Client Services | 888.990.7892
E. info@ptcemail.com
F. 702.946.0136
W. www.preferredtrustcompany.com
6700 Via Austi Parkway, Suite 301
Las Vegas, NV 89119

Savings Incentive Match Plan (SIMPLE) for Small Businesses and the Employees

Establishing a **5305** SIMPLE IRA Plan

STARTING A SIMPLE IRA PLAN IS EASY TO DO!

CHOOSE A FINANCIAL INSTITUTION

The Employer needs to choose a financial institution to serve as trustee of the SIMPLE IRAs to hold each employee's/participant's retirement plan assets. The SIMPLE IRA will receive the contributions the Employer and participant(s) make to the plan. Alternatively, the Employer can decide to let employees choose the financial institution that will receive their contributions.

3 STEPS TO SET UP A SIMPLE IRA

STEP 1 | EXECUTE A WRITTEN AGREEMENT TO PROVIDE BENEFITS TO ALL ELIGIBLE EMPLOYEES

STEP 2 | GIVE EMPLOYEES CERTAIN INFORMATION ABOUT THE AGREEMENT

STEP 3 | SET UP AN IRA ACCOUNT FOR EACH EMPLOYEE

STEP 1 | EXECUTE A WRITTEN AGREEMENT

You can use Form 5304-SIMPLE or Form 5305-SIMPLE to set up a SIMPLE IRA plan. Each form is a model Savings Incentive Match Plan for Employees (SIMPLE) plan document.

STOP HERE AND DETERMINE WHICH PLAN IS RIGHT FOR YOU...

- Use Form 5304-SIMPLE if as the Employer you intend to allow each participant to select the financial institution of their choice for receiving his or her SIMPLE IRA plan contributions.
- Use Form 5305-SIMPLE if as the Employer you will deposit all SIMPLE IRA plan participant contributions in an employer-designated financial institution.

As the Employer, you adopt the SIMPLE IRA plan when all appropriate boxes and blanks on the appropriate form are completed and you (and the designated financial institution, if any) have executed the plan documents. These forms are maintained by the Employer and are not filled with the IRS.

Alternatively, as the Employer may use a prototype document. A mutual fund, insurance company, bank or other qualified institution usually provides these. You may also have an individually designed plan.

STEP 2 | ANNUAL NOTICE TO ELIGIBLE EMPLOYEES

The Employer must notify each employee before the beginning of the election period of:

1. The employees' opportunity to make or change a salary reduction choice under the SIMPLE IRA plan;
2. The employees' ability to select a financial institution that will serve as trustee of the employees' SIMPLE IRA, if applicable;
3. Your decision to make either matching contributions or non-elective contributions;
4. A summary description (the financial institution should provide this information); and
5. Written notice that the employee can transfer his or her balance without cost or penalty if the Employer using a designated financial institution.

The election period is generally the 60-day period immediately preceding January 1 of a calendar year (November 2 to December 31). However, the dates of this period are modified if you set up a SIMPLE IRA plan in mid-year or if the 60-day period falls before the first day an employee becomes eligible to participate in the SIMPLE IRA plan.

If you set up your SIMPLE IRA plan using either Form 5304-SIMPLE or Form 5305-SIMPLE, Employer must provide each employee a copy all signed forms to satisfy the notification requirement.

STEP 3 | SETUP A SIMPLE IRA FOR EACH ELIGIBLE EMPLOYEE

A SIMPLE IRA must be set up by or for each eligible employee and all contributions to the plan must go to the SIMPLE IRA.

A SIMPLE IRA cannot be a Roth IRA.

Financial institutions authorized to hold and invest SIMPLE IRA plan contributions include banks (retail trust companies), savings and loan associations, insurance companies, certain regulated investment companies, federally-insured credit unions and brokerage firms. SIMPLE IRA plan contributions can be put into stocks, mutual funds and other similar types of investments. The investment options available at the institution where the SIMPLE IRA is located will determine what kinds of investment choices are available to the employee as he or she makes decisions about investing his or her SIMPLE IRA accounts.

You and your employees will receive a statement from the financial institutions investing your SIMPLE IRA plan contributions both at the time you make the first SIMPLE IRA plan contributions and at least once a year thereafter. Each institution must provide a plain-language explanation of any fees and commissions it imposed on SIMPLE IRA assets.

TIMING OF SETTING UP A SIMPLE IRA PLAN

An Employer can set up a SIMPLE IRA plan effective on any date from January 1 through October 1 of a year, provided no other SIMPLE IRA were maintained during the year. This requirement does not apply if you are a new employer that comes into existence after October 1 of the year the SIMPLE IRA plan is set up and you set up a SIMPLE IRA plan as soon as administratively feasible after your business comes into existence. If you previously maintained a SIMPLE IRA plan, you can set up a SIMPLE IRA plan effective only on January 1 of a year. A SIMPLE IRA plan cannot have an effective date that is prior to the actual adoption date of the plan.

ADDITIONAL RESOURCES

Preferred Trust Company believes that making the right choice when selecting a SIMPLE IRA plan for your small businesses is an important decision and that is why we encourage you to take advantage of the following IRS resources available when determining if a SIMPLE IRA plan is right for your business. This information is also available at www.preferredtrustcompany.com for your convenience.

SIMPLE IRA PLAN CHECKLIST: http://www.irs.gov/pub/irs-pdf/p4284.pdf

SIMPLE IRA PLANS for Small Business: http://www.irs.gov/pub/irs-pdf/p4334.pdf

PREFERRED TRUST

Client Services | 888.990.7892
E. info@ptcemail.com
F. 702.946.0136
W. www.preferredtrustcompany.com
6700 Via Austi Parkway, Suite 301
Las Vegas, NV 89119

Savings Incentive Match Plan for Employees

5305-SIMPLE IRA | Adoption Agreement

PTC IRA Account Number

Where did you hear about Preferred Trust Company?

SECTION 1 | Employer Information

Adopting Employer Name

Adopting Employer Federal Tax Identification #

Adopting Employer Income Tax Year End: (Month/Day/Year)

Address

City

State

Zip Code

Contact Person

Email

Phone Number

SECTION 2 | Plan Effective Dates | The Effective Date is usually the first day of the Plan Year in which this adoption Agreement is signed.

Select One:

☐ **Option A**: Initial adoption of a SIMPLE IRA plan by the Employer.

Effective Date of this Plan

☐ **Option B**: Amendment & Restatement of an existing SIMPLE IRA plan.

