



# SIMPLE 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 ☐ Concierge Activation (recommended)  
☐ Specialized Black ☐ Standard Activation

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

\* Standard Activation is the default if no election is made  
\* Standard Fee Schedule is the default if no election is made

**Total Fees Due \$** \_\_\_\_\_

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

## PART 3. EMPLOYER INFORMATION

Complete the employer information below unless this is a transfer SIMPLE IRA.

Employer Name \_\_\_\_\_ Address \_\_\_\_\_  
Phone \_\_\_\_\_ City/State/ZIP \_\_\_\_\_

☐ This is an amendment to an existing SIMPLE IRA.  
☐ This is a transfer SIMPLE IRA.

## 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 TYPE Select one

- ☐ **1. SIMPLE Contribution** Includes salary deferral and employer contributions
- ☐ **2. Rollover Distribution from a SIMPLE IRA that is being deposited into this SIMPLE IRA**  
By selecting this transaction, I irrevocably designate this contribution as a rollover.
- ☐ **3. Transfer Direct movement of assets from a SIMPLE IRA into this SIMPLE IRA**  
By selecting this transaction, I irrevocably designate this contribution as a conversion.

### 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 roll over or transfer of assets removed last year. Date of Removal \_\_\_\_\_
- ☐ This is a transfer from my deceased spouse's SIMPLE IRA and the assets were removed from the SIMPLE IRA in any year after death.  
The value of my portion of my deceased spouse's SIMPLE IRA on December 31 of last year \_\_\_\_\_.

Contribution Amount \_\_\_\_\_  
Contribution Date \_\_\_\_\_  
Contribution is for Year \_\_\_\_\_

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

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

**PART 5. 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)forfees to establish the IRA account. Not limited to but including Activation Fee, Annual Fee and any special servicefee.*

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 6. 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 \_\_\_\_\_ Name \_\_\_\_\_

Address \_\_\_\_\_ Address \_\_\_\_\_

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

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

TaxID(SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_ TaxID(SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

Name \_\_\_\_\_ Name \_\_\_\_\_

Address \_\_\_\_\_ Address \_\_\_\_\_

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

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

TaxID(SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_ TaxID(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 \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

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

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

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

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

TaxID(SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

TaxID(SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

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

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

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

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

TaxID(SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

TaxID(SSN/TIN) \_\_\_\_\_ Percent Designated \_\_\_\_\_

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

## 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 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 Traditional 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 Traditional IRA, I have been advised to see a tax professional. I assume responsibility for any adverse consequences that may result. 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.*

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

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

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

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

## PART 8. 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.

### OPTIONAL: HOW DID YOU HEAR ABOUT US?

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

## PART 9. SIGNATURES

**Important:** *Please read before signing.*

I understand the eligibility requirements for the type of SIMPLE IRA Contribution/Rollover deposit I am making, and I state that I do qualify to make the deposit. I have received a copy of the SIMPLE IRA Application, 5305-SA Custodial Account Agreement, the Financial Disclosure, and the Disclosure Statement. I understand that the terms and conditions that apply to this SIMPLE 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 SIMPLE IRA I may revoke it without penalty by mailing delivering a written notice to the custodian. I assume complete responsibility for:

- Determining that I am eligible for a SIMPLE IRA each year I make a contributions/rollovers
- Ensuring that all contributions/rollovers I make are within the limits set forth by the tax laws, and
- The tax consequences of any contributions/rollovers and distributions (including rollover contributions and conversions).

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

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

\_\_\_\_\_  
Signature of Account Holder

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

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

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

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

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

# About the SIMPLE IRA Plan

## What is a SIMPLE IRA Plan?

A savings incentive match plan for employees of small employers individual retirement arrangement (SIMPLE IRA) is a type of retirement plan which allows you, the employer, to provide an important benefit to the employees of your business (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 a SIMPLE IRA plan are deposited into your employees’ SIMPLE IRAs.

## What are the benefits of a SIMPLE IRA plan?

SIMPLE IRA plan contributions you make to your own SIMPLE IRA and your employees’ SIMPLE IRAs are tax deductible to you, the employer. Because SIMPLE IRA plan contributions are made to a SIMPLE IRA, all earnings are tax-deferred, meaning the earnings are not taxed until they are withdrawn from the SIMPLE IRA. In addition, a SIMPLE IRA plan helps you attract and retain quality employees while you help meet the increasing need for financial security at retirement.

## Must I contribute each year?

Each employee can specify the percentage of pay he or she wants you to withhold and contribute to the plan. The maximum amount which participants may defer each year is limited to \$16,500 for 2025 (after 2025 this amount is subject to cost-of-living adjustments). If an eligible employee is age 50 or older before the end of the calendar year, the above limitation is increased to \$20,000 for 2025 (after 2025 this amount is subject to cost-of-living adjustments). You may choose to increase the catch-up contribution limit for participants age 60, 61, 62, or 63 during the year to the greater of \$5,000 or 150 percent of the otherwise applicable 2025 catch-up contribution limit. If you are a business with no more than 25 employees who received at least \$5,000 in Compensation from you in the previous calendar year, each participant may defer up to 110 percent of the 2024 elective deferral limits. In addition, you must make either matching contributions, generally equal to the amount of each participant’s elective deferrals up to three percent of his or her Compensation, or nonelective contributions equal to two percent of each participant’s Compensation.

All contributions made under the plan must be directly deposited into each eligible employee’s SIMPLE IRA at the financial institution you have designated.

## When are contributions due?

You have until the due date for filing your business’s tax return (plus extensions) to make matching and nonelective contributions under your SIMPLE IRA plan.

## Must I include all employees?

Not all employees have to be covered under the SIMPLE IRA plan. At your option, you can exclude employees who have not earned at least \$5,000 during any two preceding years and are not expected to earn at least \$5,000 during the current year. In addition, you may exclude certain union members.

## When are distributions available?

Once SIMPLE IRA plan contributions are made, the general IRA rules generally apply. For example, all earnings are tax-sheltered until they are withdrawn from the SIMPLE IRA and required minimum distributions must begin by April 1 of the year following the year the SIMPLE IRA owner reaches age 73. And for Roth SIMPLE IRAs, the Roth IRA distribution rules apply.

## Employee communications

If you have employees, provide each eligible employee with a completed copy of the Participation Notice and Summary Description provided in this kit. You must provide this notice prior to the employees’ initial 60 day election period (alternatively, you may provide employees with the IRS Model Notification to Eligible Employees and a copy of the Form 5305-SIMPLE to satisfy the initial notice requirements). In addition, each year you must provide employees certain plan information prior to the election period. Consult with your Designated Financial Institution for information regarding the method for delivering the Annual Summary Descriptions.

Make sure all participating employees have established SIMPLE IRAs at the Designated Financial Institution. If the plan allows for Roth SIMPLE contributions, participating employees may also need to establish a Roth SIMPLE IRA at the Designated Financial Institution.

Have all eligible employees complete and sign Salary Reduction Agreements (or the IRS Model Salary Reduction Agreement) and Pre-tax/Roth SIMPLE IRA Matching or Nonelective Contribution Election Form, as applicable. You may reproduce the Salary Reduction Agreement in this kit to set up your employees’ elections.

## Summary

You should consult with your legal and tax advisors for guidance in determining whether this SIMPLE IRA plan is the right option for your business and, if so, in selecting the plan features which best suit your business’ needs. Once you are ready to adopt the plan, refer to the enclosed instructions for completing these documents and properly establishing your plan.

# SIMPLE IRA Plan Adoption Instructions

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

## STEPS TO FOLLOW:

Step 1. Complete the "Employers Eligibility Checklist" below.

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

**YES**

**NO**

☐☐

1. Do you own or control a business from which your personal services are an income producing factor? *If the answer is NO, STOP. You are not eligible to establish this plan. If the answer to Question 1 is YES, go to Question 2.*

☐☐

2. Do you have more than 100 employees who received at least \$5,000 of compensation from you in the previous calendar year? *If the answer is YES, STOP. You are not eligible to establish this plan. If the answer to Question 2 is NO, go to Question 3.*

☐☐

3. Have you maintained any other qualified plan during the current calendar year in which contributions were made or benefits were accrued? *If the answer is YES, STOP. You are not eligible to establish this plan.*

***If you have properly answered all of the preceding questions, go on to Step 2.***

Step 2. Complete and sign the Form 5305-SIMPLE (see page 3).

Step 3. If you have employees, complete the "Employee Eligibility Checklist" below.

The following questions are designed to help you, the employer, along with your legal or tax advisor, identify the employees which are eligible to participate in your SIMPLE IRA plan. Answer the following questions:

**YES**

**NO**

☐☐

1. Is your business a member of a controlled group of corporations, businesses, or trades (whether or not incorporated) within the meaning of IRC Section 414(b) or 414(c)?

☐☐

2. Is the business a member of an affiliated service group within the meaning of IRC Section 414(n)?

☐☐

3. Does the business use the services of leased employees within the meaning of IRC Section 414(n)?

***If you answered any of the above questions 1 through 3 YES, you may have to include the leased employees and/or employees of the other business(es) in the plan. Consult your tax advisor to determine what additional action, if any, you must take.***

Step 4. If you have employees, complete the Participation Notice and Summary Description (see page 12) and provide a copy to each employee immediately before his or her election period begins.

Step 5. Make sure all eligible employees have established SIMPLE IRAs with the Designated Financial Organization.

Step 6. Have all eligible employees complete a Salary Reduction Agreement (see page 15) and Pre-Tax/Roth SIMPLE IRA Matching or Nonelective Contribution Election Form, if applicable (see page 17).

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

## Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)— for Use With a Designated Financial Institution

Form **5305-SIMPLE**

(Rev. March 2012)  
Department of the Treasury  
Internal Revenue Service

OMB No. 1545-1502

**Do not file**  
with the Internal  
Revenue Service

\_\_\_\_\_ establishes the following SIMPLE IRA plan under section 408(p) of the Internal Revenue Code  
(Name of Employer)  
and pursuant to the instructions contained in this form.

