

**WHEN TO USE THIS FORM**

Use this form to open a SIMPLE Account.

**TO ESTABLISH A SIMPLE PLAN, YOU:**

- Have a business with, generally 100 employees or less
- Cannot have any other retirement plan

A SIMPLE plan is a **Savings Incentive Match Plan for Employees**. Because this is a simplified plan, the administrative costs should be lower than for other, more complex plans. Under a SIMPLE plan, employees and employers make contributions to traditional IRAs set up for employees (including self-employed individuals), subject to certain limits. It is ideally suited as a start-up retirement saving plan for small employers who do not currently sponsor a retirement plan. If your employer's SIMPLE plan permits you to select your own financial institution to serve as custodian of your SIMPLE account and your employer has not completed our SIMPLE Retirement Plan Adoption Agreement, then your employer must complete the IRS Form 5304-SIMPLE (Non-DFI). This form should be included with your SIMPLE IRA Adoption Agreement when mailed to Equity Trust. Choose the fee schedule that best fits your needs, based on the investment(s) you plan to hold. See the Fee Schedule for complete details.

**FEES AND PROCESSING TIMES****FEES:**

**Account Setup Fee:** A one-time account setup fee is due at time of account opening, please see current Fee Schedule.

**Account Maintenance Fees:** Fees based on portfolio value of your account. The All-Inclusive Fee Schedule is located on the last page of the IRA Custodial Account Agreement and Disclosure Statement.

**PROCESSING TIMES:**

- Typically, Equity Trust will open your account in approximately three business days unless corrections are required (transfer times may vary per custodian).
- Typical transfers take 14-30 days from the time the paperwork is received by the current custodian.
- Choosing **Express Transfer Service** can impact this timeline as it applies to activities within Equity Trust Company's control.
- Please contact your current custodian to discuss what options they offer for expediting the processing of this transfer.

**CONTACT INFORMATION****MAILING ADDRESS:**

Equity Trust Company  
Attn: Enterprise Accounts  
PO Box 450369  
Westlake, OH 44145

**PHYSICAL ADDRESS:**

Equity Trust Company  
Attn: Enterprise Accounts  
1 Equity Way  
Westlake, OH 44145

**WEBSITE:**

[www.TrustETC.com](http://www.TrustETC.com)

*For assistance, please contact  
an Account Executive at:*

**TOLL FREE:**

(888) 382-4727

*Or email questions to:*

**EMAIL:**

[help@TrustETC.com](mailto:help@TrustETC.com)

**IMPORTANT!**

Equity Trust Company does not investigate, sponsor, or endorse any investment product. You assume sole responsibility for the success or failure of your investments. You are responsible for directing the investment of assets in your account. Equity Trust Company does not provide any investment advice, or recommend or evaluate the merits or suitability of any investment.

*If Equity Trust Company's services were suggested by a financial representative, such person is not an agent, employee, representative, or affiliate of Equity Trust Company. Equity Trust Company is not responsible for and is not bound by any representations, warranties, statements or agreements made by any financial representative.*

**INSTRUCTIONS AND GUIDELINES**

To establish a SIMPLE plan:

- You have a business with generally 100 or fewer employees
- You cannot have any other retirement plan

You may fund your account through a contribution, transfer, or roll-over.

- Include your contribution check(s) made payable to Equity Trust Company Custodian FBO "Account Owner's Name" IRA.
- If you are funding by a rollover, please ensure that your rollover is completed within 60 days of the time you took the distribution in order to avoid any taxes or penalties.

Be sure to keep a copy of the signed and dated Application with the SIMPLE Account Agreement and Disclosure Statement for your records.

**E-STATEMENTS:**

- To receive e-statements for your Account, you must provide an email, check the box for e-statements, and enroll in myEQUITY within 90 days.

**SUBMISSION OPTIONS****OVERNIGHT:**

Equity Trust Company  
1 Equity Way  
Westlake, OH 44145

**WEBSITE:**

[www.TrustETC.com](http://www.TrustETC.com)  
**Log in to myEQUITY** to start  
your application online

**REGULAR MAIL:**

Equity Trust Company  
PO Box 450369  
Westlake, OH 44145

**FAX:**

(440) 365-1440

**DO NOT FAX OR MAIL THIS COVER PAGE**

**INVESTMENT PRODUCTS: NOT FDIC INSURED - NO BANK GUARANTEE - MAY LOSE VALUE**

**1 TYPE OF ACCOUNT** (Selection Required)☒ **SIMPLE****PURPOSE**

Retirement

Wealth Accumulation/  
InvestmentCurrent Income (Dividends  
and Interest Payments)**SOURCE OF FUNDS**What best describes the initial source of funds for this account  
(check all that apply):

Retirement Funds

Investments

Transfer

Inheritance/Trust

Rollover

Other (describe sources of funds)

Employment/Wages

What best describes the ongoing source of funds for this account  
(check all that apply):

Retirement Funds

Investments

Transfer

Inheritance/Trust

Rollover

Other (describe sources of funds)

Employment/Wages

**2 ACCOUNT HOLDER INFORMATION**

LEGAL NAME (First, Middle, Last)

PHYSICAL ADDRESS (Required - No PO Box)

CITY

COUNTY

STATE

ZIP CODE

MAILING ADDRESS (If different from above - PO Box may be used)

CITY

COUNTY

STATE

ZIP CODE

SOCIAL SECURITY NUMBER

DATE OF BIRTH (MM/DD/YYYY)

COUNTRY OF CITIZENSHIP

☐ USA ☐ Other

EMAIL ADDRESS

PRIMARY PHONE

Check box if the account owner is a minor (Please also complete and submit the Adult/Guardian worksheet)

**IDENTIFICATION** (Required by Federal Law. All applicants must provide the information below.)

Account Holder:

U.S. Driver's License

U.S. State ID

U.S. Passport

Other Government-Issued Passport

STATE/COUNTRY OF ISSUANCE

ID NUMBER

ISSUE DATE (MM/YYYY)

EXPIRATION DATE (MM/YYYY)

**EMPLOYER AND OCCUPATION**

Employment Information:

Employed

Unemployed

Retired

If employed, complete the following information:

EMPLOYER NAME

OCCUPATION

ADDRESS

CITY

STATE

ZIP CODE

If unemployed/retired, complete the following information:

SOURCE OF INCOME

FORMER/MOST RECENT OCCUPATION

**3 COMMUNICATIONS/ELECTRONIC DELIVERY**

- **Notices/Updates:** By providing your email address above, you agree you have access to your email and understand you will receive electronic Communications from us at no charge. Communications include updated agreements, disclosures, tax forms, invoices, and other legally required notices. To receive a paper copy of a Communication, you can contact us.
- **Quarterly Statements:** To receive your quarterly statements electronically, please (1) check the box below AND (2) enroll in myEQUITY for your Account. To easily enroll, when you receive your new account number, go to [www.trustetc.com](http://www.trustetc.com), select myEQUITY Login and Register for Online Access. If not enrolled in myEQUITY within 90 days of opening your Account, your statement preference of electronic will be updated to paper delivery and a paper statement Fee will apply (See Fee Schedule).

Should you wish to opt out of certain email communications, such as marketing emails, please go to [www.TrustETC.com/privacy-policy/](http://www.TrustETC.com/privacy-policy/) to opt out of those emails.

**ONLINE QUARTERLY STATEMENT**

YES, I elect to receive an electronic statement

**4 FUND YOUR ACCOUNT** (Select all that apply)**ONE-TIME CONTRIBUTION**

CONTRIBUTION AMOUNT	PAYMENT METHOD	CONTRIBUTION YEAR
	Credit/Debit Card* (Max contribution limit \$500)	
	Wire (see <a href="http://www.TrustETC.com/incoming-wire-instructions">www.TrustETC.com/incoming-wire-instructions</a> )	
	Check Enclosed	

\*To contribute by Credit/Debit Card, please contact Equity Trust Company at (888) 382-4727 to provide card details.

**OTHER FUNDING METHODS** (Select all that apply)

☐ Transfer (from an existing SIMPLE IRA account \_\_\_\_\_  
(Please complete and submit the **Account Transfer Form**.)

☐ Rollover \_\_\_\_\_

This Rollover Contribution is the result of: ☐ Proceeds which I have actually or constructively received from another SIMPLE IRA.

*I hereby certify that the cash and/or in-kind transfer of assets which I deposit as a Rollover Contribution meets all of the requirements for an "eligible rollover contribution" under applicable law. I further certify that, if I have had constructive receipt of funds or property as indicated by checking the "Rollover" box above, that this rollover is being made within 60 days of my receipt of same. I acknowledge that my designation of this account as a "Rollover" is irrevocable, unless I later determine that all or any portion of the assets deposited are an excess contribution. I understand that Equity Trust will not monitor the nature of contributions to my Account, and has no duty to question my actions should I combine rollover IRA assets with regular contribution IRA assets. I hereby hold harmless Equity Trust from any liability for any financial loss, damage, or injury which I may sustain as a result of combining rollover and regular contribution IRA assets.*

**5 ACCOUNT AND CUSTODIAN INFORMATION**

ACCOUNT INFORMATION	CUSTODIAN INFORMATION
DATE OF INITIAL DEPOSIT	NAME: EQUITY TRUST COMPANY
EFFECTIVE DEFERRAL AMOUNT	Notice of revocation must be delivered or mailed to:
EMPLOYEE CONTRIBUTION AMOUNT	ATTENTION: ACCOUNT MANAGEMENT
ROLLOVER FROM SIMPLE IRA	ADDRESS: P. O. BOX 451340, WESTLAKE, OH 44145
TRANSFER FROM SIMPLE IRA	PHONE: (877) 693-8208
TRANSFER RECEIVED FROM	
EMPLOYER NAME (Required)	<b>SELECT OPTION:</b> (You must select an option below.)
	<input type="checkbox"/> DFI (Employer <b>must</b> complete <b>Form 5305-SIMPLE</b> )
	<input type="checkbox"/> NON-DFI (Employer <b>must</b> complete <b>Form 5304-SIMPLE</b> )

**FOR EQUITY TRUST COMPANY USE ONLY**

Account Number _____	Event Code _____	Tracking Code _____
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## 6 FEES (Please refer to the current Fee Schedule)

### PAYMENT OF FEES

I acknowledge that Equity Trust Company will calculate and charge fees in accordance with the Fee Schedule applicable to my account and which was provided to me with the SIMPLE IRA Custodial Account Agreement and Disclosure Statement. I further acknowledge that the Fee Schedule applicable to my account may be updated by Equity Trust Company from time to time, and I agree to pay in accordance with any updated Fee Schedule upon thirty (30) days' notice to me.

Unless I select the below box and have provided Equity Trust with a valid Credit/Debit Card, my fees will be deducted from my account.

Pay fees with my Credit/Debit Card\* on file

*\*By checking the box to pay fees with my Credit/Debit Card on file, you authorize Equity Trust Company to charge your credit card for all fees associated with your account (if applicable). To add, change, or update a credit card, please visit [www.myEQUITY.com](http://www.myEQUITY.com) or contact us at (888) 382-4727.*

## 7 ACCOUNT AUTHORIZATIONS

THE FOLLOWING SELECTIONS ARE OPTIONAL FEATURES AVAILABLE ON YOUR EQUITY TRUST COMPANY ACCOUNT. SELECT ONLY THE ITEM(S) YOU WISH TO AUTHORIZE. (Please leave blank if you do not wish to make any designations for your account.)

**Referral:** I was referred to Equity Institutional by the person referenced below. I understand that Equity Trust Company will not release information to this person and will not accept instructions it receives from this individual. This person is not a Designated Representative on my account.

REFERRAL SOURCE	EQUITY INSTITUTIONAL REP/REFERRAL NUMBER (if applicable)
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**Interested Party Designation:** I authorize Equity Trust Company to release information to the following person regarding my account including copies of quarterly statements or other written, verbal, or electronic communications. I understand that Equity Trust Company will not accept instructions it receives from this individual. This person is not a Designated Representative on my account.

INTERESTED PARTY NAME		PRIMARY PHONE
ADDRESS		FAX
CITY	STATE	ZIP CODE
EMAIL ADDRESS	EQUITY INSTITUTIONAL REPRESENTATIVE NUMBER	

**Designated Representative:** This person or entity will have the authority to submit your investment directions to Equity Trust. By appointing a Designated Representative, you authorize Equity Trust to rely on directions it receives from your elected Designated Representative. See Section below for more details on a Designated Representative's access to your account information

DESIGNATED REPRESENTATIVE NAME PRIMARY PHONE		PRIMARY PHONE
ADDRESS		FAX
CITY	STATE	ZIP CODE
EMAIL ADDRESS	EQUITY INSTITUTIONAL REPRESENTATIVE NUMBER	
FIRM NAME (IF APPLICABLE)		
FIRM ADDRESS		
FIRM CITY	FIRM STATE	FIRM ZIP CODE



**8 IMPORTANT** (Please read before signing)

The signature below acknowledges that I have received, read, and understand the Equity Trust Company **SIMPLE IRA Custodial Account Agreement and Disclosure Statement**. To access a copy, visit: <https://www.trustetc.com/custodial-agreement-disclosure/> and then select your Account type.

I acknowledge that the **SIMPLE IRA Custodial Account Agreement and Disclosure Statement** applies to my Equity Trust account and it explains the duties, limitations on duties, and the rights of Equity Trust Company and myself, the account holder. By signing this application below, I, as the account holder, assume complete responsibility for determining contribution eligibility and tax consequences of any and all contributions or distributions; I accept and agree to all of the terms and provisions set forth in the SIMPLE IRA Custodial Account Agreement and Disclosure Statement; and have read and accepted the terms of the Fee Schedule.