Initial Effective Date of the prior Plan

Effective Date of this Amendment

5305 ARTICLE I | Employee Eligibility Requirements | Complete applicable information.

1. **General Eligibility Requirements**. The Employer agrees to permit salary reduction contributions to be made in each calendar year to the SIMPLE individual retirement account or annuity established at the designated financial institution (SIMPLE IRA) for each employee who meets the following requirements (select either 1a or 1b):

a ☐ **Full Eligibility**. All employees are eligible.

b ☐ **Limited Eligibility**. Eligibility is limited to employees who are described in both (i) and (ii) below:

i **Current compensation**. Employees who are reasonably expected to receive at least $ in compensation (not to exceed $5,000) for the calendar year.

ii **Prior compensation**. Employees who have received at least $ in compensation (not to exceed $5,000) during any calendar year(s) (insert 0, 1, or 2) preceding the calendar year.

2. **Excludable Employees**.

☐ The Employer elects to exclude employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining. Note: This box is deemed checked if the Employer maintains a qualified plan covering only such employees.

5305 ARTICLE II | Salary Reduction Agreements | Complete applicable information.

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 at any time during the calendar year.

If this option is selected, an employee who terminates a salary reduction election not in accordance with 2b **may not** resume salary reduction contributions during the calendar year.

5305 ARTICLE III | Contributions

1. **Salary Reduction Contributions**. The amount by which the employee agrees to reduce his or her compensation will be contributed by the Employer to the employee's SIMPLE IRA.

2. **Matching Contributions**.

a 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.

b The Employer may reduce the 3% limit for the calendar year in (a) 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 Salary Reduction section, item 2a).

Non-elective Contributions

a For any calendar year, instead of making matching contributions, the Employer may make non-elective 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 $330,000* in compensation can be taken into account in determining the non-elective contribution for each eligible employee.

* This is the amount for 2023. 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.

b For any calendar year, the Employer may make 2% non-elective contributions instead of matching contributions only if:

i Each eligible employee is notified that a 2% non-elective contribution will be made instead of matching contributions only if:

ii This notification is provided within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Salary Reduction section, 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.

b The Employer will make the matching or non-elective 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.

5305 ARTICLE IV | Requirements, Provisions

1. **Contribution in General.** The Employer will make no contributions to the SIMPLE IRA other than salary reduction contributions (described in Contributions section, item 1) and matching or non-elective contributions (described in Contributions section, item 2).

2. **Vesting Requirements**. All contributions made under this SIMPLE IRA plan are fully vested and non-forfeitable..

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 in the Adoption Agreement.

6. **Effects of Withdrawals and Rollovers**. 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.

   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%.

5305 ARTICLE V | Definitions

1. **Compensation** - 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(s)(3)), the amounts paid for domestic service in a private home, local college club, or local chapter of 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)).

   Compensation - 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.

3. **Eligible Employee**. An eligible employee means an employee who satisfies the conditions in Employee Eligibility Requirements section of the Adoption Agreement.

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.

5305 ARTICLE VI | Procedures for Withdrawals

The designated financial institution will provide the instructions on the procedures for withdrawals of contributions by employees.

SECTION 3 | Privacy Policy

Preferred Trust Company, LLC ("PTC") is committed to safeguarding the non-public personal information that you provide us. This Privacy Policy describes how we handle and protect non-public personal information we collect about individuals such as you, who apply for or receive our products and services.

Why and How We Collect Personal Information
When you open an account with PTC, we collect non-public personal information about you for business purposes, such as evaluating your financial needs, processing your requests and transactions, informing you about services that may be of interest to you, and providing customer service. Some of the information we collect may include any of the following:

- Information you provide to us on applications and other forms, such as your name, address, date of birth, social security number, occupation, assets, and income;
- Information about your transactions with us; and
- Information you provide to us to verify your identity, such as a passport, or received from other entities not affiliated with PTC.

How We Protect Information
We limit access to your non-public personal information to those employees who need to know in order to conduct our business, service your account, and help you achieve your financial objectives. Our employees are required to maintain and protect the confidentiality of your non-public personal information and must follow established procedures to do so. We maintain physical, electronic, and procedural safeguards to protect your non-public personal information. We do not rent or sell your name or non-public personal information to anyone. PTC does not disclose any non-public personal information about our customers or former customers to anyone.

Disclosure to Non-Affiliated Third Parties
In order to support the financial products and services we provide to you, we may share the information described above with third-party service providers and joint marketers not affiliated with us, including, but not limited to:

- Companies under contract to perform services for us or on our behalf, such as vendors that prepare and mail statements and transaction confirmations or provide data processing, computer software maintenance and development, transaction processing and marketing services.

These companies acting on our behalf are required to keep your non-public personal information confidential.

In addition, we may disclose information to cooperate with regulatory authorities and law enforcement agencies to comply with subpoenas or other official requests, and as necessary to protect our rights or property.

Accessing and Revisiting Your Personal Information
We strive to keep our customer files complete and accurate and in doing so, provide you reasonable access to any and all information we collect. Most of this information is contained in the account statements that you receive from us. We encourage you to review this information and notify us if you believe any information should be corrected or updated. If you have a question or concern about your non-public personal information or this privacy notice, please contact a PTC representative.

SECTION 4 | Preferred Trust Company Disclosure Statement

You have the right to revoke your SIMPLE IRA within seven days of the receipt of the disclosure statement. If revoked, you are entitled to a full return of the contribution you made to your SIMPLE IRA. The amounts returned to you will not be inclusive of any adjustments for commissions, administrative fees, or any change in market value. You may make this revocation only by mailing or delivering a written notice to Preferred Trust Company LLC ("Preferred Trust") 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 Preferred Trust Company 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 - Each eligible employee may make a salary reduction contribution and the employer must make either a:

- Matching contribution (up to 3% of the employee's compensation), or
- Non-elective contribution (2% of each eligible employee's compensation) - If the employer makes this choice, it must make non-elective contributions whether or not the employee chooses to make salary reduction contributions. An employee's compensation up to $305,000.00 for 2022 and $330,000 for 2023 is taken into account to figure the contribution limit.

Contributions under a SIMPLE IRA plan may only be made to a SIMPLE IRA.

An employee may defer up to $14,000.00 in 2022 and $15,500 in 2023 (subject to cost-of-living adjustments for later years).

C. CONTRIBUTION ELIGIBILITY - All employees who received at least $5,000.00 in compensation from an employer during any two preceding calendar years (whether or not consecutive) and who are reasonably expected to receive at least $5,000.00 in compensation during the calendar year, are eligible to participate in the SIMPLE IRA plan for the calendar year. An employee may not "opt out" of participation. Of course, any eligible employee may choose not to make salary reduction contributions for a year, in which case the employee would accrue no employer matching contributions for the year but would receive an employer non-elective contribution for the year if the plan provides for it.