### Article I – Employee Eligibility Requirements *(complete applicable box(es) and blanks—see instructions)*

- 1 General Eligibility Requirements.** The Employer agrees to permit salary reduction contributions to be made in each calendar year to the SIMPLE individual retirement account or annuity established at the designated financial institution (SIMPLE IRA) for each employee who meets the following requirements (select either 1a or 1b):
- a** ☐ **Full Eligibility.** All employees are eligible.
- b** ☐ **Limited Eligibility.** Eligibility is limited to employees who are described in both (i) and (ii) below:
- (i) Current compensation.** Employees who are reasonably expected to receive at least \$ \_\_\_\_\_ in compensation (not to exceed \$5,000) for the calendar year.
- (ii) Prior compensation.** Employees who have received at least \$ \_\_\_\_\_ in compensation (not to exceed \$5,000) during any \_\_\_\_\_ calendar year(s) (insert 0, 1, or 2) preceding the calendar year.
- 2 Excludable Employees**
- ☐ The Employer elects to exclude employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining. **Note:** *This box is deemed checked if the Employer maintains a qualified plan covering only such employees.*

### Article II – Salary Reduction Agreements *(complete the box and blank, if applicable—see instructions)*

- 1 Salary Reduction Election.** An eligible employee may make an election to have his or her compensation for each pay period reduced. The total amount of the reduction in the employee's compensation for a calendar year cannot exceed the applicable amount for that year. See instructions.
- 2 Timing of Salary Reduction Elections**
- a** For a calendar year, an eligible employee may make or modify a salary reduction election during the 60-day period immediately preceding January 1 of that year. However, for the year in which the employee becomes eligible to make salary reduction contributions, the period during which the employee may make or modify the election is a 60-day period that includes either the date the employee becomes eligible or the day before.
- b** In addition to the election periods in 2a, eligible employees may make salary reduction elections or modify prior elections \_\_\_\_\_. If the Employer chooses this option, insert a period or periods (e.g., semi-annually, quarterly, monthly, or daily) that will apply uniformly to all eligible employees.
- c** No salary reduction election may apply to compensation that an employee received, or had a right to immediately receive, before execution of the salary reduction election.
- d** An employee may terminate a salary reduction election at any time during the calendar year. ☐ If this box is checked, an employee who terminates a salary reduction election not in accordance with 2b may not resume salary reduction contributions during the calendar year.

### Article III – Contributions *(complete the blank, if applicable—see instructions)*

- 1 Salary Reduction Contributions.** The amount by which the employee agrees to reduce his or her compensation will be contributed by the Employer to the employee's SIMPLE IRA.
- 2 a Matching Contributions**
- (i)** For each calendar year, the Employer will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year.
- (ii)** The Employer may reduce the 3% limit for the calendar year in (i) only if:
- (1)** The limit is not reduced below 1%; **(2)** The limit is not reduced for more than 2 calendar years during the 5-year period ending with the calendar year the reduction is effective; and **(3)** Each employee is notified of the reduced limit within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, item 2a).
- b Nonelective Contributions**
- (i)** For any calendar year, instead of making matching contributions, the Employer may make nonelective contributions equal to 2% of compensation for the calendar year to the SIMPLE IRA of each eligible employee who has at least \$ \_\_\_\_\_, (not more than \$5,000) in compensation for the calendar year. No more than \$250,000\* in compensation can be taken into account in determining the nonelective contribution for each eligible employee.
- (ii)** For any calendar year, the Employer may make 2% nonelective contributions instead of matching contributions only if:
- (1)** Each eligible employee is notified that a 2% nonelective contribution will be made instead of a matching contribution; and **(2)** This notification is provided within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, item 2a).
- 3 Time and Manner of Contributions**
- a** The Employer will make the salary reduction contributions (described in 1 above) to the designated financial institution for the IRAs established under this SIMPLE IRA plan no later than 30 days after the end of the month in which the money is withheld from the employee's pay. See instructions.
- b** The Employer will make the matching or nonelective contributions (described in 2a and 2b above) to the designated financial institution for the IRAs established under this SIMPLE IRA plan no later than the due date for filing the Employer's tax return, including extensions, for the taxable year that includes the last day of the calendar year for which the contributions are made.

\* This is the amount for 2012. For later years, the limit may be increased for cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS's website at [irs.gov](http://irs.gov).

## Article IV – Other Requirements and Provisions

- 1 Contributions in General.** The Employer will make no contributions to the SIMPLE IRAs other than salary reduction contributions (described in Article III, item 1) and matching or nonelective contributions (described in Article III, items 2a and 2b).
- 2 Vesting Requirements.** All contributions made under this SIMPLE IRA plan are fully vested and nonforfeitable.
- 3 No Withdrawal Restrictions.** The Employer may not require the employee to retain any portion of the contributions in his or her SIMPLE IRA or otherwise impose any withdrawal restrictions.
- 4 No Cost Or Penalty For Transfers.** The Employer will not impose any cost or penalty on a participant for the transfer of the participant's SIMPLE IRA balance to another IRA.
- 5 Amendments To This SIMPLE IRA Plan.** This SIMPLE IRA plan may not be amended except to modify the entries inserted in the blanks or boxes provided in Articles I, II, III, VI, and VII.
- 6 Effects Of Withdrawals and Rollovers**
  - a** An amount withdrawn from the SIMPLE IRA is generally includible in gross income. However, a SIMPLE IRA balance may be rolled over or transferred on a tax-free basis to another IRA designed solely to hold funds under a SIMPLE IRA plan. In addition, an individual may roll over or transfer his or her SIMPLE IRA balance to any IRA or eligible retirement plan after a 2-year period has expired since the individual first participated in any SIMPLE IRA plan of the Employer. Any rollover or transfer must comply with the requirements of section 408.
  - b** If an individual withdraws an amount from a SIMPLE IRA during the 2-year period beginning when the individual first participated in any SIMPLE IRA plan of the Employer and the amount is subject to the additional tax on early distributions under section 72(t), this additional tax is increased from 10% to 25%.

## Article V – Definitions

- 1 Compensation**
  - a General Definition of Compensation.** Compensation means the sum of wages, tips, and other compensation from the Employer subject to federal income tax withholding (as described in section 6051(a)(3)), the amounts paid for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, and the employee's salary reduction contributions made under this plan, and, if applicable, elective deferrals under a section 401(k) plan, a SARSEP, or a section 403(b) annuity contract and compensation deferred under a section 457 plan required to be reported by the Employer on Form W-2 (as described in section 6051(a)(8)).
  - b Compensation for Self-Employed Individuals.** For self-employed individuals, compensation means the net earnings from self-employment determined under section 1402(a), without regard to section 1402(c)(6), prior to subtracting any contributions made pursuant to this plan on behalf of the individual.
- 2 Employee.** Employee means a common-law employee of the Employer. The term employee also includes a self-employed individual and a leased employee described in section 414(n) but does not include a nonresident alien who received no earned income from the Employer that constitutes income from sources within the United States.
- 3 Eligible Employee.** An eligible employee means an employee who satisfies the conditions in Article I, item 1 and is not excluded under Article I, item 2.
- 4 Designated Financial Institution.** A designated financial institution is a trustee, custodian, or insurance company (that issues annuity contracts) for the SIMPLE IRA plan that receives all contributions made pursuant to the SIMPLE IRA plan and deposits those contributions to the SIMPLE IRA of each eligible employee.

## Article VI – Procedures for Withdrawal and Transfers *(The designated financial institution will provide the instructions (to be attached or inserted in the space below) on the procedures for withdrawals of contributions by employees.)*

## Article VII – Effective Date

This SIMPLE IRA plan is effective \_\_\_\_\_. See instructions.

• • • • •

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

\_\_\_\_\_  
By: Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address of Employer

\_\_\_\_\_  
Name and title

The undersigned agrees to serve as designated financial institution, receiving all contributions made pursuant to this SIMPLE IRA plan and depositing those contributions to the SIMPLE IRA of each eligible employee as soon as practicable. Upon the request of any participant, the undersigned also agrees to transfer the participant's balance in a SIMPLE IRA established under this SIMPLE IRA plan to another IRA without cost or penalty to the participant.

\_\_\_\_\_  
Name of designated financial institution

\_\_\_\_\_  
By: Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address

\_\_\_\_\_  
Name and title

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## Model Notification to Eligible Employees

### I. Opportunity to Participate in the SIMPLE IRA Plan

You are eligible to make salary reduction contributions to the \_\_\_\_\_ SIMPLE IRA plan. This notice and the attached summary description provide you with information that you should consider before you decide whether to start, continue, or change your salary reduction agreement.

### II. Employer Contribution Election

For the \_\_\_\_\_ calendar year, the Employer elects to contribute to your SIMPLE IRA (*employer must select either (1), (2), or (3)*):

- ☐ (1) A matching contribution equal to your salary reduction contributions up to a limit of 3% of your compensation for the year;
- ☐ (2) A matching contribution equal to your salary reduction contributions up to a limit of \_\_\_\_\_% (*employer must insert a number from 1 to 3 and is subject to certain restrictions*) of your compensation for the year; or
- ☐ (3) A nonelective contribution equal to 2% of your compensation for the year (limited to compensation of \$250,000\*) if you are an employee who makes at least \$\_\_\_\_\_ (*employer must insert an amount that is \$5,000 or less*) in compensation for the year.

### III. Administrative Procedures

To start or change your salary reduction contributions, you must complete the salary reduction agreement and return it to \_\_\_\_\_ (*employer should designate a place or individual*) by \_\_\_\_\_ (*employer should insert a date that is not less than 60 days after notice is given*).

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## Model Salary Reduction Agreement

### I. Salary Reduction Election

Subject to the requirements of the SIMPLE IRA plan of \_\_\_\_\_ (*name of employer*) I authorize \_\_\_\_\_% or \$\_\_\_\_\_ (which equals \_\_\_\_\_% of my current rate of pay) to be withheld from my pay for each pay period and contributed to my SIMPLE IRA as a salary reduction contribution.