**Signatures—By signing below, I hereby make the following representations:**

1. I appoint Equity Trust Company as Custodian of my Account. I acknowledge that I have received and read Equity Trust Company's SIMPLE IRA Custodial Account Agreement and Disclosure Statement and Fee Schedule on the date shown below, and I agree to be bound by the terms and conditions contained in these documents. I understand that, within seven (7) days from the date that I open my Account, I may revoke this application and close my Account without penalty by mailing or delivering a written notice to Equity Trust Company.
2. I acknowledge that my Account is self-directed, and I am solely responsible for the selection, management, and retention of investments held within my Account. I understand and acknowledge that Equity Trust Company will exercise no discretion with respect to the investments in my Account, will not under any circumstances provide investment advice or recommendations, and will follow my direction, as Equity Trust has no responsibility to question any investment directions given by me or my Representative (if I have appointed one). I further understand that I am not entering into a "trust" agreement with Equity Trust Company, but rather I am entering into a "custodial" agreement under which Equity Trust Company has no duties or responsibilities with respect to the investments in my Account. I understand and intend that Equity Trust Company shall not assume the responsibilities of a trustee, a "fiduciary," or a person entitled to exercise any discretionary authority with respect to the funds in my Account, as those terms and concepts are defined in the Internal Revenue Code, ERISA, or other applicable federal, state or local laws. I understand that Equity Trust Company is in no way responsible for monitoring the performance of investments held within my Account.
3. I understand that Equity Trust Company does not review the prudence, viability or merits of any investment or whether the investment is acceptable under ERISA, the Internal Revenue Code, or any other applicable federal, state or local laws, including securities laws. I acknowledge that it is my responsibility to review any investments to ensure compliance with the above requirements and to avoid the occurrence of any prohibited transactions in my Account arising out of my investments. I understand that I should have all investments reviewed by my attorney and/or tax advisor.
4. I understand that if I have chosen to appoint a Designated Representative ("Representative") in the Account Authorizations Section of this Agreement, or should I ever appoint a Representative on a form acceptable to Equity Trust Company, such person is not in any way an agent, employee, or representative of Equity Trust Company. I understand that Equity Trust Company has not made and will not make any recommendation or investigation with respect to my Representative, nor does Equity Trust Company or its affiliates compensate my Representative in any manner.

By appointing a third party as a Representative to my account, I understand that this person:

- is authorized to submit my investment directions to Equity Trust Company;
- will have unlimited access to my Account information; and
- will receive copies of my Account statements and other correspondence.

I understand that I may appoint and/or remove my Representative at any time by delivering written notice on a form acceptable to Equity Trust Company. Removal of a Representative shall not have the effect of cancelling any notice, instruction, direction or approval received by Equity Trust Company from your removed Representative before Equity Trust Company receives notice of removal.

I understand that it is solely my responsibility to direct my Representative, and all instructions, directions, and/or confirmations received by Equity Trust from my Representative will be relied upon by Equity Trust Company as authorized by me.

5. Without limitation, I agree to indemnify and hold Equity Trust harmless for any loss or breach of any kind which may result from any action or inaction that it takes or omits in accordance with, and in its reliance upon, any certificate, notice confirmation, instruction, or other communication delivered by my Representative. I understand that if a third-party suggested using Equity Trust Company's custodial services, that such third-party is not in any way an agent, employee, representative, or affiliate of Equity Trust Company. I acknowledge that Equity Trust Company is not responsible for and is not bound by any representations, warranties, statements or agreements made by any third-party.
6. I consent to Equity's Fee Schedule as applicable to my account and as amended from time to time.
7. I understand that, the investments within my account are not FDIC-insured, nor are any investments guaranteed by Equity Trust Company, and that such investments may lose value.
8. I understand that I am responsible for paying Federal income tax on the taxable portion of my distribution(s) and that I may be subject to tax penalties if my payments of estimated tax and withholding, if applicable, are not adequate.
9. To help the government fight the funding of terrorism and money laundering activities, the USA PATRIOT Act requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. By submitting this application, you consent to Equity Trust Company's use of third-party sources in fulfilling its obligation to obtain, verify and record information, in accordance with the USA PATRIOT Act.

**8 IMPORTANT** (Please read before signing)

10. I understand that Equity Trust may amend, supplement or rescind the terms of the Custodial Account Agreement. I further understand that the applicable Custodial Account Agreement will be posted on Equity Trust's website. If I continue to maintain my self-directed account after Equity Trust provides notice of any changes to the Custodial Account Agreement, I am accepting the terms of the revised Custodial Account Agreement, and I will be bound by those terms and conditions.
11. By signing this Application, I confirm that this account will not hold or engage in transactions involving illegal or impermissible investments under South Dakota or Federal law while Equity Trust Company serves as Custodian.
12. This Application and the Custodial Agreement are executed and accepted by Equity Trust Company in the State of Ohio. I understand that the Custodial Agreement is subject to all applicable federal laws and regulations and shall be governed by and construed under the applicable laws of the State of South Dakota

**SIGN HERE** (Signatures must be present on all originals, copies, faxes and/or emails). A delay in processing may occur if signature is not present.

ACCOUNT HOLDER/PARENT/GUARDIAN	DATE	AUTHORIZED CUSTODIAN (Equity Trust Company Only)	DATE
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**WHAT'S NEXT?**

Equity Trust processes applications within 24 hours (Monday - Friday) of receiving a signed application. Shortly thereafter, the client will receive a welcome call from their Account Executive and a welcome package will be sent from Equity Trust via regular mail. Contact Equity Trust with questions about your new account by calling our toll-free number (877) 693-8208.

**1 ACCOUNT HOLDER INFORMATION**

ACCOUNT HOLDER NAME

**2 BENEFICIARY DESIGNATION**

The following individual(s) or entity(ies) shall be my primary and/or contingent beneficiary(ies). If a beneficiary is being added the following information is required: Name, Date of Birth, Relationship to the Account Holder, Type of Beneficiary (primary or contingent), and Percentage. The sum of all beneficiary percentages for each Type of Beneficiary must equal 100%.

If any primary or contingent beneficiary dies before I do, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a prorata basis. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my IRA

Name (First, Middle, Last)	Date of Birth (mm/dd/yyyy)	Social Security Number (optional)	Relationship	Primary or contingent	Share %
1.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	
2.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	
3.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	
4.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	
5.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	
6.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	
7.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	
8.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	
9.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	
10.				<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	

This section should be reviewed if either the trust or the residence of the Account Holder is located in a community<sup>1</sup> or marital property state and the Account Holder is married. Due to the important tax consequences of giving up one's community property interest, individuals signing this section should consult with a competent tax or legal advisor.

**CURRENT MARITAL STATUS:** ☐ **I am not married** – I understand that if I become married in the future, I must complete a new **Change of Beneficiary** form.  
☐ **I am married** – I understand that if I choose to designate a primary beneficiary other than my spouse, my spouse must sign below.

**CONSENT OF SPOUSE:** I am the spouse of the aforementioned Account Holder. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Due to the important tax consequences of giving up my interest in this IRA, I have been advised to see a tax professional.

I hereby give the Account Holder any interest I have in the assets held in this IRA and consent to the beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the Custodian.

SIGNATURE OF SPOUSE

DATE

<sup>1</sup> Community Property states include: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.

**Savings Incentive Match Plan  
for Employees of Small Employers (SIMPLE)—Not  
for Use With a Designated Financial Institution**

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

\_\_\_\_\_ establishes the following SIMPLE

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

IRA plan under section 408(p) of the Internal Revenue Code 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 IRA established by 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.
- 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 (for example, 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.
- 2a 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) for each eligible employee to the SIMPLE IRA established at the financial institution selected by that employee 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) for each eligible employee to the SIMPLE IRA established at the financial institution selected by that employee 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 internet website at **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 Selection of IRA Trustee.** The Employer must permit each eligible employee to select the financial institution that will serve as the trustee, custodian, or issuer of the SIMPLE IRA to which the Employer will make all contributions on behalf of that employee.
- 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 under 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 the 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 SIMPLE IRA.** A SIMPLE IRA is an individual retirement account described in section 408(a), or an individual retirement annuity described in section 408(b), to which the only contributions that can be made are contributions under a SIMPLE IRA plan and rollovers or transfers from another SIMPLE IRA.

**Article VI—Procedures for Withdrawals** *(The Employer will provide each employee with the procedures for withdrawals of contributions received by the financial institution selected by that employee, and that financial institution's name and address (by attaching that information or inserting it in the space below) unless: (1) that financial institution's procedures are unavailable, or (2) that financial institution provides the procedures directly to the employee. See **Employee Notification** in the instructions.)*

**Article VII—Effective Date**

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

\* \* \* \* \*

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

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

\_\_\_\_\_  
Date

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

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

## 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*)).

### IV. Employee Selection of Financial Institution

You must select the financial institution that will serve as the trustee, custodian, or issuer of your SIMPLE IRA and notify your Employer of your selection.

## 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. Employee Selection of Financial Institution

I select the following financial institution to serve as the trustee, custodian, or issuer of my SIMPLE IRA.

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

\_\_\_\_\_  
Address of financial institution

\_\_\_\_\_  
SIMPLE IRA account name and number

I understand that I must establish a SIMPLE IRA to receive any contributions made on my behalf under this SIMPLE IRA plan. If the information regarding my SIMPLE IRA is incomplete when I first submit my salary reduction agreement, I realize that it must be completed by the date contributions must be made under the SIMPLE IRA plan. If I fail to update my agreement to provide this information by that date, I understand that my Employer may select a financial institution for my SIMPLE IRA.

### V. 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 website at **IRS.gov**.



## General Instructions

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

### Purpose of Form

Form 5304-SIMPLE is a model Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) plan document that an employer may use to establish a SIMPLE IRA plan described in section 408(p), under which each eligible employee is permitted to select the financial institution for his or her SIMPLE IRA.

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 5304-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 5304-SIMPLE to establish a model Savings Incentive Match Plan, you are not required to use this version of the form.

### 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 and 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 IRA 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 financial institution selected by him or her.

### When To Use Form 5304-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 5304-SIMPLE if:

1. You want to require that all SIMPLE IRA plan contributions initially go to a financial institution designated by you. That is, you do not want to permit each of your eligible employees to choose a financial institution that will initially receive contributions. Instead, use Form 5305-SIMPLE, Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)—for Use With a Designated Financial Institution;

2. You want employees who are nonresident aliens receiving no earned income from you that is 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 5304-SIMPLE

Pages 1 and 2 of Form 5304-SIMPLE contain the operative provisions of your SIMPLE IRA plan. This SIMPLE IRA plan is considered adopted when you have completed all applicable boxes and blanks and it has been executed by you.

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?* above.

### Salary Reduction Agreements (Article II)

As indicated in Article II, item 1, a salary reduction agreement permits an eligible employee to make a salary reduction 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 any 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 3 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 financial institution selected by each eligible employee.

### 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*, below.

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* above.

### 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* above.

**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 financial institution selected by each eligible employee for his or her SIMPLE IRA 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 each participant's SIMPLE IRA 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 each eligible employee prior to the employee's 60-day election period described above that he or she can make or change salary reduction elections and select the financial institution that will serve as the trustee, custodian, or

\*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).

issuer of the employee's SIMPLE IRA. 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* earlier 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 1 and 2 of Form 5304-SIMPLE (including the information described in *Article VI—Procedures for Withdrawals*).

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.

If the financial institution's name, address, or withdrawal procedures are not available at the time the employee must be given the summary description, you must provide the summary description without this information. In that case, you will have reasonable cause for not including this information in the summary description, but only if you ensure that it is provided to the employee as soon as administratively feasible.

## 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.

## Summary Description

Each year the SIMPLE IRA plan is in effect, the financial institution for the SIMPLE IRA of each eligible employee 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 5304-SIMPLE (including instructions) together with the financial institution's procedures for withdrawals from SIMPLE IRAs established at that financial institution, including the financial institution's name and address. The summary description must be received by the employer in sufficient time to comply with the *Employee Notification* requirements earlier.

There is a penalty of \$50 per day imposed on the financial institution for each failure to provide the summary description described above. However, if 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:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send this form to this address. Instead, keep it with your records.

**Savings Incentive Match Plan for  
Employees of Small Employers (SIMPLE)—  
for Use With a Designated Financial Institution****Do not file  
with the Internal  
Revenue Service**

\_\_\_\_\_ establishes the following SIMPLE

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

IRA plan under section 408(p) of the Internal Revenue Code 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 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.

**2a 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 internet website at **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 Withdrawals 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

## 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*).

## 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 website at **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 is 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 1 and 2 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 3 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.

\* 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://www.irs.gov).



## 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* 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 1 and 2 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.

## 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:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send this form to this address. Instead, keep it for your records.



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# SIMPLE IRA

## Custodial Account Agreement and Disclosure Statement

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# SIMPLE IRA Custodial Account Agreement

Form 5305-SA under Section 408(p) of the Internal Revenue Code  
IRS 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 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 only 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 2-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 non-forfeitable.

## ARTICLE III

- 3.1 No part of the custodial funds in this account 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)(S)).
- 3.2 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

- 4.1 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.
- 4.2 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 70 112. 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.
- 4.3 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 1 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 1 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 1 for each subsequent year.
- (b) If the Participant dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (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 70 112. 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 (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 (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.
- 4.4 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.

4.5 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 Article IV, Section 4.2(b) for any year, beginning with the year the Participant reaches age 70 1/2, 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 Article IV, Sections 4.3(a) and 4.3(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 70 1/2, if applicable under Article 4.3(b)(ii)) 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 Regulation Section 1.401(a)(9)-9 of the individual specified in such Article 4.3(a) and 4.3(b)(i).
- (c) the required minimum distribution for the year the Participant reaches age 70 1/2 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.

4.6 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

5.1 The Participant agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.

5.2 The Custodian agrees to submit to the Internal Revenue Service (IRS) and Participant the reports prescribed by the IRS.

5.3 The Custodian also agrees to provide the participant's employer the summary description described in section 408(1)(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 section 408(a) and 406(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, as provided in Article XVIII, Section 18.4 below.

#### ARTICLE VIII – DEFINITIONS

The below words and phrases, when used in this SIMPLE IRA Custodial Account Agreement (the "Agreement"), shall have the following meaning:

- 8.1 "You" and "Your" means the Participant and SIMPLE IRA Owner.
- 8.2 "We", "Us" and "Our" mean the Custodian.
- 8.3 "Code" means the Internal Revenue Code.
- 8.4 "Regulations" means the Treasury Regulations
- 8.5 "SIMPLE IRA", "Custodial Account", "Account" or "SIMPLE IRA Account" means the Simple Incentive Match Plan for Employees of small employers' individual retirement account you set up with us under this Agreement.