D. CATCH-UP CONTRIBUTIONS - Employees age 50 or over can make a catch-up contribution of up to $3,500.00 in 2023 and $3,000.00 in 2022 (subject to cost-of-living adjustments for later years).

E. NONFORFEITABILITY - Your interest in your SIMPLE IRA is non-forfeitable.

F. ELIGIBLE CUSTODIANS - The Custodian of your IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.

G. COMMINGLING ASSETS - The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.

H. LIFE INSURANCE - No portion of your IRA may be invested in life insurance contracts.

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

J. REQUIRED MINIMUM DISTRIBUTIONS ("RMD") - Generally, you must begin taking withdrawals from your IRA, SIMPLE IRA, SEP IRA, or retirement plan account when you reach age 70 ½ however, changes were made by the SECURE (Setting Every Community Up for Retirement Enhancement) Act which was effective on December 20, 2019. If you reached the age 70 ½ in 2019 the prior rule applies, and you must take your first RMD by April 1, 2020. If you reach 70 ½ in 2020, or later you must take your RMD by April 1st of the year after you reach 72.

For defined contribution plan participants, or Individual Retirement Account (IRA) owners, who die after December 31, 2019, (with a delayed effective date for certain collectively bargained plans), the SECURE Act requires the entire balance of the participant's account be distributed within ten years. There is an exception for a surviving spouse, a child who has not reached the age of majority, a disabled or chronically ill person or a person not more than ten years younger that the employee or IRA account owner. The new 10-year rule applies regardless of whether the participant dies before, on, or after, the required beginning date, now age 72. Roth IRA's do not require withdrawals until after the death of the owner.

Your required minimum distribution is the minimum amount you must withdraw from your account each year. You can withdraw more than the minimum required amount. Your withdrawals will be included in your taxable income except for any part that was taxed before (your basis) or that can be received tax-free (such as qualified distributions from designated Roth accounts).

The required minimum distribution for any year is the account balance as of the end of the immediately preceding calendar year divided by a distribution period from the IRS's "Uniform Lifetime Table." A separate table is used if the sole beneficiary is the owner's spouse who is ten or more years younger than the owner.

Uniform Life Expectancy. Used for all unmarried IRA owners calculating their own withdrawals, married owners whose spouses are not more than 10 years younger, and married owners whose spouses are not the sole beneficiaries of their IRAs. Single Life Expectancy (Table I) is used for beneficiaries who are not the spouse of the IRA owner. Joint Life and Last Survivor Expectancy (Table II) is used for owners whose spouses are more than 10 years younger and are the IRA's sole beneficiaries.

Beginning date for your first required minimum distribution -

- IRAs (including SEPs and SIMPLE IRAs)
  - April 1 of the year following the calendar year in which you reach age 70½ if you were born before July 1, 1949.
  - April 1 of the year following the calendar year in which you reach age 72 if you were born after Jun 30, 1949.
- 401(k), profit-sharing, 403(b), or other defined contribution plan
  - Generally, April 1 following the later of the calendar year in which you reach age 72 (age 70½ if born before July 1, 1949), or
  - retire (if your plan allows this).

A plan may require that you begin to receive distributions by April 1 of the year after you reach age 70 ½ (age 72 if born after June 30, 1949), even if you have not retired.
If you own more than 5% of the business sponsoring the plan, then you must begin receiving distributions by April 1 of the year after the calendar year in which you reach age 70 ½ (age 72 if born after June 30, 1949), even if you have not retired.

Date for receiving subsequent required minimum distributions -

For each year after your required beginning date, you must withdraw your RMD by December 31.

For the first year following the year you reach age 70½ (age 72 if born after June 30, 1949), you will generally have two required distribution dates: an April 1 withdrawal (for the year you turn 70½ (or 72 if born after June 30, 1949)) and an additional withdrawal by December 31 (for the year following the year you turn 70½ (or 72 if born after June 30, 1949)). You can make your first withdrawal by December 31 of the year you turn 70½ (or 72 if born after June 30, 1949) instead of waiting until April 1 of the following year which would allow the distributions to be included in your income in separate tax years.

Required minimum distributions after the account owner dies -

For the year of the account owner's death, use the RMD the account owner would have received. For the year following the owner's death, the RMD will depend on the identity of the designated beneficiary.

Calculating required minimum distributions for designated beneficiaries -

Generally, for individuals or employees with accounts who die prior to January 1, 2020, designated beneficiaries of retirement accounts and IRAs calculate RMDs using the Single Life Table (Table I, Appendix B, Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs)). The table provides a life expectancy factor based on the beneficiary's age. The account balance is divided by this life expectancy factor to determine the first RMD. The life expectancy is reduced by one for each subsequent year.

If the distribution is from a qualified retirement plan, the plan document will establish the RMD rules, and the plan administrator should provide the beneficiary with his or her options. The options for the RMD pay-out period may be as short as 5 years, or if the life expectancy of the beneficiary. (If the beneficiary is the spouse of the owner, the spouse can also choose to treat the IRA as his or her own.) Therefore, if the distribution is from a qualified plan, the beneficiary should contact the plan administrator. For IRA distributions, see 590-B, Distributions from Individual Retirement Arrangements (IRAs), or this chart of required minimum distributions to help calculate the required minimum distributions.

Generally, for individuals or employees with accounts who die after December 31, 2019, the SECURE Act distinguishes between an "eligible designated beneficiary" and other beneficiaries who inherit an account or IRA. An eligible designated beneficiary includes a surviving spouse, a disabled individual, a chronically ill individual, a minor child, or an individual who is not more than 10 years younger than the account owner. Certain trusts created for the exclusive benefit of disabled or chronically ill beneficiaries are included. These eligible designated beneficiaries may take their distributions over the beneficiary's life expectancy. However, minor children must still take remaining distributions within 10 years of reaching age 18. Additionally, a surviving spouse beneficiary my delay commencement of distributions until the later of the end of the year that the employee or IRA owner would have attained age 72, or the surviving spouse's required beginning date.

Designated beneficiaries, who are not an eligible designated beneficiary, must withdraw the entire account by the 10th calendar year following the year of the employee or IRA owner's post-2019 death. Non-designated beneficiaries must withdraw the entire account within 5 years of the employee or IRA owner's death if distributions have not begun prior to death. For IRA distributions, see 590-B, Distributions from Individual Retirement Arrangements (IRAs), or the required minimum distributions chart to help calculate the required minimum distributions.

