

SIMPLE INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

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

FORM (Rev. April 2017)

The participant named on the application is establishing a savings incentive match plan for employees of small employers individual retirement account (SIMPLE IRA) under sections 408(a) and 408(p) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The custodian named on the application has given the participant the disclosure statement required by Regulations section 1.408-6.

The participant and the custodian make the following agreement:

ARTICLE I

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

ARTICLE II

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

ARTICLE III

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

ARTICLE IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the participant's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The participant's entire interest in the custodial account must be, or begin to be, distributed not later than the participant's required beginning date, April 1 following the calendar year in which the participant reaches age 70½. By that date, the participant may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:
 - (a) A single sum or
 - (b) Payments over a period not longer than the life of the participant or the joint lives of the participant and his or her designated beneficiary.
3. If the participant dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
 - (a) If the participant dies on or after the required beginning date and:
 - (i) the designated beneficiary is the participant's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph

(a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by one for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

(ii) the designated beneficiary is not the participant's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the participant and reduced by one for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

(iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the participant as determined in the year of the participant's death and reduced by one for each subsequent year.

(b) If the participant dies before the required beginning date, the remaining interest will be distributed in accordance with paragraph (i) below or, if elected or there is no designated beneficiary, in accordance with paragraph (ii) below:

(i) the remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the participant's death. If, however, the designated beneficiary is the participant's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the participant would have reached age 70½. But, in such case, if the participant's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with paragraph (ii) below if there is no such designated beneficiary.

(ii) the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the participant's death.

4. If the participant dies before his or her entire interest has been distributed and if the designated beneficiary is not the participant's surviving spouse, no additional contributions may be accepted in the account.

5. The minimum amount that must be distributed each year, beginning with the year containing the participant's required beginning date, is known as the "required minimum distribution" and is determined as follows:

(a) the required minimum distribution under paragraph 2(b) for any year, beginning with the year the participant reaches age 70½, is the participant's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the participant's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the participant's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the participant's (or, if applicable, the participant and spouse's) attained age (or ages) in the year.

- (b) the required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the participant's death (or the year the participant would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).
 - (c) the required minimum distribution for the year the participant reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
6. The owner of two or more IRAs (other than Roth IRAs) may satisfy the minimum distribution requirements described above by taking from one IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

ARTICLE V

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

ARTICLE VI

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

ARTICLE VII

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

ARTICLE VIII

- 8.01 **Definitions** – In this part of this agreement (Article VIII), the words "you" and "your" mean the participant. The words "we," "us," and "our" mean the custodian. The word "Code" means the Internal Revenue Code, and "regulations" means the Treasury regulations.
- 8.02 **Notices and Change of Address** – Any required notice regarding this SIMPLE IRA will be considered effective when we send it to the intended recipient at the last email address we have in our records. If no email address was provided, we will provide such notice by U.S. mail to the last address we have in our records. This notice will direct you to our website to view any new information pertaining to your SIMPLE IRA electronically unless you notify us that you prefer we provide you with paper copies of the same. You, or the intended recipient, must promptly notify us of any change of email or mailing address. Any notice to be given to us will be considered effective when we actually receive it.
- 8.03 **Representations and Responsibilities**
- a. *In General.* You represent and warrant to us that any information you have given or will give us with respect to this agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be in compliance with applicable laws and proper under this agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, if we receive ambiguous

directions regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We will not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, or for our exercising our right to take no action until we have received further clarification acceptable to us, and you agree to reimburse and indemnify us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for any penalties, taxes, judgments, or expenses you incur in connection with your SIMPLE IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings, or this agreement.

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

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

By performing services under this agreement we are acting as your agent. You acknowledge and agree that nothing in this agreement will be construed as conferring fiduciary status upon us. We will not be required to perform any additional services unless specifically agreed to under the terms and conditions of this agreement, or as required under the Code and the regulations promulgated thereunder with respect to SIMPLE IRAs. We may employ agents and organizations 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 will also apply with respect to each agent or organization so employed. You represent to us that if a mandatory distribution arises, you will have the ability through your SIMPLE IRA and/or other retirement accounts to meet any mandatory distribution requirements. You agree to release, indemnify, and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs, and expenses (including, without limitation, attorney's fees) arising from or in connection with this agreement.

