributions may be taxed as premature withdrawals.

**Financial institution requirements.** The financial institution where your IRA is maintained must provide you with a disclosure statement that contains the following information in plain, nontechnical language:

1. The law that relates to your IRA.
2. The tax consequences of various options concerning your IRA.
3. Participation eligibility rules, and rules on the deductibility of retirement savings.
4. Situations and procedures for revoking your IRA, including the name, address, and telephone number of the person designated to receive notice of revocation. This information must be clearly displayed at the beginning of the disclosure statement.
5. A discussion of the penalties that may be assessed because of prohibited activities concerning your IRA.
6. Financial disclosure that provides the following information:
  - a. Projects value growth rates of your IRA under various contribution and retirement schedules, or describes the method of determining annual earnings and charges that may be assessed.
  - b. Describes whether, and for when, the growth projections are guaranteed, or a statement of the earnings rate and the terms on which the projections are based.
  - c. States the sales commission for each year expressed as a percentage of \$1,000.

In addition, the financial institution must provide you with a financial statement each year. You may want to keep these statements to evaluate your IRA's investment performance.

**Paperwork Reduction Act Notice.** You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

**Recordkeeping** ..... 1 hr., 40 min.

**Learning about the law or the form** ..... 1 hr., 35 min.

**Preparing the form** ..... 1 hr., 41 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224. **Do not** send this form to this address. Instead, keep it with your records.

\*For 2005 and later years, this amount is subject to annual cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS Web Site at [www.irs.gov](http://www.irs.gov).

# Additional SECURE 2.0 Plan Provisions Employer Election Form

**IMPORTANT:** The SECURE 2.0 Act created optional provisions for SEP plans. This form is designed to allow you, the Employer, to specify how you intend to operate your SEP Plan with respect to these provisions until formal Plan amendments become available. Complete, sign, and keep this election form with your SEP Plan documents to document your elections for the Plan.

## Section A. General Information

Name of Plan \_\_\_\_\_

Name of Adopting Employer \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

## Section B. Roth Employer Contributions

### Availability of Employer Contributions as Roth Employer Contributions

Will a Participant be permitted to choose to receive Employer Contributions as Roth Employer Contributions in place of pre-tax Employer Contributions under the Plan? (Select one. If Roth Employer Contributions will be allowed, also indicate the effective date.)

☐ **Option 1:** Yes. A Participant may choose to receive Employer Contributions as Roth Employer Contributions into the Plan effective \_\_\_\_\_ (mm/dd/yyyy).

☐ **Option 2:** No.

**NOTE:** If no option is selected, Option 2 will apply.

## Section C. Employer Acknowledgment and Signature

1. I understand that I am responsible for ensuring that the changes above accurately reflect the operation of my SEP Plan as of the effective date(s) stated above, that all eligible Employees are properly informed of the changes to the SEP Plan, and that such changes are in compliance with the applicable laws and related guidance governing SEP plans.
2. I acknowledge that I have taken all necessary actions to initiate the changes above (e.g., notifying Participants, execution of a board resolution). In addition, I understand that it is my responsibility to notify the applicable payroll providers and/or SEP IRA Trustees, Custodians, and Issuers of the changes to the operation of my Plan.
3. I acknowledge that the Treasury Department has issued minimal guidance pertaining to these provisions under the SECURE 2.0 Act and that there is additional anticipated guidance expected that may affect Plan operation decisions. I assume any responsibility for any operational errors that may result from such future guidance unless the IRS provides relief.
4. I understand that this form is not, nor is it intended to be, an amendment to the Plan; that I will be responsible for reviewing and executing an amendment in the future to formally adopt these changes; and that the SEP Prototype Sponsor or document provider is not providing legal or tax advice.

### Signature

\_\_\_\_\_  
Name of Adopting Employer

\_\_\_\_\_  
Date Signed

**X** \_\_\_\_\_  
Signature for Employer

\_\_\_\_\_  
Title



# Pre-Tax/Roth Employer Contribution Election Form

**IMPORTANT:** Your Employer has chosen to allow Participants to designate whether they wish to receive Employer Contributions as pre-tax Employer Contributions or Roth Employer Contributions. If you choose to receive pre-tax Employer Contributions, you will not be taxed on the contribution until you withdraw it from your Traditional IRA. If you choose to receive Roth Employer Contributions, you will be taxed on the contribution in the year that it is made to your Roth SEP IRA and your Employer will not withhold for taxes on those contributions. You will receive IRS Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., to reflect the taxable Roth Employer Contribution.

## Section A. General Information

### Employer and Plan Information

Name of Plan \_\_\_\_\_

Name of Employer \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

### Employee Information

Name of Employee \_\_\_\_\_

Home Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Employee Number \_\_\_\_\_ Social Security Number \_\_\_\_\_

## Section B. Employer Contribution Election and Authorization *To be completed by the Participant*

I, the undersigned Participant, wish to receive any Employer Contribution made on my behalf as specified below. I understand that this election will continue to apply until I change it. *(Select one)*

☐ I elect to designate 100% of my Employer Contribution as a pre-tax Employer Contribution.

☐ I elect to designate 100% of my Employer Contribution as a Roth Employer Contribution.

**NOTE:** If no election is made, your Employer Contribution will be made as a pre-tax Employer Contribution.

I agree that any Employer Contributions will be paid in the manner indicated above. The decision as to what type of Employer Contribution I elect to receive (pre-tax or Roth) is my own, and no tax advice has been given to me by my Employer. I understand that if I elect to receive Roth Employer Contributions, I must include the amount of my contribution in my income in the year that it is made to my Roth SEP IRA, and I expressly assume responsibility for any tax consequences that may arise. This election will continue to be effective until I change or terminate it. I acknowledge that I have read this entire Pre-Tax/Roth Employer Contribution Election Form, I understand it, and I agree to its terms.

### Signature

**X**

Participant's Signature

\_\_\_\_\_

Date Signed

**X**

Authorized Signature for Employer

\_\_\_\_\_

Title

# INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-A under section 408(a) of the Internal Revenue Code.

FORM (Rev. April 2017)

The depositor named on the application is establishing a Traditional individual retirement account under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The custodian named on the application has given the depositor the disclosure statement required by Regulations section 1.408-6. The depositor has assigned the custodial account the sum indicated on the application.

The depositor and the custodian make the following agreement:

## ARTICLE I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k) or a recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions up to \$5,500 per year for tax years 2013 through 2017. For individuals who have reached the age of 50 by the end of the year, the contribution limit is increased to \$6,500 per year for tax years 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

## ARTICLE II

The depositor's interest in the balance in the custodial account is nonforfeitable.

## ARTICLE III

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

## ARTICLE IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the depositor's required beginning date, April 1 following the calendar year in which the depositor reaches age 70½. By that date, the depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the depositor or the joint lives of the depositor and his or her designated beneficiary.
3. If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
  - (a) If the depositor dies on or after the required beginning date and:
    - (i) the designated beneficiary is the depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by one for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
    - (ii) the designated beneficiary is not the depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the depositor and reduced by one for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
    - (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the depositor as determined in the year of the depositor's death and reduced by one for each subsequent year.
  - (b) If the depositor dies before the required beginning date, the remaining interest will be distributed in accordance with paragraph (i) below or, if elected or there is no designated beneficiary, in accordance with paragraph (ii) below.
  - (i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the depositor's death. If, however, the designated beneficiary is the depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the depositor would have reached age 70½. But, in such case, if the depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with paragraph (ii) below if there is no such designated beneficiary.
  - (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.
4. If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the depositor's surviving spouse, no additional contributions may be accepted in the account.
5. The minimum amount that must be distributed each year, beginning with the year containing the depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
  - (a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the depositor reaches age 70½, is the depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the depositor's (or, if applicable, the depositor and spouse's) attained age (or ages) in the year.
  - (b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the depositor's death (or the year the depositor would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the

close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).

- (c) The required minimum distribution for the year the depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
- 6. The owner of two or more Traditional IRAs may satisfy the minimum distribution requirements described above by taking from one Traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

## ARTICLE V

- 1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.
- 2. The custodian agrees to submit to the Internal Revenue Service (IRS) and depositor the reports prescribed by the IRS.

## ARTICLE VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles inconsistent with section 408(a) and the related regulations will be invalid.

## ARTICLE VII

This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the application.

## ARTICLE VIII

**8.01 Definitions** – In this part of this agreement (Article VIII), the words “you” and “your” mean the depositor. The words “we,” “us,” and “our” mean the custodian. The word “Code” means the Internal Revenue Code, and “regulations” means the Treasury regulations.

**8.02 Notices and Change of Address** – Any required notice regarding this IRA will be considered effective when we send it to the intended recipient at the last address that we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.

**8.03 Representations and Responsibilities** – You represent and warrant to us that any information you have given or will give us with respect to this agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be proper under this agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, if we receive ambiguous directions regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We will not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for any penalties, taxes, judgments, or expenses you incur in connection with your IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings, or this agreement.

We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this agreement (e.g., attorney-in-fact, executor, administrator, investment manager), but we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We will not be responsible for losses of any kind that may result from directions, actions, or failures to act by your authorized agent, and you agree to reimburse us for any

loss we may incur as a result of such directions, actions, or failures to act by your authorized agent.

You will have 60 days after you receive any documents, statements, or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements, or other information. If you do not notify us within 60 days, the documents, statements, or other information will be deemed correct and accurate, and we will have no further liability or obligation for such documents, statements, other information, or the transactions described therein.

By performing services under this agreement we are acting as your agent. You acknowledge and agree that nothing in this agreement will be construed as conferring fiduciary status upon us. We will not be required to perform any additional services unless specifically agreed to under the terms and conditions of this agreement, or as required under the Code and the regulations promulgated thereunder with respect to IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs, and expenses, including attorney’s fees arising from or in connection with this agreement.

To the extent written instructions or notices are required under this agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations including, but not limited to, electronic communication.

**8.04 Disclosure of Account Information** – We may use agents and/or subcontractors to assist in administering your IRA. We may release nonpublic personal information regarding your IRA to such providers as necessary to provide the products and services made available under this agreement, and to evaluate our business operations and analyze potential product, service, or process improvements.

**8.05 Service Fees** – We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) for maintaining your IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your IRA at our discretion. We reserve the right to charge any additional fee after giving you 30 days’ notice. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this IRA.

Any brokerage commissions attributable to the assets in your IRA will be charged to your IRA. You cannot reimburse your IRA for those commissions.

**8.06 Investment of Amounts in the IRA** – You have exclusive responsibility for and control over the investment of the assets of your IRA. All transactions will be subject to any and all restrictions or limitations, direct or indirect, that are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this agreement. After your death, your beneficiaries will have the right to direct the investment of your IRA assets, subject to the same conditions that applied to you during your lifetime under this agreement (including, without limitation, Section 8.03 of this article). We will have no discretion to direct any investment in your IRA. We assume no responsibility for rendering investment advice with respect to your IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we will have the right to hold any uninvested amounts in cash, and we will have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your IRA unless you provide timely written directions acceptable to us.