#### ARTICLE IX

##### 9.1 Custodian's Limited Duties

- (a) Our duties as Custodian of your SIMPLE IRA Account are limited to those set forth in this Agreement. Our duties are limited to (i) receiving funds or investments from you or your designated/appointed representative,
  - (i) following your directions concerning your SIMPLE IRA Account, and
  - (ii) carrying out our ministerial duties as Custodian as set forth in this Agreement below.
- (b) It shall be our duty to maintain an account in your name and to effect administrative tasks at your direction. Such tasks include the following:
  - (i) holding and/or investing/re-investing any part of your SIMPLE IRA Account at your direction;
  - (ii) selling, conveying, transferring and otherwise following your directives concerning property held in your SIMPLE IRA Account;
  - (iii) borrowing and lending money and extending mortgages at your direction;
  - (iv) retaining cash and assets in your SIMPLE IRA Account, which Account shall reflect the amounts contributed by you from rollover, transfers, investments and distributions, disbursements and all other transactions directed by you;
  - (v) holding any securities or other property which has been properly registered to your SIMPLE IRA Account;
  - (vi) filing certain tax forms such as 5498s and 1099s required of us as Custodian;
  - (vii) unless otherwise directed by you, depositing all undirected and uninvested cash from any source into the Program as set forth and defined in Article XII, Section 12.1(b) of this Agreement, and then to place such deposited cash into one or more financial institutions as described in those sections;
  - (viii) making payments, disbursements or distributions from your SIMPLE IRA Account at your instruction;
  - (ix) furnishing to you, on at least an annual basis, a statement of your assets and transactions in your SIMPLE IRA Account; and
  - (x) making, executing and delivering any and all contracts, waivers, releases and any other document necessary for effecting a transaction directed by you.

##### 9.2 Custodian's Rights

- (a) We have the right to not process or accept a transaction or investments. For example, if we determine that an investment, or transaction poses risk to us, is no longer administratively feasible, or is inconsistent with internal practices and standards, or is beyond the scope of our

administrative responsibilities, capabilities or expertise, we have the right to not process the transaction or investment and we have the right to resign from our role as Custodian of the particular asset or the assets in your SIMPLE IRA Account. If we choose to resign, we may distribute this asset to you at its last known value, which could subject you to fees for us having to re-register the asset and process the transaction. We shall have no liability for any tax, financial, or other consequences related to such distribution.

- (b) The decision to not process or accept an investment should not be interpreted as us endorsing or conducting due diligence on an investment, investment company or investment strategy. Further, the decision to review any documents related to your investment be whether to accept or not accept an investment does not impose any fiduciary duties on us and should not be construed as us making a determination concerning the suitability or legality of the investment. Rather, any review performed by us with respect to an investment shall be solely for our own purposes of determining whether such investment poses administrative burdens on us or whether accepting such investment complies with our internal policies, practices and standards.
- (c) We shall use reasonable efforts to acquire or sell investments in accordance with your directions within a reasonable period of time after we have received an investment direction and we shall make reasonable efforts to notify you if we are unable or unwilling to comply with an investment direction. Subject to the foregoing, we shall remit funds as directed, but have no responsibility to verify or assure that such funds have been invested to purchase or acquire the asset selected by you.
- (d) If we (1) fail to receive directions from you regarding any transaction; (2) receive ambiguous directions regarding any transaction; or (3) believe that any transaction requested is in dispute or is being challenged by a third party, we have the right to take no action and/or freeze your SIMPLE IRA Account until further clarification acceptable to us is received from you or the appropriate government or judicial authority. If we do not receive sufficient information regarding application of funds or assets, we may return such funds or assets to you or to the issuer.
- (e) We have the right to close your SIMPLE IRA Account if the Account drops below the minimum balance we establish and/or if your SIMPLE IRA Account remains inactive with no assets or new investments for a period of time designated under our internal policies. Upon closing your IRA Account, any funds in the Account will be applied to outstanding fees, including the Account termination fee, and the rest will be distributed to you.
- (f) We have the right to distribute the entire balance of your SIMPLE IRA Account to you or assess a fee if the balance of your SIMPLE IRA Account drops below a minimum balance we establish.
- (g) We have the right to liquidate assets held in your SIMPLE IRA Account and choose which assets to liquidate in order to pay for overdue fees owed to us or as required in order to comply with state escheatment laws. We also have the right to liquidate assets held in your SIMPLE IRA account and credit your SIMPLE IRA Account for the market value of such assets if we determine that it is administratively burdensome or not feasible to custody such assets or if there are regulatory or legal risks, as determined by us, associated with the custody or investment of such assets. We also have the right to liquidate assets to cover losses to us as a result of returned or rejected funds deposited into your SIMPLE IRA Account.

## ARTICLE X

### 10.1 In General

- (a) You represent and warrant to us that any information you have given or will give us with respect to this Agreement, your SIMPLE IRA Account or the Application is complete, accurate and up to date. 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 and/or act upon any such information or direction upon receipt. We shall not be responsible for losses of any kind that may result from your direction to us or your action or failure to act, and you agree to reimburse and indemnify us for any loss we may incur as a result of such direction, action or failure to act.
- (b) We have the right to assume that any document you submit relative to your SIMPLE IRA Account is enforceable, authorized and approved by you. You acknowledge that it is your duty to ensure that any documents relating to any investment are signed, recorded, genuine, and legally enforceable to establish legal interest, including but not limited to title or a security interest. You agree that we are not liable for any damages as a result of us accepting a document that we believe is authorized and approved by you.
- (c) The investment selected by you may lack liquidity, may be speculative and may involve a high degree of risk. You represent to us that any loss sustained in your SIMPLE IRA Account will not affect your retirement income standard, and if a mandatory distribution arises, you will have the ability through your SIMPLE IRA Account and/or other retirement accounts to meet any distribution requirements.
- (d) We are responsible for safekeeping only those documents which we deem are necessary to be held in our custody and that are delivered to us by you or your agent. If the original documents are to be held by you or your agent or another third party, you must ensure that you or your agent or third party agrees to safeguard the original documents and forward copies of the signed and recorded documents to us as evidence of ownership. If we receive documentation we determine is not necessary to evidence ownership of your IRA asset, we have the right to return such documentation to you and it is your responsibility to preserve such documentation as is necessary.

### 10.2 Investment Conforms to All Applicable Regulations and Securities Laws

- (a) You are responsible for ensuring that the assets within your SIMPLE IRA Account and all transactions connected with your SIMPLE IRA Account comply with South Dakota regulations, other applicable federal and state regulations, rulings and this Agreement. By signing the SIMPLE IRA Account application and receiving this Agreement, you acknowledge that none of the assets in your SIMPLE IRA Account violate any federal or state Regulation. We have no duty to determine whether your contributions or distributions comply with the relevant laws.
- (b) You represent to us that if any investment by your SIMPLE IRA is a security under applicable federal or state securities laws, such investment has been registered or is exempt from registration under federal and state securities laws; and you release and waive all claims against us for our role in carrying out your instructions with respect to such investment.
- (c) You acknowledge that the foregoing representation is being relied upon by us in accepting your investment directions and you agree to indemnify us with respect to all costs, expenses (including attorneys' fees), fines, penalties, liabilities, damages, actions, judgments and claims arising out of such



investment and/or a breach of the foregoing representation, including, without limitation, claims asserted by you.

### 10.3 Investment of Amounts in Your SIMPLE IRA- Your Responsibility

- (a) **In General.** You have exclusive responsibility for and control over the investment of the assets of your SIMPLE IRA Account. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which 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 internal policies, standards and practices; and this Agreement.
- (b) **Selection of Investment and Investment Due Diligence.** You are responsible for conducting any and all due diligence related to your investment, and for the selection of the investment for your SIMPLE IRA assets. We will not select or recommend any investment, nor will we act. As a broker dealer or advisor in completing any purchase or sale of an investment for you. However, your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to custody and that comport with our internal policies, practices, and standards and that are deemed administratively feasible by us, as set forth in Article IX, Section 9.2. Cash balances in your SIMPLE IRA for which no investment instructions have been received shall be placed in a financial institution as set forth in Article X, Sections 10.3(f) and 10.3(g).
- (c) **Third Party Due Diligence.** It is your responsibility to perform proper due diligence with regard to any such representative, investment advisor, broker or other party. We will follow the directions of any such investment advisor, representative, broker or other party authorized by you in a manner acceptable to us, and we will be entitled to all the same protections and indemnities in our reliance upon and execution of the directives of such agent or other party as if such directives were given by you. 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, administrator, advisor or investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent.
- (d) **Interested Party/Designated Representative.** You may appoint an Interested Party or Designated Representative to your SIMPLE IRA Account in any form or manner that is acceptable to us. Those individuals will have ability to view your SIMPLE IRA Account, access your SIMPLE IRA Account information and/or perform the actions as set forth on your account application or other form where you appointed and designated the third party. You shall be responsible for investigating, selecting, instructing, and monitoring the Interested Party and/or Designated Representative and to perform whatever due diligence as may be appropriate before selecting or retaining that individual. That Interested Party and/or Designated Representative is not affiliated in any way with us and is not an agent, affiliate, or employee of us. The Custodian has no duty to supervise or monitor the Interested Party or Designated Representative. You may remove an Interested Party and/or Designated Representative from your account by providing written notice to us, on a form that is acceptable to us, but that removal shall not have the effect of canceling any notice or direction we received prior to us receiving written notice of cancellation. You are solely responsible for removing the responsible party/designated representative by notifying us of such request to remove that third party through the process we require. We do have the right to remove an Interested Party and/or Designated Representative from your SIMPLE IRA Account at our discretion.
- (e) **Custodian Acting at Your Direction - No Investment or Tax Advice**
  - (i) We are acting solely as a directed Custodian to hold SIMPLE IRA assets and we have no discretion to direct any investment in your SIMPLE IRA. Accordingly, we are not a fiduciary (as said term is defined in the Internal Revenue Code, ERISA, or any other applicable federal, state or local laws) with respect to your SIMPLE IRA Account.
  - (ii) It is not our responsibility to review the prudence, merits, viability or suitability of any investment directed by you or your agent(s) or to determine whether the investment is suitable for you or acceptable under ERISA, the Internal Revenue Code or any other applicable law.
  - (iii) We do not offer any investment advice, nor do we endorse any investment, investment product or investment strategy; and we do not endorse any investment advisor, representative, broker, dealer or other third party selected by you. By agreeing to custody an asset, such action does not constitute marketing or endorsing that asset by us. It also does not speak to the viability of that asset.
  - (iv) We do not provide legal or tax advice with respect to the assets in your SIMPLE IRA Account.
  - (v) We have no duty to inform you of any information on an asset held in your SIMPLE IRA Account which we may have learned in connection with another account or customer or from any source.
  - (vi) By performing services under this Agreement, we are acting at your direction and on your behalf. We shall 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. We employ agents and organizations, including but not limited to Equity Administrative Services, Inc., for the purpose of performing administrative or other custodial-related services with respect to your SIMPLE IRA for which we otherwise have responsibility under this Agreement, and the limitations on our duties to you under this Agreement or otherwise shall also apply with respect to each agent or organization so employed.
  - (vii) We shall be under no obligation or duty to investigate, analyze, monitor, verify title to, or otherwise evaluate any investment directed by you or your investment advisor, representative or agent; nor shall we be responsible to notify you or take any action should there be any default with regard to any investment.
  - (viii) We are not responsible for communicating, forwarding or notifying you or any third party of any information which we receive pertaining to your investments, SIMPLE IRA Account or relationships. For example, we have no duty or obligation to notify you with respect to any information, knowledge, irregularities or our concerns relating to your investment or your investment advisor, broker, agent, promoter, or representative. Any failure of us to communicate such information to you does not result in any liability on us as Custodian.
  - (ix) We may receive documentation from investment providers or asset holders regarding assets in your SIMPLE IRA. We may, but are not obligated to, forward this information to you. It will remain your sole responsibility to request

and ensure that you receive all applicable documentation regarding your investments.

- (f) **Deposit Investments.** The deposit investments available through us may include savings, and/or money market accounts, and certificates of deposit (CDs). Any cash in your SIMPLE IRA shall be invested in accordance with the instructions of the Participant, or those of its designated representative, subject to the other terms of this Agreement. If you do not instruct us with regard to any un-invested cash, such cash will be deposited into the Program, as defined in Article XII, Section 12.1(b). You may direct us to transfer any un-invested funds to an institution of your choice at any time.

(g) **Uninvested Cash Fund**

- (i) The Participant hereby directs the Custodian, pending further investment instruction, to deposit all undirected and un-invested cash from any source, including, but not limited to contributions, transfers and income from assets held in the SIMPLE IRA Account, into the Program, as defined in Article XII, Section 12.1(b) of this Agreement, and then place such deposited cash into one or more financial institutions which qualify as well-capitalized under federal bank regulatory agency definitions. The bank accounts in the Program include checking, savings, money market and/or CD accounts. Interest earned on such cash balances net of the Program fee shall be credited to your SIMPLE IRA as of the end of each month, provided your SIMPLE IRA is open on the last business day of the month.
- (ii) You direct us to sweep available free credit balances automatically into the Program utilizing such well-capitalized financial institutions until such time as further direction is received from you or your designated representative(s).
- (iii) You also authorize us to transfer any such funds to a different well-capitalized financial institution without any further approval from you. Information on interest earned net of the Program fee is available online at [www.trustetc.com/interest](http://www.trustetc.com/interest) and reported on your quarterly statement as appropriate, or can be obtained by contacting a Client Service Representative.

**10.4 Investment Documentation**

- (a) In directing us with respect to any investment, you must utilize our Direction of Investment form suitable to such investment or such other form acceptable to us. We may remit funding for your investment upon receipt of such Direction of Investment or other form acceptable to us, without regard to any supporting documentation.
- (b) We shall be fully protected in acting upon any instrument, certificate, paper or transmission believed to be genuine and to be signed or presented by the proper person or persons whether or not by facsimile, email or other form acceptable to the Custodian, and the Custodian shall be under no duty to make any investigation or inquiry as to any statement contained in any such communication, but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.
- (c) You authorize and direct us to execute and deliver, on behalf of your SIMPLE IRA Account, any and all documents delivered to us in connection with your assets in your SIMPLE IRA Account; although we have no duty to deliver such documents and we shall have no responsibility to verify or determine that any such documents are complete, accurate or constitute the documents necessary to comply with your investment direction. You authorize and direct us to correct errors in investment titling without notice to you and to

correct other minor clerical errors with telephone or email consent from you upon verification of your identity.