### II. Maximum Salary Reduction

I understand that the total amount of my salary reduction contributions in any calendar year cannot exceed the applicable amount for that year. See instructions.

### III. Date Salary Reduction Begins

I understand that my salary reduction contributions will start as soon as permitted under the SIMPLE IRA plan and as soon as administratively feasible or, if later, \_\_\_\_\_ (*Fill in the date you want the salary reduction contributions to begin. The date must be after you sign this agreement.*)

### IV. Duration of Election

This salary reduction agreement replaces any earlier agreement and will remain in effect as long as I remain an eligible employee under the SIMPLE IRA plan or until I provide my Employer with a request to end my salary reduction contributions or provide a new salary reduction agreement as permitted under this SIMPLE IRA plan.

\_\_\_\_\_  
Signature of employee

\_\_\_\_\_  
Date

\* This is the amount for 2012. For later years, the limit may be increased for cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS's website at [irs.gov](https://www.irs.gov).



## General Instructions

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

### Purpose of Form

Form 5305-SIMPLE is a model Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) plan document that an employer may use in combination with SIMPLE IRAs to establish a SIMPLE IRA plan described in section 408(p).

These instructions are designed to assist in the establishment and administration of the SIMPLE IRA plan. They are not intended to supersede any provision in the SIMPLE IRA plan.

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

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

**Note.** If you used the March 2002, August 2005, or September 2008 version of Form 5305-SIMPLE to establish a model Savings Incentive Match Plan, you are not required to use this version of the form.

## Instructions for the Employer

### Which Employers May Establish and Maintain a SIMPLE IRA Plan?

To establish and maintain a SIMPLE IRA plan, you must meet both of the following requirements:

1. Last calendar year, you had no more than 100 employees (including self-employed individuals) who earned \$5,000 or more in compensation from you during the year. If you have a SIMPLE IRA plan but later exceed this 100-employee limit, you will be treated as meeting the limit for the 2 years following the calendar year in which you last satisfied the limit.
2. You do not maintain during any part of the calendar year another qualified plan with respect to which contributions are made, or benefits are accrued, for service in the calendar year. For this purpose, a qualified plan (defined in section 219(g)(5)) includes a qualified pension plan, a profit-sharing plan, a stock bonus plan, a qualified annuity plan, a tax-sheltered annuity plan, and a simplified employee pension (SEP) plan. A qualified plan that only covers employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining is disregarded if these employees are excluded from participating in the SIMPLE IRA plan.

If the failure to continue to satisfy the 100-employee limit or the one-plan rule described in 1 or 2 above is due to an acquisition or similar transaction involving your business, special rules apply. Consult your tax advisor to find out if you can still maintain the plan after the transaction.

Certain related employers (trades or businesses under common control) must be treated as a single employer for purposes of the SIMPLE requirements.

These are:

- (1) a controlled group of corporations under section 414(b);
- (2) a partnership or sole proprietorship under common control under section 414(c); or
- (3) an affiliated service group under section 414(m). In addition, if you have leased employees required to be treated as your own employees under the rules of section 414(n), then you must count all such leased employees for the requirements listed above.

### What is a SIMPLE IRA Plan?

A SIMPLE IRA plan is a written arrangement that provides you and your employees with an easy way to make contributions to provide retirement income for your employees. Under a SIMPLE IRA plan, employees may choose whether to make salary reduction contributions to the SIMPLE IRA plan rather than receiving these amounts as part of their regular compensation. In addition, you will contribute matching or nonelective contributions on behalf of eligible employees (see *Employee Eligibility Requirements* below and *Contributions* later). All contributions under this plan will be deposited into a SIMPLE individual retirement account or annuity established for each eligible employee with the designated financial institution named in Article VII.

### When To Use Form 5305-SIMPLE

A SIMPLE IRA plan may be established by using this Model Form or any other document that satisfies the statutory requirements.

Do not use Form 5305-SIMPLE if:

1. You want to permit each of your eligible employees to choose a financial institution that will initially receive contributions. Instead, use Form 5304-SIMPLE, *Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)—Not for Use With a Designated Financial Institution*;
2. You want employees who are nonresident aliens receiving no earned income from you that constitutes income from sources within the United States to be eligible under this plan; or
3. You want to establish a SIMPLE 401(k) plan.

## Completing Form 5305-SIMPLE

Pages 2 and 3 of Form 5305-SIMPLE contain the operative provisions of your SIMPLE IRA plan. This SIMPLE IRA plan is considered adopted when you have completed all appropriate boxes and blanks and it has been executed by you and the designated financial institution.

The SIMPLE IRA plan is a legal document with important tax consequences for you and your employees. You may want to consult with your attorney or tax advisor before adopting this plan.

### Employee Eligibility Requirements (Article I)

Each year for which this SIMPLE IRA plan is effective, you must permit salary reduction contributions to be made by all of your employees who are reasonably expected to receive at least \$5,000 in compensation from you during the year, and who received at least \$5,000 in compensation from you in any 2 preceding years. However, you can expand the group of employees who are eligible to participate in the SIMPLE IRA plan by completing the options provided in Article I, items 1a and 1b. To choose full eligibility, check the box in Article I, item 1a. Alternatively, to choose limited eligibility, check the box in Article I, item 1b, and then insert "\$5,000" or a lower compensation amount (including zero) and "2" or a lower number of years of service in the blanks in (i) and (ii) of Article I, item 1b.

In addition, you can exclude from participation those employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining. You may do this by checking the box in Article I, item 2. Under certain circumstances, these employees must be excluded. See *Which Employers May Establish and Maintain a SIMPLE IRA Plan?* earlier.

### Salary Reduction Agreements (Article II)

As indicated in Article II, item 1, a salary reduction agreement permits an eligible employee to make an election to have his or her compensation for each pay period reduced by a percentage (expressed as a percentage or dollar amount). The total amount of the reduction in the employee's compensation cannot exceed the applicable amount for any calendar year. The applicable amount is \$11,500 for 2012. After 2012, the \$11,500 amount may be increased for cost-of-living adjustments. In the case of an eligible employee who is 50 or older by the end of the calendar year, the above limitation is increased by \$2,500 for 2012. After 2012, the \$2,500 amount may be increased for cost-of-living adjustments.

## Timing of Salary Reduction Elections

For a calendar year, an eligible employee may make or modify a salary reduction election during the 60-day period immediately preceding January 1 of that year. However, for the year in which the employee becomes eligible to make salary reduction contributions, the period during which the employee may make or modify the election is a 60-day period that includes either the date the employee becomes eligible or the day before.

You can extend the 60-day election periods to provide additional opportunities for eligible employees to make or modify salary reduction elections using the blank in Article II, item 2b. For example, you can provide that eligible employees may make new salary reduction elections or modify prior elections for any calendar quarter during the 30 days before that quarter.

You may use the *Model Salary Reduction Agreement* on page 4 to enable eligible employees to make or modify salary reduction elections.

Employees must be permitted to terminate their salary reduction elections at any time. They may resume salary reduction contributions for the year if permitted under Article II, item 2b. However, by checking the box in Article II, item 2d, you may prohibit an employee who terminates a salary reduction election outside the normal election cycle from resuming salary reduction contributions during the remainder of the calendar year.

## Contributions (Article III)

Only contributions described below may be made to this SIMPLE IRA plan. No additional contributions may be made.

### Salary Reduction Contributions

As indicated in Article III, item 1, salary reduction contributions consist of the amount by which the employee agrees to reduce his or her compensation. You must contribute the salary reduction contributions to the designated financial institution for the employee's SIMPLE IRA.

### Matching Contributions

In general, you must contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions. This matching contribution cannot exceed 3% of the employee's compensation. See *Definition of Compensation* later.

You may reduce this 3% limit to a lower percentage, but not lower than 1%. You cannot lower the 3% limit for more than 2 calendar years out of the 5-year period ending with the calendar year the reduction is effective.

**Note.** If any year in the 5-year period described above is a year before you first established any SIMPLE IRA plan, you will be treated as making a 3% matching contribution for that year for purposes of determining when you may reduce the employer matching contribution.

To elect this option, you must notify the employees of the reduced limit within a reasonable period of time before the applicable 60-day election periods for the year. See *Timing of Salary Reduction Elections* earlier.

### Nonelective Contributions

Instead of making a matching contribution, you may, for any year, make a nonelective contribution equal to 2% of compensation for each eligible employee who has at least \$5,000 in compensation for the year. Nonelective contributions may not be based on more than \$250,000\* of compensation.

To elect to make nonelective contributions, you must notify employees within a reasonable period of time before the applicable 60-day election periods for such year. See *Timing of Salary Reduction Elections* earlier.

**Note.** Insert "\$5,000" in Article III, item 2b(i) to impose the \$5,000 compensation requirement. You may expand the group of employees who are eligible for nonelective contributions by inserting a compensation amount lower than \$5,000.

## Effective Date (Article VII)

Insert in Article VII the date you want the provisions of the SIMPLE IRA plan to become effective. You must insert January 1 of the applicable year unless this is the first year for which you are adopting any SIMPLE IRA plan. If this is the first year for which you are adopting a SIMPLE IRA plan, you may insert any date between January 1 and October 1, inclusive of the applicable year.

## Additional Information

### Timing of Salary Reduction Contributions

The employer must make the salary reduction contributions to the designated financial institution for the SIMPLE IRAs of all eligible employees no later than the 30th day of the month following the month in which the amounts would otherwise have been payable to the employee in cash.

The Department of Labor has indicated that most SIMPLE IRA plans are also subject to Title I of the Employee Retirement Income Security Act of 1974 (ERISA). Under Department of Labor regulations, at 29 CFR 2510.3-102, salary reduction contributions must be made to the SIMPLE IRA at the designated financial institution as of the earliest date on which those contributions can reasonably be segregated from the employer's general assets, but in no event later than the 30-day deadline described previously.