Consequence for failing to take required minimum distribution.
If you do not take any required minimum distribution, or if the distribution is not large enough, you may have to pay a 50% excise tax on the amount not distributed as required. To report the excise tax, you may have to file Form 5329, Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts. See Form 5329 instructions for additional information about this tax.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

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

Definition of Active Participant - Generally, you will be an active participant if you are covered by one or more of the following employer-maintained retirement plans:
1. Qualified pension, profit sharing, 401(k), or stock bonus plan;
2. Qualified annuity plan of an employer;
3. Simplified Employee Pension (SEP) plan;
4. Retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under IRC Sec. 457);
5. Tax-sheltered annuity for employees of certain tax-exempt organizations or public schools;
6. Plan meeting the requirements of IRC Sec. 501 (c)(18); and
7. Savings Incentive Match Plan for employees of small employers (SIMPLE) IRA plan or a SIMPLE 401(k) plan.

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

If you are an active participant, are single, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows: (1) begin with the appropriate phase-out range maximum for the applicable year (specified below), and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

If you are an active participant, are married and you file a joint income tax return, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows: (1) begin with the appropriate phase-out maximum for the applicable year (specified below), and subtract your MAGI range; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

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

	Joint Filers	**Single Taxpayers**
	Phase-Out Range*	Phase-Out Range*
2021	$105,000 - $125,000	$66,000 - $76,000
2022	$109,000 - $129,000	$68,000 - $78,000
2023	$116,000 - $136,000	$73,000 - $83,000

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

If you are not an active participant, but your spouse is, the phase-out range for you is $218,000-$228,000 (2023). This limit is also subject to cost-of-living increases for tax years beginning after 2012. If you are not an active participant in an employer-maintained retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phase-out range for the year, your maximum deductible contribution is determined as follows: (1) begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI from it; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

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

B. CONTRIBUTION DEADLINE - The deadline for making an IRA contribution is your tax return due date (not including extensions). You may designate a contribution as contributions for the preceding taxable year in a manner acceptable for us. For example, if you are a calendar-year taxpayer and you make your IRA contribution on or before your tax filing deadline, your contribution is considered to have been made for the previous tax year if you designate it as such.

C. TAX CREDIT FOR CONTRIBUTIONS - You may be eligible to receive a tax credit for your Traditional IRA contributions. This credit will be allowed in addition to any tax deduction that may apply, and may not exceed $1,000 in a given year. You may be eligible for this tax credit if you are:

1. age 18 or older as of the close of the taxable year;
2. not a dependent of another taxpayer; and/or
3. not a full-time student.

D. EXCESS CONTRIBUTIONS - An excess IRA contribution occurs if you; contribute more than the contribution limit, make a regular IRA contribution for 2019, or earlier, to a traditional IRA at age 70 ½ or older, or make an improper rollover contribution to an IRA.

Excess contributions are taxed at 6% per year for each year the excess amounts remain in the IRA. The tax cannot be more than 6% of the combined value of all your IRAs as of the end of tax year.

To avoid the 6% tax on excess contributions, you must withdraw the excess contributions from your IRA by the due date of your individual income tax return (including extensions); and any income earned on the excess contributions.

E. TAX-DEFERRED EARNINGS - The investment earnings of your IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

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

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

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

G. TAXATION OF DISTRIBUTONS - The taxation of IRA distributions depends on whether or not you have ever made nondeductible IRA contributions. If you have only made deductible contributions, any IRA distribution will be fully included in income.

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

(Aggregate Nondeductible Contributions)
X (Amount Withdrawn) = Amount Excluded from Income
Aggregate IRA Balance

H. INCOME TAX WITHHOLDING - Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10% of the amount withdrawn must be withheld. **Reference the 2020 CARES Act for additional information regarding income tax withholding.**

I. EARLY DISTRIBUTION PENALTY TAX - To discourage the use of retirement funds for purposes other than retirement, the law imposes at 10% additional tax on certain early distributions from certain retirement plans. The additional tax is equal to 10% of the portion of the distribution that is includible in income. Generally, early distributions are those you receive from a qualified retirement plan or deferred annuity contract before reaching age 59 ½. There are certain exceptions to this 10% additional tax. The following seven exceptions apply to distributions from any qualified retirement plan:

1. Distributions made to your beneficiary or estate on or after your death;
2. Distributions made because you are totally or permanently disabled;
3. Distributions made as part of a series of substantially equal periodic payments over your life expectancy or the life expectancies of you and your designated beneficiary. If these distributions are from a qualified plan other than an IRA, you must separate from service with this employer before the payments begin for this exception to apply;
4. Distributions to the extent you have deductible medical expenses that exceed 10% of your AGI (7.5% if you or your spouse is 65 or older) whether or not you itemize your deductions for the year. The 7.5% limitation is a temporary exemption from January 1, 2013 to December 31, 2015 for individuals 65 and older and their spouses;
5. Distributions made due to an IRS levy of the plan under section 6331;
6. Distributions made to buy, build, or rebuild a first home; and
7. Distributions that are qualified reservist distributions. Generally, these are distributions made to individuals that are called to active duty for at least 180 days after September 11, 2001.

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

J. ROLLOVERS AND CONVERSIONS - Your IRA may be rolled over to an IRA of yours, may receive rollover contributions, and 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 tax-free movement of cash or other property to your IRA from another 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. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. Beginning as early as January 1, 2015, you can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs you own. You can, however, continue to make as many trustee-to-trustee transfers between IRAs as you want. You can also make as many rollovers from Traditional IRAs to Roth IRAs ("conversions") as you want. If you have any questions regarding a rollover or conversion, please see a certified tax specialist.