You will select the investment for your IRA assets from those investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for IRAs (e.g., term share accounts, passbook accounts, certificates of deposit, money market accounts.) We may in our sole discretion make available to you additional investment offerings, which will be limited to publicly traded securities, mutual funds, money market instruments, and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

**8.07 Beneficiaries** – If you die before you receive all of the amounts in your IRA, payments from your IRA will be made to your beneficiaries. We have no obligation to pay to your beneficiaries until such time we are notified of your death by receiving a valid death certificate.

You may designate one or more persons or entities as beneficiary of your IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Each beneficiary designation you file with us will cancel all previous designations. The consent of your beneficiaries will not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary survives you, the contingent beneficiaries will acquire the designated share of your IRA. If you do not designate a beneficiary or if all of your primary and contingent beneficiaries predecease you, your estate will be the beneficiary.

A spouse beneficiary will have all rights as granted under the Code or applicable regulations to treat your IRA as his or her own.

We may allow, if permitted by state law, an original IRA beneficiary (the beneficiary who is entitled to receive distributions from an inherited IRA at the time of your death) to name successor beneficiaries for the inherited IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original IRA beneficiary's lifetime. Each beneficiary designation form that the original IRA beneficiary files with us will cancel all previous designations. The consent of a successor beneficiary will not be required for the original IRA beneficiary to revoke a successor beneficiary designation. If the original IRA beneficiary does not designate a successor beneficiary, his or her estate will be the successor beneficiary. In no event will the successor beneficiary be able to extend the distribution period beyond that required for the original IRA beneficiary.

If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased IRA owner take total distribution of all IRA assets by December 31 of the year following the year of death.

**8.08 Required Minimum Distributions** – Your required minimum distribution is calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if your spouse is your sole designated beneficiary and is more than 10 years younger than you, your required minimum distribution is calculated each year using the joint and last survivor table in Regulations section 1.401(a)(9)-9.

If you fail to request your required minimum distribution by your required beginning date, we can, at our complete and sole discretion, do any one of the following.

- Make no distribution until you give us a proper withdrawal request
- Distribute your entire IRA to you in a single sum payment
- Determine your required minimum distribution from your IRA each year based on your life expectancy, calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise

We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution.

**8.09 Termination of Agreement, Resignation, or Removal of Custodian**

– Either party may terminate this agreement at any time by giving written notice to the other. We can resign as custodian at any time effective 30 days after we send written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your IRA to another financial organization. If you do not complete a transfer of your IRA within 30 days from the date we send the notice to you, we have the right to transfer your IRA assets to a successor IRA trustee or custodian that we choose in our sole discretion, or we may pay your IRA to you in a single sum. We will not be liable for any actions or failures to act on the part of any successor trustee or custodian, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this agreement is terminated, we may charge to your IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to one or more of the following.

- Any fees, expenses, or taxes chargeable against your IRA
- Any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your IRA

If we are a nonbank custodian required to comply with Regulations section 1.408-2(e) and we fail to do so or we are not keeping the records, making the returns, or sending the statements as are required by forms or regulations, the IRS may require us to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your IRA to you in cash or property if the balance of your IRA drops below the minimum balance required under the applicable investment or policy established.

**8.10 Successor Custodian** – If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion that includes your IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.

**8.11 Amendments** – We have the right to amend this agreement at any time. Any amendment we make to comply with the Code and related regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we send the amendment, you notify us in writing that you do not consent.

**8.12 Withdrawals or Transfers** – All requests for withdrawal or transfer will be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing or in any other method acceptable to us. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, including but not limited to possible early distribution penalty taxes, surrender charges, and withholding requirements.



**8.13 Liquidation of Assets** – We have the right to liquidate assets in your IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against your IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree to not hold us liable for any adverse consequences that result from our decision.

**8.14 Restrictions on the Fund** – Neither you nor any beneficiary may sell, transfer, or pledge any interest in your IRA in any manner whatsoever, except as provided by law or this agreement.

The assets in your IRA will not be responsible for the debts, contracts, or torts of any person entitled to distributions under this agreement.

**8.15 What Law Applies** – This agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this agreement, the law of our domicile will govern.

If any part of this agreement is held to be illegal or invalid, the remaining parts will not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this agreement will be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

## SELF-DIRECTED ACCOUNT AGREEMENT

### 9.1 Appointment

I (“Depositor” or “you”) appoint the institution (“Specialized Trust Company”) as the Custodian of my account and understand and acknowledge that the Custodial / Plan Agreement and my Application are my agreement with the Custodian shown in this application. Specialized Trust Company Corporation referred to as (STC). The account is established for the exclusive benefit of the account holder or his / her beneficiaries. These terms and conditions will be governed by New Mexico laws, and the Courts of New Mexico shall alone have jurisdiction. Any lawsuit filed against or by the Custodian shall only be instituted in the district or county courts of Bernalillo County, New Mexico, where the Custodian maintains its principal office, and Depositor agrees to accede to such jurisdiction, both in connection with any such lawsuit which Depositor may file and in connection with any lawsuit which the Custodian or Administrator may file against Depositor. Prior to initiating any litigation, the parties agree to first resolve any dispute, claim, or controversy arising out of or in connection with this agreement through binding arbitration. The arbitration shall be held in Bernalillo County, New Mexico, and the decision of the arbitrator(s) shall be final, binding, and enforceable in any court of competent jurisdiction.

### 9.2 Representations and Responsibilities

By entering into this Self-Directed Account Agreement (“Agreement”), the undersigned (“Depositor” or “you”) agrees to be bound by the terms and conditions contained herein with Specialized Trust Company (“STC,” “we,” “us,” or the “Custodian”), a New Mexico Corporation. All transactions shall be subject to any and all restrictions or limitation, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws, operating agreement; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transactions are executed; or policies, procedures, and practices; and this Agreement. After the Depositor’s death, the named beneficiary(ies) has the right to direct the investments, the decedent’s Account assets, subject to the same conditions that applied to the original account holder during his/her lifetime under this Agreement. STC shall invest and reinvest all contributions to the account and earnings thereon as directed by the Depositor (or at the direction of the beneficiary (ies) upon the Depositor’s death) in investments that the Custodian determines it can operably administer control over.

The Depositor represents and warrants to us that any information the Depositor gives us or will give us with respect to this Agreement is complete and accurate. Further, the Depositor agrees that any directions given to us or action the Depositor takes will be proper under this Agreement and STC is authorized to rely upon such information and/or directions. If STC fails to receive direction from the Depositor regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from the Depositor, or the appropriate government or judicial authority.

STC shall not be responsible for losses of any kind that may result from a Depositor’s directions to us or actions or failure to act and the Depositor agrees to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act. STC shall not be responsible for any penalties, taxes, judgments or expenses the Depositor may incur in connection with any account created hereunder this Agreement. STC has no duty to determine, whether contributions or distributions comply with the Code, Regulations, Rulings, or this Agreement. By performing services under this Agreement, STC is acting as an agent for the Depositor. The Depositor acknowledges and agrees that nothing in this Agreement shall be construed as conferring fiduciary status upon STC. STC shall not be required to perform any additional services unless specifically agreed to under the terms and provisions of this Agreement or as required under the Code and Regulations promulgated thereunder with respect to retirement accounts. We may employ third-party agents and others, whether affiliates or not, for the purpose of performing administrative or other custodial-related services with respect to your account for which we should otherwise have responsibility hereunder this Agreement, and the limitations imposed upon our duties to you under this Agreement or otherwise shall continue to apply to any third-party agent or other so employed by us.

You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs, and expenses, including attorney’s fees, arising from, or in connection with this Agreement. Furthermore, to the extent not prohibited by federal or state law, the Depositor agrees to indemnify, defend and agree to hold harmless STC, its respective subsidiaries and affiliates, officers, directors, managers, members, representatives, agents, employees, successors and assigns from and against any and all claims, demands, liabilities, damages costs, expenses, attorney fees, payments and assessments arising in connection with the Depositor or the Account or which may result from any good faith actions, errors or omissions and from following or attempting to follow any directions of the Depositor or the beneficiary(ies), or an account designated representative. STC shall not be responsible or liable in any way for the sufficiency, correctness, genuineness, validity, of the form or execution of any documents not prepared by STC.

The Depositor further agrees that the Custodian shall not be subject to margin calls or have any other obligation to extend credit or otherwise disburse payment beyond the cash balance of the Depositor’s account for any reason whatsoever.

You agree to reimburse or advance to us, on demand, any and all legal fees, costs, fines, penalties and obligations incurred or to be incurred in connection with the defense, contest, prosecution or satisfaction of any claim made, threatened or asserted pertaining to any action you or your investment advisor directed through the Custodian, including, without limitation, claims asserted by you, and any state or federal regulatory authority or self-regulatory organization.

To the extent written instructions or notices are required under this Agreement; STC may accept or provide such information in any other form permitted by the Code or applicable Regulations. Furthermore, you represent to STC that any loss sustained in your Account will not affect your retirement income standard; and if a mandatory distribution arises, you will have the ability through your IRA and/or other retirement accounts to meet any mandatory distribution requirements.

STC has the right to charge service fees or other designated fees (e.g., a transfer, rollover, or termination fee) for the services it provides pursuant to this Agreement. In addition, STC has the right to be reimbursed for all reasonable expenses, including legal expenses, it incurs in connection with administration of Depositor's IRA. STC is authorized to charge Depositor separately for any fees or expenses or, at STC's sole discretion, STC may deduct the amount of such fees or expenses from the assets held in Depositor's IRA.

### **9.3 Passive Custodian**

STC is a passive Custodian with no fiduciary responsibility to the depositor, account(s), for investments held within the account(s), and we do not provide investment advice. STC does not provide legal or tax services or advice with respect to your account investments or the sale of such investments.

### **9.4 Investment Conformity and Legal Proceedings**

The Depositor has exclusive responsibility for and control over the investment of the assets of the Account and acknowledges, understands, and agrees that all investments shall conform to all applicable securities laws, rules, and regulations. The Depositor represents to STC that if any investment by his/her Account shall be deemed to be a "security" under applicable federal or state securities laws, such investment has been appropriately registered or is exempt from registration under applicable securities laws. The Depositor releases STC and expressly waives any and all claims against STC for STC's role in carrying out Depositor's instructions with respect to such investments. Furthermore, the Depositor acknowledges that the foregoing representation is being relied upon by STC in accepting Depositor's investment directions and Depositor agrees to indemnify STC with respect to all costs, expenses, including, without limitation, attorney fees, fines, penalties, liabilities, damages, actions, judgments and claims arising out of such investment and/or breach of the foregoing representation, including without limitation, claims asserted by you, the Depositor.