## Definition of Compensation

"Compensation" means the amount described in section 6051(a)(3) (wages, tips, and other compensation from the employer subject to federal income tax withholding under section 3401(a)) and, amounts paid for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority. Usually, this is the amount shown in box 1 of Form W-2, *Wage and Tax Statement*. For further information, see Pub. 15, *Circular E, Employer's Tax Guide*. Compensation also includes the salary reduction contributions made under this plan, and, if applicable, compensation deferred under a section 457 plan. In determining an employee's compensation for prior years, the employee's elective deferrals under a section 401(k) plan, a SARSEP, or a section 403(b) annuity contract are also included in the employee's compensation.

For self-employed individuals, compensation means the net earnings from self-employment determined under section 1402(a), without regard to section 1402(c)(6), prior to subtracting any contributions made pursuant to this SIMPLE IRA plan on behalf of the individual.

## Employee Notification

You must notify eligible employees prior to the employees' 60-day election period described previously that they can make or change salary reduction elections. In this notification, you must indicate whether you will provide:

1. A matching contribution equal to your employees' salary reduction contributions up to a limit of 3% of their compensation;
2. A matching contribution equal to your employees' salary reduction contributions subject to a percentage limit that is between 1 and 3% of their compensation; or
3. A nonelective contribution equal to 2% of your employees' compensation.

You can use the *Model Notification to Eligible Employees* on page 4 to satisfy these employee notification requirements for this SIMPLE IRA plan. A Summary Description must also be provided to eligible employees at this time. This summary description requirement may be satisfied by providing a completed copy of pages 2 and 3 of Form 5305-SIMPLE (including the Article VI *Procedures for Withdrawals* and Transfers from the SIMPLE IRAs established under this SIMPLE IRA plan).

If you fail to provide the employee notification (including the summary description) described above, you will be liable for a penalty of \$50 per day until the notification is provided. If you can show that the failure was due to reasonable cause, the penalty will not be imposed.

\* This is the amount for 2012. For later years, the limit may be increased for cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS's website at [irs.gov](http://irs.gov).

Reporting Requirements

You are not required to file any annual information returns for your SIMPLE IRA plan, such as Form 5500, *Annual Return/Report of Employee Benefit Plan*, or Form 5500-EZ, *Annual Return of One-Participant (Owners and Their Spouses) Retirement Plan*. However, you must report to the IRS which eligible employees are active participants in the SIMPLE IRA plan and the amount of your employees' salary reduction contributions to the SIMPLE IRA plan on Form W-2. These contributions are subject to social security, Medicare, railroad retirement, and federal unemployment tax.

Deducting Contributions

Contributions to this SIMPLE IRA plan are deductible in your tax year containing the end of the calendar year for which the contributions are made.

Contributions will be treated as made for a particular tax year if they are made for that year and are made by the due date (including extensions) of your income tax return for that year.

Choosing the Designated Financial Institution

As indicated in Article V, item 4, a designated financial institution is a trustee, custodian, or insurance company (that issues annuity contracts) for the SIMPLE IRA plan that would receive all contributions made pursuant to the SIMPLE IRA plan and deposit the contributions to the SIMPLE IRA of each eligible employee.

Only certain financial institutions, such as banks, savings and loan associations, insured credit unions, insurance companies (that issue annuity contracts), or IRS-approved nonbank trustees may serve as a designated financial institution under a SIMPLE IRA plan.

You are not required to choose a designated financial institution for your SIMPLE IRA plan. However, if you do not want to choose a designated financial institution, you cannot use this form (see *When to Use Form 5305-SIMPLE* earlier).

Instructions for the Designated Financial Institution

Completing Form 5305-SIMPLE

By completing Article VII, you have agreed to be the designated financial institution for this SIMPLE IRA plan. You agree to maintain IRAs on behalf of all individuals receiving contributions under the plan and to receive all contributions made pursuant to this plan and to deposit those contributions to the SIMPLE IRAs of each eligible employee as soon as practicable. You also agree that upon the request of a participant, you will transfer the participant's balance in a SIMPLE IRA to another IRA without cost or penalty to the participant.

Summary Description

Each year the SIMPLE IRA plan is in effect, you must provide the employer the information described in section 408(l)(2)(B). This requirement may be satisfied by providing the employer a current copy of Form 5305-SIMPLE (including instructions) together with your procedures for withdrawals and transfers from the SIMPLE IRAs established under this SIMPLE IRA plan. The summary description must be received by the employer in sufficient time to comply with the *Employee Notification* requirements on this page.

If you fail to provide the summary description described above, you will be liable for a penalty of \$50 per day until the notification is provided. If you can show that the failure was due to reasonable cause, the penalty will not be imposed.

**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 ..... 3 hr., 38 min.
- Learning about the law or the form..... 2 hr., 26 min.
- Preparing the form ..... 47 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, IR-6526, Washington, DC 20224. Do not send this form to this address. Instead, keep it for your records.

# Additional SECURE 2.0 Plan Provisions Employer Election Form

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

Select any of the following provisions that will apply to the Plan and indicate when they become effective, if applicable.

1. **Optional Increase of 110 Percent on Elective Deferrals and Catch-Up Contribution Limits** (Only available for eligible Employers who employed 26-100 Employees earning \$5,000 or more in the previous calendar year and did not offer a retirement plan under Internal Revenue Code sections 401(a), 403(a), or 403(b) to the same Employees during a three-taxable-year period preceding the year that the Employer established the SIMPLE IRA Plan.)

Will Participants be allowed to make Elective Deferrals and Catch-Up Contributions of up to 110 percent of the 2024 otherwise applicable limits under the Plan? (For years beginning after December 31, 2025, this amount is subject to annual cost-of-living adjustments.) (Select one)

- ☐ **Option 1: Yes.** Participants may make increased Elective Deferrals (including Catch-Up Contributions, if applicable) of up to 110 percent of the 2024 Elective Deferral and Catch-Up Contribution limits to this SIMPLE IRA Plan effective for the calendar year beginning January 1, \_\_\_\_\_.

**NOTE:** By selecting this option, you acknowledge that the Employer Matching Contribution (if applicable) must be increased to 4% of an eligible Employee's Compensation and the Employer Nonelective Contribution (if applicable) must be increased to 3% of an eligible Employee's Compensation for the year.

- ☐ **Option 2: No.**

- ☐ **Option 3: Not applicable.** The Employer did not employ 26-100 Employees earning \$5,000 or more in the previous calendar year.

**NOTE:** If no option is selected, Option 2 will apply. The election to apply the increased limits is valid until revoked by the Employer.

2. **Mandatory Increase of 110 Percent on Elective Deferrals and Catch-Up Contribution Limits** (Automatically applies to any Employer who employed no more than 25 Employees earning \$5,000 or more in the previous calendar year and did not offer a retirement plan under Internal Revenue Code sections 401(a), 403(a), or 403(b) to the same Employees during a three-taxable-year period preceding the year that the Employer established the SIMPLE IRA Plan. Indicate below whether this provision mandatorily applies to your Plan.)

Do the mandatory increased Elective Deferral and Catch-Up Contribution limits of up to 110 percent of the 2024 otherwise applicable limits apply to this Plan? (For years beginning after December 31, 2025, this amount is subject to annual cost-of-living adjustments.) (Select one)

- ☐ **Option 1: Yes.** Effective January 1, \_\_\_\_\_ this Plan is required to allow Participants to make increased Elective Deferral and Catch-Up Contributions.

- ☐ **Option 2: No.** The Employer employed 26-100 Employees earning \$5,000 or more in the previous calendar year.

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

The increased Employer Matching and Nonelective Contribution requirements do not apply to Employers that are subject to the mandatory increased Elective Deferral and Catch-Up Contribution limits. If you increase the number of Employees during a year to more than 25, you will still be treated as having 25 Employees for two years following the last year you had no more than 25 Employees. The increased Employer contribution requirements will not apply during this two-year grace period.

3. **Increased Catch-Up Contribution Limits for Participants Ages 60, 61, 62, or 63.** *(Only available if your Plan allows for Catch-Up Contributions. You may choose to increase the Catch-Up Contribution limit for Participants who attain ages 60, 61, 62, or 63 during the year. The increased limit is the greater of \$5,000 or 150 percent of the otherwise applicable Catch-Up Contribution limit for 2025. For years beginning after December 31, 2025, these amounts may be subject to annual cost-of-living adjustments.)*  
If Catch-Up Contributions are permitted under the Plan, will the increased Catch-Up Contributions limit apply to Participants who attain ages 60, 61, 62, or 63 during the year? *(Select one)*
- ☐ **Option 1: Yes.** Eligible Participants attaining ages 60, 61, 62, or 63 during the year may make increased Catch-Up Contributions to this SIMPLE IRA Plan effective for the calendar year beginning January 1, \_\_\_\_\_.
- ☐ **Option 2: No.**
- ☐ **Option 3: Not applicable.** Catch-Up Contributions are not allowed under this Plan.
- NOTE:** *If no option is selected, Option 1 will apply. However, Option 3 will apply if no option is selected, and Catch-up Contributions are not permitted under the Plan.*
4. **Additional Nonelective Contributions** *(Employers may make additional Nonelective Contributions of up to 10 percent of an eligible Employee's Compensation, up to a maximum of \$5,000. This optional contribution is in addition to any required Employer Contribution of, generally, a three percent Matching or two percent Nonelective Contribution already being made to the Plan.)*  
Will the Employer make additional Nonelective Contributions to the Plan? *(Select one)*
- ☐ **Option 1: Yes.** Effective January 1, \_\_\_\_\_ the Employer will make additional Nonelective Contributions to all eligible Employees in a uniform percentage of up to 10 percent of Compensation, up to a maximum of \$5,000 annually per eligible Employee.
- ☐ **Option 2: No.**
- NOTE:** *If no option is selected, Option 2 will apply.*