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

UNDER NO CIRCUMSTANCES ARE WE, OR OUR OFFICERS, DIRECTORS, EMPLOYEES, MEMBERS, AGENTS, LICENSORS, OR REPRESENTATIVES, SUBJECT TO OR LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY OR SIMILAR DAMAGES, INCLUDING WITHOUT LIMITATION, DAMAGES OR COSTS INCURRED AS A RESULT OF LOSS OF TIME, LOSS OF SAVINGS, LOSS OF DATA, LOSS OF REVENUES AND/OR PROFITS, WHETHER FORESEEABLE

OR UNFORESEEABLE, THAT MAY ARISE OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR CUSTODIAN OR ADMINISTRATOR COMPLYING WITH YOUR DIRECTIONS, REGARDLESS IF SUCH DAMAGES ARE BASED IN CONTRACT, TORT, WARRANTY, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHERWISE.

- b. *Prohibited Transactions.* You understand that certain transactions are prohibited in SIMPLE IRA plans under the Code, and specifically Code section 4975. You further understand that the determination of a prohibited transaction depends on the facts and circumstances that surround the particular transaction. You understand that we have no obligation or duty to make a determination, and accordingly will make no determination, as to whether any SIMPLE IRA investment is prohibited. You further understand that should your SIMPLE IRA engage in a prohibited transaction, you will incur a taxable distribution as well as possible penalties. You represent to us that you have consulted or will consult with your own tax or legal professional to ensure that none of your directions or instructions or IRA investments will constitute a prohibited transaction and that your SIMPLE IRA investments will comply with all applicable federal and state laws, regulations, and requirements.
- c. *Unrelated Business Income Tax (UBIT).* Since your SIMPLE IRA is a tax-exempt organization under the Code, if your SIMPLE IRA earns income from an investment that uses debt financing or that is derived from a business regarded as not related to the exempt purpose of your SIMPLE IRA, it may be subject to the so-called "unrelated business income tax" if it is in excess of permitted thresholds. For example, income from a SIMPLE IRA investment in a partnership generally will result in unrelated business taxable income. In the event that your investment of SIMPLE IRA assets results in taxable income (unrelated or debt-financed) under the Code for any taxable year, you agree to prepare or have prepared the applicable returns, an application for employer identification number (if not previously obtained), and any other documents that may be required, and to submit them to us for filing with the Internal Revenue Service (IRS) (or any other governmental entity), at least five days before the date on which the return is due for such taxable year, along with an appropriate payment directive authorizing the us to execute the forms on behalf of your SIMPLE IRA and to pay the applicable unrelated business income tax from your SIMPLE IRA. You understand that we have no obligation or duty to prepare or have prepared such documents. You agree, however, that we may prepare any forms, returns, or other required documentation if you do not provide them in time. All taxes and the expenses incurred in preparing such documentation will be considered your SIMPLE IRA's expense and may be debited from your SIMPLE IRA. If your SIMPLE IRA has insufficient liquid assets to pay these expenses, you may pay them yourself. Certain SIMPLE IRA reimbursements are considered annual contributions. To ensure proper governmental reporting, you must inform us of any SIMPLE IRA expense that you pay for outside your SIMPLE IRA.
- d. *Listed Transactions and Reportable Transactions.* You understand that certain transactions are or may be identified by the IRS as abusive tax shelter schemes or transactions. You further understand that the determination of a listed or reportable transaction may depend upon the facts and circumstances that surround the particular transaction. We have no duty to make a determination as to whether any SIMPLE IRA investment constitutes a listed or reportable transaction. You represent to us that you have consulted or will consult with your own tax or legal professional to ensure that any listed or reportable transactions engaged in by your SIMPLE IRA are identified. You further represent and acknowledge to us that with respect to any listed or reportable transaction you are considered the entity manager who approved or caused your SIMPLE IRA to be a party to the transaction and that you are responsible for: reporting each such transaction to the IRS, using the applicable IRS form; paying any applicable excise taxes, using the applicable IRS form; disclosing to us that such transaction was a prohibited tax shelter transaction; and directing us as to any necessary corrective action to be taken by your SIMPLE IRA.
- e. *Passive Custodian Provides No Investment Advice.* From time to time, we may provide general investment information regarding the products we offer through webinars, newsletters, social media posts, our website, and other forums, which you acknowledge and agree is not investment advice. Similarly, you acknowledge and agree that we may participate in events with other companies in our industry, which is not and should not be interpreted as our endorsement of any of the other participants. You further acknowledge and agree that we are strictly a passive custodian and as such do not provide legal or tax services or advice with respect to your SIMPLE IRA investments; and 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 pursuant to a *Direction of Investment* form violates any federal or state law or regulation or otherwise results in a disqualification, penalty, fine, or tax imposed upon you, your SIMPLE IRA, or us.
- f. *Investment Conforms to All Applicable Securities Laws.* 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. 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.
- g. *Custodian Not Responsible for Insurance.* We will not bear or assume any responsibility to notify you about or to secure or maintain fire, casualty, liability, or other insurance coverage on any personal or real property held by your SIMPLE IRA or that serves as collateral under any mortgage or other security instrument held by your IRA with respect to any promissory note or other evidence of indebtedness. It is incumbent upon you as the SIMPLE IRA owner 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 therefore. Furthermore it is your responsibility to determine that payment has been made upon your written request by verifying same with your SIMPLE IRA statements. We will not be responsible for notification or payments of any insurance premiums, real estate taxes, utilities, or other charges 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 same from your SIMPLE IRA. Furthermore, it is your responsibility to determine that payment has been made from the SIMPLE IRA. You must use 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).