The Depositor agree that Depositor is solely responsible for the prosecution or defense, including the retention of legal counsel, of all legal actions ("Legal Proceedings") involving Depositor's IRA, which arise or become necessary for the protection of the investments in Depositor's IRA, including any actions where STC is named as a result of being Custodian of Depositor's IRA. If STC is named as a defendant in any Legal Proceedings, which includes state, federal and local court, or arbitration, as a result of the assets in Depositor's IRA being the subject of the litigation, Depositor, at your own cost, agree to indemnify and hold STC, its officers, directors and employees harmless from any and all damages, costs, or expenses of whatsoever kind, and to retain legal counsel acceptable to STC to defend STC, in STC's Custodial capacity, or however named in the Legal Proceedings. If Depositor fails to fulfill Depositor's responsibilities in this regard, STC reserves the right to retain counsel of its own choosing to defend STC, and STC shall have the right to reimburse itself from Depositor's account for all costs, attorney fees or other expenses of whatsoever kind as set forth below. If Depositor initiates Legal Proceedings against a third party regarding the assets in Depositor's IRA, and Depositor's IRA is plaintiff, Depositor agrees to initiate suit by titling the plaintiff as "Specialized IRA Services FBO (Your Name), Account Type, or Specialized Trust Company Custodian FBO (Your Name), Account Type." Depositor agrees to provide STC with copies of all pleadings, motions, discovery, orders, and final resolution documents upon request.

Depositor also agrees that any such legal action will be conducted in a manner that does not cause STC as the Custodian to incur any costs or legal exposure. As Depositor is the owner of the IRA held by STC, Depositor understands that STC will not initiate Legal Proceedings on behalf of Depositor or Depositor's IRA and will not participate in such Legal Proceedings without direction from Depositor.

Depositor understands that Depositor has sole authority to direct and make all decisions related to the Legal Proceedings and Depositor shall defend, indemnify, and hold STC, its officers, directors, and employees harmless from any loss, legal expense and liability that arises out of such Legal Proceedings, including STC's legal costs, if Depositor fails to provide legal representation for STC or STC deems separate counsel necessary. Should STC incur costs or expenses associated with such Legal Proceedings, STC has the right to charge Depositor separately for any fees or expenses, or STC may deduct the amount of the fees or expenses from the assets held in Depositor's IRA.

STC, as a passive Custodian, will not bear or assume any responsibility to notify Depositor, secure or maintain fire, casualty, liability, or such other insurance coverage on any personal or real property asset(s) held by the Account, or which serves as collateral under any mortgage or other security instrument held by the Depositor's account with respect to any promissory note or other evidence of indebtedness. It is incumbent upon the Depositor to arrange for such insurance as Depositor may determine to be necessary or appropriate to protect Depositor's investment. Furthermore, STC shall not be responsible for notifying the Depositor regarding Depositor's obligation to make payment of any insurance premiums, real estate taxes, utilities, or other charges or fees with respect to any investment held in the IRA or Saving Account. Depositor must specifically direct STC to pay any expense related to an asset from the Account in writing or another manner directed by STC and on a form deemed acceptable to STC. STC, in its sole discretion, may (but is not required) to pay insurance premiums, real estate taxes, utilities or other charges or fees with respect to investment(s) or assets held in Depositor's account and, in such instances, STC may deduct the amount of such charges from the assets held in Depositor's account. The depositor is solely responsible to ensure that all expense payments that they have directed STC to be processed from their account(s) are paid on time, delivered, received, and applied correctly with the associated vendors, county, tax assessor, and/or utility providers. STC bears no responsibility for an erroneous and/or misappropriation of payments that may occur with an of these expenses.

## **Indemnification and Immediate Cost Recovery Clause**

### **9.5 Depositor's Responsibility and Passive Role of Custodian**

STC acts solely as a passive custodian of the depositor's account and does not provide investment advice, management, or oversight of assets held within the account. The depositor acknowledges and agrees that it is their sole responsibility to manage and oversee their investments, properties, and accounts, including but not limited to ensuring compliance with applicable laws, timely payment of taxes, resolution of liens or citations, and management of third-party communications.

### **9.6 Indemnification Obligations**

The depositor agrees to indemnify, defend, and hold harmless STC, its officers, directors, employees, agents, successors, and assigns from and against any and all claims, demands, damages, costs, liabilities, penalties, losses, or expenses (including attorney's fees and regulatory costs) arising directly or indirectly from:

1. Any investment decision made by the depositor or their representatives.
2. The depositor's failure to manage or maintain their assets or investments, including failure to address liens, citations, or other obligations.

3. Actions or investigations initiated by third parties, government agencies, or regulators related to the depositor's investments or accounts.
4. Any claims or legal proceedings brought against STC resulting from the depositor's actions or inactions, including failure to comply with legal or regulatory requirements.
5. Any claims, actions, or liabilities related to investments made by STC on behalf of the depositor, even if such investments are subsequently deemed non-compliant with any applicable laws, regulations, or governmental orders, provided such investments were made in good faith and based on the depositor's instructions and sole authorization.
6. Any claims, actions, or liabilities arising from or related to third parties appointed, authorized, or engaged by the depositor, including but not limited to, title company, realtor, contractors, consultants, agents, property management, power of attorney, legal counsel, or other entities acting at the depositor's direction, consent, or approval.
7. Any claims, actions, or liabilities resulting from or related to actions taken by STC based on incorrect, incomplete, misleading, or ambiguous instructions or information provided by the depositor or related parties appointed, authorized, or engaged by the depositor.

### 9.7 Immediate Cost Recovery

In the event that STC incurs costs, damages, or legal expenses as a result of any claims, lawsuits, regulatory inquiries, or actions related to the depositor's account or investments:

1. STC shall have the right to recover such costs directly from the depositor's account without prior notice.
2. If sufficient funds are not available in the depositor's account, the depositor agrees to reimburse STC immediately upon demand for any remaining balance, including legal fees, penalties, and associated costs.
3. STC may place a lien on any assets held in the account to secure reimbursement of such costs and may liquidate such assets if the depositor fails to remit payment promptly.

### 9.8 Depositor's Acknowledgment of Communication Responsibility

The depositor acknowledges and agrees that the STC is not responsible for forwarding notices, citations, or other communications related to the depositor's investments. It is the depositor's sole responsibility to ensure that all relevant parties, including government agencies and third-party service providers, have accurate contact information for the client. The Custodian shall not be held liable for any failure to forward such communications.

STC shall not be responsible for supplying the Depositor with any notices, prospectuses, financial statements, proxies, legal notices, or proxy solicitation materials received in relation to assets held within the account. It is the sole responsibility of the Depositor to ensure that such notices, prospectuses, financial statements, proxies, and proxy solicitation materials are sent directly to them, to take any necessary action as specified in those documents. STC shall not make any decisions regarding shares of stock or undertake any actions related to the assets without receiving written instructions from the Depositor.

### 9.9 Limitation of Liability

The Custodian shall not be liable for any direct, indirect, incidental, or consequential damages arising from the depositor's failure to manage their investments or comply with applicable laws and regulations. This includes, but is not limited to, losses arising from liens, citations, penalties, or regulatory actions.

### 9.10 Investments

In conformity with directions given to STC, the Depositor directs STC to deposit all cash, for which the Depositor has not elected to invest, into a pooled custodial deposit account or accounts with one or more third-party FDIC-insured financial institutions selected by STC qualifying under IRC

408(b)(5) or into any investment vehicle which is either FDIC-insured, federally insured, or guaranteed or backed by the full faith and credit of the United States government.

The Depositor also authorizes entering into a sub-accounting agreement between the selected financial institution and STC under which, we will keep records of the Depositor's share of the pooled custodial accounts. Until such time as the Depositor gives instructions to STC as to how such funds should be invested, Depositor hereby acknowledges that any interest accruing or monies not currently invested shall be disbursed to Depositor's account at predetermined annual percentage rate however, not required and at the discretion of the firm (SIS or STC). Depositor acknowledges that such rate is not fixed and may be subject to fluctuation. All accrued interest in excess of the money distributed to the Depositor's Account shall be recognized by STC as income. STC shall be entitled to retain this income net of related service fees. STC can change this relationship of interest income or payment at any time. Current payout since 2015 is 0.0%. This could change at any future moment without notification.

### 9.11 Liquidity Management Policy

STC is dedicated to ensuring that funds held in the depositor's account(s) are safe, accessible, and responsibly managed. Uninvested cash is placed in secure, yield-generating instruments such as FDIC-insured deposits, brokered Certificates of Deposit (CDs), and U.S. Treasuries. These instruments are selected to balance safety, liquidity, and cost-efficiency.

### 9.12 Liquidity Requests

STC strives to meet all withdrawal requests promptly. In most cases, STC will cover any costs associated with early liquidation of term-based instruments to ensure the depositor's funds remain accessible without additional burden to the depositor. However, in rare circumstances, such as unusually large, simultaneous withdrawals across multiple accounts or market disruptions, delays or coordination may be required to manage timing and fulfill requests efficiently. When such circumstances arise, STC will take all reasonable steps to minimize delays and ensure timely access to funds when possible.

### 9.13 Limitation of Liability

While STC makes every effort to fulfill requests efficiently and without cost to the depositor, the depositor acknowledges and agrees that:

1. Timing or coordination challenges may occur in rare scenarios, which could result in delays.
2. STC is not liable for delays or temporary restrictions due to extraordinary circumstances or market conditions.
3. STC remains committed to ensuring that funds are secure and available under the terms of the underlying instruments (e.g., FDIC insurance or U.S. Government guarantees).

In accordance with instructions given to STC by the Depositor, STC shall invest and reinvest all contributions to the Account and earnings thereon as directed by the Depositor (or the direction of the beneficiary (ies) upon the Depositor's death) in investments that STC determines it can operably administer, to include, without limitation, marketable securities traded on a recognized exchange or "over the counter" (excluding any securities issued by the Custodian), common trust funds or other common investment funds that qualify under Section 408(b)(5) of the Code including options & mutual funds (including, without limitation, qualifying pooled custodial accounts and pooled custodial funds), mortgage notes, debentures, individually negotiated debt instruments, promissory notes, private equity investments in closely held businesses, certificates of deposit, real estate, real estate contracts, mortgages, leases, tax liens and tax anticipation warrants, deeds of trust, and other public, private or alternative investments that the Custodian determines it can operably administer, in such amounts as are specifically selected and specified by the Depositor in orders to the Custodian in such form as may be acceptable to STC without any duty to diversify and without regard to whether such property is authorized by the

laws of any jurisdiction as a trust investment or IRA investment or even if such investment will result in a prohibited transaction, unrelated business income tax ("UBIT") or a reportable transaction.