**Section C. Roth SIMPLE Contributions** *(Select all that apply.)*

1. **Availability of Elective Deferrals as Roth SIMPLE Elective Deferrals** *(Select one)*  
Will a Participant be permitted to make Roth SIMPLE Elective Deferrals in addition to or in place of pre-tax Elective Deferrals under the Plan?
- ☐ **Option 1: Yes.** In addition to pre-tax Elective Deferrals under the Plan, a Participant may choose to make Elective Deferrals as Roth SIMPLE contributions into the Plan effective \_\_\_\_\_ (mm/dd/yyyy).
- ☐ **Option 2: No.**
- NOTE:** *If no option is selected, Option 2 will apply.*
2. **Availability of Employer Matching or Nonelective Contributions as Roth Contributions** *(Select one)*  
Will an eligible Employee be permitted to choose to receive Employer Matching or Nonelective Contributions as Roth SIMPLE contributions in place of pre-tax Employer Contributions under the Plan?
- ☐ **Option 1: Yes.** An eligible Employee may choose to receive Employer Matching or Nonelective Contributions as Roth SIMPLE contributions into the Plan effective \_\_\_\_\_ (mm/dd/yyyy).
- ☐ **Option 2: No.**
- NOTE:** *If no option is selected, Option 2 will apply.*

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**Section D. Employer Acknowledgment and Signature**

1. I understand that I am responsible for ensuring that the changes above accurately reflect the operation of my SIMPLE IRA Plan as of the effective dates stated above, that all eligible Employees are informed of the changes to the SIMPLE IRA Plan, and that such changes are in compliance with the laws governing SIMPLE IRA plans.
2. I acknowledge that I have taken all necessary actions to initiate the changes above (e.g., board resolutions). In addition, I understand that it is my responsibility to notify the applicable payroll providers and/or SIMPLE 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 the SECURE 2.0 Act and that there is additional anticipated guidance expected that may affect Plan operation decisions. I assume 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 SIMPLE IRA Prototype Sponsor or document provider is not providing legal or tax advice.

**Signatures**

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Name of Adopting Employer

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Date Signed

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**X**  
Signature for Employer

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Title

# Participation Notice and Summary Description

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**IMPORTANT:** Carefully read and consider the information contained in this notice before you decide whether to start, continue, or change your salary reduction election.

## Section A. General Information

### Employer Information

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

Address \_\_\_\_\_

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

Telephone \_\_\_\_\_

### Trustee/Custodian/Issuer Information

Name of Trustee, Custodian, or Issuer \_\_\_\_\_

Address \_\_\_\_\_

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

## Section B. Eligibility Requirements

### Opportunity to Participate

*This form is intended, in part, to notify you of your rights to choose, during the election period, to make salary reduction contributions under the savings incentive match plan for employees of small employers (SIMPLE) IRA plan established by your employer. The election period is generally the 60-day period before the beginning of each calendar year and the 60-day period before the first day you become eligible to participate. This notice includes a summary description of your employer's SIMPLE IRA plan.*

### Eligible Employees

Except as provided below, you will be eligible to participate in this plan unless you are covered by a collective bargaining agreement (unless the collective bargaining agreement specifies that you will participate).

In spite of the preceding paragraph, you will be eligible to participate in your employer's SIMPLE IRA plan even if you are covered by a collective bargaining agreement: ☐ YES ☐ NO

### Compensation and Service

To become eligible to participate in the plan, you must have earned \$5,000 during any two preceding calendar years and you must be reasonably expected to earn such amount during the current calendar year, unless otherwise specified below.

You are required to earn at least \$\_\_\_\_\_ (may not exceed \$5,000) during any \_\_\_\_\_ (may not exceed 2) preceding calendar years and expected to earn at least \$\_\_\_\_\_ (may not exceed \$5,000) during the current calendar year to be eligible to participate in the Plan.

## Section C. Plan Contributions

### Financial Institution

Your employer has elected to make all contributions to a Designated Financial Institution. You may transfer the balance in your SIMPLE IRA, without cost or penalty, from the Designated Financial Institution to a SIMPLE IRA at the financial organization of your choice. To do so, you must request a transfer during the Election Period or during any other period as allowed by the Designated Financial Institution. Upon request, the Designated Financial Institution will periodically transfer your balance.

### Salary Reduction Contributions

By completing a Salary Reduction Agreement, you agree to make elective deferrals to this plan. Your Compensation will be reduced each pay period by an amount equal to the percentage of your Compensation you specify on the Salary Reduction Agreement. Generally, your elective deferrals (excluding catch-up contributions) may not exceed \$16,500 for 2025 (after 2025 this limit is subject to cost-of-living adjustments).

Catch-Up Contributions ☐ will ☐ will not be permitted under the plan.

If catch-up contributions are available under the plan and you will attain age 50 on or before the end of the Year, you are eligible to make catch-up contributions. Your catch-up contributions may not exceed \$3,500 for 2025 (after 2025 this amount is subject to cost-of-living adjustments).

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*Increased Catch-Up Contributions for Participants Ages 60, 61, 62, or 63* – If catch-up contributions are allowed under the SIMPLE IRA plan, your employer may allow participants who attain ages 60, 61, 62, or 63 during the year to increase their catch-up contribution limit. The increased limit for these participants is the greater of \$5,000 or 150 percent of the otherwise applicable 2025 catch-up contribution limit. For years beginning after December 31, 2025, these amounts may be adjusted annually for cost of living.

Increased catch-up contributions ☐ will ☐ will not be allowed under the plan for participants who attain ages 60, 61, 62, or 63 during the year.

**Mandatory Increase of 110 Percent on Elective Deferral and Catch-Up Contribution Limits**

If your employer employed no more than 25 employees who received at least \$5,000 in compensation in the previous calendar year and did not offer a retirement plan under Internal Revenue Code (IRC) Section 401(a), 403(a), or 403(b) to the same employees during a three-taxable-year period preceding the year that they established the SIMPLE plan, you may defer up to 110 percent of the 2024 elective deferral and catch-up contribution limits. For years beginning after December 31, 2025, this amount may be adjusted annually for cost-of-living adjustments.

**Optional Increase of 110 Percent on Elective Deferral and Catch-Up Contribution Limit**

If your employer employed 26-100 employees who earned \$5,000 or more in the previous calendar year and did not offer a retirement plan under IRC Section 401(a), 403(a), or 403(b) to the same employees during a three-taxable-year period preceding the year the SIMPLE plan was established, your employer may allow you to defer up to 110 percent of the 2024 elective deferral limit and catch-up contribution limit. For years beginning after December 31, 2025, this amount may be adjusted annually for cost-of-living adjustments. If your employer chooses to allow the increased elective deferral and catch-up contribution limit, the matching contribution or nonelective contribution must also be increased.

The 110 Percent Increased Limit on elective deferrals and catch-up contributions ☐ will ☐ will not be permitted under the plan.

You may change the amount of your salary reduction contributions by completing and signing a revised Salary Reduction Agreement during the election period or any other period specified below.

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You may discontinue making salary reduction contributions at any time during the calendar year by completing and signing a revised Salary Reduction Agreement. You are allowed to commence making salary reduction contributions the first day of the calendar year following the calendar year you cease deferring unless specified otherwise below.

**Employer Contributions**

For calendar year \_\_\_\_\_, your employer will make matching contributions equal to 100 percent of your salary reduction contributions which do not exceed three percent of your compensation unless your employer elects to make either the alternative matching contribution or the nonelective contribution described in Options 1 and 2 below.

- ☐ **Option 1:** Matching contributions in an amount equal to your salary reduction contributions which do not exceed \_\_\_\_\_% (*must not be less than 1%*). The matching contribution will be increased to four percent of your compensation if your employer has chosen to allow for the optional increased elective deferral limit.
- ☐ **Option 2:** Nonelective contributions equal to two percent of compensation on behalf of each eligible employee who earns at least \$5,000 during the year unless a different dollar amount is specified below. The nonelective contribution will be equal to three percent of your compensation if your employer has chosen to allow the optional increased elective deferral limit.
- You are required to earn at least \$\_\_\_\_\_ (*may not exceed \$5,000*) during the calendar year to be eligible to receive nonelective contributions.

**Pre-tax/Roth Contribution Designation**

*(Employer must indicate whether participants may designate elective deferrals and employer contributions as Roth SIMPLE IRA contributions under the plan.)*

If permitted by the employer, you may choose to treat all or a portion of elective deferrals or employer contributions as Roth elective deferrals or Roth employer contributions. Roth elective deferrals are taxable to you in the year you would have otherwise received them as wages. Roth matching and nonelective contributions are taxable to you in the year they are deposited to your Roth SIMPLE IRA.

The ability to designate elective deferrals as Roth elective deferrals ☐ will ☐ will not be permitted under the plan.

The ability to designate matching contributions or nonelective contributions as Roth SIMPLE contributions ☐ will ☐ will not be permitted under the plan.



**Additional Nonelective Contributions**

*(Employer must indicate if additional nonelective contributions will be made under the plan.)*

Your employer may choose to make additional nonelective contributions of up to the lesser of 10 percent of compensation or \$5,000 on behalf of each participant.

- ☐ **Option 1:** Additional nonelective contributions will not be made under the plan.
- ☐ **Option 2:** Additional nonelective contributions in the amount of \_\_\_\_\_% *(must not exceed 10%)* of compensation will be made to participants under the plan.

**Section D. Distributions**

The following is a summary of the rules applicable to distributions from SIMPLE IRAs. You are advised to refer to your SIMPLE IRA documents and/or seek the assistance of a qualified tax advisor if you have additional questions.

**Procedures**

SIMPLE IRA assets are fully vested and may be withdrawn at any time subject to taxes and penalties as explained below. The trustee, custodian, or issuer of your SIMPLE IRA, and not your employer, is responsible for making distributions to you upon your request.

**Federal Income Tax**

Distributions from SIMPLE IRAs are generally taxed as ordinary income in the year in which you receive them. In addition, federal income tax withholding will be applied to your distribution at a rate of 10 percent unless you specify a different rate or waive your right to withholding. Qualified Roth SIMPLE IRA distributions are not subject to taxation.

**Penalties**

A 25 percent early distribution penalty tax generally applies to SIMPLE IRA distributions and nonqualified distributions of Roth SIMPLE IRA earnings taken within two years of your initial participation in the plan, unless you are age 59½ or older or can claim an exemption from the early distribution penalty described in Internal Revenue Code (IRC) Sec. 72(t)(6). If you are under age 59½, have satisfied the two-year requirement and receive a distribution, you will be subject to a 10 percent early distribution penalty tax.