**10.5 Statement Review**

By providing you with quarterly statements or notice that your quarterly statement is available in our customer portal, we assume that you will access, review, and ensure that the statement accurately reflects the assets in your SIMPLE IRA Account. You have sixty (60) days after either: (1) the date of mailing of a paper statement; or (2) the posting of our statement online, if you receive electronic statements, to give us notice of any errors or inaccuracies reflected on the statements. You acknowledge that if you fail to give us notice of any discrepancies on your statements within that time period, we have the right to assume that you approve of the statement and you are, therefore, precluded from making future objections to the statement. You agree that if your statement overstates an asset's value or inaccurately includes an asset, you will notify us within that sixty (60) day period. We have no obligation to you based on the overvaluation or inaccurate inclusion of an asset in your statement. We shall have no liability for the content reported or not reported on any statement unless you give us notice within that sixty (60) day period.

**10.6 Prohibited Transactions**

- (a) You understand that certain transactions are prohibited in SIMPLE IRAs and qualified retirement plans under Section 4975 of the Internal Revenue Code (a "prohibited transaction"). You further understand that the determination of a prohibited transaction depends on the facts and circumstances that surround the particular transaction. A prohibited transaction can occur with an improper use of the SIMPLE IRA such as a transaction involving a "disqualified person", which is defined in the Code. If your SIMPLE IRA Account contains a prohibited transaction, the SIMPLE IRA Account typically loses its non-taxable status and a taxable distribution and penalty may result. We have no responsibility to make a determination as to whether any investment or transaction is a prohibited transaction. Rather, you are responsible for consulting with your own tax or legal professional to ensure that none of your SIMPLE IRA investments constitute a prohibited transaction. We have no duty to inform you that your transaction is or could lead to a prohibited transaction.
- (b) By submitting an investment for processing, you affirm that the investment does not constitute a prohibited transaction and it complies with all applicable federal and state laws, regulations and requirements. We reserve the right, however, to not process a transaction, resign from the account or issue a distribution if we have a good faith belief that a transaction in your SIMPLE IRA Account constitutes a prohibited transaction.

**10.7 Duty to Indemnify**

- (a) You agree to release, indemnify, hold harmless and defend us from any and all claims, damages, liability, actions, loss, costs and expenses (including, without limitation, attorneys' fees) resulting to the SIMPLE IRA, against you, any beneficiary or incurred by or asserted against us, in connection with or by reason of any sale or investment made or other action taken (or omitted to be taken) at you or your agent's direction resulting from us serving as the Custodian hereunder. This includes claims, damages, liability, actions and losses asserted by you.
- (b) You agree to reimburse or advance to us, on demand, all legal fees, expenses, costs, fines, penalties and obligations incurred or to be incurred in connection with the defense, contest, prosecution or satisfaction of any claims made, threatened or asserted pertaining to any investment or action you or your agent directed through the Custodian, including, without limitation, claims asserted by you, any state or



federal regulatory authority or self-regulatory organization.

- (c) You release and indemnify and agree to hold harmless and defend us in the event that any investment or sale of your SIMPLE IRA assets violates any federal or state law or regulation or otherwise results in a loss of tax-exempt status, penalty, fine or tax imposed upon you, your SIMPLE IRA, or us.
- (d) We shall not be responsible for investment losses or diminution of the SIMPLE IRA assets resulting from the changes in the market value of an asset; or resulting from reliance or action taken in reliance upon notice, instruction, direction or approval received from you or your authorized agent.
- (e) You agree to reimburse and indemnify us for any loss we may incur as a result of such directions, actions or failures to act by you or your authorized agent. You release us from any liability for any price fluctuations of the asset during the processing of a transaction directed by you. The indemnification provisions will survive the expiration of this Agreement.

#### 10.8 Legal Proceedings

- (a) You agree that you are solely responsible for the prosecution or defense, including the retention of legal counsel, of all legal actions ("Legal Proceedings") involving your SIMPLE IRA, which arise or become necessary for the protection of the investments in your SIMPLE IRA, including any actions where we are named as a result of being Custodian of your SIMPLE IRA. If we are named as a defendant in any Legal Proceedings, which includes state, federal and local court or arbitration, as a result of the assets in your IRA being the subject of the litigation, you agree to retain legal counsel to represent us, in our custodial capacity, or however named in the Legal Proceedings. If you initiate Legal Proceedings against a third party regarding the assets in your SIMPLE IRA, and your SIMPLE IRA is the plaintiff, you agree to initiate suit by titling the plaintiff as "Equity Trust Company, Custodian FBO (Your Name) SIMPLE IRA." You agree to provide us with copies of all pleadings, motions, discovery, orders and final resolution documents upon request.
- (b) As you are the owner of the SIMPLE IRA held with us, you understand that we will not initiate Legal Proceedings on behalf of you or your SIMPLE IRA and will not participate in such Legal Proceedings without direction from you. You understand that you have sole authority to direct and make all decisions related to the Legal Proceedings and you shall defend, indemnify and hold Equity Trust, its officers, directors and employees harmless from any loss, legal expense and liability that arise out of such Legal Proceedings, including our legal costs, if we deem separate counsel is necessary. Should we incur costs or expenses associated with such Legal Proceedings, we have the right to charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets held in your SIMPLE IRA.

#### 10.9 Insurance

- (a) It is your duty, as the SIMPLE IRA owner, to secure or maintain fire, casualty, liability or other insurance coverage on any personal or real property held by your SIMPLE IRA or which serves as collateral under any mortgage or other security instrument held by your SIMPLE IRA with respect to any promissory note or other evidence of indebtedness. It is incumbent upon you to arrange for such insurance as you determine necessary or appropriate to protect your SIMPLE IRA assets and to direct us in writing as to the payment of any premiums therefor. Furthermore, it is your responsibility to determine that payment has been made upon your written request by verifying same with your SIMPLE IRA statements.

- (b) You, as the SIMPLE IRA owner, are responsible for notification or payments of any insurance premiums, real estate taxes, utilities, or other charges (including penalties) with respect to any investment held in your SIMPLE IRA, unless you specifically direct us to pay the same in writing and sufficient funds are available to pay the same from your SIMPLE IRA Account. Furthermore, it is your responsibility to determine that payment has been made from your SIMPLE IRA Account. You must utilize an appropriate payment directive form available from us within a sufficient period of time for such direction to be accomplished in accordance with our normal business practices (without regard to whether we have undertaken efforts to comply with such directive).

#### 10.10 Account Security

- (a) You will be required to establish confidential account security credentials, such as a user name, password, and/or PIN code, to access and conduct transactions in your SIMPLE IRA Account. It is your duty, as the SIMPLE IRA Account owner, to select strong account security credentials that, at a minimum, comply with our security credential requirements, and keep the credentials you select private and inaccessible to unauthorized users. You must select account security credentials that are unique to your SIMPLE IRA Account, meaning you have not used and will not use the same or similar credentials for other online accounts. We recommend that you also routinely change your account security credentials.
- (b) You are responsible for any access to or transactions conducted in your SIMPLE IRA Account with your account security credentials, whether or not such access or transactions were authorized by you. You must notify us immediately if you believe any of your account security credentials have been lost, stolen or compromised or if you become aware of any unauthorized access to or activity in your SIMPLE IRA Account. We shall not be responsible for losses of any kind that may result from unauthorized access to or activity in your SIMPLE IRA Account using your account security credentials or your other personal information.

#### 10.11 Third Parties

- (a) We may delegate certain administrative, operational or other custodial or subcustodial related services with respect to your SIMPLE IRA Account for which we otherwise have responsibility under this Agreement to affiliated and unaffiliated third parties, including, but not limited to Equity Administrative Services, Inc., High Ridge Trust, Innovayte LLC, and ETC Brokerage Services, LLC. The limitations on our duties for you under this Agreement or otherwise shall also apply with respect to each third party so employed or retained on our behalf.
- (b) We may, from time to time, establish independent contractor relationships with third parties whereby SIMPLE IRA Owners can have access to third parties for products and services that may be beneficial to the SIMPLE IRA Owner and whereby we receive a fee paid from the general assets of the third parties pursuant to a services agreement between us and the third party for offering their services. These third parties may be affiliates with whom we have common ownership. You should consult with your financial and legal advisors before purchasing any such product or service, and it is your responsibility to perform proper due diligence with regard to any product or service offered by any such third parties (including without limitations all potential legal and tax consequences), and we make no recommendations and provide no investment advice regarding any such product or services or of the needs of the IRA owner or your IRA Account. IRA Owners are in no way obligated to purchase products or services generally or to purchase products or

services from any such third parties. No SIMPLE IRA Owner may rely on any statement made by us or any of our officers, directors, employees, or agents for any decisions regarding the purchase of any product or service from any such third party.

- (c) We may receive fees from related or unrelated third parties as a result of an agreement for servicing your SIMPLE IRA Account. We also may, from time to time, offer non-custodial services, such as the right to use our licensed proprietary software and investment platforms to unrelated third parties for a fee (including, without limitation, a transaction-based fee) paid from the general assets of the third parties, to enable SIMPLE IRA Owners the ability to make investment purchases and sales through such platforms or use of these services.
- (d) We may pay unrelated third parties for marketing or other services they provide to us or in connection with the servicing of your SIMPLE IRA Account.

#### 10.12 Investment of the SIMPLE IRA & Financial Disclosure

- (a) We are acting solely as a directed Custodian to assets in your SIMPLE IRA Account and do not offer investment, tax, or legal advice, as that is solely your responsibility. As Custodian, we do not buy or sell investment products without your direction. As part of your self-directed SIMPLE IRA Account, you choose the investments that will fund your SIMPLE IRA Account. The investments available include a wide range of potential assets and you certify that the assets you invest in through your SIMPLE IRA Account are permissible investments under applicable laws. Even if permissible, we have the option to decline accepting an asset if it is not administratively feasible. Given the type of assets that you may invest in, it is impossible to accurately estimate the value of the SIMPLE IRA assets at any given future point in time. Therefore, no projection of the growth of your SIMPLE IRA Account can reasonably be shown, predicted, or guaranteed. Willingness to custody an asset in your SIMPLE IRA Account does not constitute a determination by us of the viability of the investment nor do we provide investment advice or recommend or evaluate the merits or suitability of any investment, for your benefit. Please contact your asset provider for information on how to calculate and allocate earnings on your investment. This method may vary depending on the provider and type of investment you have chosen. There are fees that we may charge in connection with the investments you selected for your SIMPLE IRA Account. Please consult the fee schedule for more information.

### ARTICLE XI – OTHER TAX CONSIDERATIONS

#### 11.1 Unrelated Business Taxable Income (UBTI)

- (a) Since your SIMPLE IRA is a tax-exempt organization under federal tax law, if your SIMPLE IRA earns income from an investment which utilizes debt- financing or which is derived from a business regarded as not related to the exempt purpose of your SIMPLE IRA, that income is called unrelated business taxable income (“UBTI”) and may be subject to taxation if it is in excess of permitted deductions. We have no responsibility for determining whether an investment made in your SIMPLE IRA Account earned income that may be considered unrelated business taxable income which is subject to this federal income tax. Rather, it is your responsibility to file the required Form 990-T when such unrelated business taxable income is earned.
- (b) In the event that your SIMPLE IRA earns unrelated business taxable income in excess of the \$1,000 exclusion (as that amount may be adjusted under the Code) for any taxable year,

you agree to prepare or have prepared the required Form 990-T tax return, an application for employer identification number (if not previously obtained), any other documents that may be required and to file these forms with the Internal Revenue Service and pay the applicable unrelated business income tax from your SIMPLE IRA. Additionally, if requested by us, you agree to: (1) send us documentation which evidences that the investments in your SIMPLE IRA Account did not earn unrelated business taxable income; or (2) provide evidence of the filing of the required Form 990-T for such tax; or (3) authorize us to prepare the tax for you. Should you fail to provide us with such requested documentation within the time proscribed by us, you may be subject to a Late Documentation Fee as set forth on the Fee Schedule.

### ARTICLE XII – SERVICE FEES

#### 12.1 Service Fees

##### (a) Fee Schedule

- (i) We shall charge you fees for our services under this Agreement as is fully set forth in the Fee Schedule as it may be amended from time to time. Our Fee Schedule may be amended upon 30 days’ advance written notice to you and in accordance with Section 18.4 hereof.
- (ii) We will charge fees consistent with the direction you specify on your Account Application (credit card, if applicable, deduct from account or invoice you) or as modified by you or your Designated Representative.
- (iii) Any fees that are based upon the fair market value of non-marketable investments or assets that do not have a readily available market value, shall be based upon cost or the estimated fair market value of such assets, whichever is greater. Fees will continue to accrue and be payable even if your IRA Account contains no assets other than uninvested cash. Publicly traded securities shall be valued at their fair market value. If cost is not reflective of fair market value with respect to the assets held in your SIMPLE IRA, you may provide us with a qualified independent valuation of such assets for purposes of determining an appropriate fee; and we will give consideration to such independent valuation. Our determination shall be binding and conclusive for purposes of SIMPLE IRA fees based upon value.
- (iv) As set forth in the Fee Schedule, renewal fees, such as the retail Gold Level Service Fee, will be automatically renewed and withdrawn from your SIMPLE IRA Account, charged to your credit card, or invoiced each year on the anniversary date of your membership, unless you provide written notice of cancellation within 30 days prior to your anniversary date.
- (v) We have the right to select another form of payment for our fees, such as credit card you have on file with us, if your designated form of payment fails when fees are due. Likewise, should you fail to pay an invoice for fees when due, we have the right to select another form of payment.
- (vi) Certain custodial fees may be paid for a limited time under a special fee schedule arrangement with a service provider as a result of a certain type of investment. If that arrangement is modified, that fee schedule may be discontinued, and you will be responsible for payment for fees associated with your Account outside of any special fee schedule. Should that fee arrangement allow for third parties to pay your fees directly to us in exchange for you paying the third party, if the third party is listed as the Account Designated Representative and you fail to pay the third party fees, you direct us to liquidate your assets to pay for fees due and owing that third party.