STC may, but need not, establish programs under which cash deposits in excess of a minimum set by it will be periodically and automatically invested in interest-bearing investment funds.

STC has no affiliation with any precious metal dealer, sponsor, or storage facility provider. STC does not conduct any due diligence review of any precious metals dealer, sponsor, or storage facility provider. As the Depositor it is your sole responsibility to determine and select the precious dealer to use for the purchase, exchange, sale, negotiation of price, and commissions/fees paid to the dealer. As a result, the Depositor agrees to hold STC harmless with all respects from any loss in value and/or any damages resulting in/or from your precious metal investment, shipment delivery, or segregated or non-segregated storage of the precious metals.

Any outside brokerage account held in connection with the Depositor's self-directed IRA or Saving Account, shall be in the name of the Custodian for the benefit of the Depositor. Investment direction may be given to the designated Broker Dealer by the Depositor that is acceptable to said Broker Dealer including without limitation via the Broker Dealer's account web-portal or other electronic submission.

The Custodian shall not be responsible for the execution of such verbal, written or electronic orders. The Custodian shall be authorized to honor these transactions made by the Depositor within the Brokerage account without obligation to verify prior authorization from the Depositor for the completions of the investment direction given to the Broker Dealer or the associated Brokerage Company. The Depositor does hereby agree to indemnify, defend and hold harmless the Custodian from and against any and all claims, losses, causes of action, expenses (including reasonable attorneys' fees costs and liabilities suffered or incurred by Custodian arising from or relating to any direction or order given, or alleged to have been given, by the Depositor to a Representative or Employee to any Broker Dealer or Brokerage Company, any errors or misconduct on the part of the Broker Dealer or Brokerage Company in processing, executing, safekeeping or reporting any such direction or order, or alleged direction or order, or the securities or proceeds resulting thereof. Any cash received by the Broker Dealer or Brokerage Company for the Depositor's account(s) held in connection with the Depositor's self-directed IRA or Saving Account, whether it be from income or proceeds of the held brokerage account transactions, shall be held by the brokerage account pending directions, and the Custodian shall have no obligation to direct the Broker Dealer or Brokerage Company to remit such cash until directed to do so by the Depositor. It is the Depositor's sole responsibility to supply the Custodian with at least (or better) an annual account statement from said Broker Dealer or Brokerage Company for said account associated with the Depositor's self-directed IRA or Saving Account. The Custodian is not responsible to notify or inform the Depositor of any increase or decrease changes in the value of the Depositor's outside brokerage account that is held by said Broker Dealer or Brokerage Company at any given time.

STC shall have no duty other than to follow the written investment directions of the Depositor, which duty shall be subject to the other terms and conditions of this Agreement. STC shall be under no duty to question said instructions and shall not be liable for any investment losses or adverse tax consequences of any kind whatsoever sustained by the Depositor. In addition, STC reserves the right to not follow a direction, or process any investment for administrative or cost-related reasons. Execution of

Depositor's instructions or refusal to execute the same does not constitute investment advice or an opinion by STC as to the investment's prudence or viability. Depositor agrees that STC shall have no discretionary power, authority, or control with respect to the management, investment or disposition of the Depositor's assets or any discretionary authority with regard to the management of the Depositor's account. Depositor agrees and acknowledges that STC is not a fiduciary with respect to the Depositor, the Account or any investment chosen by the Depositor.

#### **9.14 Designated Representatives**

STC may, in its sole and absolute discretion, permit the Depositor to appoint an account designated representative or authorized investment advisor/agent to act on behalf of Depositor with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager, investment advisor, etc.) who may, but is not required to be an investment advisor qualified under Section 3(38) of the Employee Retirement Income Security Act of 1974, to direct his/her retirement account. The Depositor shall notify STC through written notice acceptable to us of any such account designated representatives to be appointed by the Depositor.

#### **9.15 Add Third-Party Authorization**

Specialized Trust reserves the right to approve, decline, remove, or revoke third-party authorization and access to any information related to a Depositor's account at its sole discretion, at any time.

If the account designated representative is an investment advisor under Section 3(38) of the Employee Retirement Income Security Act of 1974, STC may require the following: (I) Depositor to provide us a copy of the instruments appointing the investment advisor and evidencing the investment advisor's acceptance of such appointment; (II) certificate evidencing the investment advisor's current registration under the Investment Advisor's Act of 1940; and, (III) an acknowledgement by the investment advisor that he/she is a fiduciary of the Account. STC has no duty to determine the validity of any account designated representative authorized by the Depositor. The account designated representative may give STC directions to have us buy, sell, or reinvest public securities and investments that are traded on a recognized exchange or "over the counter," excluding any securities which may be issued by STC. The account designated representative may also direct STC with respect to alternative and/or private investments.

STC shall be responsible only for the execution of such orders and for maintaining adequate records thereof. However, if any such orders are not received as required, or, if received, are unclear in the sole opinion of the Custodian, all or a portion of the account may be held in its current investments or remain un-invested without liability for loss of income or appreciation, and without liability for interest pending receipt of such orders or clarification as are acceptable to STC in its sole discretion, the contribution may be returned. STC will follow the written instructions from the account designated representative until notification from the Depositor that he/she is terminating the representative's appointment. STC shall not be held responsible for losses of any kind that may result from directions, actions, or failure to act by the account designated representative, and the Depositor agrees to reimburse STC for any loss we may incur as a result of such directions, actions, or failures to act by the account designated representative elected and authorized by the Depositor.

#### **9.16 Prohibited Transactions**

The Depositor agrees that certain transactions are prohibited in IRAs and Savings Plans under IRC Section 4975 of the Internal Revenue Code. The Depositor understands that the determination of a prohibited transaction depends on the facts and circumstances that surround any particular transaction. STC shall make no determination as to whether any investment is prohibited. The Depositor further understands that should the Depositor's



account engage in a prohibited transaction, you will incur a taxable distribution and possible penalties may be assessed. The Depositor represents to STC that you have or will consult with your own tax or legal professional to ensure that all investments within the Depositor's account do not constitute a prohibited transaction and that all investments comply with all applicable federal and state laws, regulations, and requirements. Furthermore, the Depositor shall not direct STC to engage in or make any investment that Depositor knows or otherwise should know involves or facilitates any criminal activity, nor shall the Depositor direct STC to lend any part of the corpus or income of the account to: pay any compensation for personal services rendered to the Account; to make any part of its services available on a preferential basis; to acquire for the account any property, other than cash; or, to sell any property to the Depositor, any member of Depositor's family deemed prohibited, or any entity controlled by Depositor through the ownership, directly or indirectly, of fifty percent (50%) or more of the total combined voting power of all classes of ownership entitled to vote, or of 50% or more of the total value of all ownership interests of such entity. Generally, if a Depositor engages in or directs the engagement in a prohibited transaction as described in Section 4975 of the Code, the Depositor's account stops being an IRA as of the first day of that year, and the account is treated as distributing all its assets to the Depositor or beneficiary at their fair market values on the first day of the year which may result in taxes and penalties. Depositor hereby agrees to be solely responsible for determining and avoiding prohibited transactions and reportable events.

#### **9.17 Reportable Transactions**

The Depositor understands that certain transactions are or may be identified by the Internal Revenue Service as abusive tax shelter schemes or transactions. The Depositor further understands that the determination of a listed or reportable transaction may depend upon the facts and circumstances that surround the particular transaction. STC will make no determination as to whether any Account investment constitutes a listed or reportable transaction. The Depositor agrees to consult with his/her own tax or legal professional to ensure that listed or reportable transactions engaged in by the Account are identified.

The Depositor further represents and acknowledges to STC that with respect to any listed or reportable transaction, you are considered the entity manager which approved or caused the Account to be a party to the transaction and that you are responsible for (I) reporting each transaction to the IRS using Forms 8886-T and 8886, (II) paying any applicable excise taxes using Form 5330, (III) disclosing to STC that such transaction was a prohibited tax shelter transaction, and, (IV) directing STC of any necessary corrective action to be taken by the Account.

#### **9.18 Unrelated Business Income Tax (UBIT)**

Certain investments may generate taxable income within the Account, referred to as Unrelated Business Income Tax (UBIT). Such income must be considered in conjunction with all such income from all IRA accounts and may be taxable to the Account to the extent that all UBIT for a given taxable year exceeds the threshold amount set by the IRS. Since the IRA is a tax-exempt organization under federal tax law, if the IRA earns income from an investment which utilizes debt-financing or which derived from a business regarded as not related to the exempt purpose of the IRA, it may be subject to UBIT, if it is excess of permitted deductions.

Therefore, the Depositor must monitor for UBIT and in the event that your direction of IRA assets results in taxable income (unrelated or debt financing) pursuant to sections 511- 514 of the Internal Revenue Code in excess of the \$1,000.00 exclusion (as that amount may be adjusted) for any taxable year, it shall be the responsibility of the Depositor to prepare, or have prepared at their sole expense, the proper 990-T tax form and forward it to STC for execution on behalf of the Account, filing with the IRS and the payment of

any applicable UBIT tax due from the IRA account. The authorization must be in written form acceptable to STC. Furthermore, by signing this Agreement, the Depositor understands that STC (I) does not make any determination as to what structures create UBIT; (II) does not monitor whether the Account has UBIT in the Account; and (III) does not prepare Form 990-T. Depositors required to complete a Form 990-T will need to contact STC and request an Employer Identification Number (EIN) or the Depositor can acquire an EIN on its own by using Form SS-4 and providing a copy of the EIN confirmation to STC.

#### **9.19 Fair Market Valuations**

STC shall use reasonable, good faith efforts to ascertain the fair market value of each asset in valuing the assets of the custodial account for recordkeeping and reporting purposes. Valuations will be obtained through utilization of various outside sources available to us and consideration of various relevant factors generally recognize as appropriate to the application of customary valuation methods. In certain cases where fair market value is not readily available and we do not have a recent qualified independent appraisal, we may assign value based on our internal policies and procedures on the value of the asset or we may require a current independent appraisal obtained by you, the Depositor. However, where assets are liquid or tier value cannot be readily determined on either an established exchange or generally recognized market, the valuation is, by necessity, not a true market value and is merely an estimation of value in a broad range of values and its accuracy should not be relied upon by the Depositor for any other purposes because the precision with which a value is assigned is a factor of the nature of the asset and the cost effectiveness of pursuing a more comprehensive appraisal. STC does not assume responsibility for the accuracy in the valuation presented regarding the assets. We do not guarantee the results of the appraisal methods applied in developing value nor can we be held liable for valuations that STC cannot determine on a recognized exchange or a generally standard market. Fair Market Valuations for conversions must be obtained from an independent authorized individual acceptable by STC for conversions conducted either internally or via transfer from a contra firm. Supporting documentation must be dated within 30 days of the distribution. Statements and prior market values are not acceptable.