h. *Service Fees.* We have the right to charge establishment, document, and custodial fees, as well as other designated fees (e.g., a transfer, rollover, or termination fee) for maintaining your SIMPLE IRA. In addition, and as described in more detail in Section 8.05, we have the right to collect or otherwise receive as an additional fee any interest or other income earned or generated from any Uninvested Cash Funds (as defined in Section 8.05), and to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your SIMPLE IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your SIMPLE IRA at our discretion. We reserve the right to charge any additional, reasonable fee to you after giving you 30 days' notice. Fees such as sub-accounting and other service fees may be paid to us or an associated business by third parties for assistance in performing certain transactions with respect to this SIMPLE IRA. In addition, we or an associated business may receive other income from third parties in connection with performing such services or the purchase and sale of publicly traded securities, privately held securities, or any other assets that may or may not be deemed to be securities, which you may have directed us to purchase or sell.

i. *All invoices are due and payable upon receipt.* If such charge cannot be paid from your SIMPLE IRA assets (e.g., if your SIMPLE IRA does not contain sufficient cash assets), we will submit an invoice to you for all outstanding fees and expenses plus any applicable invoice costs and late charges. SIMPLE IRA expenses that you pay out of pocket may be considered regular SIMPLE IRA contributions, which are reported to the IRS and are subject to the annual contribution limitations. To collect such fees and/or expenses we may, and you expressly authorize us to, bill any credit card we have in our records related to your SIMPLE IRA, collect from any Uninvested Cash Funds held in your IRA, and/or liquidate sufficient investments in your SIMPLE IRA in accordance with Section 8.13 of this Article to pay such fees and expenses.

Any brokerage commissions attributable to the assets in your SIMPLE IRA will be charged to your SIMPLE IRA. Any reimbursements to your SIMPLE IRA for those commissions are considered SIMPLE IRA contributions and are subject to the annual SIMPLE IRA contribution limitations.

j. *Interest and Earnings.* We may perform sub-accounting, recordkeeping, administrative or other services related to your SIMPLE IRA, and for these services we retain and receive interest and other income from assets that you have not directed us to invest. This income includes amounts generated on the Uninvested Cash Funds that we deposit with other financial institutions.

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

8.05 Investment of Amounts in the SIMPLE IRA

a. *In General.* You have exclusive responsibility for and control over the investment of the assets of your SIMPLE IRA. All transactions will be subject to any and all restrictions or limitations, direct or indirect, that are imposed by 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. After your death, your beneficiaries will have the right to direct the investment of your SIMPLE IRA assets, subject to the same conditions that applied to you during your lifetime under this agreement (including, without limitation, Section 8.03. We will not exercise the voting rights and other shareholder rights with respect to investments in your SIMPLE IRA unless you provide timely written directions acceptable to us according to our then current policies and procedures. You will select the type of investment for your SIMPLE IRA assets, provided, however, that your selection of investments must be limited to those types of investments that comport with our internal policies, practices, and standards and are deemed administratively feasible by us. We may, or an associated business may, in our, or their, sole discretion, make available to you additional opportunities, which may include publicly traded securities, mutual funds, money market instruments, and other investments that are obtainable by us, or an associated business, and that we, or such associated business, are capable of holding in the ordinary course of business.