- (b) **Deposit Management Program Fees.** Other fees may be paid to us or our affiliates by third parties for assistance in performing certain transactions with respect to our Deposit Management Program ("Program"). Program fees are associated with cash management activities, such as account maintenance, participant bank selection, transaction processing, sub-accounting, record keeping, and any other services performed for the Program. Program fees for bank accounts maintained by the Custodian for all SIMPLE IRAs shall be deducted solely from interest earned on the un-invested Program cash prior to the crediting of such interest to the individual custodial account. For these services, the Custodian charges each bank account in the Program, a monthly fee at an annualized rate of up to 4.00% on the average assets maintained in the bank accounts, payable solely from interest earned on un-invested cash from the Program. The Program fees will be charged regardless of which bank accounts are being used by your SIMPLE IRA. The Custodian has no obligation to ensure that all such bank account pay the same rate of interest; however, the Custodian has the right, but not an obligation, to reduce (rebate) a portion of this fee to your SIMPLE IRA as to the balances in a specific bank's bank account. The Program fee for administering the bank accounts can change from time to time without notice, but cannot exceed the annualized rate of 4.00% without 30 days prior notice to you and in accordance with Section 20.4 hereof. The Program fee is deducted directly from any interest paid on each bank account in the Program, and the net amount is paid to your SIMPLE IRA monthly.
- (c) **Other Fees.** We may utilize third party services to obtain data necessary to serve as Custodian regarding the Investments in your SIMPLE IRA Account and you agree that we may charge your SIMPLE IRA Account a fee for utilization of such services. We may charge you and/or your SIMPLE IRA Account for any reasonable expenses incurred by us in connection with any services that we deem necessary or which are directed by you for the administration of your SIMPLE IRA. These include, but are not limited to, attorney fees and expenses associated with the defense of or on behalf of your SIMPLE IRA or your interest involving your SIMPLE IRA Account or its assets and in defense of us if we are named in any proceeding involving you or your account.
- (d) **Third Party Fees.** You may incur third party fees associated with a transaction or investment as a result of your relationship with such third party and you acknowledge that these third party fees will not be disclosed on our fee schedule. You acknowledge that you are solely responsible for these third party fees.
- (e) **Brokerage Commissions.** Through our affiliate, we may receive a commission in connection with the unsolicited purchase or sale of a publicly traded security. Any brokerage commissions attributable to the assets in your SIMPLE IRA will be charged to your SIMPLE IRA through your brokerage account. You cannot reimburse your IRA for those commissions. Commissions or other fees may be received by our affiliates from third parties for assistance in performing certain services for your SIMPLE IRA.
- (f) **Miscellaneous.** If you have provided us with information we consider sufficient to demonstrate that an asset(s) in your SIMPLE IRA Account is subject to bankruptcy, reorganization, receivership or similar proceedings, or otherwise impaired, or if we receive notice of such information, the fee based upon such asset may be reduced by us at the time we receive notice of this information. However, you understand that any fees accrued and due prior to us receiving notice of information we deem acceptable continue to be owed by you.
- (g) **Right to Collect Fees.** We have the right to freeze the assets

held in your SIMPLE IRA to ensure that we are protected from any loss involving your SIMPLE IRA. We also have the right to liquidate, change dividend options and/or freeze assets for any unpaid fee balance. Should fees or expenses not be collected, we have the right to cease acting as Custodian, close your account and force distribute any assets held in your SIMPLE IRA.

## 12.2 Credit Card

- (a) Upon establishment of your SIMPLE IRA Account or at such time thereafter, you may be required to furnish us with a valid credit card account number and related information. If you select to have your credit card pay fees, you authorize us to charge that credit card for all current and subsequent account-related fees and expenses unless and until you revoke this authorization in writing. We also have the right to charge a credit card you have on file with us for any fees and expenses due and owing to us that cannot be paid through your designated method of payment, such as if you elected to have fees come from your SIMPLE IRA Account but insufficient cash is in your SIMPLE IRA Account to cover the fees.
- (b) If your credit card on file with us expires or otherwise is or becomes invalid, you shall immediately inform us and provide us with another valid credit card and related information and hereby authorize us to charge that credit card. We have the right, consistent with industry standard practices, to use a third party service to obtain updated credit card details if your credit card on file has expired.

## ARTICLE XIII – BENEFICIARY(IES) & POWER OF ATTORNEY

- 13.1 If you die before you receive all of the amounts in your SIMPLE IRA, payments from your SIMPLE IRA will be made to your beneficiary(ies). 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 accepted by us during your lifetime. Unless otherwise specified, each beneficiary designation you provide to us will cancel all previous ones. The consent of a beneficiary(ies) shall not be required for you to revoke a beneficiary designation.
- 13.2 If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survives you, the contingent beneficiary(ies) shall acquire the designated share of your SIMPLE IRA. If no beneficiary should survive you, or if all beneficiaries renounce their rights to receive any benefit from the SIMPLE IRA, or if you fail to provide a beneficiary and none is listed on the SIMPLE IRA at the time of your death, we shall distribute the SIMPLE IRA in the following order: (1) to your spouse, but if you have no spouse or if your spouse does not survive you, then to (2) your estate.
- 13.3 A spouse beneficiary shall have all rights as granted under the Code or applicable Regulations to treat your SIMPLE IRA as his or her own.
- 13.4 We may allow, if permitted by state law, an original SIMPLE IRA beneficiary(ies) (the beneficiary(ies) who is entitled to receive distribution(s) from an inherited SIMPLE IRA at the time of your death) to name a successor beneficiary(ies) 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(ies') lifetime. Unless otherwise specified, each beneficiary designation form that the original SIMPLE IRA beneficiary(ies) files with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for the original SIMPLE IRA beneficiary(ies) to revoke a successor beneficiary(ies) designation. If the original SIMPLE IRA beneficiary(ies) does not designate a



successor beneficiary(ies), his or her estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for the original SIMPLE IRA beneficiary.

13.5 After your death, your beneficiary(ies) shall 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. We have no obligation to locate or contact your beneficiaries after your death. If you name multiple beneficiaries, we may require instructions close in time from all the beneficiaries or a court order prior to processing any beneficiary request. To the extent a court order is required, we shall not be named in that proceeding but shall be presented a copy of the court order concerning the handling of the assets in the IRA.

13.6 If you sign a power of attorney appointing an attorney or agent to conduct business for your IRA Account, you must do so on a form acceptable to us. We reserve the right to refuse to honor any power of attorney presented to us, as well as to refuse to recognize a successor attorney-in-fact at any time, whether or not the successor attorney-in-fact is specifically identified in the power of attorney. In addition, we reserve the right to refuse to follow the instructions of a power of attorney. The person you appoint will be subject to all the provisions of the Agreement. Any person appointed, is not an owner of your IRA Account. We may honor a power of attorney until we receive written notice from you that you have revoked the power of attorney and have had a reasonable time to act on such notice. You shall be responsible for investigating, selecting, instructing and monitoring the Power of Attorney and to perform whatever due diligence as may be appropriate before selecting or retaining that individual.

#### ARTICLE XIV – REQUIRED MINIMUM DISTRIBUTIONS

14.1 Regulation Section 1.401(a)(9)-9 sets forth the uniform lifetime table for calculating your required minimum distribution. However, if your spouse is your sole designated beneficiary and is more than 10 years younger than you, you are to use the joint and survivor table in Regulation Section 1.401(a)(9)-9 for calculating your required minimum distribution each year.

14.2 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:

- (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; or
- (c) determine your required minimum distribution from your SIMPLE IRA with us each year based on your life expectancy, calculated using the uniform lifetime table in Regulation Section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise.

14.3 We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution or to your receipt of an amount in excess of the required minimum distribution.

#### ARTICLE XV – VALUATION & POLICY

15.1 On an annual basis (or more frequently), we will request updated valuation information from you and/or your asset sponsor or third party designated to provide such updated valuation. It is your duty to ensure that the fair market value of the assets in your SIMPLE IRA Account are accurate. We report the value of the assets in your SIMPLE IRA Account on your account statements and we will report the value as accurately as possible using the resources available to us. Where the fair market value of an asset in your SIMPLE IRA Account is readily ascertainable on either

an established exchange or generally recognized market used in the financial services industry, we may receive and report such valuations. Where the fair market value of an asset in your SIMPLE IRA Account is not readily ascertainable, you agree that you will provide to us a qualified independent appraisal or other acceptable valuation of the asset. The frequency with which we update valuations depends upon the asset type and the frequency with which we are provided with updated valuation information.

15.2 If you do not provide a valuation or appraisal, we may report that asset's value at its last known fair market value, at its acquisition cost, or we may, at our discretion, use a third-party source to value the asset. We may charge your SIMPLE IRA Account a fee if you fail to provide us with a valuation or appraisal and/or if we use a third-party source to value the asset. We have the right to distribute an asset to you and/or close your Account if you do not update the values of the assets in your SIMPLE IRA Account.

15.3 We may require that you provide such an appraisal or validation with an updated valuation of the asset for any transaction which results in a taxable event, such as a distribution. You are solely responsible for the tax consequences of asset values reported to the Internal Revenue Service in connection with a distribution of any assets in your SIMPLE IRA Account or any other taxable event.

15.4 We have no obligation to conduct appraisals or valuations of assets in your SIMPLE IRA Account and we have no duty to verify the values provided to us. We neither provide a guarantee of value nor an opinion with regard to any independent appraisal and we assume no responsibility for the valuations reported or their accuracy. Valuation information should not be used as a basis for making investment decisions, including but not limited to purchasing, retaining or disposing of an asset. The reported value of any asset may differ materially from its actual value. We reserve the right to reject a valuation change if the information is inconsistent with our procedure or process requirements. For assets that have passed their maturity date, we may require you to provide information to show the current status of the asset.

15.5 We may use the value of the asset to determine fees owed to us. If you believe that an asset in your SIMPLE IRA Account should be reported at a different value, or does not have any value, it is your responsibility to provide us with information sufficient to demonstrate that the asset's reported value should be changed. You may provide us with this information through a qualified appraisal or through means we consider acceptable to evidence the new value of the asset. If this is the only asset held in your SIMPLE IRA Account, we have the right to devalue, distribute the asset and close your SIMPLE IRA Account. If you do not provide sufficient information to devalue the asset, we may continue to report the asset at the last known value given to us or use a third-party source to value the asset. If we become aware that an asset has lost value or is no value, we may notify you of such information and may reduce the value of such asset/or distribute the asset to you.

#### ARTICLE XVI – TERMINATION OF AGREEMENT, RESIGNATION, OR REMOVAL OF CUSTODIAN

16.1 Either party may terminate this Agreement at any time by giving written notice to the other party. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your SIMPLE IRA Account to another financial organization. If you do not complete a transfer of your SIMPLE IRA Account within 30 days from the date we mail the notice to you, we have the right to transfer your SIMPLE IRA assets to a successor SIMPLE IRA Custodian or trustee that we choose in our sole discretion, or we may pay or distribute your SIMPLE IRA assets to you in a single sum or assignment. If we transfer

your SIMPLE IRA, the existing SIMPLE IRA documents will govern your SIMPLE IRA relationship with the new Custodian or trustee unless the successor Custodian/ trustee notifies you in writing of any changes and/or requires new SIMPLE IRA documents to be signed by you. We shall not be liable for any actions or failures to act on the part of any successor Custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

16.2 If this Agreement is terminated, we may charge to your SIMPLE IRA a reasonable amount necessary to cover any associated costs, including but not limited to, one or more of the following:

- (a) any fees, expenses or taxes chargeable against your SIMPLE IRA; and
- (b) any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your SIMPLE IRA.

16.3 After your SIMPLE IRA with us is closed, you are responsible for ensuring that all assets previously in your Account are properly titled, registered and transferred out of our name.

16.4 If we are required to comply with Regulation 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, after notifying you, require you to substitute another trustee or Custodian.

16.5 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 which includes your SIMPLE IRA) is bought by another organization, that organization (or agency) shall 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.

#### ARTICLE XVII – APPLICABLE LAW; WAIVER; AND VENUE

17.1 This Agreement is subject to all applicable federal laws and regulations and shall be governed by and construed under the applicable laws of the State of South Dakota. The laws of the State of South Dakota shall not govern any procedural matters, including but not limited to any applicable limitation period.

**17.2 YOU AGREE THAT ANY CLAIM OR CAUSE OF ACTION AGAINST CUSTODIAN ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT, OR CUSTODIAN'S DUTIES OR RESPONSIBILITIES SET FORTH IN THIS AGREEMENT, OR ARISING OUT OF RELATED IN ANY WAY TO YOUR SIMPLE IRA ACCOUNT, MUST BE BROUGHT WITHIN ONE (1) YEAR AFTER THE CLAIM OR CAUSE OF ACTION ACCRUES. TO THE BROADEST EXTENT PERMITTED BY LAW, YOU AGREE TO WAIVE ANY STATUTE OF LIMITATIONS TO THE CONTRARY. IF THE APPLICABLE LAW REQUIRES A LONGER LIMITATIONS PERIOD, YOU AGREE THAT THE SHORTEST LIMITATIONS PERIOD PERMITTED BY LAW SHALL APPLY, AND YOU AGREE TO WAIVE ANY LONGER STATUTE OF LIMITATIONS.**

**17.3 YOU FURTHER AGREE THAT CUSTODIAN SHALL NOT BE LIABLE FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES, AND YOU AGREE TO WAIVE ANY SUCH CLAIMS OR DAMAGES AGAINST CUSTODIAN TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.**

17.4 If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. No waiver of any part of this Agreement shall be deemed to constitute a waiver of any other part, and any such waiver shall not constitute a continuing waiver and shall not affect you or our ability to thereafter enforce any and all parts of this Agreement.