#### **9.20 Disclosures and Voting**

STC shall supply to Depositor, all notices, prospectuses, financial statements, proxies, and proxy soliciting materials received relating to assets held within the account. STC shall not make decisions related to shares of stock or proceed with any other actions related to the asset without written instructions from Depositor.

#### **9.21 Establishment, Annual and General Fee Provision**

Individual Retirement Account Custodians charge fees to maintain IRAs and/or to offset expenses. The Depositor agrees to pay any and all fees specified in the fee schedule published by STC. This includes, without limitation, any Custodian fees, and fees for distributions from, transfers to or from, terminations, and administrative expenses charged of this IRA. STC reserves the right to assess additional fees on any account with excessive activity or special services not covered by the current fee schedule.

Fees are required to be paid at the time the account is established. Thereafter, the Depositor will be assessed for the annual fees, which is calculated using the market value of the account on the anniversary date the account was established. Subsequent annual assessed fees permit these fees to be paid out of pocket by the Depositor, via credit card on file with STC (see relevant information below) or via automatic withdrawal from cash assets within the account. Should the Depositor desire to pay annual fees other than via credit card or automatic withdrawal, the Depositor should notify STC of this desire a minimum of 30-days prior to the anniversary date of the account. STC will automatically assess, charge, or direct debit all annual fees starting the fifth day of the account's anniversary month or

thereafter. Should payment not be received by this date, STC reserves the right to charge the applicable annual fee to a credit card on file or withdrawal the fee amount from cash assets within the account or any account the Depositor holds with STC. After 30 days should the fees go unpaid, STC reserves the right to liquidate any asset, without notice, for the outstanding balance and the Depositor shall be responsible for any deficiency.

Furthermore, STC reserves the right to force close any delinquent account and distribute all asset holdings to the Depositor at the last known value. Asset distributions from an IRA or Saving Account are tax reportable events and may be taxable to the Depositor. These asset distributions could cause irreversible tax consequences to the Depositor in the year which the assets were distributed to the Depositor personally.

STC relies on the ability to pay out-of-pocket guidance from Private Letter Rulings. IRS Revenue Ruling 84-146 and IRS Regulation 1.404(a)-3(d) provide the best guidance, indicating that an IRA owner can pay expenses out of pocket that is ordinary and necessary. These expenses include Annual Fee; Mutual fund sub accounting fee; Establishment fee; Record- keeping fee; IRA termination fee; Investment adviser fee; Transaction fee; Transfer fee; Form preparation fee; Investment manager fee; Accounting services fee; and Service charge for additional investment types. In addition, STC relies upon the IRS ruling in PLR200507021 and will allow the Depositor to choose to pay any wrap fees, as applicable, from non-IRA funds without such fee payments being considered to be additional contributions. The Depositor can elect to pay the account set up fees when establishing an Account by providing STC with a valid credit card number and related information. Depositor shall complete the credit card section of the "Application" form attached. Additionally, by providing a credit card, the Depositor hereby authorizes STC to charge subsequent outstanding fees against the credit card account number should the Depositor fail to pay the applicable fees, expenses or other obligations when requested by STC to do so and there are insufficient Custodial Funds which are liquid and/or which can be readily liquidated to pay any outstanding fee, expense or other obligation owed to STC.

STC reserves the right to require a valid credit card on file for successive outstanding annual fees. If the credit card account expires, becomes invalid or exceeds its maximum credit limit, the Depositor agrees to immediately inform the Custodian and simultaneously provide another valid credit card account number to STC by completing a new "Custodial Account Information" form that allows STC to charge outstanding fees against the new credit card account.

Institutional Account fees are set based on a specific company investment and any additional investments outside of the intended asset account will revert to a regular fee schedule assessed in the anniversary month. Special fees or Optional Fees are deducted from the Account otherwise indicated on the form acceptable to STC when submitted.

The account must maintain a liquid minimum account balance of \$1000. Failure to maintain the minimum balance may result in the distribution of the account to the IRA which taxes and/or penalties could occur.

STC may change the fee schedule at any time by giving the depositor 30 days prior written or electronic notice. STC may, but shall not be required, to calculate fees by utilizing a basis point calculation. A basis point, also referred to as a "bip" is a unit of calculation equal to 1/100 of a percentage point or one part per ten thousand and is commonly used in interest rates, equity indexes and the yield of fixed-income investments.

As part of STC's payment processing, we reserve the right to charge a fee for all credit card transactions up to 3.5%.

## 9.22 Statements

STC shall provide to the Depositor an annual statement. The Depositor will

have sixty (60) days after receipt of any documents, statements, or other information from STC to notify us in writing of any errors or inaccuracies reflected in these documents, statements, or other information. If the Depositor does not notify us within 60 days, the documents, statements, or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information, or the transactions described therein.

## 9.23 Resignation or Appointment of Successor Custodian

STC reserves the right to resign and appoint a successor Custodian, Trustee or Administrator in the event STC reorganizes, changes its name, merges with another organization, or comes under the control of any federal or state agency. If STC or any portion which includes the Depositor's Account is bought by another firm/organization, the purchaser shall automatically become the Custodian, Trustee or Administrator of the Depositor's Account, but only if it is the type of organization authorized to provide trust services.

STC may resign and/or appoint a successor Custodian, Trustee or Administrator to serve under this Agreement or under another governing agreement selected by the successor Custodian, Trustee or Administrator by giving the Depositor written notice at least 30 days prior to the effective date of such resignation and appointment, which notice shall also include, or be provided under separate cover, a copy of such other governing instrument, if applicable, and the related disclosure statement. The Depositor shall then have 30 days from the date of such notice to either request a distribution of the entire account balance or designate a different successor Custodian, Trustee or Administrator and notify STC of such designation. If the Depositor does not request distribution of the account balance or notify STC of the designation of a different successor Custodian, Trustee or Administrator within such 30- day period, the Depositor shall be deemed to have consented to the appointment of the successor Custodian, Trustee or Administrator and the terms of any new governing instrument, and neither the Depositor nor the successor Custodian, Trustee or Administrator shall be required to execute any written document to complete the transfer of the account to the successor Custodian, Trustee or Administrator. The successor Custodian, Trustee or Administrator may rely on any information, including beneficiary designations, previously provided by the Depositor to STC. The Depositor may, at any time, remove STC and name a successor Custodian, Trustee or Administrator of the Depositor's choice by giving a 30-day notice of such removal and replacement. STC and/or successor Custodian, Trustee or Administrator shall then deliver the assets of the account as directed by the Depositor subject to applicable terms discussed in more detail below.

Notwithstanding any other provision of this Agreement, STC may resign as custodian of Depositor's IRA account and demand that the Depositor appoint a successor Custodian, Trustee or Administrator by giving the Depositor written notice at least 30 days prior to the effective date of such resignation. The Depositor shall then have 30 days from the date of such notice to designate a successor Custodian, Trustee or Administrator, notify STC of the name and address of the successor Custodian, Trustee or Administrator, and provide the STC with appropriate evidence that such successor Custodian, Trustee or Administrator has accepted the appointment and is qualified to serve. If the Depositor designates a successor Custodian, Trustee or Administrator and provides STC evidence of said successor's acceptance of appointment and qualification within such 30-day period, STC shall then deliver all of the assets and necessary records to the successor Custodian, Trustee or Administrator. However, if the Depositor does not notify STC of the appointment of a successor Custodian, Trustee or Administrator within such 30-day period, then STC may distribute all of the assets and necessary records to the Depositor outright from the Account, and the Depositor shall be wholly responsible for the tax consequences of such distribution.

In the event of STC's resignation or the appointment of a successor Custodian, Trustee or Administrator, STC may expend any assets in the

account to pay expenses of valuation and transfer (including but not limited to re-registering the assets and preparation of deeds, assignments, and other instruments of transfer or conveyance) to STC, the successor Custodian, Trustee or Administrator, or the Depositor, as the case may be. In addition, STC may retain a portion of the assets as a reserve for payment of any anticipated remaining fees and expenses. Upon satisfaction of such fees and expenses, as determined by STC, STC shall pay over any remainder of the reserve to the successor Custodian, Trustee, or Administrator or to the Depositor, as the case may be.

#### 9.24 STC Security or Pin Code Terms and Conditions

By signing this form, the Depositor expressly agrees to have read and understood the following terms and conditions related to PIN issuance by STC and PIN usage by the Depositor:

1. All details on the Personal Identification Number (PIN) Request Form are mandatory. The PIN issuance request may be rejected in case of any invalid / incomplete / ambiguous information / details provided in the form.
2. STC undertakes to offer, at the request of the Depositor, services through telephone-based inquiry, which will enable the Depositor to request information on the Depositor's account over the telephone.
3. The Depositor will choose a PIN for this purpose; the PIN is required to identify you.
4. The PIN shall under no circumstances be revealed to any third party.
5. In the event of loss of PIN by the Depositor or due to the Depositor having forgotten the PIN, a request for issue of a duplicate PIN shall be considered only on receipt of a written request from the Depositor, subject to signature verification/validation or a new PIN may be issued as per the process set up by STC from time to time.
6. The Depositor may be asked for PIN verification before information is discussed. In the interest of the Depositor, about the account of the Depositor.
7. In the event of loss of or forgotten PIN by the Account Owner, a request to change/update the PIN shall be considered only on receipt of a written request from the Account Owner, subject to signature verification/validation per the process set up by STC from time to time.
8. Fraud or dishonesty relating to any using of the PIN; Non-compliance of terms and conditions relating to using the PIN.
9. Any information provided over the telephone given to unauthorized persons by gaining access to PIN.
10. It shall be the sole responsibility of the Depositor to ensure adequate protection and confidentiality of the PIN and any disclosure thereof to any other person shall be entirely at the risk of the Depositor. The Depositor should report the loss of the PIN immediately upon discovery of such an event.
11. STC may, at its absolute discretion, issue a new PIN to the Depositor on these terms and conditions or such terms and conditions as they may deem fit. STC may also discontinue this service at any time in the future or make changes in terms and conditions for PIN requests without assigning any reasons thereof and such conditions shall be binding on the Depositor.