b. *Custodian Acting in Passive Capacity Only.* We are acting as a passive, directed, and non-discretionary custodian in holding SIMPLE IRA assets. Accordingly, we are not a fiduciary (as this term is defined in the Code, ERISA, or any other applicable federal, state or local laws) with respect to your SIMPLE IRA, and you acknowledge and agree that we are not a fiduciary with respect to your SIMPLE IRA.

It is not our responsibility to review the prudence, merits, viability or suitability of any investment directed by you or your investment advisors or to determine whether the investment is acceptable under ERISA, the Code or any other applicable law. 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, or other party selected by you. We have no responsibility to question or otherwise evaluate any investment directions given by you or by any investment advisor or representative appointed by you.

It is your responsibility to perform proper due diligence with regard to any such investment, representative, investment advisor, broker or other party. We will follow the directions of any such investment advisor, representative, broker or other party selected by you, provided you furnish us with written authorization and documentation acceptable to us, which may include a legal opinion. We will be entitled to all the same protections and indemnities in our reliance upon and execution of the directives of such investment advisor or other party as if such directives were given by you. We are under no obligation or duty to investigate, analyze, monitor, verify title to, or otherwise evaluate or perform due diligence for any investment directed by you or your investment advisor, representative or agent; nor are we responsible to notify you or take any action should there be any default or other obligation with regard to any investment. Any review performed by us with respect to an investment is solely for our own purposes of determining compliance with our internal policies, practices and standards, as we determine from time to time and the administrative feasibility of the investment and neither such review nor its acceptance should be construed in any way as an endorsement of any investment, investment company or investment strategy. We also have the right not to effect any transaction/investment that we deem to be beyond the scope of our administrative responsibilities, capabilities, or expertise or that we determine in our sole discretion does not comport with our internal policies, practices, or standards. 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, except as to civil pleadings or court orders received by us. We will 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 will make reasonable efforts to notify you if we are unable or unwilling to comply with an investment direction. Subject to the foregoing, we will remit funds as directed, but have no responsibility to verify or ensure that such funds have been invested to purchase or acquire the asset selected by you.

- c. *Investment Documentation.* In directing us with respect to any investment, you must use our *Direction of Investment* form or such other form acceptable to us. We may act upon any instrument, certificate, paper or transmission believed to be genuine and that is signed or presented by the proper person or persons whether or not by facsimile or other form acceptable to us. We are 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. You authorize and direct us to execute and deliver, on behalf of your SIMPLE IRA, any and all documents delivered to us in connection with your SIMPLE IRA investments; and we 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. We will retain electronic copies of documents related to your SIMPLE IRA as described in Treasury Regulations section 1.408-2(e)(5)(vii) in our capacity as a recordkeeper and not as any type of safekeeping agent. See also, Nevada Revised Statutes (NRS) 719.240; NRS 719.290. However, please note that we require all original stock certificates titled in the name of your SIMPLE IRA to be held by us.
- d. *Deposit Investments.* The deposit investments available through us may include savings, share, and/or money market accounts, and various certificates of deposit (CDs).
- e. *Uninvested Cash Funds.* From time to time you may deposit funds with us, have available free credit balances, or otherwise direct us to hold funds for you not subject to a current *Direction of Investment* or otherwise awaiting your direction for investment or deposit (collectively referred to as "Uninvested Cash Funds"). You acknowledge and agree that Uninvested Cash Funds from your SIMPLE IRA may be invested on an omnibus basis with Uninvested Cash Funds from other accounts.