**17.5 YOU AGREE THAT ANY ACTION FILED AGAINST CUSTODIAN ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT OR OUR ROLE AS CUSTODIAN, SHALL BE EXCLUSIVELY BROUGHT IN THE COUNTY COURTS OF CUYAHOGA COUNTY, OHIO OR IN THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO EASTERN DIVISION-CLEVELAND, AND YOU AGREE TO SUBMIT TO THE JURISDICTION OF THESE COURTS BOTH IN CONNECTION WITH ANY SUCH ACTION YOU MAY FILE AND IN CONNECTION WITH ANY ACTION WHICH CUSTODIAN MAY FILE AGAINST YOU.**

#### ARTICLE XVIII – IMPORTANT MISCELLANEOUS PROVISIONS

18.1 **Security.** We take the protection of your personal information seriously. Access to account information is provided only to authorized parties after proper authentication procedures are successful. It is your responsibility to promptly report any suspected or actual security breach or unauthorized transaction.

18.2 **Confidentiality.** Our Privacy Notice, sent to SIMPLE IRA Account owners annually sets forth the type of information we collect and whether and how we share your nonpublic personal information. We restrict access to your nonpublic personal information to those employees, third parties and agents who need to know what information to provide services made available under this Agreement and to evaluate business operations and analyze service or process improvements. Your information may also be shared to respond to court orders and subpoenas without prior notice to you.

18.3 **Notices and Change of Address.** Any required notice or communication regarding your SIMPLE IRA Account will be considered effective when we send it to you at the last known email address we have in our records. If no email address is on file, we will send notices and communication to you at the last mailing address we have in our records. We will presume that you are able to access the email address you provided to us. The notice will direct you to any communication unless you specifically request paper copies of such notice. You must promptly notify us of any change of email or mailing address. Should your mailing address be invalid in any way or if we receive returned mail, we may cease using that address as a means of contact until you update our records to ensure proper delivery. We may also change your statement preference from regular mail to electronic should we receive returned mail. Any notice to be given to us will be considered effective when we actually receive it.

18.4 **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 mail or electronically transmit the amendment, you notify us in writing that you do not consent. If you timely notify us in writing that you do not consent to the amendment, you will have 30 days from the date your notification is received by us to secure a new custodian for your SIMPLE IRA Account and you are responsible for ensuring that all assets in your SIMPLE IRA Account are properly titled, registered, and transferred out of our name and into the name of the new custodian.

18.5 **Withdrawals or Transfers.** All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.

18.6 **Transfers from Other Plans.** We can receive amounts transferred to this SIMPLE IRA from the Custodian or trustee of another

SIMPLE IRA. In addition, we can accept direct rollovers of eligible rollover distributions from employer- sponsored retirement plans as permitted by the Code. We reserve the right not to accept any transfer or direct rollover.

- 18.7 **Liquidation of Assets.** We have the right to liquidate assets in your SIMPLE IRA if necessary to make distributions, pay our fees, expenses, indemnities, taxes, federal tax levies, and penalties or surrender charges chargeable against your SIMPLE IRA Account. If we are forced to liquidate assets for one of the above reasons, we will decide, in our complete and sole discretion, which asset to liquidate. You agree not to hold us liable for any damages or loss associated with such liquidation of assets.
- 18.8 **Restrictions on the Assets.** Neither you nor any beneficiary may sell, transfer, pledge or place a lien on the assets in your SIMPLE IRA in any manner whatsoever, except as provided by law or this Agreement. The assets in your SIMPLE IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.
- 18.9 **Acknowledgment of and Authorization for Telephone Recordings.** We reserve the right to install and/or maintain automatic telephone recording equipment on telephone lines used by personnel servicing the custodial account in connection with trading functions and customer inquiries. By signing this Agreement, you acknowledge our right and expressly authorize us to record and play back any and all such telephone calls.
- 18.10 **SIMPLE IRA Account and Assets Not Guaranteed.** We do not guarantee the assets in your SIMPLE IRA Account, nor do we ensure against any loss or depreciation. Your investments are subject to investment risk, including the possible loss of the principal invested, and your investments may lose value.
- 18.11 **Account Holder Verification.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires us to obtain, verify and record information that identifies who opens an account with us. You acknowledge that, to comply with Federal law, we will require certain information, such as, but not limited to the name, address, date of birth and tax identification number of the Account Holder before a SIMPLE IRA Account can be opened.
- 18.12 **Dividend Options.** We have a right to change dividend options on investments held in your SIMPLE IRA to pay our fees and/or expenses. We are not liable for the impact of changing dividend options nor required to change the dividend option(s) back to their prior selection. It is the SIMPLE IRA Owner's responsibility to monitor and provide acceptable instructions to update their dividend option(s)
- 18.13 **Unclaimed Property.** Under the laws applicable to your Account, we may be required to turn over to regulatory authorities property that is in your Account and deemed abandoned. To avoid such escheatment of property, you agree to periodically show activity in your Account (by logging in) or otherwise contact us. Before remitting abandoned property, pursuant to applicable law, we will send written notice to your last known address. You agree that we are not liable for any loss arising from or related to escheatment of your Account's property under applicable law.

## GENERAL INSTRUCTIONS

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

## PURPOSE OF FORM

Form 5305-S is a model custodial account agreement that meets the requirements of section 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-S 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 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(1)(2) do not apply to transfer SIMPLE IRAs.

## SPECIFIC INSTRUCTIONS

**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 70 1/2 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.

# SIMPLE IRA Disclosure Statement



Equity Trust Company's SIMPLE IRA Disclosure Statement is a summary of the general requirements set forth by the Internal Revenue Service Regulations. These Regulations require that certain information is disclosed to individuals who are establishing an Savings Incentive Match Plan for Employees ("SIMPLE IRA"). By executing the Equity Trust Company Application, you acknowledge receipt of this Disclosure Statement. This Disclosure Statement is not to be construed as giving or replacing legal advice. Please consult with a tax professional concerning any questions related to your SIMPLE IRA with us.

## RIGHT TO REVOKE YOUR SIMPLE IRA

If you receive this Disclosure Statement at the time you establish your SIMPLE IRA, you have the right to revoke your account within seven (7) days of its establishment. If you do not exercise this right within the seven days, we will assume that you have accepted the terms and conditions of the account you have established.

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 - IRC SECTION 408(P)

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 \$16,500 for 2025. Your employer may make additional contributions to your SIMPLE IRA within the limits prescribed in Internal Revenue Code Section [IRC Section 408(p)]. Your employer is required to provide you with information that describes the terms of its SIMPLE IRA plan.

Your employer is required to either contribute to your SIMPLE IRA through either a matching contribution or a non-elective contribution. For a matching contribution, the employer must make a dollar-for-dollar match, not to exceed 3% of your compensation (to a maximum of \$16,500, or \$20,000 for participants over the age of 50). For a non-elective contribution, your employer can make a contribution of 2% of your compensation, limited to \$350,000 for 2025, this limit is subject to cost-of-living adjustments in future years. Starting in 2024, your employer is able to make an additional 10% nonelective contribution to each eligible employee in a uniform manner, to a max of \$5,000.

For additional information about cost-of-living adjusted limitations for 2025, visit: <https://www.irs.gov/pub/irs-drop/n-24-80.pdf>.

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 to your SIMPLE

IRA is \$3,500 per year, with possible cost-of-living adjustments in each subsequent year.

Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in SIMPLE plans. For 2025, this higher catch-up contribution limit is \$5,250.

- D. **Non-Forfeitable** – Your interest in your SIMPLE IRA is non-forfeitable.
- 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 Section 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 Section 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 of your SIMPLE IRA Account are required to take distributions pursuant to Sections 401(a)(9) of the IRC and Treasury Regulation 1.408-8. These requirements are summarized as follows:

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,

- (a) 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.
- (b) before your required beginning date, the entire amount remaining in your Account will, at the election of your designated beneficiaries, either:
  - (i) be distributed by December 31 of the year containing the fifth anniversary of your death, or
  - (ii) 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 (i) or (ii) 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 (i) or (ii) 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 (ii). In the case of distributions under option (ii), 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, 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.

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 account 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 take a required minimum distribution after your death, an additional penalty tax of 25 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your beneficiary must file IRS Form 5329 along with his or her income tax return to report and remit any additional taxes to the IRS. If the failure to take an RMD is corrected in a timely manner, the penalty tax is further reduced to 10%.

You should consult a tax advisor and IRS Publication 590 for specific tax rules and consequences regarding your SIMPLE IRA.

2. **Death of SIMPLE IRA Owner On or After January 1, 2020**

– Upon your death, the entire amount in your SIMPLE IRA Account will be distributed by December 31 of the year containing the 10th anniversary of your death unless you have an eligible designated beneficiary under Treasury Regulations 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 in your SIMPLE IRA Account can be distributed over the remaining life expectancy of your eligible designated beneficiary (or a period not exceeding that life expectancy).

An eligible designated beneficiary under Treasury Regulations is a designated beneficiary who is (1) your surviving spouse; (2) your child who has not yet reached the age of majority; (3) disabled [determined by a physician that the impairment can be expected to result in death or to be of long, continued and indefinite duration]; or (4) chronically ill [defined as someone who is (1) 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.] Special rules apply to trust beneficiaries and distributions for those trust beneficiaries.

Life expectancy distributions to an eligible designated beneficiary must begin by December 31 of the year following the year of your death. If your spouse, however, is the eligible designated beneficiary, distributions need not begin until the year you would have reached RMD age. If your eligible designated beneficiary is your minor child, the life expectancy payments must begin by December 31 of the year following

the year of your death and will continue until your child reaches the age of majority. Then, the eligible designated beneficiary will have 10 years from that date to distribute the SIMPLE IRA Account.

If you name a beneficiary other than a person (such as a trust, estate or charity), we will treat you as having not designated a beneficiary for your IRA Account 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 Account, the entire SIMPLE IRA must be distributed by December 31 of the year containing the fifth anniversary date of your death. If you die on or after your required beginning date and there is no designated beneficiary of your SIMPLE IRA Account, distributions will begin using your single life expectancy, reduced by one in each subsequent year.

A spouse who is the sole designated beneficiary of your entire SIMPLE IRA will be deemed to elect to treat your SIMPLE IRA as his or her own by either

(i) making contributions to your SIMPLE IRA or (ii) failing to timely remove a required minimum distribution from your SIMPLE IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your SIMPLE IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own SIMPLE IRA.

If your beneficiary fails to take a required minimum distribution after your death, an additional penalty tax of 25 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your beneficiary must file IRS Form 5329 with his or her income tax return to report and pay any additional penalty taxes to the IRS.

- 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).

## 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 in cash. Employer matching or non-elective 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. You may be eligible for this tax credit if you are (1) age 18 or older as of the close of the taxable year; (2) not a dependent of another taxpayer; and (3)

not a full-time student. This credit may be up to \$1,000 but is subject to limitations based upon modified adjusted gross income and filing status. The credit is based upon your income and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, please refer to IRS Form 8880 to determine your credit rate.

- 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 contribute more than the maximum allowable limit for the tax year, you have an excess contribution 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.

Excess contributions not returned could subject you to an excise tax.

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

- G. **Early Distribution Penalty Tax** – Generally, if you receive a distribution from your SIMPLE IRA 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. However, you will not receive an early distribution penalty tax if the distribution is due to: (1) death [no penalty payment for your beneficiary]; (2) a disability [evidenced by physician attestation that your impairment can be expected to result in death or to be of long, continued, and indefinite duration]; (3) substantially equal periodic payments at least annually by you over your life expectancy or the joint life expectancy of your designated beneficiary so long as you continue these payments for the longer of five years or until you reach age 59½; (4) unreimbursed medical expenses in excess of 10% of your adjusted gross income; distribution penalty tax. The medical expenses may be for you, your spouse, or any dependent listed on your tax return; (5) health insurance premiums paid by qualified unemployed individuals; (6) qualified higher education expenses; (7) acquisition costs for a first-time homebuyer for a principal residence subject to certain requirements; (8) an IRS levy; (9) qualified reservist distributions if you are called to active duty for more than 179 days or an indefinite period; qualified birth or adoption; (11) terminal illness; (12) qualified disaster recovery distribution; (13) domestic abuse; and (14) emergency personal expenses.

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, so long as you comply with the applicable rollover and conversion rules established by the IRS. A rollover occurs when your cash or assets are moved to a 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. The amount rolled over is not subject to taxation or the additional 10 percent early distribution penalty tax. Conversion on the other hand is a taxable event where assets in a SIMPLE IRA are moved to a Roth IRA. As the requirements can be complicated, you should see a tax advisor if you have questions.

1. **SIMPLE IRA to SIMPLE IRA Rollover.** - Assets distributed from your SIMPLE IRA may be rolled over to a SIMPLE IRA if you meet the requirements of IRC Section 408(d)(3). For example, a SIMPLE IRA rollover to a SIMPLE IRA is required to be completed within 60 days after the distribution is received.

Regardless of the number of IRAs you own, you are only permitted to roll over one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period.

2. **Traditional IRA to SIMPLE IRA Rollovers.** - Funds distributed from your Traditional IRA may be rolled over to a SIMPLE IRA if you meet the requirements of IRC Section 408(d)(3) and two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. A Traditional IRA rollover to SIMPLE IRA must occur within 60 days after you receive the distribution.

Regardless of the number of IRAs you own, you are only permitted to roll over one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period.

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 must be rolled over to your SIMPLE IRA not later than 60 days after you receive the distribution. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax, and if you are under age 59 1/2, 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 that 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 Section 408(d)(3) must be met. A SIMPLE IRA to-Traditional IRA rollover must be completed within 60 days after you receive the distribution.

Regardless of the number of IRAs you own, you are only permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period.

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. A SIMPLE IRA may not receive rollovers from employer-sponsored retirement plans.

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 age 70 1/2 or older you must remove your required minimum distribution before converting your SIMPLE IRA.

7. **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. **Recharacterizations** - If you make a contribution to a SIMPLE IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income, you may elect to treat the original contribution as having been made to the Roth IRA. You can also recharacterize a contribution from a Roth IRA to a SIMPLE IRA. The deadline for completing a recharacterization is your tax filing deadline for the year for which the original contribution was made. You may not recharacterize a Roth IRA conversion.

J. **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).

- K. **Not Tax Advice** - Nothing contained within this Disclosure Statement or Custodial Agreement should be construed as tax or investment advice. Due to the specific and complex tax rules under Publication 590 and other regulations, you should seek advice from your tax or investment advisor for details on the specific rules and the tax treatment of your assets.