#### 9.25 Affiliates, Sponsorships, and Third Parties

From time-to-time Specialized Trust Company (STC) may collaborate with outside vendors or referral sources. At times STC may receive payment for services rendered or sold at events, online, podcasts, etc. and not limited to. This considers notification that we may have entered into an agreement to receive or give potential compensation for items related to servicing or education on products and services, we offer. We do not advise or endorse third parties or investment sponsors and you should always consult with your financial team as we do not provide legal advice or investment guidance. We may offer and have third parties educate on general topics we feel our clients may have an interest in. We do not endorse the actual or any investment

from any or one individual. We make every attempt to clarify this with every education product or service we offer. We are a passive custodian and not a fiduciary of your account. We encourage each and every client to work with an educated member of their financial team when completing or deciding to complete an investment. We are under no obligation to warn, deter or notify the client of information regarding to who or in what they are investing. These accounts are self-directed and any gains, losses are at the direction and responsibility of the account owner. Any legal matters will be handled in manners discussed prior in this account custodial agreements. In addition, these custodial agreements apply to products or service rendered that do not at the time include or an account has not yet been opened or activated. Use and purchase of these products, education and services constitutes agreement with these custodial agreements and terms.

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### GENERAL INSTRUCTIONS

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*Section references are to the Internal Revenue Code unless otherwise noted.*

#### PURPOSE OF FORM

Form 5305-A is a model custodial account agreement that meets the requirements of section 408(a). However, only Articles I through VII have been reviewed by the IRS. A Traditional individual retirement account (Traditional IRA) is established after the form is fully executed by both the individual (depositor) and the custodian. To make a regular contribution to a Traditional IRA for a year, the IRA must be established no later than the due date of the individual's income tax return for the tax year (excluding extensions). This account must be created in the United States for the exclusive benefit of the depositor and his or her beneficiaries.

**Do not** file Form 5305-A with the IRS. Instead, keep it with your records.

For more information on IRAs, including the required disclosures the custodian must give the depositor, see Pub. 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and Pub. 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

#### DEFINITIONS

**Custodian** – The custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

**Depositor** – The depositor is the person who establishes the custodial account.

#### TRADITIONAL IRA FOR NONWORKING SPOUSE

Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse.

Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse.

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### SPECIFIC INSTRUCTIONS

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**Article IV** – Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the depositor reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met.

**Article VIII** – Article VIII and any that follow it may incorporate additional provisions that are agreed to by the depositor and custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the custodian, custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the depositor, etc. Attach additional pages if necessary.

## DISCLOSURE STATEMENT

### RIGHT TO REVOKE YOUR IRA

You have the right to revoke your IRA within seven days of the receipt of the disclosure statement. If revoked, you are entitled to a full return of the contribution you made to your IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the custodian at the address listed on the application.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date.

If you have any questions about the procedure for revoking your IRA, please call the custodian at the telephone number listed on the application.

### REQUIREMENTS OF AN IRA

A. **Cash Contributions** – Your contribution must be in cash, unless it is a rollover contribution.

B. **Maximum Contribution** – The total amount you may contribute to an IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$6,000 for 2019 and 2020, with possible cost-of-living adjustments each year thereafter. If you also maintain a Roth IRA (i.e., an IRA subject to the limits of Internal Revenue Code Section (IRC Sec.) 408A), the maximum contribution to your Traditional IRAs is reduced by any contributions you make to your Roth IRAs. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.

C. **Contribution Eligibility** – For tax years beginning before 2020, you are eligible to make a regular contribution to your IRA if you have compensation and have not attained age 70½ by the end of the taxable year for which the contribution is made. For 2020 and later tax years, you may make a regular contribution to your IRA at any age if you have compensation.

D. **Catch-Up Contributions** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution is \$1,000 per year.

E. **Nonforfeiture** – Your interest in your IRA is nonforfeitable.

F. **Eligible Custodians** – The custodian of your IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.

G. **Commingling Assets** – The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.

H. **Life Insurance** – No portion of your IRA may be invested in life insurance contracts.

I. **Collectibles** – You may not invest the assets of your IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in IRC Sec. 408(m)(3)) are also permitted as IRA investments.

J. **Required Minimum Distributions** – You are required to take minimum distributions from your IRA at certain times in accordance with Treasury Regulation 1.408-8. Below is a summary of the IRA distribution rules.

1. If you were born before July 1, 1949, you are required to take a minimum distribution from your IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. If you were born on or after July 1, 1949, you are

required to take a minimum distribution from your IRA for the year in which you reach age 72 and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 72. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.

2. The applicable divisor generally is determined using the Uniform Lifetime Table provided by the IRS. If your spouse is your sole designated beneficiary for the entire calendar year, and is more than 10 years younger than you, the required minimum distribution is determined each year using the actual joint life expectancy of you and your spouse obtained from the Joint Life Expectancy Table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.

We reserve the right to do any one of the following by your required beginning date.

- (a) Make no distribution until you give us a proper withdrawal request
- (b) Distribute your entire IRA to you in a single sum payment
- (c) Determine your required minimum distribution each year based on your life expectancy calculated using the Uniform Lifetime Table, and pay those distributions to you until you direct otherwise

If you fail to remove a required minimum distribution, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

K. **Beneficiary Distributions** – Upon your death, your beneficiaries are required to take distributions according to IRC Sec. 401(a)(9) and Treasury Regulation 1.408-8. These requirements are described below.

1. **Death of IRA Owner Before January 1, 2020** – Your designated beneficiary is determined based on the beneficiaries designated as of the date of your death, who remain your beneficiaries as of September 30 of the year following the year of your death.

If you die on or after your required beginning date, distributions must be made to your beneficiaries over the longer of the single life expectancy of your designated beneficiaries, or your remaining life expectancy. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

If you die before your required beginning date, the entire amount remaining in your account will, at the election of your designated beneficiaries, either

- (a) be distributed by December 31 of the year containing the fifth anniversary of your death, or
- (b) be distributed over the remaining life expectancy of your designated beneficiaries.

If no election is made, distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of your death.



Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 72 (age 70½ if you would have attained age 70½ before 2020), if later. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If there is no designated beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

**2. Death of IRA Owner On or After January 1, 2020** – The entire amount remaining in your account will generally be distributed by December 31 of the year containing the tenth anniversary of your death unless you have an eligible designated beneficiary or you have no designated beneficiary for purposes of determining a distribution period. This requirement applies to beneficiaries regardless of whether you die before, on, or after your required beginning date.

If your beneficiary is an eligible designated beneficiary, the entire amount remaining in your account may be distributed (in accordance with the Treasury Regulations) over the remaining life expectancy of your eligible designated beneficiary (or over a period not extending beyond the life expectancy of such beneficiary).

An eligible designated beneficiary is any designated beneficiary who is

- your surviving spouse,
- your child who has not reached the age of majority,
- disabled (A physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration.),
- an individual who is not more than 10 years younger than you, or
- chronically ill (A chronically ill individual is someone who (1) is unable to perform (without substantial assistance from another individual) at least two activities of daily living for an indefinite period due to a loss of functional capacity, (2) has a level of disability similar to the level of disability described above requiring assistance with daily living based on loss of functional capacity, or (3) requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.)

Note that certain trust beneficiaries (e.g., certain trusts for disabled and chronically ill individuals) may take distribution of the entire amount remaining in your account over the remaining life expectancy of the trust beneficiary.

Generally, life expectancy distributions to an eligible designated beneficiary must commence by December 31 of the year following the year of your death. However, if your spouse is the eligible designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 72, if later. If your eligible designated beneficiary is your minor child, life expectancy payments must begin by December 31 of the year following the year of your death and continue until the child reaches the age of majority. Once the age of majority is reached, the beneficiary will have 10 years to deplete the account.

If a beneficiary other than a person (e.g., your estate, a charity, or a certain type of trust) is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If you die before your required beginning date and there is no designated beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death. If you die on or after your required beginning date and there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

A spouse who is the sole designated beneficiary of your entire IRA will be deemed to elect to treat your IRA as his or her own by either (1) making contributions to your IRA or (2) failing to timely remove a required minimum distribution from your IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your IRA, a spouse

beneficiary may roll over his or her share of the assets to his or her own IRA.

If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased IRA owner take total distribution of all IRA assets by December 31 of the year following the year of death.

If your beneficiary fails to remove a required minimum distribution after your death, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your beneficiary must file IRS Form 5329 along with his or her income tax return to report and remit any additional taxes to the IRS.

**L. Qualifying Longevity Annuity Contracts and RMDs** – A qualifying longevity annuity contract (QLAC) is a deferred annuity contract that, among other requirements, must guarantee lifetime income starting no later than age 85. The total premiums paid to QLACs in your IRAs must not exceed 25 percent (up to \$125,000) of the combined value of your IRAs (excluding Roth IRAs). The \$125,000 limit is subject to cost-of-living adjustments each year.

When calculating your RMD, you may reduce the prior year end account value by the value of QLACs that your IRA holds as investments. For more information on QLACs, you may wish to refer to the IRS website at [www.irs.gov](http://www.irs.gov).

**M. Waiver of 2020 RMD** – In spite of the general rules described above, if you are an IRA owner age 70½ or older, you are not required to remove an RMD for calendar year 2020. This RMD waiver also applies to IRA owners who attained age 70½ in 2019 but did not take their first RMD before January 1, 2020. In addition, no beneficiary life expectancy payments are required for calendar year 2020. If the five-year rule applies to an IRA with respect to any decedent, the five-year period is determined without regard to calendar year 2020. For example, if an IRA owner died in 2017, the beneficiary's five-year period ends in 2023 instead of 2022.

## INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

**A. IRA Deductibility** – If you are eligible to contribute to your IRA, the amount of the contribution for which you may take a tax deduction will depend upon whether you (or, in some cases, your spouse) are an active participant in an employer-sponsored retirement plan. If you (and your spouse, if married) are not an active participant, your entire IRA contribution will be deductible. If you are an active participant (or are married to an active participant), the deductibility of your IRA contribution will depend on your modified adjusted gross income (MAGI) and your tax filing status for the tax year for which the contribution was made. MAGI is determined on your income tax return using your adjusted gross income but disregarding any deductible IRA contribution and certain other deductions and exclusions.

**Definition of Active Participant.** Generally, you will be an active participant if you are covered by one or more of the following employer-sponsored retirement plans.

1. Qualified pension, profit sharing, 401(k), or stock bonus plan
2. Qualified annuity plan of an employer
3. Simplified employee pension (SEP) plan
4. Retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under IRC Sec. 457)
5. Tax-sheltered annuity for employees of certain tax-exempt organizations or public schools
6. Plan meeting the requirements of IRC Sec. 501(c)(18)

7. Savings incentive match plan for employees of small employers (SIMPLE) IRA plan or a SIMPLE 401(k) plan

If you do not know whether your employer maintains one of these plans or whether you are an active participant in a plan, check with your employer or your tax advisor. Also, the IRS Form W-2, *Wage and Tax Statement*, that you receive at the end of the year from your employer will indicate whether you are an active participant.

If you are an active participant, are single, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows. (1) Begin with the appropriate phase-out range maximum for the applicable year (specified below) and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$66,000 in 2020, your maximum deductible contribution is \$5,400 (the 2020 phase-out range maximum of \$75,000 minus your MAGI of \$66,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000, and

multiplied by the contribution limit of \$6,000).