You direct us to sweep or deposit all Uninvested Cash Funds automatically into an FDIC insured bank account or any investment backed by the U.S. Treasury and/or full faith and credit of the United States Government (which may be invested on an omnibus basis with Uninvested Cash Funds from other accounts) until such time as further direction is received from you or your designated representative(s). You also authorize us to transfer any Uninvested Cash Funds to a different FDIC insured bank account without any further approval from you. Accounts used to hold Uninvested Cash Funds may include, without limitation, certificates of deposit, money market accounts, similar FDIC or government insured accounts at state or national banks or credit unions, or any investment backed by the U.S. Treasury and/or full faith and credit of the United States Government. Any FDIC insurance, which may be applicable to your account, is subject to all

applicable laws and regulations, including those laws and regulations related to FDIC insurance limitations. We are entitled to retain and have paid to us as a fee any interest or other income earned or otherwise generated from the Uninvested Cash Funds deposited in such accounts, including any amounts paid to us by financial institutions at the time we deposit the Uninvested Cash Funds. You acknowledge and agree that we may retain this fee as compensation for the services we provide under this agreement.

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

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

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

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

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

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

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

- Make no distribution until you give us a proper withdrawal request
- Distribute your entire SIMPLE IRA to you in a single sum payment

- Determine your required minimum distribution from your SIMPLE IRA each year based on your life expectancy, calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9, and pay those distributions to you until you direct otherwise

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

- 8.08 **Termination of Agreement, Resignation, or Removal of Custodian** – Either party may terminate this agreement at any time by giving written notice to the other. However, your termination of this agreement will not be effective until such time as all outstanding fees, costs, indemnities, penalties, expenses, or payments due to us are paid. We can resign as custodian at any time effective 30 days after we send written notice of our resignation to you through email (if an email address was provided, otherwise such notice will be sent to you through U.S. mail). Upon receipt of that notice, you must make arrangements to transfer your SIMPLE IRA to another financial organization. If you do not complete a transfer of your SIMPLE IRA within 30 days from the date we send the notice to you, we have the right to transfer your SIMPLE IRA assets to a successor SIMPLE IRA trustee or custodian that we choose in our sole discretion, or we may pay 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 will not be liable for any actions or failures to act on the part of any successor trustee or custodian, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

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

- Any fees, expenses, or taxes chargeable against your SIMPLE IRA
- Any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your SIMPLE IRA after your SIMPLE IRA with us is closed. If there are additional assets remaining in or subsequently credited to your SIMPLE IRA, we will seek to distribute or transfer such assets in accordance with your prior direction, but only after offsetting any applicable administrative expenses and custodial fees (according to our then operative fee schedule).

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

- 8.09 **Successor Custodian** – If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion that includes your SIMPLE IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your SIMPLE IRA, but only if it is the type of organization authorized to serve as a SIMPLE IRA trustee or custodian.
- 8.10 **Amendments** – We have the right to amend this agreement at any time. Any amendment we make, including those made to comply with the Code and related regulations, does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we send the amendment, you notify us in writing that you do not consent.

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

- 8.12 **Transfers From Other Plans** – We can receive amounts transferred to this SIMPLE IRA from the trustee or custodian of another SIMPLE IRA as permitted by the Code. 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.

- 8.13 **Liquidation of Assets; Grant of Security Interest Upon Default**

- a. We have the right to liquidate assets in your SIMPLE IRA if necessary to make distributions or to pay fees, expenses, indemnities, taxes, federal tax levies, penalties, or surrender charges properly chargeable against your SIMPLE IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree not to hold us liable for any adverse consequences that result from our decision.
- b. If payment is not received on or before the due date listed on your invoice, a \$50 late fee will be assessed to your SIMPLE IRA and a *Past Due Notice* will be issued to you. In the event you fail to pay any fees, costs, indemnities, penalties, expenses, or payments due to us required by your Account Agreement or otherwise, and upon issuance of the *Past Due Notice*, we reserve the right to proceed with the process for establishing a lien on and security interest in all of your rights, title and interests in such portion of the SIMPLE IRA, the Uninvested Cash Funds and any other deposit, monies, accounts and other assets in such accounts or otherwise deposited with us at such time in an amount equal to the amounts necessary to pay in full such amounts then due to us, as collateral security for the prompt and complete payment of such unpaid fees or other amounts due and owing, to the maximum extent permitted by law or regulations, at our complete and sole discretion. Upon our providing you with notice through email (or through U.S. mail if no email address was provided) of our intent to pursue such security interest, you hereby authorize us to file all financing statements and other documents and take such other actions as may from time to time be necessary or desirable in our complete and sole discretion to perfect and to maintain the perfection and priority of such security interest and/or authorize us to liquidate the asset(s) without your prior approval and without any further notice. You understand and agree that pursuant to Code section 408(e) the portion of any SIMPLE IRA funds pledged as collateral may be treated as distributed to you and subject to taxes, interest, and penalties, which you will be responsible for and agree to indemnify and hold us harmless therefrom. Such a deemed distribution may also trigger IRS Form 1099-R reporting, either when the lien is created or at some other required point.