**Rollovers**

SIMPLE IRA distributions may be rolled over to other SIMPLE IRAs. If a SIMPLE IRA distribution is properly rolled over, your rollover amount will be excluded when determining the amount of your federal income tax or early distribution penalty tax. You may roll over SIMPLE IRA distributions to regular IRAs, qualified retirement plans, tax-sheltered annuities, and deferred compensation plans. However, you must generally wait two years from the date you become a participant before doing so.

**Required Minimum Distributions**

You are required to begin taking minimum distributions from your SIMPLE IRA upon attainment of age 73 in accordance with IRS regulations.

**Procedures for Withdrawals**

If you wish to take a distribution from your SIMPLE IRA, you must complete a withdrawal authorization provided by the trustee, custodian, or issuer of your SIMPLE IRA. In addition, the following procedures apply to you upon requesting a distribution.

**Procedures Regarding Transfers**

The following additional rules and procedures apply to transfers of your balance in your SIMPLE IRA.

# Salary Reduction Agreement

**IMPORTANT:** Carefully read all sections of this agreement before completing and signing it.

## Section A. General Information

### Employer and Plan Information

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

Address \_\_\_\_\_

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

Telephone \_\_\_\_\_

### Employee Information

Name \_\_\_\_\_

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

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

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

## Section B. Terms of Agreement *To Be Completed By the Employer*

### Limits on Salary Reduction Contributions

Subject to the requirements of the employer's SIMPLE IRA plan, each employee who is eligible to enroll as a contributing participant may set aside a percentage of his or her pay into the plan (elective deferrals) by signing this Salary Reduction Agreement.

This Salary Reduction Agreement replaces any earlier Salary Reduction Agreement and will remain in effect as long as the employee remains an eligible employee or until he or she provides the employer with a new Salary Reduction Agreement as permitted by the plan. A participant who is age 50 or older by the end of the year may be allowed to make catch-up contributions. A participant's elective deferrals (excluding catch-up contributions) may not exceed \$16,500 for 2025 (after 2025 this amount is subject to cost-of-living adjustments).

**Mandatory Increase of 110 Percent on Elective Deferral and Catch-Up Contribution Limit** – If the employer employed no more than 25 employees who received at least \$5,000 in compensation in the previous calendar year and did not offer a retirement plan under Internal Revenue Code (IRC) Section 401(a), 403(a), or 403(b) to the same employees during a three-taxable-year period preceding the year that they established the SIMPLE plan, a participant's elective deferrals may not exceed 110 percent of the 2024 elective deferral and catch-up contribution limits. For years beginning after December 31, 2025, this amount may be adjusted annually for cost-of-living adjustments.

Mandatory increased elective deferral and catch-up contribution limits ☐ will ☐ will not apply under the plan.

**Optional Increase of 110 Percent on Elective Deferral and Catch-Up Contribution Limit** – If the employer employed 26-100 employees who earned \$5,000 or more in the previous calendar year and did not offer a retirement plan under IRC Section 401(a), 403(a), or 403(b) to the same employees during a three-taxable-year period preceding the year that they established the SIMPLE plan, the employer may allow the employee to defer up to 110 percent of the 2024 elective deferral and catch-up contribution limits. For years beginning after December 31, 2025, this amount may be adjusted annually for cost-of-living adjustments.

Increased elective deferral and catch-up contribution limits ☐ will ☐ will not apply under the plan.

**Optional Increased Catch-Up Contributions for Participants Ages 60, 61, 62, or 63** – If catch-up contributions are allowed under the SIMPLE IRA plan, the employer may allow participants who attain ages 60, 61, 62, or 63 during the year to increase their catch-up contribution limit. The increased limit for these participants is the greater of \$5,000 or 150 percent of the otherwise applicable 2025 catch-up contribution limit. For years beginning after December 31, 2025, these amounts may be adjusted annually for cost of living.

Increased catch-up contributions ☐ will ☐ will not apply under the plan for participants who attain ages 60, 61, 62, or 63 during the year.

### Roth Elective Deferral Option

Employees ☐ may or ☐ may not choose to treat all or a portion of their elective deferrals as Roth elective deferrals.

### Changing This Agreement

An employee may change the percentage of pay he or she is setting aside into the plan. Any employee who wishes to make such a change must complete and sign a new Salary Reduction Agreement and give it to the employer during the election period or any other period the employer specifies on the Participation Notice and Summary Description.

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### Terminating This Agreement

An employee may terminate this Salary Reduction Agreement. After terminating this agreement, an employee cannot again begin making salary reduction contributions until the first day of the calendar year following the calendar year of termination or any other date the employer specifies on the Participation Notice and Summary Description.

### Effective Date

This Salary Reduction Agreement will be effective for the pay period which begins \_\_\_\_\_.

## Section C. Authorization *To Be Completed By the Employee*

### Elective Deferral Agreement

I, the undersigned employee, wish to set aside, as salary reduction contributions, \_\_\_\_\_% or \$\_\_\_\_\_ (which equals \_\_\_\_\_% of my current rate of pay) into my employer's SIMPLE IRA plan by way of payroll deduction.

### Pre-tax/Roth Elective Deferral Designation

If permitted by the employer as indicated in Section B. above, you may choose to treat all or a portion of elective deferrals as Roth elective deferrals by selecting one of the following options. Roth elective deferrals are taxable to you in the year you would have otherwise received them as wages. *(Select one)*

- ☐ I elect to designate 100% of my elective deferrals, including catch-up contributions, as pre-tax elective deferrals.
- ☐ I elect to designate 100% of my elective deferrals, including catch-up contributions, as Roth elective deferrals.
- ☐ I elect to designate \_\_\_\_\_% of my elective deferrals as pre-tax elective deferrals and \_\_\_\_\_% of my elective deferrals as Roth elective deferrals. *(Your percentages, when added together, must equal 100 percent.)*

**NOTE:** *If no election is made, your elective deferrals will be made as pre-tax elective deferrals. If you are eligible to defer and you attain age 50 before the close of the plan year, you may be able to make catch-up contributions under the SIMPLE IRA plan. Certain limits, as required by law, must be met prior to being eligible to make catch-up contributions. Your election above will pertain to elective deferrals which may include catch-up contributions. See your employer for additional information, including the catch-up contribution limit for the year.*

I agree that my pay will be reduced in the manner I have indicated above, and I affirmatively elect to have this amount contributed to the investments listed below. This Salary Reduction Agreement will continue to be effective while I am employed, unless I change or terminate it as explained in Section B above. I acknowledge that I have read this entire agreement, I understand it, and I agree to its terms. Furthermore, I acknowledge that I have received a copy of the Participation Notice and Summary Description.

### Trustee/Custodian/Issuer Information

Name of SIMPLE IRA Trustee, Custodian, or Issuer \_\_\_\_\_

Address \_\_\_\_\_

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

### Signatures

**X**

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Date

**X**

\_\_\_\_\_  
Authorized Signature for Employer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

# Pre-Tax/Roth SIMPLE IRA Matching or Nonelective Contribution Election Form

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

## 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. Contribution Election and Authorization *To Be Completed By the Participant*

I, the undersigned Participant, wish to receive any Matching or Nonelective Contributions 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 Matching or Nonelective Contributions as pre-tax SIMPLE IRA Contributions.

☐ I elect to designate 100% of my Matching or Nonelective Contribution as a Roth SIMPLE IRA Contributions.

**NOTE:** If no election is made, your Matching or Nonelective Contributions will be made as pre-tax SIMPLE IRA contributions.

I agree that my contributions will be paid in the manner indicated above and I understand that if I elect to receive Roth SIMPLE IRA contributions, I must include the contribution in my income in the year that it is made to my Roth SIMPLE IRA. This election will continue to be effective until I change or terminate it. I acknowledge that I have read this entire Pre-Tax/Roth SIMPLE IRA Matching or Nonelective Contribution Election Form, I understand it, and I agree to its terms.

## Signatures

**X**

Signature of Employee

Date

**X**

Authorized Signature for Employer

Title

Date

# SIMPLE INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-SA under section 408(p) of the Internal Revenue Code.

FORM (Rev. April 2017)

The participant named on the application is establishing a savings incentive match plan for employees of small employers individual retirement account (SIMPLE IRA) under sections 408(a) and 408(p) 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 participant the disclosure statement required by Regulations section 1.408-6.

The participant and the custodian make the following agreement:

## ARTICLE I

The custodian will accept cash contributions made on behalf of the participant by the participant's employer under the terms of a SIMPLE IRA plan described in section 408(p). In addition, the custodian will accept transfers or rollovers from other SIMPLE IRAs of the participant and, after the two-year period of participation defined in section 72(t)(6), transfers or rollovers from any eligible retirement plan (as defined in section 402(c)(8)(B)) other than a Roth IRA or a designated Roth account. No other contributions will be accepted by the custodian.

## ARTICLE II

The participant'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 participant'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 participant's entire interest in the custodial account must be, or begin to be, distributed not later than the participant's required beginning date, April 1 following the calendar year in which the participant reaches age 70½. By that date, the participant 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 participant or the joint lives of the participant and his or her designated beneficiary.
3. If the participant dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
  - (a) If the participant dies on or after the required beginning date and:
    - (i) the designated beneficiary is the participant'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 participant'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 participant 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 participant as determined in the year of the participant's death and reduced by one for each subsequent year.

(b) If the participant 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 participant's death. If, however, the designated beneficiary is the participant's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the participant would have reached age 70½. But, in such case, if the participant'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 participant's death.