1. **Traditional IRA to Traditional IRA Rollovers.** Funds distributed from your IRA may be rolled over to an IRA of yours if the requirements of Code section 408(d)(3) are met. A proper IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another IRA to IRA rollover from the distributing IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months. Please note that your rollover, from one IRA or to another IRA, must consist of the same property; otherwise the distribution will be taxable as ordinary income. For example, you cannot take cash distributions from your IRA, purchase other assets with the cash and then roll those assets over into a new (or the same) IRA.
2. **SIMPLE IRA to Traditional IRA Rollovers.** Funds may be distributed from your SIMPLE IRA and rolled over to your IRA without IRS penalty provided, two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of Code section 408(d)(3) must be met. A proper SIMPLE IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to IRA or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.
3. **Employer-Sponsored Retirement Plan to Traditional IRA Rollovers.** You can rollover into a Traditional IRA all or part of an eligible rollover distribution you receive from your (or your deceased spouse's): Employer's qualified pension, profit-sharing, or stock bonus plan; annuity plan; Tax-sheltered annuity plan (Section 403 (b) plan); or Governmental deferred compensation plan (Section 547plan). A qualified plan is one that meets the requirements of the Internal Revenue Code. Generally, an eligible rollover distribution is any distribution of all or part of the balance of your credit in a qualified retirement plan except the following:

   a. A required minimum distribution
   b. A hardship distribution
   c. Any of a series of substantially equal periodic distributions paid at least once a year over:
      (1) Your lifetime or life expectancy
      (2) The lifetimes or life expectancies of you and your beneficiary, or
      (3) A period of 10 years or more.

d. Corrective distributions of excess contributions or excess deferrals, and any income allocable to the excess, or excess annual additions and any allocable gains.
e. A loan treated as a distribution because it does not satisfy certain requirements either when made or later (such as upon default), unless the participant's accrued benefits are reduced to repay the loan.
f. Dividends on employer securities
g. The cost of life insurance

Your rollover into a traditional IRA may include both amounts that would be taxable and amounts that would not be taxable if they were distributed to you, but not rolled over. To the extent the distribution is rolled over into a Traditional IRA, it is not includable in your income.

1. **Beneficiary Rollovers from Employer-Sponsored Retirement Plans.** If you are a spouse, non-spouse, or qualified trust beneficiary of a deceased employer plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.
2. **Traditional IRA to Employer-Sponsored Retirement Plans.** You may roll over, directly or indirectly, any eligible rollover distribution from an IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan so long as the employer-sponsored retirement plan accepts such rollover contributions. An eligible rollover distribution is defined as any taxable distribution from an IRA that is not a part of a required minimum distribution.
3. **Traditional IRA to Roth IRA Conversions.** If your modified adjusted gross income is not more than $100,000 and you are not married filing a separate income tax return, you are eligible to convert all or any portion of your existing Traditional IRA(s) into your Roth IRA(s). Beginning in 2010, the $100,000 MAGI limit and the married filing separate tax filing restriction will be eliminated for conversion eligibility. If you are age 70½ or older you must remove your required minimum distribution prior to converting your Traditional IRA. The amount of the conversion from your Traditional IRA to your Roth IRA shall be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount is generally included in income, the 10 percent early distribution penalty shall not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty.
4. **Qualified HSA Funding Distribution.** An HSA is generally exempt from tax. You are permitted to take a distribution from your HSA at any time; however, only those amounts used exclusively to pay for qualified medical expenses are tax free. Amounts that remain at the end of the year are generally carried over to the next year. Earnings on amounts in an HSA are not included in your income while held in the HSA.
5. **Rollover of Exxon Valdez Settlement Payments.** If you are a qualified taxpayer and you received qualified settlement income, you can contribute all or part of the amount received to an eligible retirement plan which includes a traditional IRA. The amount contributed cannot exceed $100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior tax years) or the amount of qualified
Settlement income received during the tax year. Contributions for the year can be made until the due date for filing your return, not including extensions. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.
6. **Rollovers of Settlement Payments from Bankrupt Airlines.** Certain qualified airline employees may be able to rollover amounts received as a result of an airline bankruptcy settlement into an IRA. To obtain more information on this type of rollover, you may wish to visit the IRS website at **www.irs.gov**.
7. **Written Election.** At the time you make a rollover to an IRA, you must designate in writing to the custodian your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

K. TRANSFER DUE TO DIVORCE - If an interest in a traditional IRA is transferred from your spouse or former spouse to you by a divorce or separate maintenance decree or a written document related to such a decree, the interest in the IRA, starting from the date of the transfer, is treated as your IRA. The transfer is tax free. There are two commonly used methods of transferring IRA assets to a spouse or former spouse. The methods are changing the name on the IRA, and making a direct transfer of IRA assets.

L. RECHARACTERIZATIONS - You may be able to treat a contribution made to one type of IRA as having been made to a different type of IRA. This is call re-characterizing the contribution.

To re-characterize a contribution, you generally must have the contribution transferred from the first IRA (the one to which it was made) to the second IRA in a trustee-to-trustee transfer. If the transfer is made by the due date (including extensions) for your tax return for the tax year during which the contribution was made, you can elect to treat the contribution as having been originally made to the second IRA instead of the first IRA. If you re-characterize you contribution, you must do all three of the following:

1. Include in the transfer any net income allocable to the contribution. If there was a loss, the net income you must transfer may be a negative amount.
2. Report the re-characterization on your tax return for the year during which the contribution was made.
3. Treat the contribution as having been made to the second IRA on the date that it was actually made to the first IRA.

LIMITATIONS AND RESTRICTIONS

A. SEP PLANS - Simplified employee pension (SEP) is a written arrangement that allows your employer to make deductible contributions to a traditional IRA (a SEP IRA) set up for you to receive such contributions. Generally, distributions from SEP IRAs are subject to the withdrawal and tax rules that apply to traditional IRAs. See Publication 560 for more in-formation about SEPs.
B. SPOUSAL IRA - If you are married and have compensation, you may contribute to an IRA established for the benefit of your spouse for any year prior to the year your spouse turns 70 ½, regardless of whether or not your spouse has compensation. You may make these spousal contributions even if you are age 70 ½ or older. You must file a joint income tax return for the year for which the contribution is made. The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100% of your combined compensation or $6,500 to the IRA in your name and spouse's IRA, bringing the total annual retirement contribution to $13,000. For those over the age of 50, the numbers are $7,500 per account, for a total of $15,000. However, you may not contribute more than the individual contribution limit to each IRA.
C. DEDUCTION OF ROLLOVERS AND TRANSFERS - You cannot deduct a rollover contribution or a transfer.
D. GIFT TAX - Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.
E. SPECIAL TAX TREATMENT - Capital gains treatment and 10-year forward income averaging authorized by IRC Sec. 402 do not apply to IRA distributions.
F. FEDERAL INCOME TAX TREATMENT - Any withdrawal from your IRA is subject to federal income tax withholding. You may elect not to have withholding apply to your withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
G. PROHIBITED TRANSACTIONS - If you or your beneficiary engages in a prohibited transaction in connection with your IRA account at any time during the year, the account stops being an IRA as of the first day of that year. The account is treated as distributing all its assets to you at their fair market value. If the total of those values is more than your basis in the IRA, you will have taxable gain that is includible in your income. A prohibited transaction is any improper use of your IRA account or annuity by you, your beneficiary, or any disqualified person. Disqualified persons include your fiduciary and members of your family (spouse, ancestor, lineal descendent, and any spouse of a lineal descendant). Examples of prohibited transactions with an IRA include, borrowing money from it, selling property to it, using it as security for a loan, buying property for personal use (present or future).
H. PLEDGING - If you use a part of your IRA account as security for a loan, that part is treated as a distribution and is included in your gross income.