We may, at our complete and sole discretion, liquidate sufficient asset(s) to cover outstanding fees plus one year's estimated fees, including the Account Termination Fee, and you agree not to hold us responsible for any adverse consequences that result from our decision. Upon receipt, such liquidated funds will first be applied to outstanding fees. Remaining balances, if any, will be placed into your SIMPLE IRA. We have no liability for any adverse tax or other financial consequences as a result of liquidating your SIMPLE IRA to cover the fees and charges. SIMPLE IRAs with

past due fees, unfunded SIMPLE IRAs, and SIMPLE IRAs with zero value will continue to incur administration and maintenance fees until such time as you notify us in writing of your intent to close the SIMPLE IRA or of your wish that we resign. Should fees not be collected, we have the option to cease performing any functions, including, but not limited to, processing investment transactions, until such time as all fees charged against the SIMPLE IRA are fully paid. We may then close your SIMPLE IRA and distribute all assets to you, which will be reported to the IRS on Form 1099-R and may subject you to possible taxes and penalties. In the event of non-payment, we may employ a collection agency to recover any unpaid fees or expenses. You will be personally liable for all Re-registration Fees, Late Fees, Account Termination Fees, and any other fees related to collection of fees, including but not limited to, third party fees incurred.

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

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

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

8.16 **Summary Description Requirements** – Notwithstanding Article V above, we will be deemed to have satisfied our summary description reporting requirements under Code section 408(l)(2) if either

- a. we provide a summary description directly to you, or
- b. we provide our name, address and withdrawal procedures to you, and your employer provides you with all other required information.

8.17 **Valuations Policy** – Each year (and when you take SIMPLE IRA distributions), we are required to report the fair market value (“FMV”) of the assets within your SIMPLE IRA to the IRS. The IRS definition of FMV is the price at which the asset would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell, and both having a reasonable knowledge of the relevant facts. For additional guidance to determine FMV, please refer to the Code and to the Treasury Regulations.

You must provide us with a credible valuation of your SIMPLE IRA assets in order for us to generate accurate IRS reporting. We may report the FMV of your SIMPLE IRA assets based on supporting documentation that you provide and that, in our sole discretion, we deem reasonable and applicable. For example, we may base our FMV report on a recent, impartial appraisal of commercial real estate that you provide from a competent professional. Or we may report the FMV of your interest in a closely held company based on the detailed assessment of a CPA who is accustomed to appraising such companies.

If you do not provide to us an acceptable SIMPLE IRA valuation when required, you agree that we may, but are not required to, seek a valuation determination. The expenses incurred in preparing such a valuation will be considered your SIMPLE IRA’s expense and may be debited from your SIMPLE IRA. If your SIMPLE IRA has insufficient liquid assets to pay these expenses, you may pay them yourself. Certain SIMPLE IRA reimbursements may be

considered annual contributions. To ensure proper governmental reporting, you must inform us of any SIMPLE IRA expense that you pay for outside your SIMPLE IRA. If we determine the value of any asset in your SIMPLE IRA for recordkeeping or reporting purposes, we will use reasonable, good faith efforts. Illiquid assets can be difficult to value accurately, particularly without sometimes costly and time-consuming appraisals. Therefore, we neither guarantee the appropriateness of the appraisal techniques that we use, nor do we assume responsibility for the accuracy of the valuations obtained.

GENERAL INSTRUCTIONS

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

PURPOSE OF FORM

Form 5305-SA is a model custodial account agreement that meets the requirements of sections 408(a) and 408(p). However, only Articles I through VII have been reviewed by the IRS. A SIMPLE individual retirement account (SIMPLE IRA) is established after the form is fully executed by both the individual (participant) and the custodian. This account must be created in the United States for the exclusive benefit of the participant and his or her beneficiaries.

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

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

DEFINITIONS

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

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

TRANSFER SIMPLE IRA

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

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 70½ to ensure that the requirements of section 408(a)(6) have been met.