4. If the participant dies before his or her entire interest has been distributed and if the designated beneficiary is not the participant'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 participant'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 participant reaches age 70½, is the participant'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 participant's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the participant'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 participant's (or, if applicable, the participant 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 participant's death (or the year the participant 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 participant 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 IRAs (other than Roth IRAs) may satisfy the minimum distribution requirements described above by taking from one IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

## ARTICLE V

1. The participant agrees to provide the custodian with all information necessary to prepare any reports required by sections 408(i) and 408(l)(2) and Regulations sections 1.408-5 and 1.408-6.
2. The custodian agrees to submit to the Internal Revenue Service (IRS) and participant the reports prescribed by the IRS.
3. The custodian also agrees to provide the participant's employer the summary description described in section 408(l)(2) unless this SIMPLE IRA is a transfer SIMPLE IRA.

## 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 sections 408(a) and 408(p) 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 participant. 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 SIMPLE 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 SIMPLE 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 SIMPLE 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 SIMPLE IRA. We may release nonpublic personal information regarding your SIMPLE 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 SIMPLE 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 SIMPLE 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 SIMPLE 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 SIMPLE IRA.
- Any brokerage commissions attributable to the assets in your SIMPLE IRA will be charged to your SIMPLE IRA. You cannot reimburse your SIMPLE IRA for those commissions.
- 8.06 **Investment of Amounts in the SIMPLE IRA** – You have exclusive responsibility for and control over the investment of the assets of

your SIMPLE 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 SIMPLE 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 SIMPLE IRA. We assume no responsibility for rendering investment advice with respect to your SIMPLE 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 SIMPLE 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 SIMPLE IRA unless you provide timely written directions acceptable to us.

You will select the investment for your SIMPLE 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 SIMPLE 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 SIMPLE IRA, payments from your SIMPLE 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 SIMPLE 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 SIMPLE 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 SIMPLE IRA as his or her own.

We may allow, if permitted by state law, an original SIMPLE IRA beneficiary (the beneficiary who is entitled to receive distributions from an inherited SIMPLE IRA at the time of your death) to name successor beneficiaries for the inherited SIMPLE 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 SIMPLE IRA beneficiary's lifetime. Each beneficiary designation form that the original SIMPLE IRA beneficiary files with us will cancel all previous designations. The consent of a successor beneficiary will not be required for the original SIMPLE IRA beneficiary to revoke a successor beneficiary designation. If the original SIMPLE 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 SIMPLE 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 SIMPLE IRA owner take total distribution of all SIMPLE 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 SIMPLE IRA to you in a single sum payment
- Determine your required minimum distribution from your SIMPLE 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 SIMPLE IRA to another financial organization. If you do not complete a transfer of your SIMPLE IRA within 30 days from the date we send the notice to you, we have the right to transfer your SIMPLE IRA assets to a successor SIMPLE IRA trustee or custodian that we choose in our sole discretion, or we may pay your SIMPLE 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 SIMPLE 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 SIMPLE IRA
- Any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your SIMPLE 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 SIMPLE IRA to you in cash or property if the balance of your SIMPLE 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 SIMPLE IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your SIMPLE IRA, but only if it is the type of organization authorized to serve as a SIMPLE 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 **Transfers From Other Plans** – We can receive amounts transferred or rolled over to this SIMPLE IRA from the trustee or custodian of another SIMPLE IRA. We reserve the right not to accept any transfer or rollover.
- 8.14 **Liquidation of Assets** – We have the right to liquidate assets in your SIMPLE IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against your SIMPLE 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.
- 8.15 **Restrictions on the Fund** – Neither you nor any beneficiary may sell, transfer, or pledge any interest in your SIMPLE IRA in any manner whatsoever, except as provided by law or this agreement.
- The assets in your SIMPLE IRA will not be responsible for the debts, contracts, or torts of any person entitled to distributions under this agreement.
- 8.16 **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.
- 8.17 **Summary Description Requirements** – Notwithstanding Article V above, we will be deemed to have satisfied our summary description reporting requirements under Internal Revenue Code (IRC) Section 408(l)(2) if either
- a. we provide a summary description directly to you, or
  - b. we provide our name, address and withdrawal procedures to you, and your employer provides you with all other required information.

## ARTICLE IX

### 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 any of these expenses.

## **SELF-DIRECTED ACCOUNT AGREEMENT**

### **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 base 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-SA is a model custodial account agreement that meets the requirements of sections 408(a) and 408(p). However, only Articles I through VII have been reviewed by the IRS. A SIMPLE individual retirement account (SIMPLE IRA) is established after the form is fully executed by both the individual (participant) and the custodian. This account must be created in the United States for the exclusive benefit of the participant and his or her beneficiaries.

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

For more information on SIMPLE IRAs, including the required disclosures the custodian must give the participant, see Pub. 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; Pub. 590-B, *Distributions from Traditional Individual Retirement Arrangements (IRAs)*; and Pub. 560, *Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)*.

### DEFINITIONS

**Participant** – The participant is the person who establishes the custodial account.

**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.

### TRANSFER SIMPLE IRA

This SIMPLE IRA is a “transfer SIMPLE IRA” if it is not the original recipient of contributions under any SIMPLE IRA plan. The summary description requirements of section 408(l)(2) do not apply to transfer SIMPLE IRAs.

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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 participant 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 participant 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 participant, etc. Attach additional pages if necessary.

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# DISCLOSURE STATEMENT

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## RIGHT TO REVOKE YOUR SIMPLE IRA

You have the right to revoke your SIMPLE IRA within seven (7) days of the receipt of the disclosure statement. If revoked, you are entitled to a full return of the contribution you made to your SIMPLE 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 SIMPLE IRA, please call the custodian at the telephone number listed on the application.

## REQUIREMENTS OF A SIMPLE IRA

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

B. **Maximum Contribution** – The only contributions that may be made to your SIMPLE IRA are employee elective deferrals under a qualified salary reduction agreement, employer contributions, and other contributions allowed by the Code or related regulations, that are made under a SIMPLE IRA plan maintained by your employer. Employee elective deferrals may not exceed the lesser of 100 percent of your compensation for the calendar year or \$15,500 for 2023, with possible cost-of-living adjustments each year thereafter. Your employer may make additional contributions to your SIMPLE IRA within the limits prescribed in Internal Revenue Code Section (IRC Sec.) 408(p). Your employer is required to provide you with information that describes the terms of its SIMPLE IRA plan.

Beginning in 2024, if you are employed by an employer with no more than 25 employees who received at least \$5,000 in compensation the preceding year, your annual deferral and catch-up contribution limit is 110 percent of the contribution limit that would otherwise apply in 2024.

Beginning in 2024, employers with 26 to 100 employees who received at least \$5,000 in compensation the preceding year may also elect to apply the increased deferral and catch-up contribution limits. Contact your employer to determine if the increased contribution limit applies to you.

C. **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 SIMPLE IRA. The maximum additional contribution is \$3,500 for 2023, with possible cost-of-living adjustments each year thereafter.

D. **Nonforfeitable** – Your interest in your SIMPLE IRA is nonforfeitable.

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

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

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

H. **Collectibles** – You may not invest the assets of your SIMPLE 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)) also are permitted as SIMPLE IRA investments.

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

1. **RMDs for 2023 and Beyond** – Beginning in 2023, if you were born in 1951 or later, you are required to take a minimum distribution from your SIMPLE IRA for the year in which you reach age 73 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 73. 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. **RMDs Prior to 2023** – If you were born before July 1, 1949, you were required to take your first RMD from your SIMPLE IRA for the year in which you attained age 70½ and for each year thereafter. If you were born on or after July 1, 1949, but before January 1, 1951, you were required to take your first RMD from your SIMPLE IRA for the year in which you attained age 72 and for each year thereafter.

3. 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 SIMPLE 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 an RMD, an excess accumulation penalty tax of 25 percent is imposed on the amount of the RMD that should have been taken but was not. If the failure to take an RMD is corrected in a timely manner, the penalty tax is further reduced to 10 percent. You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

The correction window for the reduced penalty begins on the date the penalty tax is imposed and ends (1) the date a notice of deficiency regarding the tax is mailed, (2) the date the tax is assessed, or (3) the last day of the second taxable year beginning after the year in which the tax is imposed, whichever is earlier.

J. **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 SIMPLE 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 SIMPLE IRA for purposes of determining the distribution period. If there is no designated beneficiary of your SIMPLE 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 your spouse is your sole designated beneficiary, he or she must elect either option (a) or (b) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year life expectancy payments would be required to begin. Your designated beneficiaries, other than a spouse who is the sole designated beneficiary, must elect either option (a) or (b) by December 31 of the year following the year of your death. 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 RMD age (as described in the *Required Minimum Distributions* section above), 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 SIMPLE IRA for purposes of determining the distribution period. If there is no designated beneficiary of your SIMPLE IRA, the entire SIMPLE IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

2. **Death of SIMPLE 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 RMD age (as described in the *Required Minimum Distributions* section above), 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 SIMPLE IRA for purposes of determining the distribution period. If you die before your required beginning date and there is no designated beneficiary of your SIMPLE IRA, the entire SIMPLE 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 SIMPLE IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

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

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 SIMPLE IRA owner take total distribution of all SIMPLE IRA assets by December 31 of the year following the year of death.

If your beneficiary fails to remove an RMD after your death, an excess accumulation penalty tax of 25 percent is imposed on the amount of the RMD that should have been taken but was not. If the failure to take an RMD is corrected in a timely manner, the penalty tax is further reduced to 10 percent. 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.

The correction window for the reduced penalty begins on the date the penalty tax is imposed and ends the earlier of: (1) the date a notice of deficiency regarding the tax is mailed, (2) the date the tax is assessed, or (3) the last day of the second taxable year beginning after the year in which the tax is imposed.

- K. **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.

When calculating your RMD, you may reduce the prior year end account value by the value of QLACs that your SIMPLE 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).

- L. **Waiver of 2020 RMD** – RMDs and life expectancy payments for beneficiaries were waived for calendar year 2020. If the five-year rule applies to a SIMPLE IRA with respect to any decedent, the five-year period is determined without regard to calendar year 2020 because of this waiver. For example, if a SIMPLE IRA owner died in 2019, the beneficiary's five-year period ends in 2025 instead of 2024.