If you are an active participant, are married to an active participant and you file a joint income tax return, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows. (1) Begin with the appropriate phase-out maximum for the applicable year (specified below) and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$107,000 in 2020, your maximum deductible contribution is \$5,100 (the 2020 phase-out maximum of \$124,000 minus your MAGI of \$107,000, divided by the difference between the maximum and minimum phase-out limits of \$20,000, and multiplied by the contribution limit of \$6,000).

If you are an active participant, are married and you file a separate income tax return, your MAGI phase-out range is generally \$0–\$10,000. However, if you lived apart for the entire tax year, you are treated as a single filer.

Tax Year	Joint Filers	Single Taxpayers
	Phase-Out-Range	Phase-Out-Range
	(Minimum) (Maximum)	(Minimum) (Maximum)
2013	\$95,000–115,000	\$59,000–69,000
2014	\$96,000–116,000	\$60,000–70,000
2015	\$98,000–118,000	\$61,000–71,000
2016	\$98,000–118,000	\$61,000–71,000
2017	\$99,000–119,000	\$62,000–72,000
2018	\$101,000–121,000	\$63,000–73,000
2019	\$103,000–123,000	\$64,000–74,000
2020	\$104,000–124,000	\$65,000–75,000

\*MAGI limits are subject to cost-of-living adjustments each year.

The MAGI phase-out range for an individual that is not an active participant, but is married to an active participant, is \$193,000–\$203,000 (for 2019) and \$196,000–\$206,000 (for 2020). This limit is also subject to cost-of-living increases for tax years after 2020. If you are not an active participant in an employer- sponsored retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phase-out range for the year, your maximum deductible contribution is determined as follows. (1) Begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

You must round the resulting deduction to the next highest \$10 if the number is not a multiple of 10. If your resulting deduction is between \$0 and \$200, you may round up to \$200.

**B. Contribution Deadline** – The deadline for making an IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner

acceptable to us. For example, if you are a calendar-year taxpayer and you make your IRA contribution on or before your tax filing deadline, your contribution is considered to have been made for the previous tax year if you designate it as such.

If you are a member of the Armed Forces serving in a combat zone, hazardous duty area, or contingency operation, you may have an extended contribution deadline of 180 days after the last day served in the area. In addition, your contribution deadline for a particular tax year is also extended by the number of days that remained to file that year's tax return as of the date you entered the combat zone. This additional extension to make your IRA contribution cannot exceed the number of days between January 1 and your tax filing deadline, not including extensions.

**C. Tax Credit for Contributions** – You may be eligible to receive a tax credit for your Traditional IRA contributions. This credit will be allowed in addition to any tax deduction that may apply, and may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are

- age 18 or older as of the close of the taxable year,
- not a dependent of another taxpayer, and
- not a full-time student.

The credit is based upon your income (see chart below), and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your Traditional IRA and reduce these contributions by any distributions that you have taken

during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2,000.

2019 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1–38,500	\$1–28,875	\$1–19,250	50
\$38,501–41,500	\$28,876–31,125	\$19,251–20,750	20
\$41,501–64,000	\$31,126–48,000	\$20,751–32,000	10
Over \$64,000	Over \$48,000	Over \$32,000	0

2020 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1–39,000	\$1–29,250	\$1–19,500	50
\$39,001–42,500	\$29,251–31,875	\$19,501–21,250	20
\$42,501–65,000	\$31,876–48,750	\$21,251–32,500	10
Over \$65,000	Over \$48,750	Over \$32,500	0

\*Adjusted gross income (AGI) includes foreign earned income and income from Guam, America Samoa, North Mariana Islands, and Puerto Rico. AGI limits are subject to cost-of-living adjustments each year.

D. **Excess Contributions** – An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute. If the excess is not corrected timely, an additional penalty tax of six percent will be imposed upon the excess amount. The procedure for correcting an excess is determined by the timeliness of the correction as identified below.

1. **Removal Before Your Tax Filing Deadline.** An excess contribution may be corrected by withdrawing the excess amount, along with the earnings attributable to the excess, before your tax filing deadline, including extensions, for the year for which the excess contribution was made. An excess withdrawn under this method is not taxable to you, but you must include the earnings attributable to the excess in your taxable income in the year in which the contribution was made. The six percent excess contribution penalty tax will be avoided.

2. **Removal After Your Tax Filing Deadline.** If you are correcting an excess contribution after your tax filing deadline, including extensions, remove only the amount of the excess contribution. The six percent excess contribution penalty tax will be imposed on the excess contribution for each year it remains in the IRA. An excess withdrawal under this method will only be taxable to you if the total contributions made in the year of the excess exceed the annual applicable contribution limit.

3. **Carry Forward to a Subsequent Year.** If you do not withdraw the excess contribution, you may carry forward the contribution for a subsequent tax year. To do so, you under-contribute for that tax year and carry the excess contribution amount forward to that year on your tax return. The six percent excess contribution penalty tax will be imposed on the excess amount for each year that it remains as an excess contribution at the end of the year.

You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

E. **Tax-Deferred Earnings** – The investment earnings of your IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

F. **Nondeductible Contributions** – You may make nondeductible

contributions to your IRA to the extent that deductible contributions are not allowed. The sum of your deductible and nondeductible IRA contributions cannot exceed your contribution limit (the lesser of the allowable contribution limit described previously, or 100 percent of compensation). You may elect to treat deductible IRA contributions as nondeductible contributions.

If you make nondeductible contributions for a particular tax year, you must report the amount of the nondeductible contribution along with your income tax return using IRS Form 8606. Failure to file IRS Form 8606 will result in a \$50 per failure penalty.

If you overstate the amount of designated nondeductible contributions for any taxable year, you are subject to a \$100 penalty unless reasonable cause for the overstatement can be shown.

G. **Taxation of Distributions** – The taxation of IRA distributions depends on whether or not you have ever made nondeductible IRA contributions. If you have only made deductible contributions, all IRA distribution amounts will be included in income.

If you have ever made nondeductible contributions to any IRA, the following formula must be used to determine the amount of any IRA distribution excluded from income.

$$\frac{\text{(Aggregate Nondeductible Contributions)} \times \text{(Amount Withdrawn)}}{\text{Aggregate IRA Balance}} = \text{Amount Excluded From Income}$$

**NOTE:** Aggregate nondeductible contributions include all nondeductible contributions made by you through the end of the year of the distribution that have not previously been withdrawn and excluded from income. Also note that the aggregate IRA balance includes the total balance of all of your Traditional and SIMPLE IRAs as of the end of the year of distribution and any distributions occurring during the year.

H. **Income Tax Withholding** – Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.



I. **Early Distribution Penalty Tax** – If you receive an IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent will apply to the taxable amount of the distribution unless one of the following exceptions apply. **1) Death.** After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax. **2) Disability.** If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration. **3) Substantially equal periodic payments.** You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½. **4) Unreimbursed medical expenses.** If you take payments to pay for unreimbursed medical expenses that exceed a specified percentage of your adjusted gross income, you will not be subject to the 10 percent early distribution penalty tax. For further detailed information and effective dates you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS. The medical expenses may be for you, your spouse, or any dependent listed on your tax return. **5) Health insurance premiums.** If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax. **6) Higher education expenses.** Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax. **7) First-time homebuyer.** You may take payments from your IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of \$10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution. **8) IRS levy.** Payments from your IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax. **9) Qualified reservist distributions.** If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your IRA during the active duty period are not subject to the 10 percent early distribution penalty tax. **10) Qualified birth or adoption.** Payments from your IRA for the birth of your child or the adoption of an eligible adoptee will not be subject to the 10 percent early distribution penalty tax if the distribution is taken during the one-year period beginning on the date of birth of your child or the date on which your legal adoption of an eligible adoptee is finalized. An eligible adoptee means any individual (other than your spouse's child) who has not attained age 18 or is physically or mentally incapable of self-support. The aggregate amount you may take for this reason may not exceed \$5,000 for each birth or adoption.

You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes or to claim a penalty tax exception.

J. **Rollovers and Conversions** – Your IRA may be rolled over to another IRA, SIMPLE IRA, or an eligible employer-sponsored retirement plan of yours, may receive rollover contributions, or may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a movement of cash or other property to your IRA from another IRA, or from your employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan. The amount rolled over is not subject to taxation or the additional 10 percent early distribution penalty tax. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion generally is a taxable event. The general rollover and conversion rules are summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

1. **Traditional IRA-to-Traditional IRA Rollovers.** Assets distributed from

your Traditional IRA may be rolled over to the same Traditional IRA or another Traditional IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper IRA-to-IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

2. **SIMPLE IRA-to-Traditional IRA Rollovers.** Assets distributed from your SIMPLE IRA may be rolled over to your Traditional IRA without IRS penalty tax provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA-to-Traditional IRA rollovers, the requirements of IRC Sec. 408(d)(3) must be met. A proper SIMPLE IRA-to-IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received.

You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

3. **Employer-Sponsored Retirement Plan-to-Traditional IRA Rollovers.** You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan unless it is a required minimum distribution, hardship distribution, part of a certain series of substantially equal periodic payments, corrective distributions of excess contributions, excess deferrals, excess annual additions and any income allocable to the excess, deemed loan distribution, dividends on employer securities, the cost of life insurance coverage, or a distribution of Roth elective deferrals from a 401(k), 403(b), governmental 457(b), or federal Thrift Savings Plan.

If you elect to receive your rollover distribution prior to placing it in an IRA, thereby conducting an indirect rollover, your plan administrator generally will be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up out of pocket the amount withheld, and roll over the full amount distributed from your employer-sponsored retirement plan. To qualify as a rollover, your eligible rollover distribution generally must be rolled over to your IRA not later than 60 days after you receive the distribution. In the case of a plan loan offset due to plan termination or severance from employment, the deadline for completing the rollover is your tax return due date (including extensions) for the year in which the offset occurs. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax, and if you are under age 59½, the 10 percent early distribution penalty tax (unless an exception to the penalty applies).

As an alternative to the indirect rollover, your employer generally must give you the option to directly roll over your employer-sponsored retirement plan balance to an IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the IRA (or other eligible employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.



4. **Beneficiary Rollovers From Employer-Sponsored Retirement Plans.** If you are a spouse or nonspouse beneficiary of a deceased employer-sponsored retirement plan participant, or the trustee of an eligible type of trust named as beneficiary of such participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan to an inherited IRA, as permitted by the IRS. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.

5. **Traditional IRA-to-SIMPLE IRA Rollovers.** Assets distributed from your Traditional IRA may be rolled over to a SIMPLE IRA if the requirements of IRC Sec. 408(d)(3) are met and two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. A proper Traditional IRA-to-SIMPLE IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

6. **Traditional IRA-to-Employer-Sponsored Retirement Plan Rollovers.** You may roll over, directly or indirectly, any taxable eligible rollover distribution from an IRA to your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan as long as the employer-sponsored retirement plan accepts such rollover contributions.