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

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR SIMPLE IRA

You have the right to revoke your SIMPLE IRA within seven (7) days of the receipt of the disclosure statement. If revoked, you are entitled to a full return of the contribution you made to your SIMPLE IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the custodian at the address listed on the application or by other electronic means mutually agreed upon and allowed by law.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date. If notice is received by fax or other electronic means, your revocation will be deemed delivered as of the date submitted.

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

REQUIREMENTS OF A SIMPLE IRA

- A. **Cash Contributions** – Your contribution must be in cash, unless it is a rollover contribution.
- B. **Maximum Contribution** – The only contributions that may be made to your SIMPLE IRA are employee elective deferrals under a qualified salary reduction agreement, employer contributions, and other contributions allowed by the Code or related regulations, that are made under a SIMPLE IRA plan maintained by your employer. Employee elective deferrals may not exceed the lesser of 100 percent of your compensation for the calendar year or \$12,500 for 2017 and 2018, with possible cost-of-living adjustments each year thereafter. Your employer may make additional contributions to your SIMPLE IRA within the limits prescribed in Internal Revenue Code Section (IRC Sec.) 408(p). Your employer is required to provide you with information that describes the terms of its SIMPLE IRA plan.
- C. **Catch-Up Contributions** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your SIMPLE IRA. The maximum additional contribution is \$3,000 for 2017 and 2018, with possible cost-of-living adjustments each year thereafter.
- D. **Nonforfeitable** – Your interest in your SIMPLE IRA is nonforfeitable.
- E. **Eligible Custodians** – The custodian of your SIMPLE IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- F. **Commingling Assets** – The assets of your SIMPLE IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- G. **Life Insurance** – No portion of your SIMPLE IRA may be invested in life insurance contracts.
- H. **Collectibles** – You may not invest the assets of your SIMPLE IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in IRC Sec. 408(m)(3)) also are permitted as SIMPLE IRA investments.
- I. **Required Minimum Distributions** – You are required to take minimum distributions from your SIMPLE IRA at certain times in accordance with Treasury Regulation 1.408-8. Below is a summary of the SIMPLE IRA distribution rules.

1. You are required to take a minimum distribution from your SIMPLE IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.
2. The applicable divisor generally is determined using the Uniform Lifetime Table provided by the IRS. If your spouse is your sole designated beneficiary for the entire calendar year, and is more than 10 years younger than you, the required minimum distribution is determined each year using the actual joint life expectancy of you and your spouse obtained from the Joint Life Expectancy Table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.

We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70½.

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

3. Your designated beneficiary is determined based on the beneficiaries designated as of the date of your death, who remain your beneficiaries as of September 30 of the year following the year of your death.

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

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

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

If your spouse is your sole designated beneficiary, he or she must elect either option (a) or (b) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year life expectancy payments would be required to begin. Your designated beneficiaries, other than a spouse who is the sole designated beneficiary, must elect either option (a) or (b) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the

year following the year of your death. Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, 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 owner take total distribution of all SIMPLE IRA assets by December 31 of the year following the year of death.

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

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

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

For more information on QLACs, you may wish to refer to the IRS website at 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. Employer matching or nonelective contributions must be deposited no later than the due date for filing the employer's tax return, including extensions.
- C. Tax Credit for Contributions** – You may be eligible to receive a tax credit for your SIMPLE IRA deferrals. This credit may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are
- age 18 or older as of the close of the taxable year,
 - not a dependent of another taxpayer, and
 - not a full-time student.

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

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

2017 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1–37,000	\$1–27,750	\$1–18,500	50
\$37,001–40,000	\$27,751–30,000	\$18,501–20,000	20
\$40,001–62,000	\$30,001–46,500	\$20,001–31,000	10
Over \$62,000	Over \$46,500	Over \$31,000	0

2018 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1–38,000	\$1–28,500	\$1–19,000	50
\$38,001–41,000	\$28,501–30,750	\$19,001–20,500	20
\$41,001–63,000	\$30,751–47,250	\$20,501–31,500	10
Over \$63,000	Over \$47,250	Over \$31,500	0

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

- D. Tax-Deferred Earnings** – The investment earnings of your SIMPLE IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).
- E. Excess Contributions** – If you defer more than the maximum allowable limit for the tax year, you have an excess deferral and must correct it. Excess deferrals, adjusted for earnings, must be distributed from your SIMPLE IRA.
- If your employer mistakenly contributes too much to your SIMPLE IRA as an employer contribution, your employer may effect distribution of the employer excess amount, adjusted for earnings through the date of distribution. The amount distributed to the employer is not includible in your gross income.
- F. Income Tax Withholding** – 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.