#### 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 Section 2501.
- C. **Special Tax Treatment** - Capital gains treatment and 10-year income averaging authorized by I RC 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 Section 4975, your entire account will lose its tax-deferred status, and you must include the fair market value of your account in your gross income for that taxable year. You may also incur a tax penalty. Examples of a prohibited transaction include using your SIMPLE IRA assets to buy property for personal use, lending money from your SIMPLE IRA to a disqualified person and taking a loan from your SIMPLE IRA. Please refer to a tax consultant for advice on questions of prohibited transactions.
- E. **Pledging/Security** - 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 INFORMATION

- A. **IRS Plan Approval** - The agreement used to establish this SIMPLE IRA has 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. **No Prediction, Representation or Guarantee of Future Value** - The value of your SIMPLE IRA at any time will depend on the amount of contributions to it, the performance of its investments as selected by you or your Authorized Agent, and the time and amount of charges to and payments from it. Equity Trust does not

predict, represent or guarantee the value of your IRA at any future time.

- C. **Non-Deposit Investments Not Secured by FDIC** - Non-deposit investments, such as, but not limited to stocks, bonds, mutual funds, real property and private placements, of the SIMPLE IRA are not FDIC insured and are subject to investment risks, including the loss of principal.
- D. **Disaster Related Relief** - If you qualify for disaster related relief as specifically provided by Congress, you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions related to your SIMPLE IRA Account. Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs) from the IRS will provide additional information for you for these favorable tax treatment opportunities, as well as the IRS website at [www.irs.gov](http://www.irs.gov). Qualified disaster relief may include penalty-tax free early distributions made during specified time frames 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).

- E. **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.
- F. **Additional Information** - You may obtain further information on SIMPLE IRAs from your District Office of the IRS. In particular, you may wish to obtain IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), by calling 1-800-TAXFORM, by visiting any district office of the Internal Revenue Service or by visiting [www.irs.gov](http://www.irs.gov) on the Internet.



## 2026 IMPORTANT INFORMATION AND UPDATES CONCERNING YOUR RETIREMENT ACCOUNT

This Notice serves two purposes: (1) to provide notice that you may be required to take a Required Minimum Distribution ("RMD"), depending upon your current age; and (2) to provide updated information concerning contribution limits, replacing previous contribution disclosures. For additional information, please review your Custodial Account Agreement and Disclosure, which can be found here: <https://www.trustetc.com/custodial-agreement-disclosure/> and select the applicable account type.

### **Equity Trust's RMD Notice to Account Owners**

As your retirement account custodian, Equity Trust is notifying you that you may be required to take an RMD, depending upon your age. In addition, Equity Trust will notify the IRS of your RMD eligibility when submitting Form 5498 or its substitute for the current tax year. You may satisfy your RMD for your IRA by directing Equity Trust to distribute your RMD or taking your RMD from an IRA with another custodian. Due to the tax and financial consequences surrounding an RMD, please consult with your tax or legal professional.

**RMD Deadlines:** In the 2026 tax year, your first RMD must be taken by April 1 of the year after you turn 73. Subsequent RMDs must be taken by December 31 of each year. If you do not take your RMD, you may be assessed a penalty/excise tax by the IRS.

**Calculate RMD:** The amount of your RMD is calculated by dividing the value of your IRAs by a life expectancy factor, as determined by the IRS. You should calculate your RMD for each IRA separately but can take your RMD from one or a combination of your IRAs. Note, RMDs from Qualified Plans or Inherited IRAs must be calculated separately and taken from that account. RMDs do not apply to Roth IRAs. Upon your request, Equity Trust can assist in calculating the RMD for the accounts you hold with us. However, since we do not have access to the accounts you have with other institutions, it is your responsibility to determine the total RMD amount for all your accounts. Additionally, we provide information to complete your annual RMD in your Q4 quarterly statement. To submit the request for taking your RMD from your Equity Trust retirement account, log into [www.myEQUITY.com](http://www.myEQUITY.com), click on Money Movement, and select Distribution.

Additional RMD information is available on the IRS website at [www.irs.gov](http://www.irs.gov); see also, <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds>. You may wish to consult with a tax professional for specific tax advice prior to submitting your RMD request.

### **The Act and RMD Rules**

**Timing:** The SECURE 2.0 Act (the "Act") raised the age that IRA owners must begin taking RMDs from 72 to age 73. The owner's first RMD is due by April 1 of the year after they turn 73. If the account owner turned 73 in 2025, the first RMD is due by April 1, 2026, the next RMD is due December 31, 2026, and by December 31 each year after that.

**Excise Tax:** If an account owner fails to withdraw the full amount of the RMD by the due date, the amount not withdrawn may be subject to an excise tax of 25%, 10% if the RMD is timely corrected within two years.

**Roth Accounts:** There are no RMD requirements for a Roth IRA or designated Roth accounts, such as 401(k) and 401(b), while the owner is alive. Beneficiary Roth accounts are still subject to RMD requirements.

### **Summary of Changes to Contribution Limits**

**Traditional and Roth:** The limit on annual contributions increased from \$7,000 in 2025 to \$7,500 in 2026. The IRA catch-up contribution limit for individuals aged 50 and over increased from \$1,000 in 2025 to \$1,100 in 2026.



## 2026 IMPORTANT INFORMATION AND UPDATES CONCERNING YOUR RETIREMENT ACCOUNT

Contribution limits and eligibility are based on your modified adjusted gross income (MAGI), depending on tax-filing status.

**Coverdell Education Savings Account (CESA):** Limit of \$2,000 per year, per student total from all contributors. Subject to income limitations for joint incomes above \$190,000.

**Simplified Employee Pension (SEP):** For the 2025 tax year, the contribution limit allows the lesser of \$70,000 or 25% of your compensation (maximum \$350,000). For the 2026 tax year, the contribution limit increased to \$72,000 or 25% of your compensation (maximum \$360,000).

**Savings Incentive Match Plan for Employees (SIMPLE IRA):** For tax year 2025, the annual limit was \$16,500 with a catch-up allowance of \$3,500 for employees 50 and older. In 2026, contributions for employee salary deferrals increased to \$17,000 with a catch-up provision of \$4,000 for employees 50 and older. In 2026, an additional catch-up allowance is permitted for employees aged 60, 61, 62, and 63, who can contribute an additional \$5,250.

**Health Savings Account (HSA):** Tax year 2025 allowed individuals to contribute \$4,300 and \$8,550 for families, with an allowed catch-up contribution of \$1,000 for individuals 55 and older. In 2026, the limit increases to \$4,400 for individuals, and \$8,750 for families. The catch-up contribution remains \$1,000.

**401(k) and Other Employer-Sponsored Plans:** In tax year 2025, any employee saving for retirement through a 401(k), 403(b), or most 457 plans could contribute up to \$23,500. The contribution limit increased in 2026 to \$24,500. The 2025 catch-up contribution limit for workers 50 years old and older was \$7,500, which increased in 2026 to \$8,000. In 2025, the Act added a "super" catch-up contribution limit for employees 60 to 63 years old of \$11,250, which remains the same for 2026. For 2025, the total of all employee and employer contributions per employer increases from \$70,000 in 2025 to \$72,000 in 2026 for those under 50. Starting in 2026, for catch-up contributions, if your FICA wages in 2025 were greater than \$150,000 for the same employer as your current 401(k), catch-up contributions will be after-tax ROTH contributions.

### **General Summary**

<b>Contribution</b>	<b>2025 Limit</b>	<b>2026 Limit</b>
Traditional IRA Contribution	\$7,000	\$7,500
- Catch-up Contribution	\$1,000	\$1,100
Roth IRA Contribution	\$7,000	\$7,500
- Catch-up Contribution	\$1,000	\$1,100
CESA	\$2,000	\$2,000
SEP IRA Contribution	\$70,000	\$72,000
SIMPLE IRA Contribution	\$16,500	\$17,000
- Catch-up Contribution (if 50-59 or 64 and older)	\$3,500	\$4,000
- Super Catch-up Contribution (60-63 years old)	\$5,250	\$5,250
HSA Contribution	-	-
- Single	\$4,300	\$4,400
- Family	\$8,550	\$8,750
- Catch-Up	\$1,000	\$1,000
401(k)/403(b) Employee Contribution	\$23,500	\$24,500
- Catch-up Contribution (if 50-59 or 64 and older)	\$7,500	\$8,000
- Super Catch-up Contribution (60-63 years old)	\$11,250	\$11,250





## 2026 IMPORTANT INFORMATION AND UPDATES CONCERNING YOUR RETIREMENT ACCOUNT

### Additional Changes

- For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to between \$81,000 and \$91,000, up from between \$79,000 and \$89,000 in 2025.
- For married couples filing jointly, if the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is increased to between \$129,000 and \$149,000, up from between \$126,000 and \$146,000 in 2025.
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the phase-out range is increased to between \$242,000 and \$252,000, up from between \$236,000 and \$246,000 in 2025.

*You (and after your death, your beneficiary) are responsible for ensuring that Required Minimum Distributions ("RMDs") are made timely and are in amounts which satisfy IRS requirements and the related Treasury Regulations. Clients of Equity Trust Company ("ETC") must separately calculate any RMD for retirement assets that are held at outside institutions. Any tools, guidance or reports provided by ETC with respect to RMDs is not intended as a substitute for specific individualized tax, legal or investment planning advice. Where specific advice is necessary, ETC recommends you consult with a qualified tax advisor, CPA, financial planner or investment manager. ETC is a directed custodian and does not provide tax, legal or investment advice. Any information communicated by ETC is for educational purposes only, and should not be construed as tax, legal or investment advice. Whenever making an investment decision, please consult with your tax attorney or financial professional.*

# FAQs for Equity Trust Company IRA Owners



The purpose of these FAQs is to educate you on your responsibilities as the owner of a self-directed individual retirement account (IRA), and the limited role of Equity Trust Company. Please read these FAQs carefully.

## **WHAT IS A SELF-DIRECTED IRA?**

A self-directed IRA is a retirement account that enables you to exercise your own discretion to select the assets that you invest in and hold in your IRA, including real estate, private equity, private lending, precious metals, and other assets permitted to be held in an IRA. All investment decisions and directions in your self-directed IRA are made exclusively by you or a designated third party, such as an investment advisor or power of attorney that you appoint.

## **WHAT IS A SELF-DIRECTED IRA CUSTODIAN?**

The Internal Revenue Code requires that a qualified custodian maintain custody of the assets in an IRA for the account owner. Unlike registered financial advisors and broker-dealers, Equity Trust Company, as custodian, does not offer or sell investments, or provide any investment guidance or advice. Rather, we perform the role of a directed custodian, and execute your investment decisions solely at your direction.

## **WHAT DOES THE CUSTODIAN OF A SELF-DIRECTED IRA DO?**

As custodian of a self-directed IRA, Equity Trust acts in the limited role of a non-discretionary administrator of your retirement assets. We provide the following services for your self-directed IRA:

- Processes and maintains an IRA agreement and forms you submit to request actions in your IRA
- Accepts receipt of and records contributions, transfers, and rollovers from other IRAs/retirement plans
- Receives and acts on your instructions to remit funds from the IRA to pay for investments you have selected
- Receives and acts on your instructions to sell, withdraw from or liquidate investments held in your IRA
- Holds originals or copies of documents, such as subscription agreements, operating agreements, offering memoranda, promissory notes, certificates, and other evidence of your IRA's ownership of investments
- Receives and records income from assets held in your IRA
- Receives and acts on your instructions to distribute assets to you or to other retirement plans from your IRA
- Provides you with statements reflecting transactions, funds, and assets held in your IRA
- Performs tax reporting on IRS Forms 1099-R and 5498 as required by the Internal Revenue Service (IRS)

## **WHAT DOES THE CUSTODIAN OF A SELF-DIRECTED IRA NOT DO?**

A self-directed IRA custodian does not provide the following services:

- Offer to sell investments
- Provide investment, tax, estate planning, or legal advice
- Recommend, endorse or approve any investments
  - This means that, in acting as custodian of an investment you have selected, the self-directed IRA custodian does not recommend, endorse, or approve that type of investment.
- Recommend or endorse investment advisors or sponsors
  - This means that, when a custodian communicates with or acts on directions from an investment advisor or sponsor selected by you, the self-directed IRA custodian is not recommending, endorsing or approving of that advisor or sponsor. The custodian is also not an agent of that advisor or sponsor or affiliated with such

advisor or sponsor, unless otherwise disclosed.

- Determine the fair market value of account investments
  - The Internal Revenue Code requires the valuation of assets held in IRAs. The custodian of your self-directed IRA will not perform a valuation of your assets. It is your responsibility to ensure that the custodian of your self-directed IRA receives any required valuation. The custodian's receipt, recording or filing with the IRS of any valuation submitted to the custodian of your self-directed IRA is not a warranty or representation by the custodian of your self-directed IRA that the reported value is accurate.
- Perform due diligence on any investment or investment advisor or sponsor that you select
- Determine the safety, prudence, or suitability of any investment that you select for your IRA or for yourself
- Have an obligation to determine whether a transaction would be deemed a Prohibited Transaction as outlined in Internal Revenue Code section 4975 (26 USC § 4975). The responsibility lies with the account owner to ensure the transaction is not a Prohibited Transaction and otherwise complies with IRA rules and regulations.

## **DUTIES OF AN ACCOUNT OWNER**

Self-Directed IRAs provide the account owner the opportunity to make his or her own investment decisions and invest in a variety of asset classes. The owner of a self-directed IRA has the following responsibilities:

- Provide direction to the custodian for all desired investments and action
- Conduct any due diligence of an investment opportunity, sponsor, advisor or other third party with which the account owner wishes to work
- Understand the risks associated with investments and seek qualified investment, legal, tax or other advice to assist with this understanding
- Provide annual valuations to the custodian for all assets held in the IRA
- Ensure that all assets can be held legally in an IRA under IRS rules and do not violate the Prohibited Transaction rules or any other applicable rules or regulations
- Monitor the IRA and review account statements and all other required tax forms and custodian forms on a regular basis
- Take any required minimum distributions from the IRA

## **WHAT SHOULD I DO BEFORE I MAKE AN INVESTMENT IN A SELF-DIRECTED IRA?**

Before you invest, it is prudent to perform your own thorough research and due diligence on the risk profile of an investment and the track record of the investment advisor and/or sponsor. Websites, including but not limited to [ftc.gov](http://ftc.gov), [sec.gov](http://sec.gov), [finra.org](http://finra.org), [www.nfa.futures.org](http://www.nfa.futures.org) and [bbb.org](http://bbb.org) maintain free and valuable resources. In addition, it is also prudent to consult with tax and legal advisors for specific questions about your investment and any tax or legal implications.