7. **Traditional IRA-to-Roth IRA Conversions.** If you convert to a Roth IRA, the amount of the conversion from your Traditional IRA to your Roth IRA will be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty tax. If you are required to take a required minimum distribution for the year, you must remove your required minimum distribution before converting your Traditional IRA.

8. **Qualified HSA Funding Distribution.** If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free qualified HSA funding distribution from your IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*.

9. **Rollovers of Settlement Payments From Bankrupt Airlines.** If you are a qualified airline employee who has received a qualified airline settlement payment from a commercial airline carrier under the approval of an order of a federal bankruptcy court, you are allowed to roll over up to 90 percent of the proceeds into your Traditional IRA within 180 days after receipt of such amount, or by a later date if extended by federal law. If you make such a rollover contribution, you may exclude the amount rolled over from your gross income in the taxable year in which the airline settlement payment was paid to you. For further detailed information and effective dates you may obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

10. **Rollovers of Exxon Valdez Settlement Payments.** If you receive a

qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to \$100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at [www.irs.gov](http://www.irs.gov).

11. **Rollover of IRS Levy.** If you receive a refund of eligible retirement plan assets that had been wrongfully levied, you may roll over the amount returned up until your tax return due date (not including extensions) for the year in which the money was returned.

12. **Repayment of Qualified Birth or Adoption Distribution.** If you have taken a qualified birth or adoption distribution, you may generally repay all or a portion of the aggregate amount of such distribution to an IRA, as permitted by the IRS. For further information, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, by visiting [www.irs.gov](http://www.irs.gov) on the Internet.

13. **Written Election.** At the time you make a rollover to an IRA, you must designate in writing to the custodian your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

K. **Transfer Due to Divorce** – If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another.

L. **Recharacterizations** – If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year for which the original contribution was made. You may not recharacterize a Roth IRA conversion.

## LIMITATIONS AND RESTRICTIONS

A. **SEP Plans** – Under a simplified employee pension (SEP) plan that meets the requirements of IRC Sec. 408(k), your employer may make contributions to your IRA. Your employer is required to provide you with information that describes the terms of your employer's SEP plan.

B. **Spousal IRA** – For contributions made for tax years beginning before 2020, if you are married and have compensation, you may contribute to an IRA established for the benefit of your spouse for any year prior to the year your spouse turns age 70½, regardless of whether or not your spouse has compensation. For contributions made for 2020 and later tax years, you may contribute to an IRA established for the benefit of your spouse regardless of your spouse's age, if you are married and have compensation. You may make these spousal contributions even if you are age 70½ or older. You must file a joint income tax return for the year for which the contribution is made.

The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100 percent of your combined eligible compensation or \$12,000 for 2019 and 2020. This amount may be increased with cost-of-living adjustments each year. However, you may not contribute more than the individual contribution limit to each IRA.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's IRA. The maximum additional contribution is \$1,000 per year.

C. **Deduction of Rollovers and Transfers** – A deduction is not allowed for rollover or transfer contributions.

D. **Gift Tax** – Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.

E. **Special Tax Treatment** – Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to IRA distributions.

F. **Prohibited Transactions** – If you or your beneficiary engage in a prohibited transaction with your IRA, as described in IRC Sec. 4975, your IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your IRA. (1) Taking a loan from your IRA (2) Buying property for personal use (present or future) with IRA assets (3) Receiving certain bonuses or premiums because of your IRA.

G. **Pledging** – If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

## OTHER

A. **IRS Plan Approval** – Articles I through VII of the agreement used to establish this IRA have been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

B. **Additional Information** – For further information on IRAs, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, or Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, by calling 800-TAX-FORM, or by visiting [www.irs.gov](http://www.irs.gov) on the Internet.

C. **Important Information About Procedures for Opening a New Account** – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account.

Therefore, when you open an IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

D. **Qualified Reservist Distributions** – If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your IRA or retirement plan, you may recontribute those amounts to an IRA generally within a two-year period from your date of return.

E. **Qualified Charitable Distributions** – If you are age 70½ or older, you may be eligible to take tax-free IRA distributions of up to \$100,000 per year and have these distributions paid directly to certain charitable organizations. Special tax rules may apply. For further detailed information you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

F. **Disaster Related Relief** – If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, certain disasters designated by Congress), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your IRA. Qualified disaster relief may include penalty-tax free early distributions made during specified timeframes for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more. For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related IRA transactions, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement*

*Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

G. **Coronavirus-Related Distributions (CRDs)** – If you qualify, you may withdraw up to \$100,000 in aggregate from your IRAs and eligible retirement plans as a CRD, without paying the 10 percent early distribution penalty tax. You are a qualified individual if you (or your spouse or dependent) is diagnosed with the COVID-19 disease or the SARS-CoV-2 virus in an approved test; or if you have experienced adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reduced hours of a business owned or operated by you due to such virus or disease, or other factors as determined by the IRS. A CRD must be made on or after January 1, 2020, and before December 31, 2020.

CRDs will be taxed ratably over a three-year period, unless you elect otherwise, and may be repaid over three years beginning with the day following the day a CRD is made. Repayments may be made to an eligible retirement plan or IRA.

An eligible retirement plan is defined as a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or an IRA.

# IRA

## FINANCIAL DISCLOSURE

The term IRA will be used below to mean Traditional SEP IRA, Roth IRA, and SIMPLE IRA, unless otherwise specified.

### Growth Cannot Be Projected

The value of your IRA will be dependent solely upon the performance of any investment instrument used to fund your IRA. Therefore, no projection of the growth of your IRA can reasonably be shown or guaranteed.

Terms and conditions of the IRA that affect your investment are listed below.

### INVESTMENT OPTIONS

You may direct the investment of your funds within this IRA into any investment instrument offered by or through the Custodian. The Custodian will not exercise any investment discretion regarding your IRA, as this is solely your responsibility.

### FEES

There are certain fees and charges connected with your IRA investments. These fees and charges may include the following.

- Activation/Set-up Fee
- Annual Maintenance Fees
- Concierge Fee
- Distribution Fees
- Special Transactional Fees
- Termination Fees

To find out what fees apply, refer to the current fee schedule/Platinum/Diamond Contract.

There may be certain fees and charges connected with the IRA itself. *(Select and complete as applicable.)*

Annual Service Fee – See current fee schedule

Transfer Fee – \$125 partial/\$695 full

Rollover/Conversion Fee – \$75 plus \$125 per asset

Termination Fee – \$695

Specialized Black – \$425

We reserve the right to change any of the above fees after notice to you, as provided in your IRA agreement.

### EARNINGS

The method for computing and allocating annual earnings (e.g., interest, dividends) on your IRA will differ based on the nature and issuer of the investments chosen. Refer to the investment prospectus or contract for the methods used for computing and allocating annual earnings. For your chosen investment asset.

### OTHER

Other terms or conditions that apply to your IRA include the following.

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**SPECIALIZED**  
TRUST COMPANY

## **PRIVACY POLICY**

Specialized Trust Company is committed to maintaining the privacy and security of your personal information. During the application and investments processes, we collect personal information, including, but not necessarily limited to, name, address, phone numbers, email addresses, Social Security number, birth date and, at times, credit card information. We will also ask for similar information about beneficiaries to assist us in locating them in the future should the need arise. Please know that this information is collected only for our internal reference and will not be disseminated except as required by law or as discussed below.

## **INFORMATION WE COLLECT**

The information we collect will be used in our processing operations to establish your account and to carry forward your investment directions. It is also used in our statutory reporting obligations, which include responding to requests for information from governmental and quasi-governmental agencies and to insure proper billing of our services to you. We will, from time to time, use the information to provide you with marketing and promotional material and to deliver to you correspondence we have received concerning your account or assets held within your account. It will also be used to answer questions that you may have concerning your account or the assets held within your account.

## **USING INFORMATION**

In addition to the uses described above, we use information for purposes as allowed by law such as: servicing; communicating with you; improving our website, products, or services; legal compliance; risk control; information security; anti-fraud purposes; marketing or personalizing the presentation of our products and services to you; tracking website usage, such as number of hits, pages visited, and the length of user sessions in order to evaluate the usefulness of our sites; and using read-receipt notifications in our email communications.

## **INFORMATION GATHERED ONLINE**

In addition to the above, when you access our website, information concerning you and your computer are collected. Our servers automatically collect this data. We collect and track data that tells us who visits our website, which pages on the site they visit, how long they stay on the site, their geographic location and what equipment, Internet provider and browser were used to access the site.

## **USE OF CLIENT INFORMATION**

Please know that Specialized Trust Company reserves the right to disseminate information derived from the aggregation of the information it collects. An example of this would be to include in a report or marketing piece the total number of accounts held or the average age of our account holders. In these instances, no account holder will be identifiable nor will specific personal information be used. At any time, you may request, in writing, a summary of the personal information Specialized Trust Company maintains about you. You may also request, in writing, that your information be modified, corrected or removed. Your use and continued use of our website constitutes your acceptance of this Privacy Policy and any changes made to it by us.



## USE OF ONLINE COOKIES

The Specialized Trust Company website uses “cookies.” The use of cookies is common on the Web. Cookies, among other things, make web use more efficient by saving user preferences and other information that makes accessing and re-accessing websites easier. While we reserve the right to use cookies on our website and your browser may default to accepting cookies, you can reconfigure the browser to either not accept cookies or to inform you that a cookie is being sent and give you the option to accept or reject it.

This Privacy Policy applies only to Specialized Trust Company and its website. While this site may contain links to other sites, Specialized Trust Company is not responsible for the privacy practices or the content of those sites.

## CLIENT INFORMATION PROTECTION

Specialized Trust Company adheres to all applicable legal standards and utilizes state-of-the-art technology to ensure the security of your personal information. Except as stated in this Policy, Specialized Trust Company will not disseminate your personal information to anyone not affiliated with the company except as authorized by you or as permitted or required by law.

## ADDITIONAL TECHNOLOGIES

We may also use additional technologies such as pixel tags, web beacons, and clear GIFs, and may permit our third party service providers to use these technologies. We use these technologies for purposes such as measuring the effectiveness of our advertisements or other communications, determining viewing and response rates, and determining which offers to present to you on our own or on third party sites.

## SHARING

We may share information with service providers with whom we work, such as data processors and companies that help us market products and services to you. When permitted or required by law, we may share information with additional third parties for purposes including response to legal process.

## POLICY CHANGES

As required by federal law and regulation Specialized Trust Company will notify you of our privacy policy annually. Specialized Trust Company reserves the right to modify its Privacy Policy and related procedures at any time in accordance with applicable federal and state laws. You will be notified of any such changes.