- G. Early Distribution Penalty Tax** – If you receive a SIMPLE IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent (25 percent if less than two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer) will apply to the taxable amount of the distribution unless one of the following exceptions apply. **1) Death.** After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax. **2) Disability.** If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration. **3) Substantially equal periodic payments.** You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½. **4) Unreimbursed medical expenses.** If you take payments to pay for unreimbursed medical expenses exceeding 10 percent of your adjusted gross income you will not be subject to the 10 percent early distribution penalty tax. The 10 percent limitation may be reduced to 7.5 percent if you or your spouse are age 65 or older. For further detailed information and effective dates

you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS. The medical expenses may be for you, your spouse, or any dependent listed on your tax return. **5) Health insurance premiums.** If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your SIMPLE IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax. **6) Higher education expenses.** Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax. **7) First-time homebuyer.** You may take payments from your SIMPLE IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of \$10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution. **8) IRS levy.** Payments from your SIMPLE IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax. **9) Qualified reservist distributions.** If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your SIMPLE IRA during the active duty period are not subject to the 10 percent early distribution penalty tax.

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

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

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

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

Your rollover from one SIMPLE IRA to another SIMPLE IRA must consist of the same property; otherwise the distribution will be taxable as ordinary income. For example, you may not take cash distributions from your SIMPLE IRA, purchase other assets with the cash, and then roll over those assets into a new (or the same) SIMPLE IRA.

2. Traditional IRA-to-SIMPLE IRA Rollovers. Assets distributed from your Traditional IRA may be rolled over to a SIMPLE IRA if the requirements of IRC Sec. 408(d)(3) are met and two years

have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. A proper Traditional IRA-to-SIMPLE IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

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

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 59½, the 10 percent early distribution penalty tax (unless an exception to the penalty applies).

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

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

You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you

may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at www.irs.gov.

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 70½ 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** – For tax years beginning before January 1, 2018, if you have converted from a SIMPLE IRA to a Roth IRA, you may recharacterize the conversion along with net income attributable back to the SIMPLE IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year in which the conversion was completed. However, effective for tax years beginning after December 31, 2017, you may not recharacterize a Roth IRA conversion.

LIMITATIONS AND RESTRICTIONS

- A. **Deduction of Rollovers and Transfers** – A deduction is not allowed for rollover or transfer contributions.
- B. **Gift Tax** – Transfers of your SIMPLE IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.
- C. **Special Tax Treatment** – Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to SIMPLE IRA distributions.
- D. **Prohibited Transactions** – If you or your beneficiary engage in a prohibited transaction with your SIMPLE IRA, as described in IRC Sec. 4975, your SIMPLE IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your SIMPLE IRA. (1) Taking a loan from your SIMPLE IRA (2) Buying property for personal use (present or future) with SIMPLE IRA assets (3) Receiving certain bonuses or premiums because of your SIMPLE IRA.
- E. **Pledging** – If you pledge any portion of your SIMPLE IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

OTHER

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

- B. **Additional Information** – For further information on SIMPLE IRAs, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, or Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, by calling 800-TAX-FORM, or by visiting www.irs.gov on the Internet.
- C. **Important Information About Procedures for Opening a New Account** – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. Therefore, when you open a SIMPLE IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.
- D. **Qualified Reservist Distributions** – If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your SIMPLE IRA or retirement plan, you may recontribute those amounts to an IRA generally within a two-year period from your date of return.
- E. **Disaster Related Relief** – If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, certain IRS designated disasters), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your SIMPLE IRA. Qualified disaster relief may include penalty-tax free early distributions made during specified timeframes for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more. For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related 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.

FINANCIAL DISCLOSURE

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

INVESTMENT OPTIONS

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

FEES

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

- Account Fees
- Transaction Fees
- Processing Fees
- Miscellaneous Fees

To find out what fees may apply, refer to the Fee Schedule.

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

EARNINGS

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