FEDERAL TAX PENALTIES
Reference the 2020 CARES Act for additional information about federal tax penalties.

A. EARLY DISTRIBUTIONS - Early distributions generally are amounts distributed from your Traditional IRA account or annuity before you are age 59 ½. You must include early distributions of taxable amounts from your Traditional IRA in your gross income. Early distributions are also subject to an additional 10 percent tax. There are several exceptions to the age 59 ½ rule. If you receive a distribution before you are age 59 ½, you may not have to pay the 10 percent additional tax if you are in one of the following situations:
   - You have unreimbursed medical expenses that are more than 10% (or 7.5% if you or your spouse was born before January 2, 1949) of your adjusted gross income;
   - The distributions are not more than the cost of your medical insurance due to a period of unemployment;
   - You are totally and permanently disabled;
   - You are the beneficiary of a deceased IRA owner;
   - You are receiving distributions in the form of an annuity;
   - The distributions are not more than your qualified higher education expenses;
   - You use the distributions to buy, build, or rebuild a first home;
   - The distribution is due to an IRS levy of the qualified plan; or
   - The distribution is a qualified reservist distribution.

A. EXCESS CONTRIBUTION PENALTY - An excess contribution is subject to an additional tax of 6 percent. An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute.
B. EXCESS ACCUMULATION PENALTY - You cannot keep amounts in your Traditional IRA indefinitely. Generally, you must begin receiving distributions by April 1 of the year following the year in which you reach age 70 ½. The required minimum distribution for any year after the year in which you reach age 70 ½ must be made by December 31 of that later year. If distributions are less than the required minimum distribution for the year, you may have to pay a 50 percent excise tax for that year on the amount not distributed as required.
C. REPORTING ADDITIONAL TAX - Use Form 5329 to report the tax on excess accumulations.

OTHER

A. IRS PLAN APPROVAL - The Agreement used to establish this 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. ADDITIONAL INFORMATION - For additional information related to Individual Retirement Arrangements, please contact your local IRS Office, call 1-800-TAX-FORM, or visit the IRS website at www.irs.gov. Additional information can be found in IRS Publication 590 and IRS Publication 560 - Retirement Plans for Small Business.
C. PROCEDURES FOR OPENING A NEW ACCOUNT - To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. When you open an account, you are required to provide your name, residential address, date of birth, and social security number or appropriate tax identification number. We may require additional information that will allow us to identify you.
D. QUALIFIED RESERVIST DISTRIBUTIONS - A qualified reservist distribution is not subject to the additional tax on early distributions. Please refer to IRS Publication 590 for further detailed information.
E. CHARITABLE DISTRIBUTIONS - A qualified charitable distribution (QCD) is generally a nontaxable distribution made directly by the trustee of your IRA to an organization eligible to receive tax-deductible contributions. You must be at least age 70 ½ when the distribution was made. The maximum annual exclusion for QCDs is $100,000. Any QCD is excess of the $100,000 exclusion limit is included in income as any other distribution. For further information you may wish to obtain IRS Publication 590.
F. HEARTLAND DISASTER RELATED TAX RELIEF - If you are an individual who has sustained an economic loss due to, or are otherwise considered affected by, the severe storms, tornadoes, and flooding that occurred in the Midwestern disaster area, you may be eligible for favorable tax treatment on distributions and rollovers from your IRA. Qualified disaster recovery assistance distributions include IRA distributions made on or after specified dates for each disaster, and before January 1, 2010 to a qualified individual. For additional information on this tax relief, refer to IRS Publication 4492-B, Information for Affected Taxpayers in the Midwestern Disaster Area.

SECTION 5 | Preferred Trust Company Custodial Agreement

IRS Form 5305-SIMPLE (Rev. March 2012) Savings Incentive Match Plan Custodial Account under section 408(p) of the Internal Revenue Code.

You (hereinafter "Depositor") are establishing a Savings Incentive Match Plan (SIMPLE IRA) account under section 408(p) to make contribution(s) to participants to provide for employee retirement accounts for your business.

Preferred Trust Company, LLC (hereinafter "Custodian") has provided the depositor the disclosures statement required by Regulations section 408(p).

The Depositor has assigned the custodial account with the Adoption Agreement terms as indicated on the Application.

The Depositor and the Custodian make the following agreement:

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 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 non-elective 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 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 applicable 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?*

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.

Non-elective Contributions

Instead of making a matching contribution, you may, for any year, make a non-elective contribution equal to 2% of compensation for each eligible employee who has at least $5,000 in compensation for the year. Non-elective contributions may not be based on more than $275,000* of compensation.

To elect to make non-elective 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 non-elective 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 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 non-elective 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.

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 non-bank 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 can use this form.

Instructions for the Designated Financial Institution for 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 made pursuant to this plan and to deposit those contributions to the SIMPLE IRA 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, 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 5305-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.

IRS Form 5305-SA (Rev. April 2017) SIMPLE Individual Retirement Custodial Account under sections 408(a) and 408(p) of the Internal Revenue Code.

You (hereinafter "Depositor") are establishing a Savings Incentive Match Plan (SIMPLE IRA) account as the participant named in the Application as an employee of a small employers individual retirement account (SIMPLE IRA) under section 408(a) and 408(p) to provide for his or her retirement and for the support of his or her beneficiaries after death.

Preferred Trust Company, LLC (hereinafter "Custodian") has provided the participant the disclosures 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 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

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 701⁄2. 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 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 701⁄2. 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. 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 701⁄2, 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 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 701⁄2, 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 section1.401(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 701⁄2 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.

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 below.

Article VIII

Article VIII may be used for any additional provisions. If provisions are added, they must comply with applicable requirements of state law and the Internal Revenue Code and may not imply that they have been reviewed or pre-approved by the IRS.

General Instructions Specific 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) and has been pre-approved 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.

SECTION 6 | Acknowledgement Signature

Important Information About Procedures for Opening a New Account
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 account with Preferred Trust Company. When you open an account, we are required to obtain your name, address, date of birth, social security number or tax identification number 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 will be verified to ensure the identity of all persons opening an account. The 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. Preferred Trust Company is not responsible for any losses or damages including, but not limited to, lost opportunities you may incur.