<b>FACTS</b>	<b>WHAT DOES EQUITY TRUST COMPANY DO WITH YOUR PERSONAL INFORMATION?</b>
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> <li>▪ Social Security number and account transactions</li> <li>▪ account balances and transaction history</li> <li>▪ assets and investment experience</li> </ul>
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Equity Trust Company chooses to share; and whether you can limit this sharing.

<b>Reasons we can share your personal information</b>	<b>Does Equity Trust share?</b>	<b>Can you limit this sharing?</b>
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes –</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For nonaffiliates to market to you</b>	No	We don't share
<b>To limit our sharing</b>	Call 877-506-4535 – our menu will prompt you through your choice(s) or Visit us online: <a href="http://www.trustetc.com/opt-out/affiliate/">www.trustetc.com/opt-out/affiliate/</a> <b>Please note:</b> If you are a <i>new</i> customer, we can begin sharing your information 45 days from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.	
<b>Questions?</b>	Call (888) 382-4727 or go to <a href="http://www.trustetc.com">www.trustetc.com</a>	

Who we are	
<b>Who is providing this notice?</b>	Equity Trust Company ("Equity Trust")
What we do	
<b>How does Equity Trust protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does Equity Trust collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>▪ open an account or make deposits or withdrawals from your account</li> <li>▪ provide account information or give us your contact information</li> <li>▪ direct us to buy securities or to sell your securities</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates or other companies.</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>▪ sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>▪ affiliates from using your information to market to you</li> <li>▪ sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state laws.</p>
Definitions	
<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>Our affiliates include companies with an Equity or ETC or Innovayte name; financial companies, such as IPL Lending, LLC; nonfinancial companies, such as Retirement Education Group, Inc. d/b/a Equity University; and others, such as Midland IRA, LLC and UBIT Professional LLC.</i></li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>Equity Trust does not share with nonaffiliates so they can market to you.</i></li> </ul>
<b>Joint Marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>▪ <i>Equity Trust does not jointly market.</i></li> </ul>
Other important information	
<p><b>California residents:</b> We will not share your personal information with affiliates for their marketing purposes if you instruct us not to, either by using the opt-out methods described on Page 1 or described in the "Important Privacy Choices for Consumers" form provided with this notice. <b>Vermont residents:</b> We will not disclose information about your creditworthiness to our affiliates and will not disclose your personal information, financial information, credit report, or health information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures. Additional information concerning our privacy policies can be found at <a href="http://www.trustetc.com/privacy-policy/">www.trustetc.com/privacy-policy/</a> or call (888) 382-4727.</p>	



## Important Privacy Choices for Consumers (California Residents Only)

**You have the right to control whether we share some of your personal information.  
Please read the following information carefully before you make your choices below.**

### Your Rights

You have the following rights to restrict the sharing of personal and financial information with our affiliates (companies we own or control) and outside companies that we do business with. Nothing in this form prohibits the sharing of information necessary for us to follow the law, as permitted by law, or to give you the best service on your accounts with us. This includes sending you information about some other products or services.

### Your Choices

**Restrict Information Sharing With Companies We Own or Control (Affiliates):** Unless you say "No," we may share personal and financial information about you with our affiliated companies.

☐ NO, please do not share personal and financial information with your affiliated companies.



### Time Sensitive Reply

You may make your privacy choices at any time. Your choice marked here will remain unless you state otherwise. However, if we do not hear from you we may share some of your information with affiliated companies and other companies with which we have contracts to provide products and services.

Name: \_\_\_\_\_

Account Number(s): \_\_\_\_\_

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

To exercise your choices, do one of the following:

- (1) Fill out, sign, and send back this form to us at Equity Trust Company, Attn: Privacy, PO Box 45351, Westlake, OH 44145 (you may want to make a copy for your records); or
- (2) Call this toll-free number 877-506-4535; or
- (3) Reply electronically by contacting us through the following Internet option:  
[www.trustetc.com/opt-out/affiliate/](http://www.trustetc.com/opt-out/affiliate/)



### **OUR USA PATRIOT ACT DISCLOSURE**

To help the government fight the funding of terrorism and money laundering activities, Federal law (Section 326 of the USA PATRIOT Act of 2001) requires all financial institutions to obtain, verify, and record information that identifies each individual or institution who opens an institutional account or establishes a customer relationship with Equity Trust Company.

#### **WHAT THIS MEANS FOR YOU:**

When you open an account, Equity Trust Company will ask for your name, address, date of birth and other information that will allow us to identify you. As appropriate, we may also ask to see your driver's license or other identifying documents.

This information may be compared to information obtained through third party sources, as permitted by law. If we cannot verify this information, your account may not be opened or it may be restricted and/or closed, and we will not be responsible for any losses nor damages including, but not limited to, lost opportunities, you may incur.

We thank you for your understanding and for joining us in securing a safer tomorrow.

## 1 ACCOUNT ESTABLISHMENT FEES

Account Set-up: \$50

## 2 ANNUAL MAINTENANCE FEES (Charged at establishment and each January thereafter)

ACCOUNT TYPE	ASSET TYPES PERMITTED	ANNUAL FEE				
Basic	May hold: • Mutual Funds • Public LPs • Public LLCs • Non-Traded REITs • Brokerage Accounts	\$75				
Precious Metals	May hold coins as allowed under IRC §408(m)(3)	\$125				
Flex	May hold any asset permitted in the Basic IRA as well as: • Precious Metals • Private Stocks • Private LPs • LLCs • Promissory Notes • Corporate Debt Offerings • Futures Trading Accounts • Trust Deeds/Real Estate Contracts • Private REITs • Perth Mint Certificates • Annuities • Other Private Placement Investments or non-standard assets	ACCOUNT VALUE	NUMBER OF ACCOUNTS BY REPRESENTATIVE <sup>1</sup>			
			4-9 Accounts	10-24 Accounts	25-99 Accounts	100-499 Accounts
		\$1 - \$49,999	\$260	\$260	\$220	\$210
		\$50,000 - \$99,999	\$320	\$320	\$275	\$255
		\$100,000 - \$249,999	\$380	\$340	\$325	\$305
		\$250,000 - \$499,999	\$500	\$450	\$425	\$400
		\$500,000 - \$999,999	\$650	\$585	\$555	\$520
		\$1,000,000 - \$2,499,999	\$1,200	\$1,080	\$1,020	\$960
		\$2,500,000 - \$4,999,999	\$1,725	\$1,553	\$1,465	\$1,380
		\$5,000,000 - \$7,499,999	\$2,250	\$2,025	\$1,915	\$1,800
Digital Flex	May hold any asset permitted in the Flex account, plus digital assets	ACCOUNT VALUE	NUMBER OF ACCOUNTS BY REPRESENTATIVE <sup>1</sup>			
			4-9 Accounts	10-24 Accounts	25-99 Accounts	100-499 Accounts
		\$1 - \$500,000	\$450			
		\$500,000 - \$999,999	\$650	\$585	\$555	\$520
		\$1,000,000 - \$2,499,999	\$1,200	\$1,080	\$1,020	\$960
		\$2,500,000 - \$4,999,999	\$1,725	\$1,553	\$1,465	\$1,380
		\$5,000,000 - \$7,499,999	\$2,250	\$2,025	\$1,915	\$1,800
		\$7,500,000 - \$9,999,999	\$2,775	\$2,498	\$2,360	\$2,220
		\$10,000,000+	\$3,300	\$2,970	\$2,805	\$2,640

<sup>1</sup>If the number of accounts by designated representative is 0-3, see the Institutional Standard Fee Schedule

## 3 SPECIAL SERVICES FEES (Charged at time service is rendered)

### Service Fees:

Cashier's Check, Certified Mail	\$30 each
Overnight Mail	\$50 each
Express Transfer Processing (Reviewed same day)	\$75 each
Expedited Process Service	\$75 each
Paper Bill Pay (Avoided by enrolling in electronic bill pay)	\$15 each
Paper Statement Fee (Avoided by enrolling in eStatements)	\$60 annually
Special Document Processing	\$10 each
Miscellaneous Activity Request	\$75 / hour
Special Handling Fee	\$25 each

### Funds Transfer Fees:

Wire Transfer Fee (Domestic & International)	\$30 each
Stop Payment, Return Check Fee	\$30 each

### Late Fees:

Late Fee (Failure to pay Annual Fee by provided deadline)	\$50 each
Late / Expired Documentation Fee	\$75 each

990-T Processing Fee: See 990-T Schedule

## 4 TERMINATION FEES

Full Termination Fee	\$250
Partial Termination Fee	\$100 / asset
Distribution / Re-Registration of Asset	\$100 / asset

## 5 ADDITIONAL PRECIOUS METALS & DIGITAL CURRENCY FEES

	PRECIOUS METALS	DIGITAL CURRENCY
Ongoing Fees	Precious Metals Liquidation \$10 / asset (max \$30)	Digital Currency Purchase Fee <sup>1</sup> 2.0% of purchase
	Coin Shipping / Handling Fee (\$50 min) (Additional depository fees may apply) Cost +\$10	Digital Currency Sale Fee <sup>1</sup> 1.0% of sale
	In-Kind Transfers & Distributions \$50 / transaction	Liquidity Cost <sup>2</sup> up to 1.0% of the purchase / sale order
Storage Fees <sup>3</sup> <a href="#">Depository Information</a>	Segregated Storage \$160	Not Applicable
	Non-Segregated Storage \$110	

The above fees are effective from January to January of any given calendar year; and are subject to change. IRA maintenance fees are not prorated. Fee schedule does not include brokerage commissions that may apply in the event you opt to include brokerage positions in your IRA through your designated broker-dealer or Equity Trust Company's broker-dealer affiliate.

Make annual fee payment with check, automatic deduction from account or with Visa or Mastercard.

<sup>1</sup>Digital currency purchase and sale fees are charged based upon the total value of the purchase request and such fees will reduce the amount available to purchase the digital currency. Fees associated with third party providers are in addition to those fees listed on this Fee Schedule.

<sup>2</sup>The Liquidity Cost assessed by Equity Trust Company is included in the final asset price shown to the client.

<sup>3</sup>Precious Metals storage fees are charged at the time the metals are received at the elected depository and each January thereafter. Precious Metals storage fees may be assessed by each depository utilized.

**1 ACCOUNT ESTABLISHMENT FEES**

Account Set-up:	\$50
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**2 ANNUAL MAINTENANCE FEES (Based on Asset Value)**

ACCOUNT VALUE	ANNUAL FEE	ANNUAL FEE (if digital currency is held)
\$1 - \$14,999	\$225	\$450
\$15,000 - \$24,999	\$320	\$450
\$25,000 - \$49,999	\$350	\$450
\$50,000 - \$99,999	\$425	\$450
\$100,000 - \$199,999	\$500	\$500
\$200,000 - \$299,999	\$700	\$700
\$300,000 - \$399,999	\$750	\$750
\$400,000 - \$499,999	\$1,075	\$1,075
\$500,000 - \$599,999	\$1,750	\$1,750
\$600,000 - \$699,999	\$1,850	\$1,850
\$700,000 - \$799,999	\$1,950	\$1,950
\$800,000 - \$899,999	\$2,000	\$2,000
\$900,000 - \$999,999	\$2,050	\$2,050
\$1,000,000 - \$199,999,999	\$2,150	\$2,150
\$2,000,000+	\$2,250	\$2,250

**3 SPECIAL SERVICES FEES (Charged at time service is rendered)**

<b>Service Fees:</b>	
Cashier's Check, Certified Mail	\$30 each
Overnight Mail	\$50 each
Express Transfer Processing <i>(Reviewed same day)</i>	\$75 each
Expedited Process Service	\$75 each
Paper Bill Pay <i>(Avoided by enrolling in electronic bill pay)</i>	\$15 each
Paper Statement Fee <i>(Avoided by enrolling in eStatements)</i>	\$60 annually
Special Document Processing	\$10 each
Miscellaneous Activity Request	\$75 / hour
Special Handling Fee	\$25 each
<b>Funds Transfer Fees:</b>	
Wire Transfer Fee (Domestic & International)	\$30 each
Stop Payment, Return Check Fee	\$30 each
<b>Late Fees:</b>	
Late Fee <i>(Failure to pay Annual Fee by provided deadline)</i>	\$50 each
Late / Expired Documentation Fee	\$75 each
<b>990-T Processing Fee:</b>	See 990-T Schedule

**4 ADDITIONAL PRECIOUS METALS & DIGITAL CURRENCY FEES**

	PRECIOUS METALS		DIGITAL CURRENCY	
<b>Ongoing Fees</b>	Precious Metals Liquidation	\$10 / asset (max \$30)	Digital Currency Purchase Fee <sup>1</sup>	2.0% of purchase
	Coin Shipping / Handling Fee <i>(\$50 min)</i> <i>(Additional depository fees may apply)</i>	Cost +\$10	Digital Currency Sale Fee <sup>1</sup>	1.0% of sale
	In-Kind Transfers & Distributions	\$50 / transaction	Liquidity Cost <sup>2</sup>	up to 1.0% of the purchase / sale order
<b>Storage Fees<sup>3</sup></b> <a href="#">Depository Information</a>	Segregated Storage	\$160	Not Applicable	
	Non-Segregated Storage	\$110		

**5 TERMINATION FEES**

Full Termination Fee	\$250
Partial Termination Fee	\$100 / asset
Distribution / Re-Registration of Asset	\$100 / asset

The above fees are effective from January to January of any given calendar year; and are subject to change. IRA maintenance fees are not prorated. Fee schedule does not include brokerage commissions that may apply in the event you opt to include brokerage positions in your IRA through your designated broker-dealer or Equity Trust Company's broker-dealer affiliate.

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