## INCOME TAX CONSEQUENCES OF ESTABLISHING A SIMPLE IRA

- A. **Deductibility for SIMPLE IRA Contributions** – You may not take a deduction for the amounts contributed to your SIMPLE IRA as either employee elective deferrals or employer contributions. However, employee elective deferrals to a SIMPLE IRA will reduce your taxable income. Further, employer SIMPLE IRA contributions, including earnings, will not be taxable to you until you take a distribution from your SIMPLE IRA.

Participation in your employer's SIMPLE IRA plan renders you an active participant for purposes of determining whether or not you can deduct contributions to a Traditional IRA.

- B. **Contribution Deadline** – SIMPLE IRA deferral contributions must be deposited into the SIMPLE IRA as soon as administratively possible, but in no event later than 30 days following the month in which you would have otherwise received the money. Employer matching or nonelective contributions must be deposited no later than the due date for filing the employer's tax return, including extensions.
- C. **Tax Credit for Contributions** – You may be eligible to receive a tax credit for your SIMPLE IRA deferrals. This credit 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 deferrals made to your SIMPLE IRA and reduce these contributions by any distributions that you may 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.

2023 Adjusted Gross Income*						Applicable Percentage
Joint Return		Head of Household		All Other Cases		
Over	Not Over	Over	Not Over	Over	Not Over	
	\$43,500		\$32,625		\$21,750	50
\$43,500	\$47,500	\$32,625	\$35,625	\$21,750	\$23,750	20
\$47,500	\$73,000	\$35,625	\$54,750	\$23,750	\$36,500	10
\$73,000		\$54,750		\$36,500		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. **Tax-Deferred Earnings** – The investment earnings of your SIMPLE IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).
- E. **Excess Contributions** – If you defer more than the maximum allowable limit for the tax year, you have an excess deferral and must correct it. Excess deferrals, adjusted for earnings, must be distributed from your SIMPLE IRA.

If your employer mistakenly contributes too much to your SIMPLE IRA as an employer contribution, your employer may effect distribution of the employer excess amount, adjusted for earnings through the date of distribution. The amount distributed to the employer is not includible in your gross income.

- F. **Income Tax Withholding** – Ten percent federal income tax withholding will be applied to a withdrawal from your SIMPLE IRA unless you choose to withhold a different amount or elect not to have withholding apply. We are not required to withhold taxes from any distribution that we reasonably believe is not taxable.
- G. **Early Distribution Penalty Tax** – If you receive a SIMPLE IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent (25 percent if less than two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer) 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 SIMPLE 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 SIMPLE 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 SIMPLE 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 SIMPLE 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 SIMPLE 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. **11) Terminal illness.** Payments from your SIMPLE IRA made because you are terminally ill are not subject to the 10 percent early distribution penalty tax. You are terminally ill if you have been certified by a physician, in

accordance with documentation requirements to be established by the IRS, as having an illness or physical condition that can reasonably be expected to result in death in 84 months or less after the date of the certification. **12) Qualified Disaster Recovery Distribution.** If you are an affected SIMPLE IRA owner in a federally declared disaster area who has sustained an economic loss by reason of such qualified disaster, you may take up to \$22,000 per disaster from your SIMPLE IRA without incurring the 10 percent early distribution penalty tax. **13) Domestic abuse.** Beginning in 2024, if you are a victim of domestic abuse you may withdraw up to \$10,000 (subject to possible cost-of-living adjustments each year beginning in 2025) or 50% of your SIMPLE IRA balance, whichever is less, within one year of the abuse without incurring the 10 percent early distribution penalty tax. **14) Emergency personal expenses.** Beginning in 2024, you may take one withdrawal in a calendar year as an emergency personal expense distribution for purposes of meeting unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses, without incurring the 10 percent early distribution penalty tax. The amount that may be treated as an emergency personal expense distribution in any calendar year is \$1,000 or the total balance in your SIMPLE IRA over \$1,000, determined as of the date of each such distribution, whichever is less. No further emergency personal expense distributions are allowed during the immediately following three calendar years unless repayment occurs, or you have made SIMPLE IRA contributions after the previous distribution in an amount at least equal to the previous distribution that has not been repaid.

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.

- H. **Rollovers and Conversions** – Your SIMPLE IRA may be rolled over to another SIMPLE IRA, Traditional 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 SIMPLE IRA from another SIMPLE IRA, Traditional IRA, or from your employer's qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan provided a two-year period has been satisfied. 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 SIMPLE 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. **SIMPLE IRA-to-SIMPLE IRA Rollovers.** Assets distributed from your SIMPLE IRA may be rolled over to a SIMPLE IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper SIMPLE 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).

2. **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 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-SIMPLE IRA Rollovers.** You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan to a SIMPLE IRA provided two years have passed since you first participated in the SIMPLE IRA plan sponsored by your employer. 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 a SIMPLE 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 SIMPLE 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 a SIMPLE IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the SIMPLE IRA (or other eligible employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.

4. **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 SIMPLE IRA-to-SIMPLE IRA rollovers, the requirements of IRC

Sec. 408(d)(3) must be met. A proper SIMPLE IRA-to-Traditional 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).

5. **SIMPLE IRA-to-Employer-Sponsored Retirement Plan Rollovers.** You may roll over, directly or indirectly, any eligible rollover distribution from a SIMPLE IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. The employer-sponsored retirement plan, however, must allow for such rollover contributions.
6. **SIMPLE IRA-to-Roth IRA Conversions.** You are eligible to convert all or any portion of your existing SIMPLE IRA(s) into your Roth IRA(s), provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. If you convert to a Roth IRA, the amount of the conversion from your SIMPLE IRA to your Roth IRA will be treated as a distribution for income tax purposes, and is includible in your gross income. Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution 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 SIMPLE IRA.
7. **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.
8. **Written Election.** At the time you make a rollover to a SIMPLE 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.

I. **Repayments of Certain Distributions.**

1. **Qualified Birth or Adoption Distributions.** If you have taken a qualified birth or adoption distribution, you may generally pay all or a portion of the aggregate amount of such distribution to a SIMPLE IRA at any time during the three-year period beginning on the day after the date on which such distribution was received. In the case of a qualified birth or adoption distribution made on or before December 29, 2022, the deadline to repay the distribution is December 31, 2025.
2. **Terminal Illness Distributions.** If you have taken a distribution due to a terminal illness, you may generally pay all or a portion of the aggregate amount of such distribution to a SIMPLE IRA at any time during the three-year period beginning on the day after the date on which such distribution was received.
3. **Domestic Abuse Distributions.** Beginning in 2024, if you have taken a distribution because you are a victim of domestic abuse, you may generally pay all or a portion of the aggregate amount of such distribution to a SIMPLE IRA at any time during the three-year period beginning on the day after the date on which such distribution was received.

4. **Emergency Personal Expense Distributions.** Beginning in 2024, if you had taken an emergency personal expense distribution, the distribution may be repaid within a three-year period. No further emergency personal expense distributions are allowed during the immediately following three calendar years unless repayment occurs, or you have made SIMPLE IRA contributions after the previous distribution in an amount at least equal to the previous distribution that has not been repaid.

5. **Qualified Disaster Recovery Distributions.** If you have taken a qualified disaster recovery distribution, the distribution may be recontributed to a SIMPLE IRA at any time during the three-year period beginning on the day after the date on which such distribution was received.

For further information, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

- J. **Recharacterizations** – You may not recharacterize a Roth IRA conversion back to a SIMPLE IRA.

## LIMITATIONS AND RESTRICTIONS

- A. **Deduction of Rollovers and Transfers** – A deduction is not allowed for rollover or transfer contributions.
- B. **Gift Tax** – Transfers of your SIMPLE IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.
- C. **Special Tax Treatment** – Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to SIMPLE IRA distributions.
- D. **Prohibited Transactions** – If you or your beneficiary engage in a prohibited transaction with your SIMPLE IRA, as described in IRC Sec. 4975, your SIMPLE 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 SIMPLE IRA. (1) Taking a loan from your SIMPLE IRA (2) Buying property for personal use (present or future) with SIMPLE IRA assets (3) Receiving certain bonuses or premiums because of your SIMPLE IRA.
- E. **Pledging** – If you pledge any portion of your SIMPLE 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 SIMPLE 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 SIMPLE 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 a SIMPLE 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 SIMPLE IRA or retirement plan, you may recontribute those amounts to an IRA generally within a two-year period from your date of return.

E. **Disaster Related Relief** – If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, a federally-declared disaster in a specified disaster area), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your SIMPLE IRA. Qualified disaster relief includes an automatic 60-day extension to perform certain acts and 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.

**Qualified Disaster Recovery Distributions.** If your principal residence is located in a qualified disaster area and you have sustained an economic loss by reason of such disaster, you may receive up to \$22,000 per disaster in aggregate distributions from your retirement plans and IRAs as qualified disaster recovery distributions. A qualified disaster is any major disaster declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act after January 26, 2021. These distributions are not subject to the 10 percent early distribution penalty tax. In addition, unless you elect otherwise, any amount required to be included in your gross income for such taxable year shall be included ratably over a three-taxable year period, beginning with the taxable year of the distribution. Qualified disaster recovery distributions may be repaid at any time generally within a three-year period beginning on the day after the date the distribution was received.

**Repayments of Withdrawals for Home Purchase.** If you received a qualified first-time homebuyer distribution to purchase or construct a principal residence in the qualified disaster area, but which was not used on account of the qualified disaster, you are able to repay the distribution within 180 days of the applicable date of such disaster. The distribution must have been received during the period (1) beginning 180 days before the first day of the FEMA declared incident period, and (2) ending 30 days after the last day of the FEMA declared incident period.

For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related SIMPLE 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).

F. **Coronavirus-Related Distributions (CRDs)** – If you qualified in 2020, you were able to 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 were a qualified individual if you (or your spouse or dependent) was diagnosed with the COVID-19 disease or the SARS-CoV-2 virus in an approved test; or if you 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 have been made on or after January 1, 2020, and before December 31, 2020.

CRDs will be taxed ratably over a three-year period, unless you elected 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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