Application and signatures are valid for 120 days from the date of original signature.
I certify that the information provided by me on this Application is accurate, and that I have received a copy and agree to be bound by the terms and amendment thereto of the Privacy Policy, Disclosure Agreement, Custodial Agreement, Fee Schedule, and Form 5305 (*Individual Retirement Trust Account)*. I assume sole responsibility for all consequences relating to my actions concerning this IRA. I understand that I may revoke this IRA on or before seven (7) days after the date of establishment. I have not received any financial, tax or legal advice from Preferred Trust Company, LLC, and will seek the advice of my own tax or legal professional to ensure my compliance with related laws. I release and agree to hold Preferred Trust Company, LLC harmless against any and all claims or losses arising from my actions.

Electronic Signature
The parties agree that the electronic signature of a party to this Agreement shall have the same legal validity and enforceability as a manually executed signature or use of a paper-based recordkeeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act or any similar state law based on the Uniform Electronic Transactions Act, and the parties hereby waive any objection to the contrary. This electronic signature shall be effective to bind this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents based on the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Signature of IRA Account Owner _____ Date _____

Signature of Custodian _____ Date _____

SECTION 7 | Preferred Trust Company Fee Schedule

IRA Account Establishment Fee $50

The IRA Account Establishment Fee is a one time fee to establish the IRA Account. This fee can be paid by check, credit card, or authorized by the IRA Account Owner from the initial transfer of funds to the IRA Account.

IRA ACCOUNT ADMINISTRATION FEE

Annual IRA Account Administration Fee

The annual IRA Account Administration Fee is assessed based on the total account value of assets and cash combined. The annual IRA Account Administration Fee is due upon the establishment of the IRA and every year thereafter. The fee will be deducted from the IRA or charged to the authorized credit card on file. The annual IRA Account Administration Fee includes the following services; unlimited contributions and distribution processing, fair market adjustments upon request, annual statements, state and federal tax reporting, 24/7 online account access, and IRA education throughout the year.

IRA Account Value	Annual IRA Account Administration Fee
$0 - $50,000	$300
$50,001 - $100,000	$400
$100,001 - $200,000	$500
$200,001 - $300,000	$600
$300,001 - $400,000	$700
$400,001 - $500,000	$800
$500,001 - $600,000	$900
$600,001 and up	$1,000

CONTRIBUTION ONLY ACCOUNTS | Exclusive Account Fees*

Contribution Only IRA Account Administration Fee $100

To qualify as a Contribution Only Account, the IRA Account must make a **minimum annual contribution of $500.00** and **maintain only cash holdings** in the account.

OTHER SERVICE RELATED ACCOUNT FEES

Expedited Processing Fee $200

All documents must be **remitted by 10:00 am** (PST) for same day service.

Proof of Funds Letter	FREE
Notary Service	FREE
Contributions	FREE
Distribution (ACH only)	FREE
Demand for Payoff	FREE
Partial Transfer Out Fee	$100
Full Transfer Out or Account Termination Fee	$300
Incoming / Outgoing Wire Fee	$30
Overnight Delivery Fee	$40
Stop Payment / Return Check Fee	$30
Cashier's Check Fee	$50
IRA Account Conversion Fee	$50
Corrected Form 1099-R or Form 5498	$30
ACH/Wire Rejection Fee	$30
IRA Service/Research Fee	$100 per hour

REAL ESTATE INVESTMENTS*

Real Estate Asset Transaction Fee $300

The Real Estate Asset Transaction Fee is charged for the purchase and the sale of each property.

Real Estate Asset Administration Fee $300

The Real Estate Asset Administration Fee is charged annually for each property in the IRA. The Real Estate Asset Administration Fee will be assessed in the anniversary month of purchase each year. The Real Estate Asset Administration Fee includes; confirmation and remittance of property taxes, insurance, receipt of rents and/or other proceeds from investment, processing of property related expenses, handling of correspondence related to conditions of property, municipal issues, insurance matters, HOA matters (if applicable), property management inquires, and any compliance matters to ensure identity as an IRA investment.

TRUST DEED INVESTMENTS

Trust Deed Investment Transaction Fee $20

The Trust Deed Investment Transaction Fee will be assessed upon the initial funding of the Trust Deed Investment. This fee includes the initial purchase transaction, obtaining applicable post-funding investment documentation, processing monthly/quarterly/annual interest earned, processing pay downs (if applicable) and processing the pay off of the Trust Deed Investment.

DIGITAL CURRENCY INVESTMENTS

Digital Currency Account Set-up Fee $500

The Digital Currency Account Set-up Fee will be due prior to the initial digital currency purchase. This fee includes the purchase and set-up of the cold storage device.

Digital Currency Transaction Fee $200

Each Digital Currency purchase or sale transaction will be assessed per transaction fee.

Digital Currency Annual Depository Fee $300

The Digital Currency Depository Fee will be assessed annually during the anniversary month of the initial purchase of digital currency.

IRS ALLOWED ALTERNATIVE INVESTMENTS

Alternative Investment Transaction Fee $200

If the investment type is not listed above in the Fee Schedule an Alternative Investment Transaction Fee will apply upon the initial funding, subsequent purchases and final payoff of the transaction from the IRA. Investments **not allowed** are life insurance and collectibles.

A fee is charged to the IRA upon the completion of the requested service as defined in the Preferred Trust Company, LLC Fee Schedule. An IRA must maintain a minimum cash balance of $500.00. If fees remain outstanding past 30 days and the IRA has no assets in the IRA, Preferred Trust Company, LLC reserves the right to close the IRA without prior notice to the Account Owner. In the event of the account closure, Preferred Trust Company, LLC reserves the right to assess (from the cash value of the IRA) the Account Termination Fee. Preferred Trust Company, LLC reserves the right to increase the initial annual IRA Account Administration Fee to the appropriate account value tier if, within thirty (30) days after the date in which said fee was paid, the account value exceeds the estimated fee level assessed, due to an account transfer, rollover, conversion, or re-characterization. In the event of an increase as, Preferred Trust Company, LLC additionally reserves the right to obtain the excess amount owed. Preferred Trust Company, LLC reserves the right to effect changes to the Fee Schedule upon thirty (30) days written notice to the IRA Account Owner at the address/email shown on record. *It is the policy of Preferred Trust Company that each real estate investment (i.e. property) held within an IRA must maintain a 5% cash balance to pay applicable property expenses (taxes, insurance, HOA dues, mortgage/debt payments, property management fees, utilities, repairs, etc.). **A Precious Metal and Contribution Only exclusive IRA Account must solely be used for the intent of precious metal investing or cash holdings. If IRA Owner elects to add other asset holdings, the IRA Account will be automatically converted to the standard fee schedule and assessed an additional Annual Account Administration Fee based on the current account value, minus the exclusive IRA Account Administration Fee paid in the current year. ***Precious metal investments may incur shipping fees and/or storage fees. Storage fees may vary based on depository selected and type of segregation.

PRECIOUS METAL INVESTMENTS | Exclusive Account Fees**

Annual Precious Metal IRA Account Administration Fee **$300**

The Annual Precious Metal IRA Account Administration Fee covers the cost of annual tax reporting to the IRS, monthly review of the precious metals under custody held by the Depository, daily precious metal valuations, processing of unlimited contributions/distributions, 24/7 online client portal services, annual processing of the depository fee, annual statement packages preparation, and phone/email support of members at Preferred Trust Company.

If the IRA exclusively holds precious metals as the only asset type the Annual Precious Metal IRA Account Administration Fee is $300.00 a year. If the IRA holds various asset types including precious metals, see the standard IRA Account Administration Fee Schedule to determine the annual fee amount.

The Annual Precious Metal IRA Account Administration Fee is due upon the establishment of the IRA and every year thereafter. Each year after the account is opened the Annual Precious Metal IRA Account Administration Fee is collected in January and deducted from your IRA in the month your IRA was established. If the fee amount is not available in your IRA to be allocated to the Annual Precious Metal IRA Account Administration Fee then an invoice will be mailed/emailed to the address on file in December of each year to be paid by January 15.

The Annual Precious Metal IRA Account Administration Fee can be paid by credit card, by Preferred Trust Company debiting the funds from your bank account, by transfer from another Qualified Retirement Plan, sale of precious metals, or wire.

Annual Depository Fee **Varies*****

Precious metals in a Qualified Retirement Plan are stored at a third-party Depository. Preferred Trust Company will establish a sub-account under the IRA account owner name for the storage of precious metals at the Depository.

Upon the initial purchase of precious metals and every year thereafter the Annual Depository Fee will be due. Each year after the account is opened the Annual Depository Fee is collected in January and deducted from your IRA when billed by the Depository. If the fee amount is not available in your IRA to be allocated to the Annual Depository Fee then an invoice will be mailed/emailed to the address on file in December of each year to be paid by January 15.

The Annual Depository Fee associated with the storage of your metals is considered an expense related to the investment and must be paid directly from your IRA. The Annual Depository Fee can only paid by funds in your IRA at Preferred Trust Company, transferring funds from another Qualified Retirement Account to your IRA at Preferred Trust Company, making a contribution to the IRA account, or selling precious metals.

OTHER PRECIOUS METAL SERVICES

Precious Metal Purchase Transaction Fee	**$50**
Precious Metal Sale/In-Kind Transaction Fee	**$200**
Precious Metal Shipping	Varies***

A fee is charged to the IRA upon the completion of the requested service as defined in the Preferred Trust Company, LLC Fee Schedule. An IRA must maintain a minimum cash balance of $500.00. If fees remain outstanding past 30 days and the IRA has no assets in the IRA, Preferred Trust Company, LLC reserves the right to close the IRA without prior notice to the Account Owner. In the event of the account closure, Preferred Trust Company, LLC reserves the right to assess (from the cash value of the IRA) the Account Termination Fee. Preferred Trust Company, LLC reserves the right to increase the initial annual IRA Account Administration Fee to the appropriate account value tier if, within thirty (30) days after the date in which said fee was paid, the account value exceeds the estimated fee level assessed, due to an account transfer, rollover, conversion, or re-characterization. In the event of an increase as, Preferred Trust Company, LLC additionally reserves the right to obtain the excess amount owed. Preferred Trust Company, LLC reserves the right to effect changes to the Fee Schedule upon thirty (30) days written notice to the IRA Account Owner at the address/email shown on record. *It is the policy of Preferred Trust Company that each real estate investment (i.e. property) held within an IRA must maintain a 5% cash balance to pay applicable property expenses (taxes, insurance, HOA dues, mortgage/debt payments, property management fees, utilities, repairs, etc.). **A Precious Metal and Contribution Only exclusive IRA Account must solely be used for the intent of precious metal investing or cash holdings. If IRA Owner elects to add other asset holdings, the IRA Account will be automatically converted to the standard fee schedule and assessed an additional Annual Account Administration Fee based on the current account value, minus the exclusive IRA Account Administration Fee paid in the current year. ***Precious metal investments may incur shipping fees and/or storage fees. Storage fees may vary based on depository selected and type of segregation.

PREFERRED TRUST

Client Services | 888.990.7892
E. info@ptcemail.com
F. 702.946.0136
W. www.preferredtrustcompany.com
6700 Via Austi Parkway, Suite 301
Las Vegas, NV 89119

Credit Card Authorization Form

Traditional | Roth | SEP | SIMPLE

PTC IRA Account Number

WE ONLY ACCEPT VISA AND MASTERCARD.
You can elect (not required) to keep a credit card on file with Preferred Trust Company. If a credit card is on file, Preferred Trust Company will only charge the credit card when the cash balance in your IRA is not sufficient to pay outstanding fees while maintaining the required minimum cash balance **or** you request a fee to be paid with the credit card on file by sending an email request to info@ptcemail.com.

SECTION 1 | IRA Account Owner Information

First Name | Last Name | Last 4 Digits of SSN | DOB (MM/DD/YY)

Daytime Phone Number | Email Address

SECTION 2 | Credit Card Information and Authorization Amount

WE ONLY ACCEPT VISA AND MASTERCARD.

Name of Cardholder

Billing Address | City | State | Zip Code

Credit Card Number | Expiration Date (MM/YY) | Verification Code

SECTION 3 | Acknowledgement Signature

IMPORTANT: I acknowledge that I am authorizing Preferred Trust Company at my direction to charge my credit card with the following understanding; Preferred Trust Company will only charge the credit card when the cash balance in my IRA is not sufficient to pay outstanding fees while maintaining the required minimum cash balance as defined in the Preferred Trust Company Fee Schedule. Preferred Trust Company may pay a fee at my written direction to be charged to the credit card on file, if I notify Preferred Trust Company prior to the fee being due. I acknowledge that expenses associated with an investment and contributions cannot be paid with the credit card on file. I also acknowledge that it is my responsibility to update the credit card on file if any information changes.

Signature of Credit Cardholder | Date

INTERNAL USE ONLY

Verified
(Initials and Date)